

ALASKA LEGISLATURE COMMITTEE FILES 1981-1982 86/2

1308 SCRA HB 317 - HB 608 8/8

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HOUSE BILL NO. 317

Title "An Act relating to emergency services communications"

Requested by Commissioner's Office

Date _____

II. FISCAL DETAIL

Agency Affected DEPARTMENT OF HEALTH AND SOCIAL SERVICES

Program Category Affected HEALTH/DIVISION OF PUBLIC HEALTH

BRU, Program, or Subprogram(s) Affected EMERGENCY MEDICAL SERVICES

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 COMMODITIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS, ETC.	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER (Specify Fund Source)	0	0	0	0	0	0

POSITIONS

FULL TIME	0	0	0	0	0	0
PART TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

IV. DATE March 16, 1981

PREPARED BY

Mark S. Johnson, Coordinator

AGENCY

Emergency Medical Services/Div. PH

PHONE

465-3027

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

POSITION PAPER
HOUSE BILL NO. 317

"An Act relating to emergency services communications."

HB 317 provides for municipalities to establish emergency communications centers, organized and operated as public non-profit corporations, with one or more other municipalities and one or more state agencies which provide emergency service communications to the same geographic area in which the municipality is located.

The Department of Health and Social Services believes that emergency services can be accessed quicker, and usually coordinated better, thereby improving response times to the public, with the establishment of central access-central dispatch emergency communication centers. Such centers often include communications for police, fire, ambulance, and behavioral crisis services.

The Department of Health and Social Services supports the concept of this bill.

Recommended by: David Bruce
David Bruce, Deputy Director
Division of Public Health

Date: 3/16/81

Approved by: Helen D. Beirne
Helen D. Beirne, Commissioner

Date: 3/16/81

TO: PAUL QUESNEL

DRAFT

FROM: CHIEF CHRISTENSEN

PAGE ONE

The functional design of the proposed 911 system evolved through several stages before it emerged in its present state.

For the purposes of this paper, I will refer to the group of people who, out of mutual needs have banded together to put the package together as; "The Communication Committee". The committee consists of; Soldotna Police Chief, Lynn Christensen, Soldotna Fire Chief, Allan Phillips, Kenai Police Chief, Rick Ross, Kenai Fire Chief, Wally Winston, Nikiski Fire Chief, Alfred Willis, and State Trooper "C" Detachment Commander, Claude Swackhammer.

The committee has met several times over the past few months. The initial meetings provided an opportunity to express mutual problems in the areas of mutual aid and specifically communications.

When the subject of a joint communication center for all six agencies with a 911 system, was brought up, it was to many, an old idea, with unpleasant memories attached to it. Through the years some of the people at the meeting had invested a good deal of time and effort into similar proposals only to see them die on the vine for various reasons.

However, after discussing the benefits of such a center, it was felt another try was well worth the effort.

We all recognized the fact that organizations such as Police and Fire Departments tend to take on characteristics that are unique to their own agencies. There is nothing wrong with that, unless we become islands unto ourselves, and consequently lose the benefits of mutual aid and cooperation of our fellow public safety agencies.

There is no doubt, a lot of duplication of effort in Government today. We all see it and many of us shake our heads and wonder why something isn't done about it, but few of us make any personal effort to bring about change.

The first thing we felt we must do in order to gain some perspective of where our ideas may take us, is to see where we are coming from. What is each agency doing now for communication?

Nikiski Fire Chief, Alfred Willis reported he presently utilizes paid firefighters to answer incoming calls, who eventually turn over the communication duties to a volunteer responding from home. Chief Willis describes the system as grossly inefficient. He was in the process of searching for alternatives, when the central system idea began to gain momentum. Since that time he has decided

PAGE TWO

to wait and see how the proposal fairs.

The City of Kenai who presently operates a 24 hour dispatch center, provides services for their own Police and Fire Department, as well as Soldotna Police and Fire Department on a contract basis.

The FY 81/82 proposed budget for the Kenai Center is approximately ~~\$204,000.00~~.

The (proposed contract) between Kenai and Soldotna calls for \$51,000.00 for FY 81/82.

The Soldotna Office of the Alaska State Troopers also operates a 24 hours dispatch center at annual cost of approximately ~~\$197,000.00~~ per year.

We began to look hard at identifying the problems with our present systems and began serious planning of a system that would erradicate those problems.

To begin with, the 911 phone system itself. There are three telephone exchanges in the proposed coverage area. Obviously it would require full participation of all agencies in the area, to reduce the present six emergency telephone numbers to one 911 number. One agency couldn't install a 911 system and for that matter, five agencies couldn't do it without the cooperation of the sixth agency.

The other problem we had encountered in the past was the communication between agencies. For instance, the Alaska State Troopers operates on a different frequency than does the Kenai and Soldotna Police Departments.

Consequently, when a Trooper and a Municipal Police Officer are responding to the same incident they are receiving information from two different centers, often times not receiving the same information and with no communications car to car. Case after case of mass confusion can be cited.

It was the unanimous opinion of all Law Enforcement Agencies involved, that Soldotna Police Department, Kenai Police Department, and the area State Troopers should be dispatched on the same frequency. Although, we were somewhat naive about the required hardware for such a feature, we were unanimous in our belief it was an essential element of a workable system.

PAGE THREE

The Fire Departments on the other hand, agreed their best situation would be to have a common mutual aid frequency and be dispatched on their own existing frequency.

Our next logical step was to seek the advice of experts in Communication to find out what a system would entail.

We held a meeting in Anchorage with engineers from the State Division of Communications. We hoped to accomplish two main objectives at the meeting. First, we hoped to coordinate our project with any proposed State projects and to make sure anything we might do would be compatible with the existing system. Second, we hoped to get some direction for system design. Also, attending the meeting was Brian Nolan of Southcentral Communications in Soldotna. Brian has the maintenance contract for Kenai and Soldotna and is very knowledgeable on the equipment owned by each City.

It was the consensus of those attending the meeting that in order to accomplish our objectives, two new frequencies would have to be established. They suggested we ask Brian to aid in designing a system.

Our next step was to inventory all existing radio equipment and determine its compatibility with a new system. Then to access what new hardware would have to be purchased. It became apparent we would need two repeater systems (one police, one fire) to get the required coverage. (Please see attached equipment list for details) The list is somewhat technical, so I will attempt to explain how the system works.

Six radio receivers are placed at various locations throughout the coverage area. When an officer transmits from his radio the receiver that receives the strongest signal, sends the signal on to the repeater located in the Kenai Public Safety building. The signal is then repeated over a 300 watt transmitter. This effectively allows officer (a) to talk to officer (b) on a portable radio several miles away. For that matter, from any two points in the coverage area.

We discovered early in our meetings that funneling information into one point using a 911 phone system was the easy part of the project. Disseminating that information effectively to the proper agency was going to be the hard part and the most costly. However, we felt from the outset it would be of little value to have an efficient receiving point for information, without an equally effective method of delivery.

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Our next step was to prepare a project budget. We held several meetings, putting together a budget encompassing everyone's wishes. The budget that emerged from those meetings was put in one orderly package. Then we went to work on the budget from a different angle. That of the Board of Directors we are proposing to be we chopped here, then we trimmed there, we scrutinized every inch. When it was over, we had eliminated over 100,000.00 from the original budget proposal. What was left after everyone had put their axes on the table was and is a workable project capable of meeting most of our objectives. Specifically, the objectives that will be met are:

1. All Law Enforcement Agencies operating on the same frequency.
2. Portable radio coverage from anywhere in the area.
3. A mutual aid frequency for all fire and ambulance personnel.
4. One central receiving point for all incoming emergency calls "911"
5. Twenty-four hour access to AJIS and NCIC computer information.
6. One coordination point for joint operations.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB NO. 317
 Title An Act relating to emergency services communications.
 Requested by House C & RA Committee Date March 23, 1981

II. FISCAL DETAIL

Agency Affected Department of Community and Regional Affairs
 Program Category Affected Life and Property Protection
 BRU, Program, or Subprogram(s) Affected Emergency Service Communication
 (Note: If more than one budget component is affected, separate line item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		-0-	-0-	-0-	-0-	-0-
200 TRAVEL		*	*	*	*	*
300 CONTRACTUAL		-0-	-0-	-0-	-0-	-0-
400 COMMODITIES		-0-	-0-	-0-	-0-	-0-
500 EQUIPMENT		-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES		-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.		-0-	-0-	-0-	-0-	-0-
TOTAL		-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

GENERAL FUND		*	*	*	*	*
FEDERAL FUNDS		-0-	-0-	-0-	-0-	-0-
OTHER (Specify Fund Source)		*	*	*	*	*

POSITIONS

FULL TIME		-0-	-0-	-0-	-0-	-0-
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

* Section 2(b) states that members of boards of directors of non-profit corporations organized to operate emergency services communications centers under this section are entitled to per diem and travel expenses under AS 39.20.180. It is not specified who would be responsible for paying these expenses. There is also no reference to where the financial support for these organizations would come from.

IV. DATE March 23, 1981

PREPARED BY McKie Campbell
 AGENCY Department of Community & Regional Affairs
 PHONE 465-4735

Original: Legislative Finance
 Budget and Management

H B

334

COMMITTEE REPORT
SENATE

FURTHER: Finance

5/12/81

Date: 5/21/81

Mr. President:

The Committee on COMMUNITY AND REGIONAL AFFAIRS has had CSHB 334 (Fin) and

making special appropriations for village safe water facilities

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for CSHB 334 (Fin) same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without ^{individual} recommendation
- referred to the _____ Committee

MEMBERS SIGNING DO PASS

[Signature]

MEMBERS HAVING OTHER RECOMMENDATIONS:

[Signature]
CHAIRMAN

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bil Resolution No. HE 334

Title Spec. appropriations for VSW facilities, solid waste facilities & water & sewer systems

Requested by Fuller, Adams, Hurlbert, Sutcliffe, Vaska, Chukwuk, Duncan, Grussendorf, Malone, Moss and Zharoff, Date March 31, 1981

II. FISCAL DETAIL

Agency Affected Department of Environmental Conservation

Program Category Affected Division of Environmental Quality Operations

BRU, Program, or Subprogram(s) Affected Facilities Construction and Operation Section

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES			319.5	438.5	569.5	632.1
200 TRAVEL			78.8	109.4	143.6	155.1
300 CONTRACTUAL			41.1	53.7	71.3	77.0
400 COMMODITIES			4.5	5.5	6.5	6.5
500 EQUIPMENT			8.0	1.0	1.0	--
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL			451.9	608.1	791.9	870.7

FUNDING (Thousands of Dollars)

GENERAL FUND			451.9	608.1	791.9	870.7
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME			9	11	13	13
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Because of the lack of municipal engineering staffs in the small communities of rural Alaska, the Department of Environmental Conservation finds that a water and sewer grants program for rural Alaska requires a greater technical involvement than is normal in a grants program, and consequently, is asking for 7 engineers, an administrative assistant and a clerk typist in FY 1982. It is anticipated that 3 engineers would be directly involved in negotiating and administering contracts on behalf of the villages for design and construction, while 4 more would be involved with pre-engineering studies and negotiating and administering design feasibility contracts with consulting engineering firms. Each individual project will involve grant agreements, design contracts, inspection contracts, construction management contracts, etc. In order to maintain a precise and accurate "paper flow" on all projects, we are also requesting an administrative assistant. (cont'd on back)

IV. DATE March 31, 81

PREPARED BY Tim Bergin

AGENCY Department of Environmental Conservation

PHONE 65-2620

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

The engineers would be: 2 environmental engineers (EE's) III, 2 EE's II, and 3 EE's I, with one of the EE's III located in either Nome, Kotzebue, or Bethel, and the rest located in Anchorage.

In FY 1983, 2 more EE's I were added, to reflect some of the feasibility studies being funded for construction; travel was increased in the same manner.

In FY 1984, 2 more EE's I were added and adjustments were made to reflect promotions of 2 EE's I to EE's II, and 1 EE II to EE III.

FY 1985 holds the same staff. Travel was estimated at 15 trips per engineer at \$750 per trip.

Contractual services were estimated at \$2,500 per person for rent (increase to \$4,000 for Nome, Kotzebue or Bethel) and each engineer was assumed to have \$200 per month for telephones.

An inflation rate of 8% per year was assumed.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 334

Title Spec. appropriations for VSW facilities, solid waste facilities & water & sewer systems

requested by Fuller, Adams, Hurlbert, Sutcliffe, Vaska, Chukwuk, Duncan, Grussendorf, Malone, Moss and Zharoff

Date March 31, 1981

II. FISCAL DETAIL

Agency Affected Department of Environmental Conservation

Program Category Affected Division of Environmental Quality Operations

BRU, Program, or Subprogram(s) Affected Facilities Construction and Operation Section

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES			229.6	247.9	343.9	371.4
200 TRAVEL			49.2	53.1	72.6	78.4
300 CONTRACTUAL			20.4	22.0	25.3	27.3
400 COMMODITIES			4.5	4.8	5.8	6.2
500 EQUIPMENT			4.8	0.0	1.7	0.0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.					75.0	60.0
TOTAL			308.5	327.8	449.3	543.3

FUNDING (Thousands of Dollars)

GENERAL FUND			308.5	327.8	449.3	543.3
FEDERAL FUNDS						
OTHER (Specify fund source)						

POSITIONS

PULL TIME			7	7	9	9
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Because of the lack of municipal engineering staffs in the small communities of rural Alaska, the Department of Environmental Conservation finds that a water and sewer grants program for rural Alaska requires a greater technical

involvement than is normal in a grants program, and consequently, is asking for 5 engineers, an administrative assistant and a clerk typist in FY 1982. It is anticipated that these engineers would be directly involved in negotiating and administering contracts on behalf of the villages for design and construction and also would be involved with pre-engineering studies and negotiating and administering design feasibility contracts with consulting engineering firms. Each individual project will involve grant agreements, design contracts, inspection contracts, construction management contracts, etc. In order to maintain a precise and accurate "paper flow" on all projects, we are also requesting a contract administrator and clerk typist. The engineers would be: one Environmental Engineer III, two EE's II, and two EE's I, located in Anchorage.

In FY 1983, no change in staff is noted.

In FY 1984, two more positions were added to handle operation and maintenance of newly constructed facilities and \$75,000 was added to the 700 Code for maintenance subsidies.

FY 1985 holds the same staff. Travel was estimated at 15 trips per engineer at \$650 per trip.

Contractual services were estimated at \$1,500 per person for rent and each engineer was assumed to spend \$200/month on telephone.

Inflation was estimated at 8%/year.

IV. DATE March 31, 1981 PREPARED BY Tim Bergin
AGENCY Department of Environmental Conservation
PHONE 465-2620

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/79)



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
PUBLIC HEALTH SERVICE
HEALTH SERVICES ADMINISTRATION

May 21, 1981

Refer to: A-EHB

ALASKA AREA NATIVE HEALTH SERVICE
BOX 7-741
ANCHORAGE, ALASKA 99510

Senator Don Gillman
Alaska State Senate
Capital Building
Pouch V
Juneau, Alaska 99811

Dear Senator Gillman:

Re: Renovation of Individual Sewage Waste Disposal Systems for the Village of Tyonek, Alaska

At the request of Mr. Emil McCord, Tyonek Village Administrator, this letter is to support the village's request for State funds to replace 31 inadequate existing septic systems.

In 1965, the community constructed new homes for inhabitants along with an expanded water distribution system and individual septic systems for each home. Most of the homes were provided with septic tanks between 200 and 400 gallons in capacity, vastly undersized for standard residential use (recommended minimum is 1,000 gallons).

In May 1979, the Alaska Area Native Health Service (AANHS) funded a project (AN-79-204) under Public Law 86-121 to serve the village with needed sanitation facilities improvements. These improvements which costs \$1,513,000 includes constructing a new water source, renovating existing water treatment and storage facilities, and providing new septic systems for 27 new Mutual Help Housing and Urban Development units and 29 existing homes. The existing homes were served under this project with septic systems because the systems had failed and were causing potential health problems.

The Tyonek village has approached the AANHS for assistance in replacing the remaining 31 inadequate septic systems. Currently, no additional funds are available under our program to assist the community. Our staff has estimated the replacement cost of the 31 septic systems at approximately \$186,000. The cost breakdown is as follows:

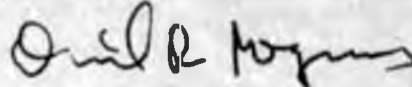
	<u>Quantity</u>	<u>Unit Cost</u>	<u>Total</u>
1. Septic Tank Installed	31 ea.	\$3,000	\$93,000
2. Sewer Absorption Field	3,100 LF	\$20/LF	<u>62,000</u>
Subtotal			\$155,000
+10% Engineering and Administration			15,500
+10% Contingency			<u>15,500</u>
TOTAL			\$186,000

Senator Don Gillman
May 21, 1981

Page 2

If funds are made available to the village of Tyonek, our office will be available to assist the village in constructing the needed facilities. If there are any questions concerning this matter, please contact this office.

Sincerely,



Daniel R. Rogness, P.E.
Chief, Sanitation Facilities
Section

Jh

cc: Emil McCord, Tyonek
Bill Wilson, EHB, Anchorage
Larry Lockyer, EHB, Anchorage
Leland Fugal, EHB, Anchorage

Original sponsors: Fuller, Adams
Hurlbert, et al

Offered: 5/8/81
Referred: Rules

Funding Information

General Fund ~~\$14,652,600~~ 14,982,600
Other Funds -0-
~~\$14,652,600~~ 14,982,600

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 334 (Finance) am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations for village safe
7 water facilities, solid waste facilities, and water
8 and sewer systems; and providing for an effective
9 date."

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

11 * Section 1. (a) The sum of ~~\$4,885,100~~^{4,985,100} is appropriated from the general
12 fund to the Department of Environmental Conservation as follows:

13 (1) \$4,085,100 for village safe water and solid waste facilities
14 projects under the Village Safe Water Act (AS 46.07) in the following
15 communities:

16
17 (A) Akiachak \$ 325,000
18 (B) Brevig Mission 954,000
19 (C) Chalkyitsik 750,000
20 (D) Gambell 600,000
21 (E) Noorvik 200,000
22 (F) St. George 280,000
23 (G) Savoonga 75,000
24 (H) Scammon Bay 150,000
25 (I) Shungnak 450,000
26 (J) Tanacross 83,500
27 (K) Wainwright 217,600

28 (2) ~~\$400,000~~^{900,000} for village safe water and solid waste feasibility
29 studies under the Village Safe Water Act (AS 46.07) in the following communi-
30 ties:

- 1 (A) Anderson
- 2 (B) Chalkyitsik
- 3 (C) Chignik Bay
- 4 (D) Dot Lake
- 5 (E) Ekwok
- 6 (F) Emmonak
- 7 (G) Fort Yukon
- 8 (H) Galena
- 9 (I) Golovin
- 10 (J) Hughes
- 11 (K) Lower Kalskag
- 12 (L) Manley Hot Springs
- 13 (M) Northway
- 14 (N) Ouzinkie
- 15 (O) Saint Mary's

- 16 (P) Teller
- 17 (Q) ~~Wales~~ (R) Unalakleet

* Sec. 2. The sum of \$8,457,000 is appropriated from the general fund for payment as grants to the following municipalities for water and sewer and solid waste facility construction as the local match to be used by the Department of Environmental Conservation as follows:

21	(1) Bethel sewer system	\$ 330,000
22	(2) Dillingham water and sewer system	265,000
23	(3) Kotzebue water and sewer system	2,400,000
24	(4) Nome water and sewer utilidor	4,600,000
25	(5) Unalaska water supply and distribution	
26	system repair	862,000

* Sec. 3. The sum of \$161,500 is appropriated from the general fund for payment as grants to the following municipalities:

- 29 (1) Kodiak Island Borough for construction

- 1 of a sanitary landfill at Larsen Bay \$ 60,000
 2 (2) City of Koyuk for a graywater disposal
 3 project 100,000
 4 (3) City of Shageluk for purchase of a hot
 5 water tank 1,500

6 * Sec. 4. The sum of \$193,000 is appropriated from the general fund to
 7 the Department of Community and Regional Affairs for payment as grants for
 8 solid waste disposal site construction in the following communities:

- 9 (1) Dot Lake \$ 54,000
 10 (2) Northway 32,000
 11 (3) Takotna 25,000
 12 (4) Telida 22,000
 13 (5) Chignik Lagoon 60,000

14 * Sec. 5. The sum of \$281,000 is appropriated from the general fund to
 15 the Department of Administration for payment as grants for solid waste
 16 disposal site construction in the following communities:

- 17 (1) Eagle \$ 73,000
 18 (2) Holy Cross 22,000
 19 (3) Kaltag 22,000
 20 (4) Koyukuk 22,000
 21 (5) Nikolai 20,000
 22 (6) Shageluk 22,000
 23 (7) Saint Mary's 100,000

24 * Sec. 6. The sum of \$250,000 is appropriated from the general fund to
 25 the Department of Community and Regional Affairs for payment as a grant to
 26 Evansville for a water system (private wells).

27 * Sec. 7. The sum of \$125,000 is appropriated from the general fund to
 28 the Department of Environmental Conservation for planning and feasibility
 29 studies for rural solid waste projects in communities not connected year

Testimony

of

Ernst W. Mueller

Department of Environmental Conservation

before

Senate Committee on Community and Regional Affairs

on

CS for House Bill 334.

The Department of Environmental Conservation appreciates the opportunity to comment on this bill. The fact sheet that has been developed by the House contains accurate descriptions of each project. Therefore, this testimony is limited to general comments on those portions of the bill which directly involve the Department.

The Department finds that all of the projects (with the exception of Chalkyitsik) listed in section 1 (a)(1) of the bill have a defined need, and that the estimated costs are realistic.

The Department also believes that the funds proposed in section 1 (a)(2) will be sufficient to produce designs for the majority if not all of the communities. These funds will pay for accurate cost projections and design drawings and specifications sufficient to go to construction.

Section 7 of the bill refers to planning and feasibility studies for rural solid waste projects. Solid waste disposal is an object of intense concern throughout rural Alaska. Solid waste management technology has been developed for large concentrations of people; when it has considered rural areas, it has relied on a road system in developing solutions to the problems. Neither of these situations exist in Rural

Alaska. Neither of these situations exist the rural area. Alaska's geographic diversity dictates that different areas of the State require different solutions.

This study would develop solid waste management technologies appropriate for all the rural areas. The estimated cost for this study reflects the high cost for travel in rural Alaska.

Section 8 of the bill contains funding for water delivery and waste water collection and disposal equipment as well as for solid waste disposal sites. Water delivery and waste water collection equipment usually means vehicles. Before vehicle purchases are initiated provisions for equipment replacement must be made. A haphazard program of purchasing vehicles for rural communities without concomitant plans for operation and maintenance of this equipment is ill fated.

The capability or the resources to support water and sewer vehicles in the bush has not yet been determined. The Department cautions that expenditures under this program (other than fencing) should not take place until a support program is established.

SENATE AMENDMENT

By Community and Regional Affairs
Committee

To: _____ SENATE BILL No. _____

To: SCSCS HOUSE BILL No. 334 (C&RA)

PAGE: 4 LINE: 10

Add new Section 10:

The sum of \$186,000 is appropriated from the general fund to the Department of Environmental Conservation for payment as a grant to Tyonek for installation of septic tanks.

Renumber other sections accordingly.

Title
Sewer Upgrade

Location(s)
② Craig

Election Districts Served
③ 1

Start Date
④ FY 82

Completion
⑤ FY

⑥ AGENCY REQUEST			⑦ Operational Cost & No. Personnel Increase - (Decrease)			First Operating Year		Ultimate Annual Year		GOVERNOR'S REQUEST		
										Approved	Deferred	
1002	Federal Receipts		Funding Source	Federal Receipts						1002	Federal Receipts	
1003	G/F Match			General Fund						1003	G/F Match	
1004	General Fund	700.0									1004	General Fund
1005	I/A Receipts										1005	I/A Receipts
	G.O. Bonds											G.O. Bonds
Total			700.0			Total Annual Operational Cost						
			Position (FTE)									
			Previous Year Priority		Agency Priority		Governor's Priority					
										Total		

PROJECT DESCRIPTION ⑧

The funds will upgrade the old sewer lines and beach lift station. At the present time, the beach lift station is not functioning. Parts from the station are missing due to poor design of the station and over-load due to population influx. Several sewer lines in Craig do not meet the State specification codes.

The funds should go to the City of Craig.

3334

LEGISLATIVE MEMBER'S SIGNATURE:

Frank R. Ferguson
FRANK R. FERGUSON

CATEGORY ⑨ NRMEC

AGENCY Environmental Conservation

Environmental Conservation

Page 1 of 1
Revised Date

FY

35 ALLEGISLATIVE REQUEST PROPOSED CAPITAL

DAVE

Prepare an Amund
for 334 adding
\$155,000 (check w/ Bob ~~on~~
other amounts) for
SEPTIC TANKS AT
TYONEK

Jan

SENATE AMENDMENT

By Senator Ferguson

To: _____ SENATE BILL No. _____

To: Committee Substitute HOUSE BILL No. 334 (Finance) am

PAGE: 1 LINE: 11

Section 1(a): Delete "\$4,885,100", insert "\$4,985,100"

PAGE: 1 LINE: 27

Section 1(a)(2): Delete "\$800,000", insert "\$900,000"

PAGE: 2 LINE: 17

Add: (Q) Wales

(R) Unalakleet

PAGE: 4 LINE: 7

Add new Section 9: The sum of \$130,000 is appropriated from the General Fund to the Department of Community and Regional Affairs for payment as a grant to Mauneluk Association for a water delivery system for the city of Selawik.

Renumber other sections accordingly.

PAGE: 4 LINE: 9

Following "secs. 2 - 6" insert ", and 9" so to read: "The appropriations made by secs. 2 - 6, and 9 of this Act..."

Funding Information

General Fund delete "\$14,652,600", insert "~~14,652,600~~"
Other Funds

14,652,600	
14,652,600	14,882,600
14,652,600	- 0 -
	<u>14,882,600</u>

FACT SHEET FOR CS FOR HOUSE BILL 334

"An Act making special appropriations for village safe water facilities, solid waste facilities, and water and sewer systems; and providing for an effective date."

Section 1 (a) appropriates the sum of \$4,935,100 from the general fund to the Department of Environmental Conservation as follows:

Section 1 (1) appropriates the sum of \$4,085,100 for village safe water and solid waste facilities projects.

- (A) Akiachak - \$325,000 - Funds would be used to construct a utilidor between the high school and the city's Village Safe Water facility. The city could then enter into a service agreement with the high school. This project would most probably enable the city's Village Safe Water facility to become self supporting.
- (B) Brevig Mission - \$954,000 - Funds would be used to construct a washeteria. The newly constructed washeteria was destroyed by fire in January, 1980. The village is presently without a community water supply.
- (C) Chalkyitsik - \$750,000 - Funds would be used to construct a water line to run from the river outside the village to the school, which has holding tanks. It would also be used to construct a building of sufficient size to house a washeteria and allow the village to have a central watering point. Currently the villagers draw their water from the river or from the slough behind the school.
- (D) Gambell - \$600,000 - Funds would be used to purchase a 500,000 gallon water tank so that the water would be available year-round. The village has 2-3 months of the year when its water supply is inadequate. In addition, a new water distribution line would serve the new housing. The funds would enable the village to purchase both the 500,000 gallon tank and the necessary piping.
- (E) Noorvik - \$200,000 - Fund would be used to convert the vacuum single phase sewage line to a three phase power and hookup for the new housing.
- (F) St. George - \$280,000 - Funds would be used to obtain a new and efficient deionizing equipment to meet the needs of the village.
- (G) Savoonga - \$75,000 - Funds would be used to purchase a new sanitary landfill site for the village.
- (H) Scammon Bay - \$150,000 - Funds would be used to purchase new water lines. Presently, Scammon Bay is without a water system due to freeze-up. Because of the sudden temperature change, the water lines froze and most of the piping burst.

- (I) Shungnak - \$450,000 - Funds would be used to either upgrade the existing road or rebuild the road to the dump.
- (J) Tanacross - \$83,500 - Funds would be used to rehabilitate drain fields for existing septic tank systems, and for relocating the present solid waste disposal site.
- (K) Wainwright - \$217,600 - Funds would be used to purchase new insulated pipes and plywood covers to protect the sewer lines from heavy snow build up.

Section 1 (2) appropriates \$800,000 for village safe water and solid waste feasibility studies. The cost of a feasibility study is estimated at \$50,000 by DEC.

1. Anderson - The current clean water system would be preserved for the future and it is felt that a feasibility study would insure that a comprehensive sewage system for the city would accomplish that goal.
2. Chalkyitsik - DEC feels that design drawings could be prepared for the community's review and approval by February, 1982. This would enable construction to begin in June or July of 1982.
3. Chignik Bay - Most of the village is without water and sewer system during the winter months. This is a fire hazard as well as an inconvenience. Funding would enable DEC to produce plans and specifications for improvements.
4. Dot Lake - Existing solid waste disposal site was constructed by PHS in 1972 and turned over to the village. A study would also determine how best to put in a system that would serve the community's needs.
5. Ekwok - Feasibility funding appropriation would enable DEC to produce plans and specification for a suitable water and sewer system for the village.
6. Emmonak - Currently, the village of Emmonak has a centralized watering facility with coin-operated bathing and washers and dryers and is on a honey bucket sewage system. Funding would enable DEC to produce plans and specifications for improvements.
7. Fort Yukon - A feasibility study would determine how best to resolve the current situation in Fort Yukon. At present the school supplies only potable water source, and is also responsible for the maintenance of the sewage lagoon, which is left over from the days of the state operated school system. The lagoon is overloaded, non-functional, and creating a health hazard.

8. Galena - A major subdivision, Alexander Lake Townsite, is without a water and sewer system. Funding would allow DEC to produce plans and specifications for a suitable water and sewer system.
9. Golovin - Because of the badly leaking water tank and the discolored water from the use of black iron pipes and because the water supply is inadequate for service the high school it is felt that a feasibility study be done to determine what the best water and sewer system would be for the village.
10. Hughes - Existing system is inadequate and a study would determine what the best system would be for the area.
11. Lower Kalskag - The City of Lower Kalskag is presently dumping its raw sewage directly into the Kuskokwim River. There is also a need to complete a water and sewer line to the new housing within the city.
12. Manley Hot Springs - Currently there is no supply of safe drinking water in Manley Hot Springs. The central water supply comes from the hot springs, after it has been run through a home heating system. Obtaining a good quality of drinking water is a very high priority with the residents of Manley Hot Springs.
13. Northway - Northway presently has no water/sewer facility. A feasibility study is required to determine how best to serve the community.
14. Ouzinkie - The City of Ouzinkie is in need of a feasibility study, which is required, to determine how best to serve the community. PHS has come in every two years to replace worn pipes, but has not done any work to upgrade the present system.
15. St. Mary's - The City of St. Mary's is requesting a comprehensive engineering analysis of their present system for upgrade, possible expansion and future reliability. The present system is inadequate.
16. Teller - Teller presently has no central watering point, washeteria or shower facility. The main source of water is ice or rain. A study would determine the best method of coming up with a suitable water/sewer facility.

Section 2 appropriates the sum of \$8,457,000 from the general fund to the following municipalities for payment as grants for water and sewer and solid waste facility construction as the local match to be used by DEC as follows:

1. Bethel Sewer System - \$330,000

This proposal would fund match money for the extension of the Kilbuck School sewer line to an additional area of the City of Bethel. In addition, the inclusion of the Kuskokwim Inn Complex would stop their present discharge into the lake located behind the complex. Funds would also be made for upgrading the sewage lift stations in the Alaska Housing Authority complex.

2. Dillingham Water and Sewer System - \$265,000

This proposal would complete updates on the Comprehensive Plan to include street improvements and storm sewer planning, match funds with PHS for a sewer collection system for the small boat harbor area and lower section of Windmill Hill, water/sewer system for small airport subdivision area and backside of small airport, (none exist) and a feasibility study to provide water and sewer system for Squaw Creek.

3. Kotzebue Water and Sewer System - \$2,400,000

Municipality matching funds to enlarge water line from Vortack Lake to treatment plant, enlarge water line from Devils Lake to Vortack Lake, expand water and sewer system, construct a dedicated fire protection line including pumps. A copy of water and sewer study was completed for Kotzebue. For a copy of study, see Rep. Al Adams.

4. Nome Water and Sewer Utilidor - \$4,600,000

Water and sewer project is to complete a phased program designed and engineered in 1976 and for additional areas of the City that would facilitate new housing. This additional service would serve those residents who are now on trucked water and honey bucket service.

5. Unalaska Water and Supply Distribution System - \$862,000

Project would enable Unalaska to rebuild and improve the existing water supply and distribution system. Most of the wood stave pipes in Unalaska is in excess of 40 years and has surpassed their useful life span. Replacement of the wood stave pipes, construction of storage, water supply wells, and new filterhouse would ensure that the City of Unalaska and the seafood processors continue to receive a safe and adequate water supply for the coming season.

Section 3 appropriates the sum of \$161,500 from the general fund to the following municipalities for payment as grants for the following communities:

1. Kodiak Island Borough for Construction of a Sanitary Landfill at Larsen Bay - \$60,000

There is an urgent problem at Larsen Bay where garbage is being dumped within the village limits, resulting in the attraction of foraging bears. This presents not only a safety hazard to the people, but also many bears are being killed, the estimate range from 10 to 17. The bears are becoming accustomed to people, entering homes and walking the streets during the day.

2. City of Koyuk for a Greywater Disposal Project - \$100,000

PHS is putting in a new water and sewer system this year, however PHS funding does not include for a greywater disposal system for the 48 homes. In order for the City of Koyuk to complete its waste disposal system the requested appropriation would be needed. With the greywater disposal system, the City of Koyuk would continue to have a serious health hazard it presently is having.

3. City of Shageluk for purchase of a Hot Water Tank - \$1,500

Because of the growing population, the present hot water tank is not large enough to handle the washeteria and showers simultaneously.

Section 4 appropriates the sum of \$193,000 from the general fund to the Department of Community and Regional Affairs for payment as grants for solid waste disposal site construction in the following municipalities.

Dot Lake - \$54,000 - Existing solid waste disposal site in Dot Lake was constructed by PHS in 1972 and turned over to the village. However it was not fenced at that time, and the village wishes to complete the required fencing of the dump at this time. The village would also like to purchase equipment which they would use to compact and cover the garbage.

Northway - \$32,000 - Proposed project includes selection of a new solid waste disposal site, and clearing, fencing and excavating on the site once it is selected.

Takotna - \$25,000 - Present dumping area is two miles from the village along side the Air Force Base. This area is not fenced or maintained on a regular basis. Funds would enable the village to fence in the area.

Telida - \$22,000 - Telida is presently without an adequate dumping site. The village would like a large, fenced-in open pit dump site which would provide a safer and healthier alternative to what they now have.

Chignik Lagoon - \$60,000 - Funds are needed to construct a dump site, access and incinerator for Chignik Lagoon.

Section 5 appropriates the sum of \$261,000 from the general fund to the Department of Administration for payment as grants for solid waste disposal site construction to the following municipalities.

Eagle - \$73,000 - Proposed project would include 22,000 for development of a sanitary land fill site on village property and 51,000 for purchase of equipment for use in compacting and filling on the site.

Holy Cross - \$22,000 - Funds would be used to relocate present site. The present dump location as contaminated Eig Lake which before contaminated, was used by residents for recreational purposes. Restoration of the lake is planned after the city dump is relocated.

Kaltag - \$22,000 - Kaltag presently does not have a sanitary landfill and would like to have one. It is one of their highest priorities. Construction would be done by local residents under the guidance of a Tanana Chiefs sanitarian.

Koyukuk - \$22,000 - Presently the village has no central solid waste disposal site. Funding would enable the village to construct a landfill site and enable them to have a central location for their refuse.

Nikolia - \$20,000 - Funds would used to relocate their present dump. The existing location is too close to the airport which creates a problem because of the large population of birds in the area.

St. Mary's - \$100,000 - Funds would be used to complete last years sanitary landfill project. The funds last year was not sufficient for the City to complete the job.

Section 6 appropriates the sum of \$250,000 from the general fund to the Department of Community and Regional Affairs for payment as a grant to Evansville for a watery system. PHS completed the water and sewer system, but funds were not available for installing private wells for each home.

Section 7 appropriates the sum of \$125,000 from the general fund to the Department of Environmental Conservation for planning and feasibility studies for rural solid waste projects in communities not connected by the Alaska road system. The appropriation will be set up for the Department of Environmental Conservation to develop a plan that studies 12 to 14 different geographic areas in the state. This type of study must involve a large amount of travel to rural communities if it is to have any value. These travel needs are reflected in the appropriation.

Section 8 appropriates the sum of \$300,000 from the general fund to the Department of Environmental Conservation for rural city solid waste disposal site projects, water delivery equipment, fencing, and waste collection and disposal equipment in communities not connected by the Alaska Road System. The appropriation would enable DEC staff personnel to have a mechanism with which to act quickly when a community is in need.

H B

421

COMMITTEE REPORT
SENATE

5/26/81

FURTHER: Finance

Date: 4/7/82

Mr. President:

The Committee on COMMUNITY AND REGIONAL AFFAIRS has had HR 471 (ef1 failed)

exemption of residential property from the property tax

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HR 471 same title
 new title
- and recommends HR 471
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

[Signature]
CHAIRMAN

Alaska State Legislature



POUCH V
JUNEAU, ALASKA 99811

P. O. BOX 9
KENAI, ALASKA 99611

REPRESENTATIVE HUGH MALONE

January 20, 1982

Dear Don,

I got a letter from Mayor Stan Thompson expressing his concern for the passage of HB 421, "an Act relating to the exemption of residential property from property tax." When would be a reasonable time that I could expect that bill out of your committee?

Thank you.

Sincerely,

A handwritten signature in cursive script, appearing to read "Hugh Malone".

Representative Hugh Malone



Official Business

Alaska State Legislature

Senate

Office of the President

Pouch V
State Capitol
Juneau, Alaska 99801

January 19, 1982

Laura M. Schroeder
City Manager, City of Dillingham
P.O. Box 191
Dillingham, AK 99576

Dear Ms. Schroeder:

Thank you for your letter regarding municipal taxation of personal property. I spoke with McKie Campbell, Administrative Aide to the Senate Community and Regional Affairs committee, who has been working closely with this issue.

He informed me that the whole of Title 29, Municipal Government, is in the process of revision in Senate Bill 180 and House Bill 170. These bills are currently under active consideration by a joint committee of the House and Senate, and the committee has held a number of hearings all over the state.

Among the changes which the committee is considering is an amendment to AS 29.45.010(c) to exempt municipalities from the requirement of collecting personal property tax. This change should solve your problem and it stands a good chance of passing during the session in its current form.

The committee is also considering future changes in the statute, which may include a separate bill giving municipalities the option of setting tax rates on personal property and creating different classes of taxable items. There will be additional hearings on these proposals when they are considered; I would urge you to keep in touch with Mr. Campbell for up-to-date information on the progress of the bills and for scheduling of the hearings.

I will keep your views in mind when the issue comes before the Senate for a vote.

Sincerely,

Jay Kerttula
Senate President

JK/mv
cc: McKie Campbell

CITY OF DILLINGHAM

P.O. BOX 191

DILLINGHAM, ALASKA 99576

TELEPHONE (907) 842-5211 or 842-5212



January 13, 1982

Senator Don Gillman
Pouch V
Juneau, Ak 99811
Mail Stop 3100

Dear Senator Gillman:

I believe you set on a Special Committee on Property Taxation.

This city would like to encourage a change which would enable a first class city to have the option of not taxing personal property.

Justification:

From January - April of each year, the staff of City Hall are also detectives. It takes many hours to turn up all the personal property and then find the owner. There are boats, trucks, planes, equipment stored all over this community tucked behind buildings, trees, inside warehouses. The fact that both state and local ordinances state we have the right to tax does not identify the who and what is here.

Last year one of the state's Municipal Per Capita funding requirements was reduction of mill rate or sales tax. We then requested change in law to enable us to eliminate this extremely difficult to enforce personal property tax. Instead we reduced both real and personal.

Once again we request that someone request legislation be enacted to allow us to decide on personal property.

Our mill rate of 3 mills increases our burden as we now spend hours on a \$1.50 - 5.00 tax bill. The council just wrote off several hundred dollars of these after a years pursuit failed.

Sincerely,

Laura M. Schroeder
City Manager



National Federation of
Independent Business

March 11, 1982

Senator Donald E. Gilman
Alaska Senate
Pouch V
Juneau, Alaska 99811

Subject: HB 421

Dear Senator Gilman:

A bill is currently moving through the Senate which will cause serious repercussions for the business community in Alaska. That bill is HB 421 and is presently in the Finance Committee. As originally passed by the House, the bill would permit the exclusion of all residential property from municipal taxation, if authorized by ordinance and approved by the voters of the municipality. The bill was amended by the Senate Community and Regional Affairs Committee to limit the residential property exclusion to \$50,000 and would also permit the exclusion of business inventories and equipment from taxation.

NFIB strongly opposes this bill because of the potential inequities which could result from its passage in either form. To allow the exclusion of \$50,000 of the value of a residence means a reduction of a minimum of 50% of the tax revenue which would be generated from the taxation of residential real estate. This limited exclusion or the total exclusion as originally proposed could cause a major shift of the local property tax burden to business. It is recognized that the proposal calls for voter approval, however, it does not require a lengthy study of history to realize that voters will approve a measure which will reduce their taxes regardless of the potential subsequent effect on other taxpayers. Since the voters owning residential real property far outnumber those owning business real property, the probability of passage is nearly 100%.

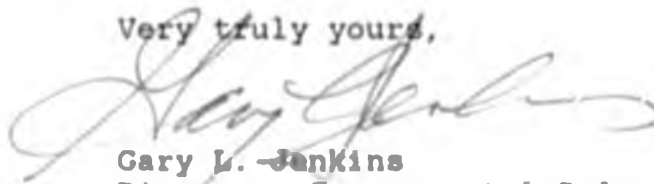
The significant increases in revenue sharing which has occurred in recent years has created a very free spending attitude on the part of many local municipalities. Should a loss of revenue at the state level result in a significant reduction in revenue sharing, the local municipalities will have to make major increases in local levies of property taxes to make up the difference. If the residential property is partially or totally exempt from tax, this means that the mil rate will have to be increased 2 to 3 or more mils to make up for what 1 mil would have produced in the past. An increase in taxes cannot necessarily be made up by a business just raising their prices. There are many businesses that for a variety of reasons could not raise their prices enough to make up for a major tax increase.

House Bill 421
Page 2

Another argument can be made that the latest version would also allow business inventories and equipment to be exempt. This is not a reasonable tradeoff. It would only result in a greater burden being placed on the business real property. An exemption for business personal property should be tied to any exemption for individual personal property. Thus, all personal property should be either exempt or taxable. The municipalities should not be allowed to pick and choose.

In summary, HB 421 is not good legislation and should be defeated. I suggest you give this bill a very careful, critical review to ascertain the effects it could have in your local communities and then vote against it if it comes up for floor action. Thank you for taking the time to carefully consider this bill.

Very truly yours,



Gary L. Jenkins
Director, Governmental Relations
Alaska

POSITION PAPER

Requested by: Senate Community And Regional Affairs Committee

Subject: Committee Substitute For House Bill No. 421

Departmental Position: Opposed

Remarks:

1. The only communities to date which have opted for the existing \$10,000 residential exemption are those which receive substantial revenues through oil/gas levies. It is probable that those are the only communities which would be benefited by adoption of this bill.
2. To the extent that municipalities might exempt residential property under the proposed language, taxes would increase on commercial properties. In municipalities which have a substantial amount of oil/gas property, that increase in commercial levies would result in a proportionate decrease in State collected revenues
3. It is likely that passage of the bill would result in a shift in the local tax burden which would cause those in the minority to pay the majority of property taxes. It is the position of the Department that any taxation ordinance which discriminates based on class or type of property is improper.
4. In addition, it is the position of the Department that any legislation directed toward relief from property taxation should address the reduction of local millage rates (with appropriate State reimbursement) and should not attempt exemptions of assessed values.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 421

Title "...exemption of residential property...effective date."

Requested by Senate Community & Regional Affairs Com. Date March 1, 1982

II. FISCAL DETAIL

Agency Affected None

Program Category Affected None

BRU, Program, Or Subprogram(s) Affected None

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

Fiscal impact on municipalities would vary greatly depending on the kind of language adopted into local law. Apparently, communities would have the latitude to exempt, or partially exempt, literally any type of residential property, i. e. single family, apartment, residential portion of commercial, owner occupied only, etc.

The cost to the municipality could range from virtually nothing, to extremely high depending on the above variables.

IV. DATE March 1, 1982

PREPARED BY Michael W. Worley

AGENCY Community & Regional Affairs

Original: Legislative Finance
cc: Budget and Management

PHONE 465-4787

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

HB

502

COMMITTEE REPORT

SENATE

5/11/81

FURTHER: Finance

Date: 5/11/81

Mr. President:

The Committee on COMMUNITY AND REGIONAL AFFAIRS has had CSHB 502(Fin)

supplemental housing development grants

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations.

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

CHAIRMAN

Alaska State Legislature



Official Business

Speaker of the House of Representatives

Pouch V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

TO: Senator Don Gilman, Chairman
Senate Committee on Community
and Regional Affairs

FROM: Representative Jim Duncan
Speaker of the House

DATE: May 13, 1981

SUBJECT: House Bill 502 - Re/Supplemental Housing Dev. Funds
House Bill 503 - Re/Special Approp/Dept. of C&RA . . .

I would like to take this opportunity to provide you with backup material for House Bills 502 and 503 (am Finance), which provide supplemental housing development grants to the state's Regional Housing Authorities.

The federal Department of Housing and Urban Development funds a large majority of the new home construction in bush Alaska. Currently, HUD allocates \$92,200.00 per unit to the Regional Housing Authorities for total development costs (TDC), which includes the cost of labor, material and construction, site preparation, road construction to project site, on-site water and sewer facilities, architectural and engineering fees, administrative expenses, and so on. Development costs now exceed this limit, however, and the Regional Housing Authorities must seek additional funds to assure that projects can go to construction and that the quality of that construction can be maintained.

As you can see from the attached list of projects, and in particular from the figures on the final page of that project list, a state expenditure of 12.3 million dollars will allow full use of over 100 million dollars in federal construction funds. The 100 million dollars represents "up-front" money only, and does not include the federal government's long-term financial involvement in the projects, which would be approximately \$7,500.00 per unit per year for 25 years.

I feel that this is both a wise and a necessary expenditure of state funds. Not only does it take advantage of existing federal funds, it also assures that much needed new housing can be provided at a cost to the state of approximately \$12,000.00 per unit. As you will note, on

Sen. Don Gilman
May 14, 1981
Page Two

the attached project list, these units will be built throughout the state, in urban as well as rural and remote locations.

If you have any further questions, or desire additional backup material, please feel free to contact me.

JD:jp
Attachments

ALUTIAN REGIONAL HOUSING AUTHORITY

18 Units - Akutan
18 Units - Atka
36 Units

A construction budget has not been prepared as yet for these projects. However, units in Nikolski and Unalaska averaged \$98,000 last year, and estimates for this year are for \$100,000 per unit, total development cost.

State Share	\$ 280,000
Federal Share	<u>3,319,100</u>
Total	\$ 3,600,000

AVCP HOUSING AUTHORITY

25 Units - Toksook Bay
24 Units - Akiak
74 Units - Mountain Village
51 Units - Pilot Station
31 Units - Aniak
32 Units - Kipnuk
237 Units

AVCP has prepared cost estimates for the amount needed to construct these projects at an average of 15,500 per unit above the \$92,200 total development cost allowed by HUD. AVCP had requested \$3,672,400 in state funding to supplement \$27,932,000 in secured federal funding. However, AVCP has recently received \$1,008,000 in additional federal assistance for on-site water and sewer development, road construction to project sites and extension of electrical service to new homes, and that amount has been subtracted from AVCP's request.

State Share	2,664,400
Federal Share	<u>28,940,000</u>
Total	31,604,400

BERING STRAITS REGIONAL HOUSING AUTHORITY

15 Units - Colovin
16 Units - White Mountain
16 Units - Bartlett Replacements
47 Units

No construction cost estimates are available yet for these housing units. However, the housing authority director has estimated a total development cost of approximately \$110,000 per unit to assure that construction is adequate for the region.

State Share	\$ 836,800
Federal Share	<u>4,333,400</u>
Total	\$5,170,200

BRISTOL BAY REGIONAL HOUSING AUTHORITY

14 Units - Port Heiden
15 Units - Aleknagik
15 Units - Levelock
20 Units - Dillingham
15 Units - Clark's Point
79 Units

The housing authority director and HUD officials have estimated a total development cost per unit of \$102,000 for Port Heiden, Aleknagik, Levelock and Dillingham. The houses at Clark's Point are already under construction, but will require an additional \$2,000 per unit to meet construction costs.

State Share	\$ 657,200
Federal Share	<u>7,283,800</u>
Total	\$7,941,000

COOK INLET HOUSING AUTHORITY

60 Units - Anchorage)
24 Units - Kenai) Senior Citizens Housing
10 Units - Ninilchik)
94 Units

Cook Inlet Housing Authority received \$3,134,800 from HUD for the Kenai and Ninilchik facilities, however, federal regulations allowed only \$2,448,000 to be spent on the projects. The housing authority director has estimated that 1.4 million dollars will be needed to assure quality construction of these facilities, while an additional \$3,500,000 is needed for the Anchorage facility. Under the grant program, the CIHA would be eligible for \$1,733,360. The remainder of the funds will be sought from the Senior Citizens Housing fund in the Department of Community and Regional Affairs.

State Share	\$1,733,360
Federal Share	<u>6,768,000</u>
Total	\$8,501,360

COPPER RIVER BASIN REGIONAL HOUSING AUTHORITY

10 Units - Mentasta
30 Units - Copper Center
40 Units

The housing authority director has indicated that while \$92,200 per unit has been sufficient to cover costs, \$100,000 per unit would negate the need to cut corners in construction in an effort to stay within the HUD budget.

State Share	\$ 312,000
Federal Share	<u>3,688,000</u>
Total	\$4,000,000

INTERIOR REGIONAL HOUSING AUTHORITY

50 Units - Fairbanks
50 Units - Minto
20 Units - Holy Cross
16 Units - Kaltag
15 Units - Chalkyitsik
14 Units - Grayling
165 Units

The director of the Interior Regional Housing Authority intends to put these units out to bid and construct them during the 1981 building season. Figures available from the IRHA indicate a need for \$3,812,592 for Kaltag, Grayling, Holy Cross and Minto, an amount \$1,968,592 above the state share based on 20% of \$92,200 per unit. Assuming the 65 units are constructed in Chalkyitsik and Fairbanks, and that the additional amount needed per unit equals the maximum grant amount, an additional \$1,198,600 would be needed.

State Share	\$ 3,042,600
Federal Share	<u>15,043,400</u>
Total	\$18,096,000

KODIAK ISLAND HOUSING AUTHORITY

45 Units - Port Lions & Ouzinkie

Kodiak Island Housing Authority has gone to bid on two projects totaling 45 units in Port Lions and Ouzinkie. The lowest bid received was \$700,000 over the \$4,149,000 allowed by HUD for the project, from among six bids received.

State Share	\$ 700,000
Federal Share	<u>4,149,000</u>
Total	\$4,849,000

METLAKATLA HOUSING AUTHORITY

24 Units - Metlakatla

The housing authority director has indicated that Public Health Service funds for water and sewer construction will not be available for the 24 unit project this year, but will be available in 1982. She estimates that a year's delay could add as much as \$500,000 to the total development costs of the units.

State Share	\$ 442,560
Federal Share	<u>2,212,800</u>
Total	\$2,655,360

NANA REGIONAL HOUSING AUTHORITY

44 Units - Kotzebue
36 Units - Selawik
25 Units - Ambler
22 Units - Buckland
22 Units - Noorvik
18 Units - Shungnak
26 Units - Kiana
11 Units - Kivalina
10 Units - Kobuk
4 Units - Deering
218 Units

The housing authority director anticipates that all of these units will go under construction this year, with the possible exception of Ambler, Shungnak and Kobuk, where construction may have to be postponed until 1982. In the past, NANA Regional Housing Authority has remained within HUD limits and while the same is anticipated this year, the director feels that additional funds may be necessary to meet costs. \$5,000 per unit is thought to be sufficient to cover any additional costs.

State Share	\$ 1,090,000
Federal Share	<u>20,099,600</u>
Total	\$21,189,600

NORTH PACIFIC RIM HOUSING AUTHORITY

18 Units - Tititlek
20 Units - English Bay
31 Units - Port Graham
69 Units

The housing authority estimates that it will require almost \$8,600 per house in additional funds to meet expenses for the total development costs of housing proposed for this year. Much of this is due to the fact that the NPRHA is building 51 units under an older HUD total development cost figure of \$78,400 per unit.

State Share	\$ 592,966
Federal Share	<u>5,605,026</u>
Total	\$6,197,992

ASRC (ARCTIC SLOPE) HOUSING AUTHORITY

The North Slope Borough is financing residential construction through the sale of bonds. Average new home cost in the Borough is now in the neighborhood of \$240,000 per unit including materials, labor, site preparation and all other development costs.

TLINGIT-HAIDA REGIONAL HOUSING AUTHORITY

T & H does not have any housing units scheduled for construction during the 1981 construction season.

HOUSING AUTHORITYSTATE EXPENDITUREFEDERAL EXPENDITURE

Aleutian	\$ 280,000	\$ 3,319,200
AVCP	2,664,400	28,940,000
Bering Straits	836,800	4,333,400
Bristol Bay	637,200	7,283,800
Cook Inlet	1,733,360	6,768,000
Copper River	312,000	3,688,000
Interior	3,042,000	18,043,000
Kodiak Island	700,000	4,149,000
Metlakatla	442,560	2,212,800
NANA	1,090,000	20,099,600
North Pacific Rim	593,000	5,605,000
T O T A L S	<u>\$12,351,320</u>	<u>\$104,441,800 *</u>

State & Federal Funds: \$116,792,120
State Funds as % of Total 10.6%
Fed. Funds as % of Total 89.4%

- * This figure is conservative, as not all Public Health Service expenditures for off-site sewer and water facilities construction are known at this time. Addition of these expenditures would increase the federal portion of total development costs, creating a relative decrease in state involvement.



The Association of
Village Council Presidents
Housing Authority

Box 767
Bethel, Alaska 99559
(907) 543-3121 or 543-3122

April 2, 1981

FACT SHEET

1. The Regional Housing Authorities commonly experience fund shortages on projects which demand extensive site development.
2. The project budget does not provide for the infrastructure which is assumed to be provided for by others. (PHS/BIA)
3. PHS funding associated with the housing project is for "off-site" improvements only. Off-site improvements include upgrading wells, pumping stations, lagoon capacity and main service lines up to but not including the proposed subdivision.
4. "On-site" costs, those infrastructure requirements within the subdivision, are the responsibility of the developer or Housing Authority.
5. HUD's requirement of land title control and the lag in conveyances to many bush communities has resulted in the selection of village corporation land as prime housing site criteria. Most of this land is undeveloped and requires extension of existing facilities to the new site.
6. Other housing site criteria such as: density of existing village, flood plain level, erosion occurrence, and availability of land support the selection of undeveloped village corporation land for the housing sites.
7. Supplemental funding for the infrastructure requirements demand an extensive coordination of effort and planning on the Housing Authority. Other agencies funding cycle or priorities can not always be met.

8. A primary source of supplemental funding (HUD's Community Development Block Grant Program) recently was froze by O.M.B. and is in doubt of being lifted.
9. The inclusion of \$3,672,694 of State appropriations to the attached projects will combine with \$21,482,600 of HUD funding and \$6,450,000 of PHS funding to assure the projects financial feasibility. This represents 12% of State funds leveraging 88% of Federal funds to the State of Alaska.
10. Delay or absence of State funds could result in added inflation, delay of construction season, added additional architectural costs to redesign and eliminate items crucial to the life cycle of the house.
11. Delay in proceeding to construction of these projects would delay or eliminate considerable employment and economic activity to current economic depressed regions of the State.



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**PHS Involvement in Those Villages Relative to the HUD Mutual Help
Housing Projects:**

Toksook Bay

Enlargement of the present sewer and water system.
Modify and add to pump house.
Develop a new water supply source.

Cost: \$1,500,000.

Kipnuk

Construction of a new water storage tank with a capacity of 100,000
gallons.
A summer distribution system with watering p. nt.

Cost: \$ 900,000.

Kotlik

Construction of a washeteria.

Cost: \$ 850,000.

Mountain Village

Construction of a new 100,000 gallon water storage tank, a new
pump house and sewage lagoon.

Cost: \$2,200,000.

Pilot Station

Construction of a new 40,000 gallon water storage tank, extension
of sewer and water lines and a sewage lagoon.

Cost: \$1,000,000.



The Association of
Village Council Presidents
Housing Authority

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(907) 543-3121 or 543-3122

Final Cost Estimate
for
AVCP Housing Authority On-Site Work
at
Toksook Bay, Alaska

TOTAL COSTS:

1,100 feet sewer main @ \$60/ft.	\$ 66,000
1,625 feet sewer service @ \$60/ft.	97,500
6 manholes @ \$1,500/each	9,000
2,500 feet water main @ \$60/ft.	150,000
1,625 feet water service @ \$60/ft.	97,500
4 hydrants @ \$800/each	<u>3,200</u>
Subtotal	\$423,200
+15% Contingencies	<u>63,480</u>
Total	\$486,680
Rounded to nearest thousand	\$487,000
Cost per home = \$19,480	



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(907) 543-3121 or 543-3122

Final Cost Estimate
for
AVCP Housing Authority On-Site Work
at
Akiak, Alaska

TOTAL COSTS:

20 septic tanks @ \$2,250/each	\$ 45,000
2,200 feet solid PVC sewer line @ \$22/lf	48,400
2,475 feet perforated PVC sewer line @ \$30/lf	74,250
2,400 feet rigid insulation @ \$.80/bf	1,920
20 wells @ 50 lf/each @ \$88/lf	<u>88,000</u>
Subtotal	\$257,570
+15% Contingencies	<u>38,636</u>
Total	\$296,206
Rounded to nearest thousand	\$296,000
Cost per home = \$14,800	



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Village Council Presidents
Housing Authority

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(907) 543-3121 or 543-3122

Final Cost Estimate
for
AVCP Housing Authority On-Site Work
at
Mountain Village, Alaska

TOTAL COSTS:

3,700 feet sewer main @ \$60/ft.	\$ 222,000
5,550 feet sewer service @ \$60/ft.	333,000
13 manholes @ \$1,500/each	19,500
4,100 feet water main @ \$60/ft.	246,000
5,550 feet water service @ \$60/ft.	333,000
7 hydrants @ \$800/each	<u>5,600</u>
Subtotal	\$1,159,100
+15% Contingencies	<u>173,865</u>
Total	\$1,332,965
Rounded to nearest thousand	\$1,333,000
Cost per home = \$18,013	



The Association of
Village Council Presidents
Housing Authority

Box 767
Bethel, Alaska 99559
(907) 543-3121 or 543-3122

Final Cost Estimate
for
AVCP Housing Authority On-Site Work
at
Pilot Station, Alaska

TOTAL COSTS:

2,475 feet sewer main @ \$60/ft.	\$148,500
3,100 feet sewer service @ \$60/ft.	186,000
13 manholes @ \$1,500/each	19,500
4,020 feet water main @ \$60/ft.	241,200
2,965 feet water service @ \$60/ft.	177,900
7 hydrants @ \$800/each	<u>5,600</u>
Subtotal	\$778,700
+15% Contingencies	<u>116,805</u>
Total	\$895,505
Rounded to nearest thousand	\$896,000
Cost per home = \$17,570	

KODIAK ISLAND HOUSING AUTHORITY

P.O. BOX 197 - KODIAK, ALASKA 99615 (907) 486-5721

MEMO TO: Alaska State Legislature
FROM: Tom Azumbrado, Executive Director
DATE: March 28, 1981

SUBJECT: REQUEST FOR \$700,000 TO BUILD ROAD, WATER AND SEWER INFRA-
STRUCTURE WITH HUD FUNDED HOUSING

The KIHA requests a capital improvements appropriation of \$700,000 by the State of Alaska, to build road, water and sewer infrastructure in Ouzinkie and Port Lions. These funds are needed to make up for inadequate federal funds of HUD mutual-help housing projects Numbers AK-13-8,9 and 10. The KIHA is developing and will manage 45 single family housing units for the two villages. The families in question are low income Alaskan Native residents without the financial capacity to build housing and infrastructure without public support. The KIHA has acquired federal funds to build these units but the apparent low bidder's price of 4.1 million dollars exceeds the construction budget by \$700,000. The bid opening was March 20, 1981 with six firms bidding. Please refer to Attachment A for the budget cost statement. No additional monies will be forthcoming from HUD.

The units have sufficient engineering and environmental controls for Alaskan coastal areas, but they are of minimal square footage with no frills. All design is to comply with the Kodiak Island Borough, HUD and Public Health Service (PHS) requirements.

Further delays to the project will yield potential loss of existing funds, increase costs due to inflation, interest charges and unseasonal construction. The families face increased hardships by continuing in overcrowded, substandard and nonhealth promoting dwellings.

The KIHA has developed and now manages 120 houses in five villages, is developing 48 units of multifamily housing within Kodiak, has been project coordinator for village electrification in Akhiok, Karluk, Old Harbor and Ouzinkie, and we have assisted various organizations in constructing health clinics and community facilities. Our track record in fiscal and construction management will ensure that state monies are efficiently and beneficially spent.

Any questions pertaining to this request may be addressed to Tom Azumbrado, at the above number. Thank you for your consideration.

KODIAK ISLAND HOUSING AUTHORITY

P.O. BOX 197 - KODIAK, ALASKA 99615 (907) 486-5721

REQUEST FOR CAPITAL IMPROVEMENTS APPROPRIATION for ROAD, WATER AND SEWER IMPROVEMENTS at OUZINKIE and PORT LIONS

ATTACHMENT A: BUDGET COST STATEMENT

ITEM	AMOUNT	BTDC
site acquisition	87,000	1.8
architectural/engineering fees	175,000	3.6
admin and inspection costs	115,000	2.4
interest costs	60,000	1.2
low bidder's construction price*	4,094,000	84.5
PHS costs to KIHA**	200,000	4.2
contingency	18,000	2.3
TOAL DEVELOPMENT COST (TDC)	4,849,000	100.0
less HUD funding	4,149,000	85.6
DEFICIT	\$ 700,000	14.4

* Approximately \$800,000 allotted for infrastructure

** PHS will spend approximately \$1.5 million of their funds for additional construction improvements



INTERIOR REGIONAL HOUSING AUTHORITY

April 13, 1981

Mr. Peter Freer
Administrative Assistant
State Speaker of the House
Pouch V
Juneau, AK 99811

Dear Mr. Freer:

It was a pleasure meeting with you in Juneau last week to discuss the statewide housing and other related problems the Housing Authorities are encountering.

Enclosed are some figures I came up with utilizing figures that we issued contracts for in Nulato and Tanana. Our program reservations came to \$102,000 per unit. Therefore, since Kaltag, Grayling and Holy Cross are downriver from both communities I thought I would use them as examples.

The Indian Health figures I used were true examples in Kaltag as IHS requested them from us. I used \$20,000 and \$25,000 as examples as to what we foresee in needs of water and sewer funding for Holy Cross, Grayling and Mint.

The figures I have given do not include any road projects, as we have no figures as to what kinds of costs may be incurred for this type of project.

I hope that I have given you sufficient information. If you need any more information, please feel free to contact me.

Sincerely,

Melvin Charlie
Executive Director

MC/lld

cc: Senator John Tackett

IRHA PROJECTS

KALTAG 16 Units

Program Reservations	16 x 81,600	1,305,600
Proposed IRHA funding	16 x 102,000	1,632,000
IRHA needs		326,400
Water & Sewer needs	21,187/unit	338,992
Total proposed needs		665,392

GRAYLING 14 Units

Program Reservations	14 x 92,200	1,290,800
Proposed IRHA funding	14 x 102,000	1,428,000
IRHA needs		341,200
Water & Sewer needs	25,000/unit	350,000
Total proposed needs		691,200

HOLY CROSS 20 Units

Program Reservations	20 x 92,200	1,844,000
Proposed IRHA funding	20 x 102,000	2,040,000
IRHA needs		196,000
Water & Sewer needs	20,000/unit	400,000
Total proposed needs		596,000

MINTO 50 Units

Program Reservations	50 x 92,200	4,610,000
Proposed IRHA funding	50 x 100,000	5,000,000
IRHA needs		610,000
Water & Sewer needs	25,000/unit	1,250,000
Total proposed needs		1,860,000

Total proposed state funding needed to complete projects in the four (4) above mentioned communities is \$3,812,592.

The figures above exclude projects anticipated in Fairbanks (50 units) and Chalkyitsik (15 units) for which I have no figures at this time.

THE NORTH PACIFIC RIM
HOUSING AUTHORITY

REQUEST FOR FUNDING FROM
THE STATE OF ALASKA
TO SUPPLEMENT
CONSTRUCTION OF SITE UTILITIES
FOR HOUSING PROJECTS IN
TATITLEK,
ENGLISH BAY
AND
PORT GRAHAM

MARCH 26, 1981

DERENTY TABIOS
EXECUTIVE DIRECTOR

TIM KIKTA
PROGRAM COORDINATOR

As you probably know, The North Pacific Rim Housing Authority has recently received development program approvals from the U.S. Department of Housing and Urban Development for Mutual Help dwelling units in Tatitlek (18) and English Bay (20), and Port Graham (31). Construction for these long awaited houses is scheduled for this summer (1981).

Recently done estimates and the recent results of public bidding for similarly designed houses, combined with estimates just received from U.S. Public Health Service for on-site water-sewer construction costs indicate a substantial shortfall in funding committed to the project. Even after design revisions have scaled down the dwelling unit to the bare essentials, a shortfall in funding remains.

Strong indications from Washington make it inevitable that no additional funding is forthcoming for these projects.

We are now faced with the likelihood of depriving a number of needy families of this long awaited housing in order to provide a suitable dwelling to the remaining families.

Therefore, we are turning to the State of Alaska with this request for supplemental funding. What follows is financial data on the requested funding.

FUNDING REQUEST

Tatitlek - 18 Dwelling Ur.	Cost Per Dwelling Unit	
Construction Estimate*	\$ 100,833	
<u>Housing Authority Budget All Sources</u>	<u>89,257</u>	
Requested From State	11,576	
 <u>TOTAL REQUESTED FOR 18 UNITS</u>		 <u>\$ 208,368</u>
English Bay - 20 Dwelling Units		
Total Construction Estimate*	\$ 90,100	
<u>Total Housing Authority Budget All Sources</u>	<u>78,400</u>	
Requested From State	11,700	
 <u>TOTAL REQUESTED FOR 20 UNITS</u>		 <u>\$ 234,000</u>
Port Graham - 31 Dwelling Units		
Total Construction Estimate*	\$ 83,258	
<u>Total Housing Authority Budget All Sources</u>	<u>78,400</u>	
Requested From State	4,858	
 <u>TOTAL REQUESTED FOR 31 UNITS</u>		 <u>\$ 150,598</u>

*See Attached Project Cost Estimates By Design Lab.

PROJECT
COST ESTIMATES
B/ DESIGN LAB INC.

Tatitlek - 18 Dwelling Units

Costs Per Dwelling Unit

House Construction	\$ 77,000
Site Utilities*	11,611
Electrification	2,777
Road	9,445
<u>TOTAL CONSTRUCTION</u>	<u>\$100,833</u>

English Bay - 20 Dwelling Units

House Construction	\$ 77,000
Site Utilities*	12,100
Roads	1,000
<u>TOTAL CONSTRUCTION</u>	<u>\$ 90,100</u>

Port Graham - 31 Dwelling Units

House Construction	\$ 77,000
Site Utilities*	6,258
<u>TOTAL CONSTRUCTION</u>	<u>\$ 83,258</u>

* See Attached Letter and Estimates From PHS.



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
PUBLIC HEALTH SERVICE
HEALTH SERVICES ADMINISTRATION

March 17, 1981

ALASKA AREA NATIVE HEALTH SERVICE
BOX 7-741

Refer to: A-EHB

PROJECT NO. ALASKA 99310
Project No. _____
C & B File _____
Job File _____
Construction _____
Other _____

Ms. Donna Czeck
Department of Housing and Urban Development
Anchorage Area Office
334 West Fifth Avenue
Anchorage, Alaska 99501

Dear Ms. Czeck:

Subject: On-site Facilities Cost Estimates for English Bay (AK-15-3)
and Port Graham (AK-4)

Enclosed are updated cost estimates of on-site facilities at Port Graham and English Bay.

The Public Health Service is planning to construct the on-site facilities at English Bay this year. The estimated cost of \$242,000 for on-site facilities will be funded by the Housing Authority.

We are planning no construction in Port Graham this year and expect all facilities construction to be completed by the Housing Authority.

Please contact me if any additional information is required.

Sincerely,

James L. Thode
Sr. Asst. Engineer Officer
Design Engineer

mje

cc: Tia Kikta, North Pacific Rim Housing Authority
Hernan Amaya, Design Lab Inc. ✓

PHS Involvement in Port Graham to the HUD Mutual Help Housing Project:

Port Graham

Water: new dam
 new storage reservoir
 water main
 treatment building
 individual service line
 fire hydrants

Cost: \$ 700,000

Sewer: sewer main
 three (3) primary settling tanks
 four (4) outfall lines

Cost: \$ 500,000

PORT GRAHAM

Estimated Cost of on site facilities

<u>Item</u>	<u>Quantity</u>	<u>Cost</u> --to Housing Authority
<u>Water System:</u>		
1. Water Service Line Unit Cost - \$1,750 ea.	.31	\$54,250
<u>Sewer System:</u>		
1. Sewer Service Line Unit Cost - \$3,000 ea.	31	\$93,000
2. Sewer Main 6-inch DI Unit Cost \$50/LF	280	\$16,800*
3. Manhole Unit Cost \$3,000 ea.	1	\$ 3,000*
4. Cleanout Unit Cost \$1,500 ea.	1	<u>\$ 1,500*</u>
Subtotal Sewer System		\$93,000 <u>\$114,300*</u>
Construction Subtotal		\$147,250 \$168,550*
Cost + 15% Contingency		\$169,337.50 \$193,832.50*
Total Rounded to Nearest Thousand		\$169,000 \$194,000*

*Cost if lots 6,7 or 8, Blk. 3 Tract D are used.

Estimated cost of recommended facilities.

<u>Item</u>	<u>Quantity</u>	<u>IHS</u>	<u>Housing Authority</u>
<u>Water System:</u>			
1. Water Line Extension 3-inch PVC: Unit Cost - \$30/LF	685 LF 1065 LF	\$20,550	\$31,950
2. Water Service Line: Unit Cost - \$1,500 ea.	20 each	-0-	30,000
3. Fire Hydrants: Unit Cost - \$750 ea.	2 each 3 each	1,500	2,250
4. Dam Repair: Unit Cost - \$2,000/job	1 job	<u>2,000</u>	<u>-0-</u>
Subtotal Water System		\$24,050	\$64,200
<u>Sewer System:</u>			
1. Sewer Main 6-inch DI: Unit Cost - \$60/LF	1156	-0-	\$69,360
2. Manholes: Unit Cost - \$3,000 ea.	4 each	-0-	12,000
3. Cleanouts: Unit Cost - \$1,500 ea.	3 each	-0-	4,500
4. Sewer Service Lines: Unit Cost - \$3,000 ea.	20 each	<u>-0-</u>	<u>60,000</u>
Subtotal Sewer System		-0-	\$145,860.00
Construction Cost Subtotal		\$24,050	\$210,060.00
+15% Contingency		3,608	31,509.00
Total		<u>\$27,658</u>	<u>\$241,569.00</u>
To Nearest Thousand		\$28,000	\$242,000.00

TAMM LER

Proposed Capital Budget - Sewer System

<u>Item:</u>	<u>Quantity:</u>	<u>Unit:</u>	<u>Housing Authority</u>
<u>Water System:</u>			
1. Water intake structure Unit Cost - \$60,000 each	1 each	\$60,000	
2. Water transmission line, 4-inch PE Unit Cost - \$35/LF	7,500 LF	262,500	
3. Water treatment building Unit Cost - \$75,000 each	1 each	75,000	
4. Water storage tank, 10,000 gallon redwood stave Unit Cost - \$15,000 each	1 each	15,000	
5. Water distribution line Unit Cost - \$45/LF	350 LF 850 LF	15,750	\$30,250
6. Water service lines Unit Cost - \$1,250 each	18 each		22,500
7. Fire hydrants Unit Cost - \$750 each	5 each 5 each	3,750	<u>3,750</u>
Subtotal - Water System		\$412,000	\$64,500
<u>Sewer System:</u>			
1. Sewer mains, 8-inch DI Unit Cost - \$60/LF	260 LF 860 LF	\$15,600	\$51,600
2. Manholes Unit Cost - \$3,000 each	3 each 4 each	9,000	12,000
3. Sewer service lines Unit Cost - \$1,000 each	18 each		\$4,000
4. Existing sewer line repair Unit Cost - \$15,000 LS	1 LS	15,000	
5. Clean outfall, 6-inch PE Unit Cost - \$40/LF	1,600 LF	64,000	

1. 1000 gallon trailer	1 each	<u>10,000</u>	
Unit Cost - \$10,000 each			
Subtotal - Sewer System		\$113,600	\$117,600
<u>Solid Waste:</u>			
1. Fence	750 LF	\$11,250	
Unit Cost - \$15/LF			
2. Haul vehicle	1 each	<u>5,000</u>	
Unit Cost - \$5,000 each			
Subtotal - Solid Waste		\$16,250	
<u>Miscellaneous Cost:</u>			
1. Repair village dozer/backhoe	1 job	\$15,000	
Unit Cost - \$15,000/job			
2. Garage building, 20x26	1 each	<u>25,000</u>	
Unit Cost - \$25,000 each			
Subtotal - Miscellaneous Cost		\$40,000	
Subtotal - Water System		\$432,000	\$ 64,500
Subtotal - Sewer System		113,600	117,600
Subtotal - Solid Waste		16,250	-0-
Subtotal - Miscellaneous Cost		40,000	-0-
Subtotal		\$601,850	\$182,100
+15% Contingency		<u>90,278</u>	<u>27,315</u>
Total		\$692,128	\$209,415
To nearest thousand		\$692,000	\$209,000

April 7, 1981

NORTH PACIFIC RIM HOUSING AUTHORITY

Addendum to:

Request for Funding From the State of Alaska
to Supplement Construction of Site Utilities
for Housing Projects in

TATITLEK, ENGLISH BAY, and PORT GRAHAM
(March 26, 1981)

Since the March 26 date of this proposal, HUD has indicated it will not allow maximum funding per unit to be increased by a decrease in the number of units to be constructed. Therefore, the only alternative to supplemental State funding is a decrease in the quality of each house constructed. We are now faced with degrading the house design to the point where HUD will disallow construction altogether, delaying it, and finally rescinding the funding already committed.

It is financially critical that all 3 (Tatitlek, Port Graham, and English Bay) projects be developed and bid concurrently, and likewise fully funded and constructed during this upcoming season.

It is also financially critical that for each community all applicable construction (housing, water-sewer, and road) be bid and contracted for as a single package. The cost of each element is kept down when the general contractor is assured of both adequate overhead and control over the completion sequence for all phases in a given community.

Long-term cost-effectiveness and feasibility demand that the job be done during the 1981 construction season and in a quality manner that will insure the State will not need to go back later with an even larger sum of money for modernization and weatherization.

Alaska regional housing authorities have consistently done a good job of both designing and delivering in a timely manner, dwelling units appropriate to the diverse areas of the state. Sharing of information among the authorities, extensive research into past projects, and considerable specific architectural experience are enabling the North Pacific Rim Housing Authority to take the very latest step in this evolution of house design as appropriate to its region. As an example, a recent independent energy audit of the design has concluded that it is "state-of-the-art in energy efficiency."

At the same time a HUD administrative decision continues to discriminate against all Alaskan authorities regarding the maximum allowable TDC (Total

Development Cost) per dwelling unit. The effect is that we have almost the same allowable maximum (92,200/unit) for all development aspects, (i.e. administration, required homebuyer counselling, planning, architectural, engineering, surveying, site acquisition, all site improvements, road access, extension of electrical, on-site water-sewer, dwelling construction, etc.), as lower-48 authorities have (91,267 average) for the dwelling construction alone.

The following is a comparison of funding commitment, Federal and State. Excluding an unspecified amount for commitment from BIA for roadwork in Port Graham (already completed) and English Bay (on-going, but delayed), the Federal participation (HUD and PHS) totals are as follows:

Tatitlek	\$2,351,600
Port Graham	4,058,200
English Bay	1,872,000
FEDERAL TOTAL	<u>\$8,281,800</u>

State Participation, including both 170,000 already committed by D.O.T., LSR&T for Tatitlek Road access would total as follows:

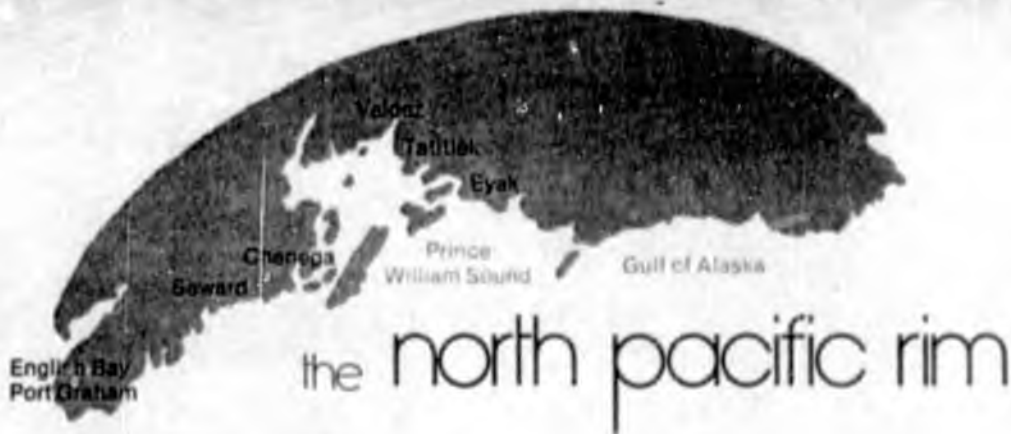
Tatitlek	378,368
Port Graham	150,598
English Bay	234,000
STATE TOTAL	<u>\$ 762,966</u> (includes State D.O.T. funds already committed)

Total State Funding Participation, as a result of the granting of this proposal would total less than 8% of the \$9,044,766 either committed or spent.

It is important to emphasize that water-sewer funding from the State must go as directly as possible and as soon as possible to the housing authority, in order to avoid delays, which the experiences of other Alaskan authorities have shown can be very costly. In this instance such delays could jeopardize financial overhead and overall costs for these 3 projects, or result in the Federal Government rescinding the Development funding.

H B

608



January 26, 1982

Donald E. Gilman
Pouch V
Juneau, Alaska 99811

Dear Senator Gilman:

Reference: **House Bill 608**

The North Pacific Rim is the regional Native non-profit corporation serving the Chugach region. Our Corporation has been providing health, educational and social services to the people of the Chugach Region for the past seven years. Federal cutbacks have reduced our funds by approximately one-third over the past two fiscal years. We realize that the State of Alaska recognizes the hardships caused by Federal cutbacks and will take steps to minimize the negative effects of these cutbacks where necessary. With the advent of Block Grants, the responsibility of the State to respond to the needs of the economically and educationally depressed peoples of rural Alaska will increase further.

The North Pacific Rim has not vigorously pursued State funding in the past due to the lack of established State standards, mechanisms and procedures. If a rational and uniform set of procedures were to be adopted, our funding proposals could be accepted or rejected based on the needs of our region, the ability of The North Pacific Rim to meet those needs and the availability of funds.

The specific purpose of this letter is to urge you to support the passage of House Bill 608 (copy attached). This bill would establish uniform administrative procedures for State grants or contracts with the non-profit organizations, eliminating much of the duplication and confusion within the current conflicting systems. Uniform procedures would allow the funding department within the State to concentrate on the intended program rather than establishing administrative procedures. The Non-Profit could then administer various programs within one set of financial guidelines rather than being forced to comply with many conflicting sets of rules. This situation would be enhanced if the procedures established by the Department of Administration were consistent with both the Federal Management Circular (FMC) 74-4, and Office of Management and Budget (OMB) Circular A-122, which provides the majority of the fiscal regulations within which Non-Profits currently operate Federal Grants and contracts.

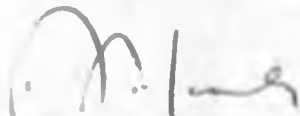
903 W. Northern Lights Blvd., Suite 203 / Anchorage / Alaska 99503 / Ph. (907) 276-2121

The Non-Profit Corporation Serving The People Of The Chugach Native Region

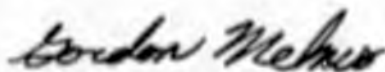
January 26, 1982
Page 2 of 2

Thank you for your time, and continued concern that State Services meet the needs of rural residents.

Sincerely,



Robert Heasley
Executive Director



Gordon Helms
Comptroller

RH CM/mkn
Enclosure

WHY INDIRECT COSTS?

by: Carl Lake, Controller

Rural Alaska Community Action Program

Indirect costs have been called a number of things over the years: "administrative costs/charges," "overhead," "allowable costs" and "rip-off." Simply speaking, indirect costs are those costs of an organization that cannot be directly charged to any one grant or contract administered by that organization.

Nonprofit organizations are unique in that each and every piece of funding they receive must be accounted for separately and must have its own full set of accounting records. Expenditures under each grant or contract must be reported separately and funding agencies often require different financial and auditing restrictions. This requires the organization to develop complex and sometimes even cumbersome accounting systems to properly account for those dollars in a fiscally responsible fashion.

Some nonprofits are very simple units and, even though they may be very large in dollar volume, administer only one or two grants. Usually these "single-purpose" agencies do not require an indirect rate even though, like all organizations, they do have administrative costs. Since these administrative costs can be readily identified with the programs administered, they are normally charged directly to those program funds.

Other nonprofits are "multi-purpose" organizations which administer a multitude of diverse programs from a number of funding sources. They operate under the theory that it is more efficient in both economic and practical programmatic terms, for one agency to administer a number of programs than for each program to be operated by a separate entity. For example, while it may take \$600,000 to administer a \$7.5 million agency with 25 different grants or contracts, it is demonstrable that, if each grant or contract were provided to

a separate organization, the actual aggregate administrative costs could exceed well over one million dollars.

Because the multi-purpose agency administers a wide variety of grants and the administrative costs cannot be readily identified as applicable to each of the grants or contracts, the agency requires some type of cost allocation plan to allocate the administrative costs to the appropriate funds. Over the course of the last ten years, the Federal government has recognized that non-governmental agencies needed a simplified and unified method to allocate these costs. Therefore, it developed the rules outlined in OMB Circular A-122 (along with other governmental publications) to provide the procedures and principles for establishing and operating an indirect cost rate. Major Federal funding agencies have departments that are responsible for reviewing, negotiating, approving and monitoring indirect cost rates with nonprofit organizations. When an organization receives funding from more than one Federal agency, one of them (normally the one providing the most funding) is designated as the lead ("cognizant") agency. It is the responsibility of that agency to negotiate with the nonprofit to establish an indirect cost rate. The process for establishing an indirect cost rate is very simple in theory: one isolates all of the costs that cannot be charged directly to a grant, divides these costs by the total dollars available to the agency and the resulting figure should be the indirect rate. However, many factors have to be taken into consideration before a final determination is made. Some of the program funds may require demonstrably less administrative attention or management support than others and therefore should be excluded from the base of program dollars and treated as "pass-through" funds with a separate rate. Other funds may be handled at a different location from the main office and require separate treatment with an "off-site" rate. Still other costs, including capital equipment purchases, must be excluded from the program dollar base prior to any rate calculation. Also, the Federal government in its infinite wisdom, may place statutory restrictions on certain programs (e.g., CETA, some Aging programs and Weatherization), limiting more than a certain percentage of total funds for administrative costs. This practice places

a greater burden on other funding sources, requiring them to pay more than their "fair share" of administrative costs. There are also grants (eg., some State grants and contracts) that refuse to pay any administrative costs, again adding a disproportionate burden to those funds that do participate in the payment of administrative costs. When these extreme limitations are placed on a program, the administering nonprofit is faced with the decision to simply refuse the program or to accept it and face consequences which, in the extreme, could mean bankruptcy.

There are also a variety of methods used in determining the types of costs that are to be included in the administrative or indirect costs pool. Some agencies, such as Rural CAP, charge the various programs directly for costs such as rent, telephone (local and toll calls) utilities, janitorial services and copier costs. Since these costs are charged directly to individual grants (with the exception of those portions related directly to the administrative unit) they do not show up in the indirect pool. Consequently, all other things being equal, Rural CAP would have a much lower indirect rate than other similar agencies. Rural CAP makes the considerable effort to make these direct charges because some of its funding sources will not permit any allocation of indirect costs and this is the only way these funds can be utilized to pay their appropriate share of these proper administrative expenses.

Other nonprofits pool all of the above charges (with the possible exception of telephone toll charges and, sometimes, rent) into the indirect pool and charge each program its share through an indirect rate charge. This approach is based on the premise that all of the funds are paying proportionately the same share of the costs while receiving the same general benefits.

Another variance in the application of an indirect rate is the base against which one applies the rate. Some agencies simply apply the indirect rate against total program dollars expended while others apply the rate against another figure, such as direct program salaries. Therefore, an agency with an indirect rate of 56% against a direct salary base may not have an actual

rate higher than one with a 26% rate against all available program dollars.

All of the above variations must be taken into account when trying to compare one agency's indirect rate with another. One must also consider that an agency's administrative budget is relatively fixed over a rather wide range of dollar volume. If, for example, an agency's administrative costs are budgeted at \$800,000 with available program dollars of \$6.5 million, the administrative costs will probably stay the same if there is a three to four million dollar fluctuation in program dollars. In this (admittedly over-simplified) example, the indirect rate (if all exclusions and restrictions have been considered) would be 12.3%. If the agency lost \$3 million of funding, the effective indirect rate would be 22.9%. If funding increased by \$3 million, the indirect rate would be 8.4%. This is an over-simplification to be sure but it is important to note that a variety of factors are involved that affect the indirect rate.

There are also a number of factors involved to make sure that the agency does not receive more indirect dollars than it was entitled to for the fiscal year. In the above example, the agency would probably have negotiated a provisional rate of 12.3% from its primary (cognizant) funding source based on projections of costs prior to the beginning of its fiscal year. If additional funds were received during the year and these funds would drastically affect the provisional indirect rate, the agency would probably re-negotiate its rate with its cognizant agency, resulting in a lower rate for all affected funds. In any event, the provisional rate is reviewed by the agency's own auditors and, after audit, by the funding agency itself. If the nonprofit received more indirect funds than it was entitled to, it is required to repay these funds, usually in the form of a reduction in the following year's indirect rate. If the organization received less than it was entitled to, it is obligated to bill each of its funding sources for their share of the difference.

At no time does the organization "profit" from the indirect rate process. The entire procedure is fully monitored both by independent auditors, by officials of the cognizant agency, and by the organization's board of directors and senior management staff. If the nonprofit has under budgeted for necessary administrative costs or overestimated projected funding levels, it will operate in a cash deficient position for a considerable length of time. Renegotiation, recalculation, and reallocation of funds is eventually required (frequently post-facto) in order to bring the books into alignment with reality.

Most multi-purpose nonprofit organizations operate in a functional fashion with a mandated community-based board of directors and an administrative unit consisting of executive management, accounting/data processing, and clerical staff. Costs for these functions are normally considered indirect. The program departments are responsible for one or more grants or contracts and/or share the responsibility for some funds with other departments. To a large degree, the organizational structure is very similar to that of the State government, albeit on a smaller scale. The administrative unit of a nonprofit organization could be equated to the executive branch of State government while the board of directors is similar to the legislative branch. Within the State government at least a large portion of the costs of both the administrative and legislative branches could be considered indirect or administrative costs when related to the programs actually providing services to the citizens of Alaska.

Whatever name one applies, the functions of supervision and oversight are indirect costs, whether the costs are incurred by the State or a nonprofit organization. Skilled management personnel are necessary to administer the variety of funds which are the responsibility of an organization and an impartial body with power and authority to control the actions of that entity is likewise necessary. Like the old football argument concerning the relative importance of the line versus the back-field, you cannot have program operations without some type of policy direction and administrative support. It is recognized

by all nonprofit organizations that every effort must be made to keep administrative costs as low as possible so that as many of the agency's limited funds as possible are available for necessary programs and services. However, if administrative funds are reduced to a level that cannot support the retention of viable policy-making structures with skilled management and accounting personnel, the organization will eventually be unable to operate any program in a responsible and fiscally sound fashion.

If nonprofits were not available to administer programs designed to serve the needs of many of Alaska's citizens, the State would be required to operate these programs. This eventuality would not only increase the size of government (a trend that the current legislature is seeking to reverse), it would also increase its costs. Clearly, it is in the State's interest to use existing service delivery networks that are directly responsive and responsible to the people they serve. The acceptance of the necessity for indirect costs to support these structures, and the implementation of comprehensive and uniform policies for contracting with the non-profit sector will increase the efficient use of State funds.

SENATE AMENDMENT

By _____

To: _____ SENATE BILL No. _____

To: _____ HOUSE BILL No. _____

PAGE: 3 LINE: 5

*Section 3

A.S. 37.053]5 is amended by inserting a new section (e) and renumbering the existing section (e) and following sections accordingly:

(e) If a recipient of a grant under this section proposes to enter any contract for which more than \$100,000 of the grant funds would be obligated, the contract shall be awarded through a competitive bid procedure.