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SCRA

SB

546

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Official Business

Alaska State Legislature

Senate

Committee on

Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

March 7, 1980

TO: Arliss Sturgulewski
Chair, Senate Community & Regional Affairs

Hugh Malone
Chair, House Special Committee on the
Permanent Fund

FROM: Margc W. Waring *MWW*
Jim Rhode
Marge Gorsuch

RE: Capital Foundation Fund

At your request, we have prepared the attached material on a proposed Capital Foundation Fund. We have attempted a thorough listing of all pertinent points.

If you would like, we can meet at your earliest convenience to answer any questions you may have.

Attachment

Playing the game of legislative end-around

by Tom Fink



THE LEGISLATURE is much like a football game. You don't win or lose until the game ends. Being an armchair quarterback, however, I am very disturbed by some of our plays and lack of success. It is as if the TV announcer is telling me that our team is running when I can in fact see that it is passing.

Our legislature and governor have resisted any tax repeals on the basis that we would be aiding non-residents. Yet they turn around and pass a new permanent fund law which unequivocally dedicates our permanent fund for investments for non-residents. The permanent fund law among other items specifically provides that not more than 15 percent of the fund can be invested in real estate mortgages in Alaska and in any case must have a yield equal to mortgages outside the state.

The permanent fund law is a non-resident law. It has many interesting provisions. After February of this year 50 percent of the oil monies shall go into the fund rather than 25. The fund is not designed for the benefit of Alaskans. It specifically demands that the state seek the highest possible return. It lists a series of permissible investments. Most of the investments are in federal government securities or securities backed by federal guarantees. However, the fund can invest in corporate bonds, short term corporate notes, and bankers acceptances.

Investments in corporate bonds are limited to 25 percent of the permanent fund and investments in Alaska real estate mortgages are limited to 15 percent of the fund. There is no limit on the other investments.

The bill further provides that the interest income only is considered income and goes to the general fund each year with two exceptions. Losses on the sale of any securities are deducted from the income and gains from the sales of securities are left in the permanent fund. Further, the income of the fund which is transferred to the general fund is the lesser of the actual income of the fund or the five year average of income.

THE HOUSE also has passed a bill taking \$900 million out of the general fund and transferring it into the permanent fund. If making the permanent fund larger than the constitution requires and investing substantially all of the money outside is aiding the residents, someone will have to point out some new logic.

At the same time the legislature dawdles in its consideration of any tax repeal. Since 10 percent of the recipients of the income tax repeal would be non-residents, the other 90 percent of us must continue to pay taxes even though everyone acknowledges the state treasury does not need our tax money. There is only one conclusion. The issue of resident or non-resident is a red herring. The governor and the legisla-

ture don't want to give up the power which is created by the retention and control of large sums of money.

Recently Sen. Sturguluski introduced a bill which is supposed to make state aid available to local government for capital improvement projects. That's not what the bill does. The bill makes state money available for capital improvement projects primarily in the areas of the state where there is no local government.

It would be quite simple to set up a local government capital improvement fund and allow each local government to draw on that fund based upon its population. Sen. Sturguluski's bill, SB546, however, has an intricate formula of entitlement. It is safe to say that with Anchorage having nearly 50 percent of the population, it will only be able to draw about 5 percent of the money.

HER BILL DIVIDES half of the fund based on population plus a cost differential factor. The effect of the cost differential factor is that each Anchorage citizen is counted as one-fifth of a citizen or each remote area citizen is counted as five citizens. The other half of the fund is to be divided based upon area. Now what in the world does area have to do with capital improvements? Capital improvements are designed for the use of people. The size of the area is further bent by the application of the construction cost factor, which results in the urban areas being cut by five or the rural areas being multiplied by five.

Her bill provides that the state shall put \$200 per citizen into the fund and under her complicated formulas, Anchorage will receive about \$10 per citizen. The other \$190 per citizen

will go to the other areas of the state where there is not any local government. All of the urban areas of the state are dramatically penalized.

Our state government should be doing everything that it can to promote the rural areas of the state to form local governments. By forming local governments they can accept some of the tax burden of government and can assume the responsibility for providing the necessary local government services. This legislation is a disincentive to form a local government.

Also in Sen. Sturguluski's bill the urban area with the local government must assume the cost of maintenance and operation, which is appropriate. However, the vast areas of the state with little population can draw on the account for maintenance and operation.

Everyone, including a governor and a legislator, is entitled to his own opinion. However, our elected representatives ought not to tell us one thing while doing another.

We can still win, but it is now the fourth quarter and we, the Alaskans Citizens, are behind 49-7.

Tom Fink, an Anchorage insurance man, is a former speaker of the Alaska House of Representatives.

CAPITAL FOUNDATION PROGRAM
(Construction and Maintenance)

FORMULA

Appropriations. The amount of appropriations authorized to be made to the capital foundation program for a fiscal year is equal to two hundred dollars times the state population.

Distribution. Amounts in the capital foundation program shall be distributed annually to municipalities and unorganized boroughs by the department by (a) allocating one-half of the amounts on the basis of population and one-half on the basis of area; and (b) determining the share of an individual municipality or unorganized borough by multiplying its population and area by the construction cost differential for that region. The minimum grant shall be five per cent of the largest distribution made to any municipality or unorganized borough.

Construction Cost Increases. The Department of Transportation and Public Facilities shall submit to the legislature on or before February 15 of each year an estimate of the average percentage increase in construction costs in the state during the previous year.

DEFINITIONS

(1) "population" means the population of the state, municipality, or an unorganized borough as determined by the department using the latest figures of the U.S. Bureau of the Census or other reliable population data, including but not limited to school enrollments, public utility connections, registered voters, or certified employment payrolls.

(2) "construction cost differential" means one plus the percentage by which average construction costs in a region are greater than or less than the average construction costs in Anchorage as determined by the Department of Transportation and Public Facilities using the latest figures.

(3) "department" means the Department of Community and Regional Affairs.

Distribution

Capital Foundation Program funds will be distributed by formula to boroughs and to unified home rule municipalities, provided each has developed a capital improvement plan which includes a priority listing of capital improvement projects. In organized boroughs the cid will need assembly approval, after a public hearing.

In third class boroughs and for the unorganized borough, the following measures are taken to provide for planned regional development of capital improvements, as there is no regional government responsible for planning and expending funds.

Funds will be distributed to unorganized boroughs (SB 348). If this legislation is not passed, funds will be distributed to those areas identified as REAA's.

However, expenditure of the funds for unorganized boroughs is the responsibility of DOTPF. In order to properly plan for and prioritize capital improvements in the unorganized boroughs, advisory groups are established to assist DOTPF. (Amend Chap. 128 SLA 78).

Regional Advisory Councils

Advisory Council members are appointed by the Governor.

Membership of the advisory groups will consist of one elected official from each first class city or municipality, selected by the city. Additional representation from elected officials of second class cities and representatives of unincorporated communities shall be selected from nominations made by the Division of Community Planning, DCRA and DOTPF. Each regional advisory council shall consist of fifteen members.

The regional advisory councils will assist DOTPF in the development of a regional capital improvement plan, in prioritization among projects, in decision making regarding trade-offs between maintenance and new construction, and in project scheduling.

If an unorganized borough opts to become organized, the borough government will assume the capital improvement planning responsibility, responsibility for foundation program funds and may take title to existing capital improvement projects.

Definitions

Maintenance means preservation, upkeep and repair to keep a facility as close as possible to original condition.

Betterment means improvements, adjustments, additions which more than restore to a former condition for better service without major changes in original construction.

Operation means all costs attributable to utilization of the facility, such as heat, light, janitorial services.

CAPITAL FOUNDATION

FUND

Intent

It is the intent of this legislation to establish a capital foundation program which will equitably provide funds for the orderly development of capital improvements throughout the state. It is intended that the planning for such developments reflect regional and local needs and priorities and that, whenever possible, borough governments have complete responsibility for the expenditure of the capital foundation program funds.

This legislation recognizes that most capital development projects have greater than local significance and should, therefore, be planned and prioritized on the regional level. Further, the legislation acknowledges that the cost of construction and the cost of maintenance are closely related and that maximally efficient use of funds is encouraged by combining maintenance and construction funds.

Formula Please see attached pages.

Funds may be used for either capital construction, betterment or maintenance, but not operation of the facilities. Funds allocated to either organized or unorganized boroughs do not lapse and may be accumulated for large projects or for growth management purposes.

Question: Should there be a ceiling on the amount which may be accumulated by any one borough?

Eligible Facilities

libraries

public protection facilities including fire service and holding facilities
neighborhood parks and other recreation facilities

water/sewer

solid waste and resource recovery facilities

health facilities

community facilities

Transportation facilities such as local service roads & trails, small boat harbors, seaplane floats, local transit facilities and equipment, upgrading and improvements in existing air transport facilities such as aviation aides and improvements and associated field improvements, emergency and/or recreational airstrips, so long as no transportation facilities jeopardize or are inconsistent with the state system as defined in the regional transportation plans and the State Facilities Plan.

However, only projects identified in the capital improvement plan are eligible for Capital Foundation Program expenditures.

ILLUSTRATION OF FORMULA (in round terms)

Base:	<u>Population</u>	X	<u>Construction Cost Differential</u>	=	<u>Area (Sq. Mi.)</u>	X	<u>Construction Cost Differential</u>	=	
Organized Areas	349,000		1.0	=	349,000		149,376	=	149,376
Unorganized Boroughs	80,000		1.25	=	100,000		437,036	=	546,295
	<u>429,000</u>				<u>449,000</u>				<u>695,671</u>

Appropriation: 429,000 X \$200 = \$85,800,000

Grant:

Adjusted Per Cent of Population X \$200
Adjusted Per Cent of Area X \$200

Organized Areas

$\frac{349,000}{449,000} = .78 \times \$42,900,000 = \$33,462,000$

$\frac{149,376}{695,671} = .215 \times \$42,900,000 = \frac{9,223,500}{\$42,685,500}$

\$42,685,500

Unorganized Boroughs

$\frac{100,000}{449,000} = .22 \times \$42,900,000 = \$9,438,000$

$\frac{546,295}{695,671} = .785 \times \$42,900,000 = \frac{33,676,500}{\$43,114,500}$

Total $\frac{43,114,500}{\$85,800,000}$



Official Business

Alaska State Legislature

Senate Committee on Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

March 24, 1980

TO: Committee Members
Community and Regional Affairs

FROM: Senator Arliss Sturgulewski *AS*

RE: Capital Foundation Fund

The Capital Foundation Fund will, by appropriation, provide funds to all areas of the State for certain capital improvements. To expend funds, each area will need to develop an areawide capital improvement plan, approved by the local assembly when there is one, and developed with the Department of Transportation and Public Facilities when there is no local government.

Organized and unorganized boroughs are encouraged to conduct regionwide planning to avoid costly duplications of capital projects and to prioritize, on the local level, needs among communities, rather than leaving this process to state level government.

Each area, so long as appropriations are made, is certain of a source of funding for local projects. Each area will receive a formula share of the appropriation. This stability will be advantageous to local governments for planning purposes. Additionally, unlike the current situation, areas may have greater ability to use capital projects for anti-cyclic economic benefits by being in control of fund expenditures. Annual funds do not lapse and may be accumulated for locally determined purposes.

Capital Foundation Funds may be used as the local match required for certain state and federal projects. This will be particularly significant in rural areas which do not now have a source of local match.

Funds are eligible for both construction and maintenance costs. This means that local governments will be encouraged to consider life-cycle costs and encouraged to maintain buildings and other improvements in order to maximize the efficiency of their capital dollars.

Local governments, under the Capital Foundation Fund program, will be assured of a steady supply of state funds for capital improvements that will be directed toward locally determined project needs and can be expended at a locally determined pace.

Distribution

Capital Foundation Program funds will be distributed by formula to boroughs and to unified home rule municipalities, provided each has developed a capital improvement plan which includes a priority listing of capital improvement projects. In organized boroughs the cip will need assembly approval, after a public hearing.

In third class boroughs and for the unorganized borough, the following measures are taken to provide for planned regional development of capital improvements, as there is no regional government responsible for planning and expending funds.

Funds will be distributed to unorganized boroughs (SB 348). If this legislation is not passed, funds will be distributed to those areas identified as REAA's.

However, expenditure of the funds for unorganized boroughs is the responsibility of DOTPF. In order to properly plan for and prioritize capital improvements in the unorganized boroughs, advisory groups are established to assist DOTPF. (Amend Chap. 168 SLA 78).

Regional Advisory Councils

Advisory Council members are appointed by the Governor.

Membership of the advisory groups will consist of one elected official from each first class city or municipality, selected by the city. Additional representation from elected officials of second class cities and representatives of unincorporated communities shall be selected from nominations made by the Division of Community Planning- DCRA and DOTPF. Each regional advisory council shall consist of fifteen members.

The regional advisory councils will assist DOTPF in the development of a regional capital improvement plan, in prioritization among projects, in decision making regarding trade-offs between maintenance and new construction, and in project scheduling.

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CAPITAL FOUNDATION

FUND

Intent

It is the intent of this legislation to establish a capital foundation program which will equitably provide funds for the orderly development of capital improvements throughout the state. It is intended that the planning for such developments reflect regional and local needs and priorities and that, whenever possible, borough governments have complete responsibility for the expenditure of the capital foundation program funds.

This legislation recognizes that most capital development projects have greater than local significance and should, therefore, be planned and prioritized on the regional level. Further, the legislation acknowledges that the cost of construction and the cost of maintenance are closely related and that maximally efficient use of funds is encouraged by combining maintenance and construction funds.

Formula Please see attached pages.

Funds may be used for either capital construction, betterment or maintenance, but not operation of the facilities. Funds allocated to either organized or unorganized boroughs do not lapse and may be accumulated for large projects or for growth management purposes.

Question: Should there be a ceiling on the amount which may be accumulated by any one borough?

Eligible Facilities

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health facilities

community facilities

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However, only projects identified in the capital improvement plan are eligible for Capital Foundation Program expenditures.

A JT. SENATE/HOUSE C/RA TELECONFERENCE WILL BE HELD
APRIL 16, 1980 -- 1:30 P.M. JUNEAU TIME. PLEASE GO TO YOUR
NEAREST LEGISLATIVE INFORMATION OFFICE LISTED BELOW:
RE: SB 546 DIVISION OF PUBLIC SERVICES

CHARITY B. KADOW, DIRECTOR
Judy D. Hopkins, Asst. to Director
1024 West Sixth Avenue - Anchorage, Alaska 99501
(907) 274-8518

LEGISLATIVE INFORMATION NETWORK

Sharon Andrew, Coordinator
Room 30, State Capitol
Pouch Y, Juneau 99811
165-4648

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415 Main Street, Room 301
Ketchikan 99901
225-9675

BARROW TELECONFERENCE CENTER *

Emily Nusunginya
Borough Assembly Room, North Slope
Borough Building, Barrow

KODIAK INFORMATION OFFICE **

Mary Jo Simmons

BETHEL INFORMATION OFFICE

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543-3541

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P.O. Box 667, Kotzebue 99752
442-3880

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Dorothy Larson
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Pouch 229, Dillingham 99576
842-5319

NOME INFORMATION OFFICE

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Trudy Cain
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Room 252, Fairbanks 99701
452-4449

SITKA INFORMATION OFFICE **

Charles Bickenheuser
747-6263

JUNEAU INFORMATION CENTER

Room 30, State Capitol
Pouch Y, Juneau 99811
465-4648

VALDEZ TELECONFERENCE CENTER *

City Council Chambers
Valdez

KENAI PENINSULA INFORMATION OFFICE **

Rhoda Eady
Cordova Building, Spur Highway
P.O. Drawer 3280, Soldotna 99669

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- ** Open December 15 through end of legislative session; treat as * during interim

WASHINGTON, D. C. TELECONFERENCE SITES

Office of the Governor Office of Senator Mike Gravel
Office of Senator Ted Stevens

10-19-79

1 IN THE SENATE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

2 SENATE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state aid for local capital pro-
7 jects; establishing the capital projects foundation
8 fund; and providing for an effective date."

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

10 * Section 1. AS 44.42.020 is amended by adding a new paragraph to read:
11 (14) adopt regulations for management of the capital projects
12 foundation fund established under AS 44.42.100 and administer these
13 funds.

14 * Sec. 2. AS 44.42 is amended by adding new sections to read:

15 ARTICLE 2. CAPITAL PROJECTS FOUNDATION GRANTS.

16 Sec. 44.42.100. CAPITAL PROJECTS FOUNDATION FUND. There is estab-
17 lished within the department a capital projects foundation fund for the
18 purpose of providing state assistance to local governments and to the
19 unorganized borough for improvement, maintenance and new construction of
20 capital projects. Within the limits of appropriations for the purpose,
21 the department shall make grants to qualified local governments for
22 capital projects and shall manage grants for capital projects in the
23 unorganized borough.

24 Sec. 44.42.110. ELIGIBLE FACILITIES. A grant from the capital
25 projects foundation fund may be used for improvement, maintenance, or
26 new construction of the following type of facility if the facility is
27 identified in a regional plan under AS 44.42.130:

- 28 (1) libraries;
- 29 (2) community and emergency detention facilities;

- 1 (3) fire halls, including the purchase of fire vehicles;
2 (4) parks;
3 (5) recreational facilities;
4 (6) water and sewer facilities;
5 (7) health facilities;
6 (8) community centers;
7 (9) transportation facilities which do not duplicate and
8 which are not inconsistent with the state transportation system as
9 determined by the department, including
10 (A) service roads;
11 (B) trails;
12 (C) harbors and docks for small boats;
13 (D) seaplane floats;
14 (E) public transit facilities, including the purchase of
15 transit vehicles;
16 (F) emergency and recreational airstrips for small
17 aircraft.

18 Sec. 44.42.120. REGIONAL ADVISORY COUNCILS. (a) To qualify to
19 receive a grant from the capital projects foundation fund, a local
20 government must establish a regional advisory council of at least five
21 members.

22 (b) If version of a bill entitled "An Act establishing unorga-
23 nized boroughs, amending the responsibilities of state agencies for
24 state programs and services for residents of organized and unorganized
25 boroughs, and authorizing adoption of home rule charters by unorganized
26 boroughs; and providing for an effective date" is enacted, a regional
27 advisory council shall be established for each unorganized borough
28 established under the terms of that enactment. If that bill is not
29 enacted before the effective date of this Act, a regional advisory

1 council shall be established in each regional educational attendance
2 area organized under AS 14.08.031. There shall be 15 members on each
3 regional advisory council established under this subsection as follows:

4 (1) one elected official from each first class city in ^{the} ~~the~~
5 unorganized borough or regional educational attendance area selected by
6 the city council or assembly;

7 (2) additional persons, up to a total of 15, selected by the
8 governor from lists of persons nominated by the Department of Transpor-
9 tation and Public Facilities or the Department of Community and Regional
10 Affairs who are elected officials of second class cities or persons from
11 unincorporated communities.

12 Sec. 44.42.130. CAPITAL IMPROVEMENT PLAN. (a) With assistance
13 from the department, each regional advisory council established under
14 AS 44.42.120 shall formulate a capital improvement plan which identifies
15 all capital projects needed in the region, assigns a priority to each
16 identified project, and contains cost estimates for each project.

17 (b) A capital improvement plan for a local government shall be
18 submitted for approval by the council or assembly of the local government
19 after a public hearing. Revisions in an approved plan must also be
20 submitted for approval before becoming effective. A capital improvement
21 plan for an unorganized borough or a regional educational attendance
22 area shall be submitted for approval by the department after a public
23 hearing.

24 Sec. 44.42.140. DISTRIBUTION OF GRANTS. (a) Grants from the
25 capital projects foundation fund shall be distributed annually by the
26 department to each local government which has approved a capital improve-
27 ment plan as required by AS 44.42.130. Amounts from the capital projects
28 foundation fund shall be distributed annually to accounts established by
29 the department for each unorganized borough or for each regional educa-

1 tional attendance area if unorganized boroughs have not been established
 2 by enactment of a version of a bill entitled "An Act establishing
 3 unorganized boroughs, amending the responsibilities of state agencies
 4 for state programs and services for residents of organized and un-
 5 organized boroughs, and authorizing adoption of home rule charters by
 6 unorganized boroughs; and providing for an effective date".

7 (b) The amount of grants to be made to a region shall be deter-
 8 mined by multiplying its population and area in square miles by the
 9 construction cost differential for that region and using this figure
 10 when compared with the total of figures similarly arrived at for all
 11 regions to calculate a percentage share of the total appropriation.

12 Sec. 44.42.150. USE OF GRANTS. (a) A grant from the capital
 13 projects foundation fund to a local government may be used only for a
 14 facility identified in an approved capital improvement plan. Each local
 15 government shall determine which project to finance with the grant
 16 received each year under AS 44.42.140.

17 (b) A grant from the capital projects foundation fund shall be
 18 disbursed in accordance with the terms of an agreement between the
 19 commissioner and the local government. The agreement may include any
 20 provision agreed upon by the parties, but must include in substance the
 21 following provisions:

22 (1) that the local government shall secure, retain and protect
 23 title to the site of an existing facility or on which a new facility is
 24 to be constructed; for purposes of this paragraph it is sufficient that
 25 title is obtained in fee or by a lease which provides that the local
 26 government enjoys exclusive use of the land and any improvements for the
 27 estimated life of the facility;

28 (2) that the local government agrees to proceed with and
 29 complete the proposed project expeditiously in accordance with plans

1 submitted to the department;

2 (3) that the local government agrees to assume responsibility
3 for the operation of the facility, and the feasibility of the discharge
4 of this obligation shall be demonstrated to the satisfaction of the
5 commissioner before the payment of state money;

6 (4) that the grant will not exceed the estimated total project
7 cost as determined by the commissioner.

8 (c) If it appears that the cost of a facility financed in part by
9 a grant from the capital projects foundation fund will vary substantially
10 from costs estimated at the time a grant was made for the facility from
11 the capital projects foundation fund, the local government is responsible
12 for obtaining the additional money. The additional money may be obtained
13 from other grants made from the capital projects foundation fund to the
14 local government. If a project costs less to complete than estimated,
15 the local government may apply to use this money on other projects as
16 provided in this subsection.

17 (d) A grant from the capital projects foundation fund may be used
18 by a local government to match other state or federal grants.

19 (e) In the unorganized boroughs or regional educational attendance
20 areas each regional advisory council shall determine annually which
21 projects identified in its capital improvement plan to finance. The
22 department is responsible for the projects selected. The regional
23 advisory council for the unorganized borough or the regional educational
24 attendance area is responsible for the operation of a facility financed
25 by a grant from the capital projects foundation fund and the feasibility
26 of the discharge of this obligation shall be demonstrated to the satis-
27 faction of the commissioner before the department begins work on a
28 project.

29 Sec. 44.42.160. DEFINITIONS. In AS 44.42.100 - 44.42.160

1 (1) "construction cost differential" means one plus the
2 percentage by which average construction costs in a region are greater
3 than or less than the average construction costs in Anchorage as deter-
4 mined by the department using the latest available figures;

5 (2) "improvement" means renovations and additions to an
6 existing facility which allow for better service than the facility
7 provided in its original condition;

8 (3) "improvement, maintenance or new construction" includes,
9 in addition to costs directly related to the project, the total of all
10 costs of financing and carrying out the project; these include, but are
11 not limited to, the costs of all necessary studies, surveys, plans and
12 specifications, architectural, engineering or other special services,
13 acquisition of real property, site preparation and development, purchase,
14 construction, reconstruction and improvement of real property; an
15 allocable portion of the administrative and operating expenses of the
16 grantee; the cost of financing the project, including interest on bonds
17 issued to finance the project; and the cost of other items, including
18 indemnity and surety bonds and premiums on insurance, legal fees, fees
19 and expenses of trustees, depositaries, financial advisors, and paying
20 agents for the bonds issued as the issuer considers necessary;

21 (4) "local government" means the government of a unified home
22 rule municipality or organized borough;

23 (5) "maintenance" means restoration and repair needed to keep
24 a facility as close as possible to its original condition;

25 (6) "population" means the population of a unified home rule
26 municipality, organized borough, or unorganized borough or regional
27 educational attendance area as determined by the department using the
28 latest figures of the United States Bureau of the Census or other re-
29 liable sources of population data, such as school enrollment figures,

1 public utility connection figures, registered voter rolls, certified
2 employment payrolls;


3 (7) "region" means a unified home rule municipality, orga-
4 nized borough, and unorganized borough established if a version of a
5 bill entitled "An Act establishing unorganized boroughs, amending the
6 responsibilities of state agencies for state programs and services for
7 residents of organized and unorganized boroughs, and authorizing adoption
8 of home rule charters by unorganized boroughs; and providing for an
9 effective date" is enacted, or a regional educational attendance area
10 which has an approved capital improvements plan.

11 * Sec. 4. This Act takes effect July 1, 1980.

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T + my file
CITY OF YAKUTAT

April 10, 1980



YAKUTAT

Senator Arliss Sturgulewski
Chairperson, Senate C/RA
Pouch V
State Capitol
Juneau, Alaska 99811

Dear Senator Sturgulewski:

Thank you for the materials on SB 546, the capital foundation fund.

As drafted this proposed legislation would go a long ways to alleviating the capital improvement crunch we find ourselves in.

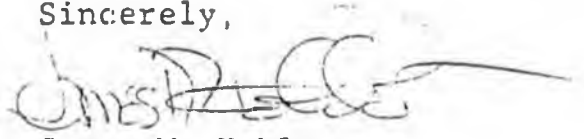
During late 1978, Yakutat drafted and accepted a capital improvement plan. Implementation, however, is slow and painful as the local funding base is insufficient to provide the necessary match funds to secure various loan/grant funds to execute the needed projects.

SB 546 would provide just such a capital base to proceed with needed projects in a timely fashion and yet avoiding prohibitively high local citizen assessments and taxation.

The City of Yakutat supports SB 546 and pledge our assistance as may be needed to assure its passage.

Your committee should be credited for the time, energy and forethought given the proposed capital foundation fund legislation.

Sincerely,




James M. Kohler
City Manager

mjr

ILLUSTRATION OF FORMULA (in round terms)

BASE:

	<u>Population</u>	X	<u>Construction Cost Differential</u>	=		<u>Area (Sq. Mi.)</u>	X	<u>Construction Cost Differential</u>	=	
Organized Areas	349,000		1.0	=	349,000	149,376		1.0	=	149,376
Unorganized Boroughs	80,000		1.25	=	100,000	437,036		1.25	=	546,295
	<u>429,000</u>				<u>449,000</u>					<u>695,671</u>

Rhoades


APPROPRIATION: 429,000 X \$200 = \$ 85,800,000
 429,000 X \$400 = \$171,600,000

ENTITLEMENTS:

$$\frac{\text{Adjusted Local Population}}{\text{Adjusted Total Population}} + \frac{\text{Adjusted Local Area}}{\text{Adjusted Total Area}} \times \text{One-half Appropriation} = \text{Entitlement}$$

Organized Areas

$$\frac{349,000}{429,000} + \frac{149,376}{695,671} = .995 \times \$85,800,000 = \underline{\$85,371,000}$$

Unorganized Boroughs

$$\frac{80,000 \times 1.25}{449,000} + \frac{437,036 \times 1.25}{695,671} = 1.005 \times \$85,800,000 = \underline{\$86,229,000}$$

STATEWIDE TOTAL = \$171,600,000

Further Illustrations, Capital Foundation Program

$$\frac{\text{Adjusted Local Population}}{\text{Adjusted Total Population}} + \frac{\text{Adjusted Local Area}}{\text{Adjusted Total Area}} \times \text{One-half Appropriation} = \text{Entitlement}$$

Municipality of Anchorage

$$\frac{200,000}{449,000} + \frac{1,884}{695,671} = .4477 \quad \times \quad \$85,800,000 \quad = \quad \$38,412,660$$

Fairbanks North Star

$$\frac{60,227}{449,000} + \frac{7,500}{695,671} = .1448 \quad \times \quad \$85,800,000 \quad = \quad \$12,423,840$$

City & Borough of Juneau

$$\frac{23,115}{449,000} + \frac{3,100}{695,671} = .0555 \quad \times \quad \$85,800,000 \quad = \quad \$4,761,900$$

Ketchikan Gateway

$$\frac{13,463}{449,000} + \frac{1,250}{695,671} = .0318 \quad \times \quad \$85,800,000 \quad = \quad \$2,728,440$$

North Slope

$$\frac{7,971}{449,000} + \frac{88,281}{695,671} = .1447 \quad \times \quad \$85,800,000 \quad = \quad \$12,415,260$$

KEAA Illustrations

N. W. Arctic

$$\frac{4,575}{449,000} + \frac{42,141}{695,671} = .0706 \times \$85,800,000 = \$ 6,057,480$$

Bering Straits

$$\frac{5,054}{449,000} + \frac{26,875}{695,671} = .0499 \times \$85,800,000 = \$ 4,281,420$$

Lower Yukon

$$\frac{3,269}{449,000} + \frac{22,363}{695,671} = .0394 \times \$85,800,000 = \$ 3,380,520$$

Lower Kuskokwim

$$\frac{9,275}{449,000} + \frac{26,328}{695,671} = .0579 \times \$85,800,000 = \$ 4,967,820$$

Upper Kuskokwim (Kuspuk)

$$\frac{1,100}{449,000} + \frac{14,538}{695,671} = .0233 \times \$85,800,000 = \$ 1,999,140^*$$

Nushagak - Bristol Bay (Southwest)

$$\frac{3,275}{449,000} + \frac{26,223}{695,671} = .0377 \times \$85,800,000 = \$ 3,234,660$$

Lake & Peninsula - Bristol Bay

$$\frac{1,154}{449,000} + \frac{35,138}{695,671} = .0531 \times \$85,800,000 = \$ 4,555,980$$

Aleutian Chain

$$\frac{2,969}{449,000} + \frac{7,628}{695,671} = .0176 \times \$85,800,000 = \$ 1,510,080^*$$

Pribilofs

$$\frac{1,216}{449,000} + \frac{113}{695,671} = .0029 \times \$85,800,000 = \$ 248,820^*$$

Adak

$$\frac{4,000}{449,000} + \frac{263}{695,671} = .0093 \times \$85,800,000 = \$ 797,940^*$$

McGrath (Iditarod)

$$\frac{914}{449,000} + \frac{57,744}{695,671} = .0850 \times \$85,800,000 = \$ 7,293,000$$

Middle Yukon (Yukon - Koyukuk)

$$\frac{3,535}{449,000} + \frac{77,779}{695,671} = .1197 \times \$85,800,000 = \$10,270,260$$

Upper Yukon (Yukon Flats)

$$\frac{1,255}{449,000} + \frac{72,705}{695,671} = .1073 \times \$85,800,000 = \$ 9,206,340$$

Upper Railbelt (Alaska Central Railbelt)

$$\frac{1,369}{449,000} + \frac{11,392}{695,671} = .0194 \times \$85,800,000 = \$ 1,664,520^*$$

Upper Tanana West (Delta - Greely)

$$\frac{3,814}{449,000} + \frac{7,373}{695,671} = .0191 \times \$85,800,000 = \$1,638,780^*$$

Upper Tanana East (Alaska Gateway)

$$\frac{985}{449,000} + \frac{23,108}{695,671} = .0354 \times \$85,800,000 = \$3,037,320$$

Copper River

$$\frac{2,406}{449,000} + \frac{30,568}{695,671} = .0493 \times \$85,800,000 = \$4,229,940$$

Northern Panhandle (Chatham)

$$\frac{3,973}{449,000} + \frac{17,063}{695,671} = .0334 \times \$85,800,000 = \$2,865,720$$

Southern Panhandle (southeast Islands)

$$\frac{11,760}{449,000} + \frac{18,238}{695,671} = .0524 \times \$85,800,000 = \$4,495,920$$

Metlakatla - Annette

$$\frac{1,203}{449,000} + \frac{250}{695,671} = .0030 \times \$85,800,000 = \$257,400^*$$

Chugach

$$\frac{9,298}{449,000} + \frac{17,203}{695,671} = .0455 \times \$85,800,000 = \$3,903,900$$

ILLUSTRATION OF FORMULA (in round terms)

Base:	<u>Population</u>	X	<u>Construction Cost Differential</u>	=		<u>Area (Sq. Mi.)</u>	X	<u>Construction Cost Differential</u>	=	
Organized Areas	349,000		1.0	=	349,000	149,376		1.0	=	149,376
Unorganized Boroughs	80,000		1.25	=	100,000	437,036		1.25	=	546,295
	<u>429,000</u>				<u>449,000</u>					<u>695,671</u>

Appropriation: 429,000 X \$200 = \$85,800,000

Grant:

Adjusted Per Cent of Population X \$200
Adjusted Per Cent of Area X \$200

Organized Areas

$$\frac{349,000}{449,000} = .78 \text{ X } \$42,900,000 = \$33,462,000$$

$$\frac{149,376}{695,671} = .215 \text{ X } \$42,900,000 = \frac{9,223,500}{\$42,685,500}$$

\$42,685,500

Unorganized Boroughs

$$\frac{100,000}{449,000} = .22 \text{ X } \$42,900,000 = \$9,438,000$$

$$\frac{546,295}{695,671} = .785 \text{ X } \$42,900,000 = \frac{33,676,500}{\$43,114,500}$$

Total $\frac{43,114,500}{\$85,800,000}$

Capital Development Foundation

1. The problem is divisible into
 - a) what should the formula be and what facilities/maintenance should it cover and
 - b) to whom should it go?
2. To whomever it goes, the following principles need to be observed
 - a) no special service districts
 - b) no forcing of government on people
 - c) equitable distribution
 - d) simplicity of classes of recipients
3. Regarding (2) as many extra concerns that can be incorporated, the better.
-transportation planning, effects of reapportionment

Concept: The money will go to boroughs, when there is a borough. They should have a CIP. Ditto home rule municipalities. When it is a third class boro (if they survive this session), they will be treated as the next lower class.

In the unorganized boro:

Funds will be distributed along the boundary of 1) the unorganized boros as per SB or if SB is not enacted,²⁾ along the lines of the REAA. However, as there is no ~~xxxx~~ boro government responsible and accountable for planning and expending money--or that can own title to land, property, etc--those functions will have to remain with the state. When the functions are retained by the state, DOTPF will plan for PF under Chap.168 SLA 78 on a regional basis (per SB unorganized boro bill). To facilitate that planning process, each unorganized boro will have its own advisory group to advise and assist DOTPF. A CIP will be developed for each and funds expended accordingly.

If and when an unorganized boro opts to become organized, then they would assume the planning/fund expending functions and would, additionally, take title to whatever property there may be. The same principle will apply to maintenance funds.



Official Business

Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

TO: Senator Sturgulewski
FROM: Rep. Bill Parker
DATE: 4/15/80
RE: Capital Projects Foundation Fund Bill

The Capital Projects Foundation Fund bill (SB 546) has been reviewed and will be introduced in the House on 4/16/80 with the following changes:

p. 1 Article 2 Sec. 44.42.100 (a)

Entitlements for capital projects shall be made to organized boroughs; home rule municipalities as defined in AS 29.08.010, and to unified municipalities. (These references are used throughout the House version)

p. 2 A new (c) is added and subsequent sections renumbered.

(c) A first class city which has not adopted a home rule charter and which is outside of an organized borough and outside of a regional educational attendance area shall be included in the capital improvement plan and shall be represented on the regional council of a regional educational attendance area or an unorganized borough which borders the city.

p. 3 Sec. 44.42.120 Regional Council representation will be as follows:

A Regional council shall be composed of 15 members as follows:

(1) one elected official who is selected by the city council of each first class city located within an unorganized borough or regional educational attendance area, or which is included in an unorganized borough's capital improvement plan or a regional educational attendance area's capital improvement plan

(2) additional members selected by the governor from persons nominated by the Department of Community and Regional Affairs who are from second class cities and unincorporated communities within an unorganized borough or regional educational attendance area; members from second class cities shall be elected officials.

p. 4 line 1 Reworded as follows:

(5) identify possibilities for projects involving facilities having more than one use

p. 4 Line 25 and following read:

(b) the amount of an entitlement shall be allocated one-half on the basis of adjusted population and one-half on the basis of adjusted area. An entitlement shall be the ratio of the adjusted population to the total adjusted population plus the ratio of the adjusted area to the total adjusted area, times one-half the amount of an appropriation to the capital projects foundation fund.

p. 5 line 12 A new (c) is added:

(c) An entitlement from the capital projects foundation fund for a project located in a first or second class city as part of the capital improvement plan of an unorganized borough or a regional educational attendance area may be disbursed, with the concurrence of the city council of the first or second class city, subject to the following terms; (continues as SB 546 p. 5 line 13)



Official Business

Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

TO: Tamara Cook
FROM: Marjorie Gorsuch
DATE: 4/7/80
RE: Capital Projects Foundation Fund Bill

We have reviewed SB 546 and would like the House version of the bill drafted as a companion to SB 546 but with the following changes:

- p. 3 lines 8 and following should read:
- (1) one representative from each first class city selected by their city councils who are elected officials from first class cities located within the unorganized borough or regional educational attendance area;
 - (2) additional members selected by the governor from persons nominated by the Department of Community and Regional Affairs who are from second class cities and unincorporated communities within the unorganized borough or regional educational attendance area. Second class city representatives shall be elected officials.

- p. 4 line 1
- (5) identify shared facility opportunities

- p. 5 lines 10 and following:
- Delete wording following "recipient"
Draft a new (c) to read as follows:
- (c) For projects built in first or second class cities in the unorganized boroughs, upon concurrence by the Council, the commissioner may make an agreement including any provision agreed upon by the parties, including the following:
(continue with line 13)

Bill would like the bill ready for our 8:30 A.M. Committee meeting on 4/9 and for introduction that day. Many thanks.

Margo

From Marge -

Do you want Mbrs
to get Copies Today? >

T



Alaska State Legislature

House of Representatives

Committee on

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

Community & Regional Affairs

BILL NUMBER AND TITLE: HB 1010 Capital Foundation Fund

ORIGINAL SPONSOR: House/Senate C&RA
RECEIVED FROM: _____

OTHER SPONSORS: _____
FURTHER REFERRALS: Finance

HEARING DATE: 5/2/80

MEMBERS PRESENT:	Bill Parker	X	Pat Carney	X
	Margaret Branson	X	Charlie Parr	X
	Pat O'Connell	X	Fred Zharoff	X
			Ray Metcalfe	X

Lee Sharp, Municipal Attorney, Juneau

Basically in favor of any form of revenue sharing and generally favors state assistance for capital projects however there are two basic defects in the bill as presently written:

- (1) Area is used as a major component in the formula
- (2) Bill contains a basic disincentive to organization in the sparsely populated, smaller communities.

Opposed to having population and area considered equally. It is people who generate the need for capital projects and it seems irrelevant to take into consideration the water within the borough of Juneau or the large land masses of the North Slope Borough.

Technical problems with the bill are:

- * Assistance is not going to first and second class cities, rather just those otherwise organized.
- * How would you could the population of a borough and the first class and home rule cities within it?
- * Why don't first and second class cities receive consideration for assistance?
- * If a borough doesn't exercise Parks and Recreation or another power for which money/facilities are being provided, how could they operate same?
- * Does the requirement for a 5 year Capital Plan create conflict for those communities which currently develop 6 or 7 year plans? (perhaps the mandate for annual updating solves this problem)
- * P. 5 line 1 Why is the plan of the organized municipality submitted to the regional council?
- * P. 5 General problem with the formula as contained in the bill. The amount of area taken into consideration should be reduced as it distorts the situation.
- * P. 6 l. 1 What does the term "agreement" mean? This require-] ment is a problem.
- * P. 7 lines 18-20 Questions whether the Dept. of Labor figures are updated annually and suggests that the municipality-determined population figures used in revenue sharing be considered instead.

COMMITTEE ACTION:

No action

TAPE # 10 SIDE 1 Footage 486-1785

Sharp reiterates that he likes the idea but not with the formula in the bill. It is people not area which creates "need". Further, if the stat is going to provide maintenance, there is no incentive for organization.

Dennis Dooley, SouthEastern Director of Programming for Dept. of Transportation and Public Facilities
Raises points in attached notes.

Parr- Suggests that cost of construction rather than cost of doing business be used as in the school formula.

Dooley - Responds that it would be difficult to sue school differential costs for other capital projects. Refers to p. 8 and asks how "costs" are going to be paid? Suggests that there needs to be clarification on how the service charge for required bond sales to implement the projects will be paid.

Parr - Asks for the distinction between major and minor maintenance costs.

Dooley - States that \$50,000 is usually considered the dividing line between costs associated with maintenance being considered those under \$50,000 (minor maintenance) and those above \$50,000 as major. Those considered minor are usually in the operating budget.

Jim Kohler, Manager, City of Yakutat

Supports strongly the concept embodied in the bill as a good and innovative as well as simple approach to funding capital projects. It allows the local political subdivision to determine its priorities and to execute those priorities. It requires locally based planning. Suggests that the basic concept and worth of the bill not be overlooked in dealing with some of the technical and formula problems. He agrees with some of the technical problems cited by Sharp but says that the formula is not improperly skewed toward sq. mile consideration. Some weight must be included for land to offset some fixed costs for such facilities. The mechanics of fund distribution needs some work. A helpful exercise might be to look at what local governments are statutorily authorized to do and to allow entitlements to go to municipalities which have power to plan and execute. City budgets address costs which must be included in such projects and these priorities should be set by local government.

Parr - Watershed decision needs to be made re local vs. state responsibility in each of the listed areas for funding.

Dooley - Local concerns might also be regional and statewide.

Ginny Chitwood - Ex. Director, Ak. Municipal League

The 50%/50% gives too much weight in the formula to area but it should be recognized that area is a factor. The mechanics of distribution presents some problems in that first class cities have the same powers basically as do home rule. The basic powers delegated are the same as home rule.

Composition of regional councils with "one" representative elected from each city may not be enough. There should be more flexibility in the composition.

There may be a problem when second class boroughs having adopted few powers and containing first class or second class cities which may have adopted more powers.

HB 4010

1. Perhaps a better definition of "local capital project"
- ② can a local area agree to have their funds spent on a state responsibility project if it is of a higher priority
3. Can home rule cities agree to have their funds spent outside their boundaries
- ④ Can a ~~city~~ borough and a home rule city agree to combine their funds and build projects in each others areas
5. Can a home rule city petition for inclusion along with the unorganized area which encompasses it?

6. Regional Councils
 15 members
 → who perform these services from the organized & home rule cities
 44.42.120

7. 44.42.130 (1)

(shall) ~~ensure~~ ~~try~~ all list & effort to be required to identify all would require efforts that would be wasted
 + - limit to approx total of funding available
 44.42.130

8 (4) this would be the total of all projects

who is to define this "need"?

(9) 44.42.130

(c) doesn't appear to tie to earlier definition of regional council

10 44.42.140 (see 44.42.150(b))

distribution should not be immediate but should ~~be~~ allow for the cash flow to match the cash needs

11 140(b)

* feel that the ratios should be simplified to ~~go~~ drop area diff.
* weighted in favor of area too highly → should limit to a max per capita either as a ~~ratio~~ ^{as} ratio to lowest per capita

12 what about the need for a project which was not on the list

~~maximum~~
(B) ~~maximum~~ definition needs to have a ~~lower~~ ^{lower} \$ limit? when does it become operations -

could they buy heating oil -
repair pipes since they did not buy heat?

pg 2

In 12-14 Labor census? → annual

pg 3 confusion as to regular state ^{programs} roles

question of sufficient * to be GIP plan

pg 4 all capital projects state funded?

local?

parameters?

* which are not eligible? rules

(5) concur
 (6) concur
 (7) concur
 → state projects?

} are these criteria to be used in prioritization

b)

pg 5 b) ~~say~~ directed for situated areas how ratio of what area varies

↳ In 22 is a priority required

pg 7 In 12 see 5 varie

a) too much to hold validity by exogenous variables
 b) to each one?

pg 8 \$ for potential bond sales



April 17, 1980

The Honorable Arliss Sturgulewski
Chairman
Senate Community & Regional Affairs Committee
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Sturgulewski:

With reference to SB 546 proposing a Capital Foundation Fund for construction of capital projects through-out Alaska, I feel that this legislation is well written and would urge it's passage. In particular, I like the language which insures special recognition of Rural capital needs.

If you have any comments, please advise.

Sincerely,

COMMUNITY ENTERPRISE DEVELOPMENT
CORPORATION OF ALASKA


ALFRED R. KETZLER
Executive Director

ARK:kra

CEDC

Community Enterprise Development Corporation of Alaska
1011 E. Tudor Road, Suite 210/Anchorage, Alaska 99503. 907-279-4551

Ron Lehr, Director
Budget & Management

October 17, 1979

Thru: Richard A. Holden, Deputy Commissioner
Planning & Research

Kit Duke, Director
Planning & Research
Central Region

State Public Facilities Plan -
FY 81 C.I.P. Review Phase

As mandated by Chapter 168/78, the Department of Transportation and Public Facilities has conducted a review of the FY 81 Capital Improvement Budget requests as submitted by the various program agencies to the Division of Budget and Management.

The intent of this review effort was to provide technical assistance on construction-related projects being proposed through budget requests and to complete Phase I of the State Public Facilities Planning process. The process outlined in the attached work plan was accomplished (see attachment 1).

Due to the relatively short time frame of the actual review period (September 20 through October 12), a screening process was developed to insure that all C.I.P. proposals received had been considered at some level of examination. The review summary (attachment 2) shows all proposed projects received by our Department for analysis. This summary also indicates three basic levels of review and the "Comments for Consideration - FY 81 C.I.P. Budget Proposals" that are attached for your use (attachment no. 3). These levels are summarized as follows:

Level 1 - All FY 81 C.I.P. Budget requests received were reviewed for scope of work described. Projects involving only equipment purchases and minor installation work were dropped for further review (attachment 2 includes a listing of all projects eliminated from review at this level).

Level 2 - FY 81 C.I.P. project proposals were then looked at from four different areas of Capital Improvement Planning and Procurement. These four areas are as follows:

- A. Life Cycle Cost Analysis - A general evaluation of initial and ultimate project cost estimates as presented on the Form 35a was made and correlated with any previous LCC analysis made on that project.
- B. Inventories and Condition Survey - Budget/project requests dealing with proposed additions and/or alterations to existing facilities were compared to field surveys currently being conducted on state-owned facilities by this Department.

- C. Combined/Companion Facilities - Proposed projects were studied to identify apparent opportunities for combining projects based on similar needs and locations. Also, parameters were set to review proposals for consideration and impact of related companion C.I.P. projects, such as sewer and water, access and acquisition requirements, communication facilities and transportation facilities.

- D. Scheduling Analysis - General evaluation was made of project schedules being proposed by the program agencies. These schedules were compared to established scheduling guidelines, proposed funding sources (fed., Gen. Fund, G.O. Bond), and other projects (both currently authorized and proposed) in same location or in reasonable proximity. The type of contracting method being proposed was also considered in analysis.

Level 3—After reviewing C.I.P. Budget requests through application of the above criteria, those proposed projects receiving comments of little or no major impact were eliminated from further processing. The remaining projects, along with review comments felt to be of potential substance, were grouped together by program agency and are submitted with a summary form indicating what types of comments were made (see attachment 3).

Per your request, six sets of these proposed projects with our review comments are attached for consideration by your staff. Only those FY 81 projects reaching the third level on analysis are included. Because of the short time for this processing, our comments in the four review areas remain in hand-written form and are attached to copies of budget forms 35A for ease of identification by your analysts.

It should be noted that the depth of analysis by our Department is limited by lack of complete field data from Inventory and Condition Surveys, and lack of background data being completed on combined facilities projects. Lack of comment should not be construed as acceptance of individual projects being proposed. Mitigation of the investigative results is most likely inherent in our condensed review for this funding cycle. It's hoped that the next budget cycle will commence early enough to allow our two agencies more time to get together earlier in the process toward the realization of comprehensive planning. We think that this is a good beginning.

One general comment on the Capital Improvement proposals concerns the code upgrading, handicapped barrier removal and energy conservation types of projects. It was noted several agencies have submitted requests addressing these rehabilitation-type projects based on the findings of our facility Inventory and Condition survey teams. A complete list of sites that have been, are presently, or will be visited and inspected by our Department is enclosed (attachment 4). Of importance is the fact

that our Department has also submitted several statewide Capital Improvement requests aimed at correcting these same items. Total coordination of these projects should be made to avoid duplication funding. DOT/PF's requests were NOT considered to be for any specific sites but more to establish fund to address the problems being found in existing facilities owned by the State. It was envisioned that a prioritization of actual projects funded through this source would be established to enable the most cost effective and objective execution of this required work.

If there are any questions on the attached review comments that we can help clarify, please contact me at 266-1642 in Anchorage or Warren Sparks at 465-4070 in our Juneau office.

This review process have been very beneficial to us. Through the opportunity of this over-view many general questions and comments have surfaced concerning the present system being utilized for Capital Improvements. At some point, when time permits, we'd like to discuss these with you and your staff in an attempt to further improve our services to you and to the State's overall effort towards logical growth.

KD:/A/mt

Attachments: (6 copies each)

1. State Public Facilities Plan - Work Plan for DOT/PF
2. Review Summary for FY 81 Proposed Capital Projects (DOT/PF)
3. "Comments for Consideration" - FY 81 Proposed Capital Projects - Level 3 (DOT/PF)
4. List of sites included in the Facilities Inventory and Condition Survey (DOT/PF)

cc: Warren Sparks

C310

465-397

NOTE

WORK ORDER REQUEST FORM

PRE-FILE

KEYWORDS: fiscal notes

ASSIGNED TO Vassar

appropriations

REQUEST FOR: BILL RESOLUTION RESEARCH OTHER

SUBJECT Estimate of annual operating and maintenance costs for state funded capital improve-
ments

REQUESTED FOR Senator A. Sturgulewski BY Senator Sturgulewski EXT. _____

* DELIVER TO Senator A. Sturgulewski TAKEN BY Chenoweth

INSTRUCTIONS, EXPLANATIONS A bill providing that, when an appropriation bill making money
available for a capital project is brought to the floor, there is also to be presented
a fiscal note estimating annual operating and maintenance costs of the public project
or facility once it has been constructed -- an impact statement indicating operating and
maintenance costs that will burden the party responsible for the capital project after
its completion. See attached.

OBTAIN

SPECIAL DRAFTING INSTRUCTIONS ATTACHED

AUTHORIZED TO CONFER WITH NO ONE

Strictly Confidential.

RETURN _____

TO REQUESTER

APPROVED: BOB Director, Legal Services

Director, Research

REVIEWED _____

IN 11/11 DUE end of December

TYPED - Draft _____ DATE _____

Final _____ DATE _____

PROOFED _____ DELIVERED _____

SPECIAL INSTRUCTIONS TO TYPIST/PROOFREADER

needs for early January public presentation and
wants for profile.

DRAFT

FINAL



CITY OF MC GRATH

P.O. BOX 57 MC GRATH, ALASKA 99627

PHONE (907) 524-3825

*T for file
CRA file
+ net. copy to me*

April 10, 1980

Senator Arliss Sturgulewski
Pouch V
Juneau, Alaska 99811

Dear Senator Sturgulewski,

I have just finished my review of the literature you and Representative Parker sent on SB 546. I feel that SB 546 warrants considerable praise in that it is an equitable bill that does not favor one area over another. More importantly, it will provide for the construction of basic facilities in small communities which will lead to an increase of services for those communities and surrounding areas. The fact that the bill allows for the maintenance of constructed facilities is extremely important. In too many cases, facilities go unused and deteriorate from a lack of fuel and maintenance.

I am, however, concerned over the administration of the program should the bill be enacted this session. If the dealings that the City of McGrath has had with DOTPF are indicative of DOTPF's administration of rural projects, I am fearful that overhead and engineering will seriously reduce the effectiveness of the program for the unincorporated boroughs. At the present time, DOTPF takes 15% for engineering and additional percentages for overhead. Take Project SOS-1(024) for example. Public hearings were held in McGrath on 9/19/78. The City was led to believe, the letters are on file in my office, that the project would be completed during the summer of 1979. The project was delayed beyond the 1979 construction seasons. Ombudsman Complaint A79-0988 revealed that delays in the project cost the project \$79,000. Moreover, there was not sufficient money left in the project to complete it! I would estimate that \$125,000 was lost from the project due to delays, engineering and travel and per diem. In order to complete the project, the City went for a supplemental appropriation for \$200,000. Yesterday, I took DOTPF's material estimates and cost and calculated the cost of the entire project. At their estimate, the entire project should have cost approximately \$348,000 and not the \$530,000 which they told the Ombudsman!

Senator Sturgulewski, I and many others have no faith in DOTPF when it comes to the administration of CIP in rural Alaska. Many second class cities and REAAs can do the same job for less money

with better results. In my opinion, and it is my opinion only, I think that DOTPF keeps the rural CIPs on the back burner so that the overhead will finance their operations.

I would recommend that SB 546 contain provisions for those communities which have demonstrated the ability to complete a CIP which would limit or eliminate DOTPF's participation in this program. I feel that the State and the taxpayers would get more for their money.

Thank you for the opportunity to comment on SB 546 and to sound off about DOTPF.

Sincerely,



Robert S. Juettner
City Administrator

cc: Representative Bill Parker

TELEGRAM

ALASCOM, INC.
PHONE: 586-6442
JUNEAU, AK 99802

'80 APR 16 PM 1 50

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PMS SENATOR ARLISS STURGULEWSKI, PHONE 465-3758

POUCH V

2171

JUNEAU AK. 99811 "


ADD QUOTE THIRD CLASS BOROUGH UNQUOTE TO ENTITLEMENT
RECIPIENTS IN SB546 SECTION 44.42.100.

STEPHANIE K. SCOTT, ADMIN. SECRETARY, FOR THE HAINES BOROUGH ASSY.

HAINES AK. 99827

T + my file
CITY OF YAKUTAT

April 10, 1980



Senator Arliss Sturgulewski
Chairperson, Senate C/RA
Pouch V
State Capitol
Juneau, Alaska 99811

Dear Senator Sturgulewski:

Thank you for the materials on SB 546, the capital foundation fund.

As drafted this proposed legislation would go a long ways to alleviating the capital improvement crunch we find ourselves in.

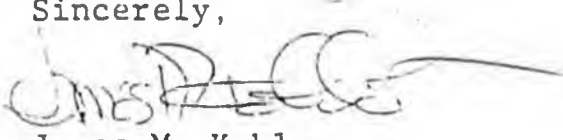
During late 1978, Yakutat drafted and accepted a capital improvement plan. Implementation, however, is slow and painful as the local funding base is insufficient to provide the necessary match funds to secure various loan/grant funds to execute the needed projects.

SB 546 would provide just such a capital base to proceed with needed projects in a timely fashion and yet avoiding prohibitively high local citizen assessments and taxation.

The City of Yakutat supports SB 546 and pledge our assistance as may be needed to assure its passage.

Your committee should be credited for the time, energy and forethought given the proposed capital foundation fund legislation.

Sincerely,



James M. Kohler
City Manager

mjr

SB 546 Packet of Material sent 4/8/80:

Mr. Del Allison
SRA Box 252
Willow, Alaska 99688

Judge Carl Heimiller
P.O. Box "H"
Haines, Alaska 99827

Mr. Howard J. Grey
715 "L" Street, Suite 8
Anchorage, Alaska 99501

Mr. Dave Olerud
Box 577
Haines, Alaska 99827

CITY OF BARROW

Taylor's file
"farthest north incorporated city"

BOX 629
BARROW, ALASKA 99723
PHONE (907) 852-5211

April 18, 1980

Honorable Arlis Sturgulewski
Chairperson CRA Committee
Pouch V
Juneau, Alaska 99811

Re: SB546

Dear Arlis:

The City of Barrow would like to provide written testimony on SB546 Capital Foundation Fund. We had anticipated being able to provide input via the teleconference network, unfortunately, the phone company was unable to provide a hook-up in time.

We wholeheartedly support the concept of the type of program proposed in SB546. However, we would like to raise several questions for your consideration.

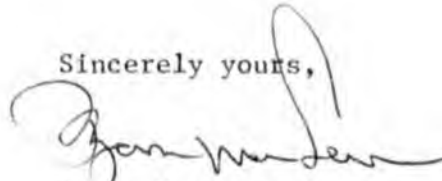
- a. Where does a home rule municipality such as the North Slope Borough fit into this type of program. We note mention of "organized" First Class Boroughs, Organized Second Class Boroughs, and Unified Home rule Municipalities, but nothing about Organized Home rule Boroughs.
- b. How much control or input will local municipalities located in a Borough have in determining what capital improvement programs will be selected for inclusion under this bill.
- c. Will cities and boroughs be able to work together effectively when a city has the statutory responsibility for a particular service or facility, but the borough is the one receiving funding that could be used on the cities projects.
- d. To us, the intent of Sec. 44.42.150 is unclear. It seems to imply that a borough is the fund recipient, but the cities are the ones that will own/operate/maintain facilities funded by SB546. If that is the case, the same question asked in C above should also be asked here.
- e. How will this program relate to the Annual Overall Economic Development Plan (OEDP) developed by some areas for the Economic Development Administration (EDA).

Honorable Arlis Sturgulewski
April 18, 1980
Page Two

- f. Sec. 44.42.150 C might be changed to allow for an adjustment factor that could allow for a cost override or project increase up to a certain amount. Perhaps a fixed percentage of the project cost. Some smaller communities might not be able to raise additional funds, and would thus have to scrap the entire project because of a 4 or 5 thousand dollar price increase.

We appreciate your considerations and the opportunity to actively participate in the decision making of Alaskas future.

Sincerely yours,



Bryan MacLean
City Manager

BML/kag

cc: Alaska Municipal League

sent 4/7/80

SB 546 plus first top
3 sheets were sent to
attached mailing list -

T



Official Business

Alaska State Legislature

JOINT SENATE AND HOUSE
COMMUNITY AND REGIONAL AFFAIRS COMMITTEE
LOCAL GOVERNMENT STUDY

Co-Chairmen

Senator Arliss Sturgulewski
Representative Bill Parker

Address all
correspondence to:

LOCAL GOVERNMENT STUDY

Pouch V
State Capitol
Juneau, Alaska 99811

April 3, 1980

Dear Alaskan:

This package of material is about SB 546, proposing a Capital Foundation Fund for construction of capital projects throughout Alaska. This bill is a further result of the work conducted by the Joint House and Senate Community and Regional Affairs Committees during the summer of 1979. During the course of the Committees' work, many people identified problems regarding planning for and funding capital projects. We feel that SB 546 proposes a viable solution to difficulties experienced throughout the state. We hope that you will read the enclosed descriptive materials and the bill itself.

Senate Bill 546 proposes a systematic approach to construction of capital projects. Every area of the state would receive a formula entitlement, much like revenue sharing. Expenditure of the entitlement requires only the development of a capital improvement plan. In organized boroughs and home rule municipalities, local governments plan for and expend these funds themselves for eligible projects. In unorganized boroughs (as defined in SB 348 and HB 580), an advisory group plans for the capital projects, though the funds are expended by the Department of Transportation and Public Facilities, as their fiscally responsible agent.

Funds may be used for a variety of capital projects. Priorities are annually established on the borough level. Maintenance costs are also eligible for use of these Capital Foundation Funds. There are many other significant considerations in SB 546. Please read the descriptive material and the bill itself. Contact us regarding any suggestions for changes, comments, etc.

We look forward to hearing from you about the Capital Foundation Fund.

Sincerely,

Handwritten signature of Arliss Sturgulewski.

Senator Arliss Sturgulewski
Chairman, Senate C/RA

Handwritten signature of Bill Parker.

Representative Bill Parker
Chairman, House C/RA

Enclosure



Official Business

Alaska State Legislature

Senate

Committee on

Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

March 24, 1980

Senator Arliss Sturgulewski

Information Sheet

CAPITAL FOUNDATION FUND

The Capital Foundation Fund will, by appropriation, provide funds to all areas of the State for certain capital improvements. To expend funds, each area will need to develop an areawide capital improvement plan, approved by the local assembly when there is one, and developed with the Department of Transportation and Public Facilities when there is no local government.

Organized and unorganized boroughs are encouraged to conduct regionwide planning to avoid costly duplications of capital projects and to prioritize, on the local level, needs among communities, rather than leaving this process to state level government.

Each area, so long as appropriations are made, is certain of a source of funding for local projects. Each area will receive a formula share of the appropriation. This stability will be advantageous to local governments for planning purposes. Additionally, unlike the current situation, areas may have greater ability to use capital projects for anti-cyclic economic benefits by being in control of fund expenditures. Annual funds do not lapse and may be accumulated for locally determined purposes.

Capital Foundation Funds may be used as the local match required for certain state and federal projects. This will be particularly significant in rural areas which do not now have a source of local match.

Funds are eligible for both construction and maintenance costs. This means that local governments will be encouraged to consider life-cycle costs and encouraged to maintain buildings and other improvements in order to maximize the efficiency of their capital dollars.

Local government under the Capital Foundation Fund program, will be assured of a steady supply of state funds for capital improvements that will be directed toward locally determined project needs and can be expended at a locally determined pace.

A JT. SENATE/HOUSE C/RA TELECONFERENCE WILL BE HELD
APRIL 16, 1980 -- 1:30 P.M. JUNEAU TIME. PLEASE GO TO YOUR
NEAREST LEGISLATIVE INFORMATION OFFICE LISTED BELOW:

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Judy D. Hopkins, Asst. to Director
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Office of Senator Ted Stevens

10-19-79

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ATTN: Albro Gregory

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Attn: Ken O'Toole
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Ketchikan, AK 99901

Attn: Dave Selaski
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Savoonga, Alaska 99769

Mayor
City of Nulato
Nulato, Alaska 99765

Mayor
City of Port Heiden
General Delivery
Port Heiden, Ak. 99549

Mayor
City of Saxman
P. O. Box 8676
Ketchikan, Alaska 99901

Mayor
City of Old Harbor
P. O. Box 109
Old Harbor, Ak. 99615

Mayor
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P. O. Box 278
Port Lions, Ak. 99550

Mayor
City of Scammon Bay
General Delivery
Scammon Bay, Ak. 99662

Mayor
City of Ouzinkie
Box 35
Ouzinkie, Ak. 99644

Mayor
City of Quinhagak
Quinhagak, Ak. 99655

Mayor
City of Selawik
P. O. Box 49
Selawik, Alaska 99770

Mayor
City of Palmer
P. O. Box 1368
Palmer, Alaska 99645

Mayor
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P. O. Box 15
Ruby, Alaska 99768

Mayor
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Shageluk, Alaska 99665

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P. O. Box 757
Pelican, Ak. 99832

Mayor
City of Russian Mission
Russian Mission, Ak.
99657

Mayor
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Shaktoolik, Ak. 99771

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P. O. Box 529
Petersburg, Ak. 99833

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Saint Mary's, Ak. 99658

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Sheldon Point, Ak. 99666

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Shishmaref, Ak. 99772

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Wasilla, Alaska 99687

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General Delivery
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Nelson Island
Toksook Bay, Ak. 99637

Mayor
City of White Mountain
General Delivery
White Mountain, Ak. 99780

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City Hall
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White Mountain, Alaska
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Alakanuk, Alaska 99554

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Aniak, Alaska 99557

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Atmautluak, Alaska 99559

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Chefornak, Alaska 99561

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Chevak Corp.
Chevak, Alaska 99563

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Egfijouag Corp.
Eek, Alaska 99578

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Emonak, Alaska 99581

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Goodnews Bay, Alaska 99589

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Sea Lion Corp.
Hooper Bay, Alaska 99604

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Kotlik, Alaska 99620

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Kwethluk, Alaska 99621

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Mekoryuk, Alaska 99630

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Napakiak, Alaska 99559

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Newtok, Alaska 99559

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NGTA Inc.
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Tuluksak, Alaska 99679

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Koyukuk, Alaska 99754

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Anvik, Alaska 99558

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McGrath, Alaska 99627

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Akhiok Rural Station Inc.
Akhiok, Alaska 99615

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Old Harbor, Alaska 99615

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Suzinkie, Alaska 99644

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Assoc. Inc.
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Mayor
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Saxman, Alaska 99901

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Ketchikan, Alaska 99901

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Klawock, Alaska 99925

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Haines, Alaska 99827

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Box 189
Angoon, Alaska 99820

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White Mountain, Alaska 99784

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City of Goodnews Bay
Goodnews Bay, Alaska 99589

Mayor Camillus Tulik
City of Nightmute
Nightmute, Alaska 99690

Mayor Phillip Peter
City of Akiachak
Akiachak, Alaska 99551

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P.O. Box 37
Hooper Bay, Alaska 99604

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City of Pilot Station
Pilot Station, Alaska 99650

Mayor
City of Akiak
Akiak, Alaska 99552

Mayor Joseph Mike
City of Kotlik
Kotlik, Alaska 99620

Mayor Clara Martin
City of Platinum
Platinum, Alaska 99651

Mayor Paul Phillip
City of Alakanuk
P.O. Box 57
Alakanuk, Alaska 99554

Mayor
City of Kwethluk
Kwethluk, Alaska 99621

Mayor Peter Williams
City of Quinhagak
Quinhagak, Alaska 99655

Mayor
City of Aniak
Aniak, Alaska 99557

Mayor Stanley Nook, Sr.
City of Lower Kalskag
Lower Kalskag, Alaska 99626

Mayor Nick Kameroff
City of Chauthbaluk
Chauthbaluk via Aniak, Alaska
99557

Mayor Joshua Nick
City of Atmautluak
Atmautluak, Alaska 99559

Mayor Jack Williams, Sr.
City of Mekoryuk
P.O. Box 29
Mekoryuk, Alaska 99630

Mayor Norman Housler, Sr.
City of Russian Mission
Russian Mission, Alaska 99600

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City of Bethel
P.O. Box 388
Bethel, Alaska 99559

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City of Mountain Village
Box 196
Mountain Village, Alaska 99632

Mayor Larry Beans
City of St. Mary's
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Mayor Peter Mathew
City of Chefornak
Chefornak, Alaska 99561

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P.O. Box 196
Mountain Village, Alaska 99632

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City of Scammon Bay
General Delivery
Scammon Bay, Alaska 99662

Mayor
City of Chevak
Chevak, Alaska 99563

Mayor Billy McCann
City of Napakiak
General Delivery
Napakiak, Alaska 99634

Mayor
City of Sheldon's Point
Sheldon's Point, Alaska 99680

Mayor
City of Eek
Eek, Alaska 99578

Mayor
City of Napaskiak via Bethel
Alaska 99559

Mayor James Charlie, Sr.
City of Toksook Bay
Nelson Island
Toksook Bay, Alaska 99637

Mayor Tommy Moses
City of Emmonak
Emmonak, Alaska 99581

Mayor
City of Newtok
Newtok, Alaska 99559

Mayor
City of Tuluksak
Tuluksak, Alaska 99670

City of Tununak
Nelson Island
Tununak, Alaska 99681

City of Huslia
Huslia, Alaska 99746

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P.O. Box 1397
Kodiak, Alaska 99615

Mayor Steven Alexie
City of Upper Kalskag
Upper Kalskag, Alaska 99607

Mayor John Madros
City of Kaltag
Kaltag, Alaska 99748

Mayor
City of Akhiok
Akhiok, Alaska 99615

Mayor Stella Hamilton
City of Allakaket
Allakaket, Alaska 99720

Mayor Gerald Pilot
City of Koyukuk
Koyukuk, Alaska 99754

Mayor
City of Larsen Bay
Larsen Bay, Alaska 99624

Kenneth Chase
Community Coordinator
City of Anvik
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City of McGrath
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Mayor Sven Haakanson
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Old Harbor, Alaska 99615

Mayor John Borg
City of Eagle
c/o City Clerk
Eagle, Alaska 99738

Mayor J.B. Coghill
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City Council
City of Ouzinkie
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City of Nulato
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Council Secretary
City of Grayling
Grayling, Alaska 99590

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NYC Supervisor
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BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

1 IN THE SENATE

2 SENATE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state aid for local capital pro-
7 jects; establishing the capital projects foundation
8 fund; and providing for an effective date."

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

10 * Section 1. AS 44.42.020 is amended by adding a new paragraph to read:

11 (14) adopt regulations for management of the capital projects
12 foundation fund established under AS 44.42.100 and administer these
13 funds.

14 * Sec. 2. AS 44.42 is amended by adding new sections to read:

15 ARTICLE 2. CAPITAL PROJECTS FOUNDATION GRANTS.

16 Sec. 44.42.100. CAPITAL PROJECTS FOUNDATION FUND. There is estab-
17 lished within the department a capital projects foundation fund for the
18 purpose of providing state assistance to local governments and to the
19 unorganized borough for improvement, maintenance and new construction of
20 capital projects. Within the limits of appropriations for the purpose,
21 the department shall make grants to qualified local governments for
22 capital projects and shall manage grants for capital projects in the
23 unorganized borough.

24 Sec. 44.42.110. ELIGIBLE FACILITIES. A grant from the capital
25 projects foundation fund may be used for improvement, maintenance, or
26 new construction of the following type of facility if the facility is
27 identified in a regional plan under AS 44.42.130:

- 28 (1) libraries;
- 29 (2) community and emergency detention facilities;

- 1 (3) fire halls, including the purchase of fire vehicles;
2 (4) parks;
3 (5) recreational facilities;
4 (6) water and sewer facilities;
5 (7) health facilities;
6 (8) community centers;
7 (9) transportation facilities which do not duplicate and
8 which are not inconsistent with the state transportation system as
9 determined by the department, including
10 (A) service roads;
11 (B) trails;
12 (C) harbors and docks for small boats;
13 (D) seaplane floats;
14 (E) public transit facilities, including the purchase of
15 transit vehicles;
16 (F) emergency and recreational airstrips for small
17 aircraft.

18 Sec. 44.42.120. REGIONAL ADVISORY COUNCILS. (a) To qualify to
19 receive a grant from the capital projects foundation fund, a local
20 government must establish ~~a regional advisory council of at least five~~
21 members.

22 (b) If a version of a bill entitled "An Act establishing unorga-
23 nized boroughs, amending the responsibilities of state agencies for
24 state programs and services for residents of organized and unorganized
25 boroughs, and authorizing adoption of home rule charters by unorganized
26 boroughs; and providing for an effective date" is enacted, a regional
27 advisory council shall be established for each unorganized borough
28 established under the terms of that enactment. If that bill is not
29 enacted before the effective date of this Act, a regional advisory

1 council shall be established in each regional educational attendance
2 area organized under AS 14.08.031. There shall be 15 members on each
3 regional advisory council established under this subsection as follows:

4 (1) one elected official from each first class city in the
5 unorganized borough or regional educational attendance area selected by
6 the city council or assembly;

7 (2) additional persons, up to a total of 15, selected by the
8 governor from lists of persons nominated by the Department of Transpor-
9 tation and Public Facilities or the Department of Community and Regional
10 Affairs who are elected officials of second class cities or persons from
11 unincorporated communities.

12 Sec. 44.42.130. CAPITAL IMPROVEMENT PLAN. (a) With assistance
13 from the department, each regional advisory council established under
14 AS 44.42.120 shall formulate a capital improvement plan which identifies
15 all capital projects needed in the region, assigns a priority to each
16 identified project, and contains cost estimates for each project.

17 (b) A capital improvement plan for a local government shall be
18 submitted for approval by the council or assembly of the local government
19 after a public hearing. Revisions in an approved plan must also be
20 submitted for approval before becoming effective. A capital improvement
21 plan for an unorganized borough or a regional educational attendance
22 area shall be submitted for approval by the department after a public
23 hearing.

24 Sec. 44.42.140. DISTRIBUTION OF GRANTS. (a) Grants from the
25 capital projects foundation fund shall be distributed annually by the
26 department to each local government which has approved a capital improve-
27 ment plan as required by AS 44.42.130. Amounts from the capital projects
28 foundation fund shall be distributed annually to accounts established by
29 the department for each unorganized borough or for each regional educa-

1 tional attendance area if unorganized boroughs have not been established
 2 by enactment of a version of a bill entitled "An Act establishing
 3 unorganized boroughs, amending the responsibilities of state agencies
 4 for state programs and services for residents of organized and un-
 5 organized boroughs, and authorizing adoption of home rule charters by
 6 unorganized boroughs; and providing for an effective date".

7 (b) The amount of grants to be made to a region shall be deter-
 8 mined by multiplying its population and area in square miles by the
 9 construction cost differential for that region and using this figure
 10 when compared with the total of figures similarly arrived at for all
 11 regions to calculate a percentage share of the total appropriation.

12 Sec. 44.42.150. USE OF GRANTS. (a) A grant from the capital
 13 projects foundation fund to a local government may be used only for a
 14 facility identified in an approved capital improvement plan. Each local
 15 government shall determine which project to finance with the grant
 16 received each year under AS 44.42.140.

17 (b) A grant from the capital projects foundation fund shall be
 18 disbursed in accordance with the terms of an agreement between the
 19 commissioner and the local government. The agreement may include any
 20 provision agreed upon by the parties, but must include in substance the
 21 following provisions:

22 (1) that the local government shall secure, retain and prote-
 23 title to the site of an existing facility or on which a new facility is
 24 to be constructed; for purposes of this paragraph it is sufficient that
 25 title is obtained in fee or by a lease which provides that the local
 26 government enjoys exclusive use of the land and any improvements for th
 27 estimated life of the facility;

28 (2) that the local government agrees to proceed with and
 29 complete the proposed project expeditiously in accordance with plans

1 submitted to the department;

2 (3) that the local government agrees to assume responsibility
3 for the operation of the facility, and the feasibility of the discharge
4 of this obligation shall be demonstrated to the satisfaction of the
5 commissioner before the payment of state money;

6 (4) that the grant will not exceed the estimated total project
7 cost as determined by the commissioner.

8 (c) If it appears that the cost of a facility financed in part by
9 a grant from the capital projects foundation fund will vary substantially
10 from costs estimated at the time a grant was made for the facility from
11 the capital projects foundation fund, the local government is responsible
12 for obtaining the additional money. The additional money may be obtained
13 from other grants made from the capital projects foundation fund to the
14 local government. If a project costs less to complete than estimated,
15 the local government may apply to use this money on other projects as
16 provided in this subsection.

17 (d) A grant from the capital projects foundation fund may be used
18 by a local government to match other state or federal grants.

19 (e) In the unorganized boroughs or regional educational attendance
20 areas each regional advisory council shall determine annually which
21 projects identified in its capital improvement plan to finance. The
22 department is responsible for the projects selected. The regional
23 advisory council for the unorganized borough or the regional educational
24 attendance area is responsible for the operation of a facility financed
25 by a grant from the capital projects foundation fund and the feasibility
26 of the discharge of this obligation shall be demonstrated to the satis-
27 faction of the commissioner before the department begins work on a
28 project.

29 Sec. 44.42.160. DEFINITIONS. In AS 44.42.100 - 44.42.160

1 (1) "construction cost differential" means one plus the
2 percentage by which average construction costs in a region are greater
3 than or less than the average construction costs in Anchorage as deter-
4 mined by the Department using the latest available figures;

5 (2) "improvement" means renovations and additions to an
6 existing facility which allow for better service than the facility
7 provided in its original condition;

8 (3) "improvement, maintenance or new construction" includes,
9 in addition to costs directly related to the project, the total of all
10 costs of financing and carrying out the project; these include, but are
11 not limited to, the costs of all necessary studies, surveys, plans and
12 specifications, architectural, engineering or other special services,
13 acquisition of real property, site preparation and development, purchase
14 construction, reconstruction and improvement of real property; an
15 allocable portion of the administrative and operating expenses of the
16 grantee; the cost of financing the project, including interest on bonds
17 issued to finance the project; and the cost of other items, including
18 indemnity and surety bonds and premiums on insurance, legal fees, fees
19 and expenses of trustees, depositaries, financial advisors, and paying
20 agents for the bonds issued as the issuer considers necessary;

21 (4) "local government" means the government of a unified home
22 rule municipality or organized borough;

23 (5) "maintenance" means restoration and repair needed to keep
24 a facility as close as possible to its original condition;

25 (6) "population" means the population of a unified home rule
26 municipality, organized borough, or unorganized borough or regional
27 educational attendance area as determined by the department using the
28 latest figures of the United States Bureau of the Census or other re-
29 liable sources of population data, such as school enrollment figures,

1 public utility connection figures, registered voter rolls, certified
2 employment payrolls;

3 (7) "region" means a unified home rule municipality, orga-
4 nized borough, and unorganized borough established if a version of a
5 bill entitled "An Act establishing unorganized boroughs, amending the
6 responsibilities of state agencies for state programs and services for
7 residents of organized and unorganized boroughs, and authorizing adoption
8 of home rule charters by unorganized boroughs; and providing for an
9 effective date" is enacted, or a regional educational attendance area
10 which has an approved capital improvements plan.

11 * Sec. 4. This Act takes effect July 1, 1980.

(7) federal aid — shows a normal debit balance; includes funds expected to be received from federal sources for capital projects;

(8) expenditures, prior fiscal year — shows a normal credit balance;

(9) encumbrances — shows a normal debit balance;

(10) reserve for encumbrances — shows a normal credit balance;

(11) fund balance — shows a normal zero balance.

(d) The annual financial report of the state shall contain the following statements for each capital projects fund:

(1) balance sheet;

(2) analysis of changes in bonds authorized and unissued;

(3) analysis of changes in bonds to be authorized;

(4) analysis of changes in funds to be provided by others;

(5) statement of expenditures and encumbrances compared to appropriations. (§ 8 ch 168 SLA 1978)

Sec. 37.07.070. Legislative review. The legislature shall consider the governor's proposed comprehensive operating and capital improvements programs and financial plans, evaluate alternatives to the plans, make program selections among the various alternatives and determine, subject to available revenues, the level of funding required to support authorized state services. During each regular session of the legislature, legislative review of the plans shall be accomplished according to the following schedule:

(1) By the 45th legislative day, the legislature shall have established by concurrent resolution the total amount of state general funds that shall be available for appropriation for the budget year and the tentative allocation of the funds among program categories in both the operating and capital budgets. The resolution shall be introduced by the finance committee of the house in which the general appropriations bill was introduced.

(2) By the 90th legislative day, the house in which the general appropriations bill was introduced by the governor shall have calendared for second reading a version of the general appropriations bill. The bill shall be supported with documentation to explain the proposed appropriations and related statements of intent. In addition, a list of other appropriations or measures with fiscal implications pending before the legislature shall be included with the documentation for the calendared bill. (§ 1 ch 188 SLA 1970; am § 1 ch 66 SLA 1977; am § 9 ch 168 SLA 1978)

Effect of amendments. — The 1977 amendment added the second sentence of the introductory paragraph and paragraphs (1) and (2).

The 1978 amendment, in the introductory paragraph, substituted "operating and

capital improvements programs and financial plans" for "program and financial plan" in the first sentence and "the plans" for "the plan" in the first and second sentences.

Editorial Opinion and Comment of



Daily News - Miner

"Independent in All Things . . . Neutral in None"

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3/20/80

Program for pork

It wasn't long ago when Alaskan communities grubbed about in hot competition for a few million dollars a year in state budget appropriations. We cheered heartily when we got a new office building or a new highway out of the tight state budgets to boost our local economy.

Now the state is basking in new wealth, and we find our civic pork barrel specialists dressing their wish lists up like the nouveau riche strutting to their first society affair. It's no longer called "pork" or even "local capital improvements projects"—now it's a grand plan for remaking our cities in some future image.

Down in Anchorage the municipality is pressing the Legislature with a "Program for the 80s" to pour hundreds of millions of state dollars into civic centers, theaters and other projects. Many of the same projects are also advanced again under the cover of a world fair proposal in the "Expo 84" movement.

Up here we have the "Program for Progress," unveiled last week as a joint lobbying effort by the borough and the cities of Fairbanks and North Pole. The legislators who will get this pitch are all smart politicians who know the taste of pork even when it's cooked and served like veal. It's important, however, that the rest of us also understand this program for what it is before we get fooled into throwing a lot of popular support behind some local political hat trick.

First off, let's make it clear that there are some very valuable civic projects in the "Program for Progress" that do genuinely deserve our support. Most are relatively cheap, and they stand out like nuggets in the bottom of a pan:

- A long-overdue extension and rebuilding of the city's steam heat system;
 - A community beautification program;
 - A comprehensive geologic mapping of the Fairbanks area with a feasibility study of whether an ore processing plant should be built here;
 - Renovation of the Fairbanks Recreation Center;
 - A program of city utility system improvements;
- and
- Some modest capital projects from the University of Alaska added to give the grandiose "wish list" some credibility.

But the largest pieces of the local program deserve nothing but spirited opposition. Most are just examples of a government planner's dreams gone wild. They are things that would be added to our local government burden without even a vote of the people.

For instance, the proposal for a rebuilt downtown area notes that in the land ownership, "Many parcels are small and owned by different individuals, hindering consolidation of land for larger developments." Fairbanks's oldest families must be selfish individuals, one concludes, to let their lifetime investments stand in the way of a bureaucratic utopia.

The justifications for the big government projects are thin. For instance, four large public parking garages are proposed downtown at \$10 million to \$13 million each, because "traffic congestion and parking shortages are contributing to air quality problems." In truth, traffic is less congested, the air is cleaner and there are far more parking places downtown than was the case 10 years ago.

Other proposals are things that have been rejected by Fairbanks voters in the past. The Blue Line Club's hockey rink is back, with the cost up to \$7.7 million. The major focus of public opposition in the old East Side Neighborhood urban renewal plan is also back in the form of a \$2 million request for Third and Seventh avenue access roads from downtown to the Steese Expressway.

This last point was specifically rejected by voters in the urban renewal repeal initiative in 1972. It has cropped up several times since then but former city mayor Harold Gillam, who was elected in 1972 while running on the initiative platform, kept shooting it down. Now he's no longer mayor, and it's surfaced again. The proposal would require condemnation of homes and widening of two streets through our oldest neighborhood just to save busy drivers a fraction of a minute in zooming downtown on their urgent business. Of course the time saved would be lost by two new traffic signals on the "expressway."

As for the \$13.4 million borough office building, even a Juneau waste basket is too good a place for that proposal.

While there are some good points added in the confusion, the "Program for Progress" is mainly a program for bankruptcy for local taxpayers.