

ALASKA LEGISLATURE COMMITTEE FILES 1983-1984 8672

2191 HCRA SB 150 - SB 151

2191

Alaska State Legislature

Barbara Lacher, Chairman
Mae Tischer, Vice-Chairman
Randy Phillips
Milo Fritz
Don Clocksin
Jack McBride
Mike Szymanski



Room 104
State Capitol
Juneau, Alaska 99811

Pouch V
Juneau, Alaska 99811

House of Representatives Committee on Community & Regional Affairs

TO: Committee on Community and Regional Affairs
FROM: Staff
DATE: April 18, 1983
RE: CSSB 150 proposed committee substitute

CSSB 150 is the legislative appropriation for FY '84 for statewide sewer and water projects. Legislation introduced earlier that provided for various projects will not be acted upon. Included in the earlier bills (HB 102, HB 146, and SB 15) was the intent to provide the Department of Environmental Conservation (DEC) with matching funds for the Wasilla Sewer system and, to provide the necessary "up front" or non-grant eligible funding in the amount of \$1,178,500.

CSSB 150 includes the \$1,178,500 for non-grant eligible costs, but the DEC matching funds have not been included. Representative Lacher's intent is to combine the former DEC matching funds with the direct non-grant eligible funding appropriation for a total grant of \$3,121,500.

DEC officials have stated that they will continue to process the grant applications and assist with the Federal Environmental Protection agency grant, estimated to be approximately \$4 million. The City of Wasilla will issue bonding in the amount of about \$2 million.

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House of Representatives Committee on Community & Regional Affairs

TO: House C & R A Committee
 FROM: Representative Barbara Lacher
 SUBJECT: HB 146
 DATE: March 7, 1983

The City of Wasilla has been working with the Department of Environmental Conservation and federal environmental protection agencies since 1978 in planning a city wastewater treatment facilities system. The preliminary planning is completed and public hearings have been conducted. Final design is to be completed by July 1983, and the project ready for bid by October, 1983.

Total project costs which are eligible for grant participation are \$8,000,115. Funding sources are as follows:

	FEDERAL E.P.A.	STATE D.E.C.	CITY ASSESSMENTS	TOTALS
Laterals	0 (0%)	1,338,975 (50%)	1,338,975 (50%)	2,677,950 (100%)
Collector	3,078,080 (75%)	513,180 (12.5%)	513,180 (12.5%)	4,105,440 (100%)
Small Diam.	719,950 (85%)	63,525 (7.5%)	63,525 (7.5%)	847,000 (100%)
Sewage Treatment Plant	314,265 (85%)	27,730 (7.5%)	27,730 (7.5%)	369,725 (100%)
TOTALS	4,113,295 (51.6%)	1,943,410 (24.2%)	1,943,410 (24.2%)	8,000,115 (100%)

The cost to owners of property adjacent to the sewer system will be assessed, on the average, about \$1,153,100 per 50 feet of property frontage and monthly service charges will be less than \$20 per month.

In addition to project costs which are eligible for grant participation, the City of Wasilla is confronted with a requirement for \$1,178,500 of non-grant-eligible cost, funding for which must be firmly identified prior to state and federal commitment of grant funds. These non-grant eligible costs are as follows:

Purchase of treatment plant site	
Right-of-way for trunk and collector construction	
Construction across Parks Highway	
Engineering and Administration	
Topography mapping	\$ 200.000
	<u>\$ 1,178,500</u>

For the past four years, the City of Wasilla has committed a considerable amount of scarce resources to this project and public hearings have indicated strong public support; however, the requirement for \$1,178,500 "up front" funding is beyond the capability of the City. For this reason, the City of Wasilla respectfully requests the assistance of the Alaska State Legislature.

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House of Representatives Committee on Community & Regional Affairs

TO: Committee on Community and Regional Affairs
FROM: Staff
DATE: April 18th, 1983
RE: Committee Substitute Senate Bill 150

In January 1983, SB 15 and HB 102 were introduced as companion bills, each appropriating \$28,000,000 as supplemental appropriations to the Department of Environmental Conservation (DEC) for sewer and water projects. The projects to be funded were requested in 1982 and included in a proposed bond issue which was vetoed by the Governor.

House Bill 102 was passed out of State Affairs Committee and referred to House Finance on February 25, 1983. Senate Bill 15 was revised to CSSB 15 in the Senate Finance Committee, referred to Senate Rules Committee, and returned to Senate Finance where it remains.

In its place, CSSB 150 was introduced by the Senate Finance Committee. The supplemental appropriations originally in SB 15 were deleted; grants to DEC for matching funds for sewer and water projects were included as well as funds to the Department of Education for school water projects and grants to municipalities/unincorporated communities for sewer and water projects.

Amendment to CSB 150 (Fin) am
by Cato

Page 7, Line 20

Insert "Seward - Lowell Creek Tunnel renovation
\$1,800,000 (ED 6) "

NO. 3 LOWELL CREEK DIVERSION TUNNEL REHABILITATION - \$1,770,000

HISTORY: Lowell Creek Diversion Tunnel is located in Lowell Creek, within the City limits of Seward. The tunnel diverts the streamflow from the old channel that ran through town, through Bear Mountain, and into Resurrection Bay at the end of Town. The diversion dam and tunnel, including surrounding land is owned by the City. In 1945, the U.S. Army Corps of Engineers designed the project and administered the construction contract. The tunnel was repaired by the Corps of Engineers in 1969 under a special congressional authorization and appropriation. These repairs have significantly deteriorated. The tunnel is a concrete lined horseshoe, with its invert and side walls armored with railroad rails and concrete fill between the rails.

PROJECT DESCRIPTION: Lowell Creek discharges large quantities of bedload, with the size approaching rock three feet in diameter. The abrasive action of the bedload has eroded away much of the armor rails. Major damage has occurred at the tunnel entrance, where the steep intake changes to a moderate slope, causing the stream bedload to bombard the armor rails grouted in the invert and side walls.

Annual inspection by the City and Corps of Engineers reveal very serious tunnel armor deterioration, with many rails completely dislodged. To prevent the rails from catching debris and creating a blockage in the tunnel, City crews must enter the tunnel several times a year with cutting torches and remove the loose rail sections. The most recent Corps inspections have shown that tunnel deterioration is very serious and could lead to the tunnel becoming blocked. The result would be Lowell Creek running through the center of Seward causing severe property loss and very likely loss of life. (See attached copy of the most recent Corp of Engineers Inspection Report)

In an effort to secure funds to repair and rehabilitate the tunnel, the City since 1977 has approached the Corps of Engineers and U.S. Congress. These efforts have not been successful to date; however, since the Federal Act authorizing the tunnel placed all responsibility for operation and maintenance with the City.

Utilizing State of Alaska per capita grant money, the City on August 8, 1982, entered into a contract with CH2M Hill Engineers to prepare a study of the available tunnel rehabilitation alternatives, and once an alternative is selected by the City, prepare design specifications and contract documents to perform the rehabilitation. Phase I (Study of Alternatives) will be complete by April 1983. Phase II (Design Engineering) will be complete by August 1983. If sufficient funds are available, construction can commence in the fall of 1983 and be complete by the spring of 1984.

NO. 3 LOWELL CREEK DIVERSION TUNNEL REHABILITATION (Continued)

BUDGETARY NEEDS: At this time, we have estimated the rehabilitation cost at \$1,770,000. A more refined cost estimate should be available by April 1983.

OPERATION AND MAINTENANCE: The design alternative selected is intended to be the one that will solve the problems occurring within the tunnel, and once this design is effected, it is anticipated that operation and maintenance will be well within the means and capabilities of the City.

COMMUNITY IMPACT: The Seward City Council has placed a very high priority on this project as it poses a serious threat to life and property. Failure of the Diversion Tunnel would cause a major disaster to Seward.

N 1/2 of SEC 3 to go in

SP-67
~~AB-244~~

LS SB 150

1. ~~the~~ page 2 Line 19 Delete [Fairview - Jackson Water] *
20 Delete [(ED 1) \$161,600]
2. page 7, After Line 1 ^{Add:} Ketchikan - Jackson Utility / Fairview - Jackson Water (ED-1) \$354,950
3. page 7 ~~the~~ After line 23 Add.
Anchorage - Ekolutna water project (ED 7-15) \$35,000,000
4. page 7 Line 25 Delete [Wasilla - Septic Treatment (ED-14) \$185,000]
Line 26 delete [1,178,500] insert \$3,121,500
- ~~4. page 8~~
5. page 7 Line 29 Delete [Delta Junction - City Landfill]
page 8 Line 1 Delete [Improvements (ED 17) \$480,000]
6. page 9, after line 24 ADD. DOT LAKE water system (ED 17) \$25,000
7. page 9, Line 28: delete [838,000] [838,000], insert 250,000 , 250,000.

POSITION PAPERCSSB15(FIN)

Fiscal propriety demands that the State maintain project monitoring capability to ensure that the grant funds are spent for the project, and are managed according to Borough or Municipal fiscal procedures. Accordingly, a minimal State operating budget impact will be felt with the passage of each special appropriation under AS 37.05.315-37.05.319, such as this specific bill proposes. I should point out at this time that local governments have recognized their similar responsibilities when awarding grants to local social service providers, etc. Municipalities charge an administrative overhead fee of one to three point eight percent per grant. The Department of Administration requests that the specific grant appropriation language acknowledge a State agency overhead factor of up to .5% (one half of one percent) as Department of Administration operating costs for all special appropriations awarded under AS 37.05.315.

The Department questions the historical practice promoted under AS 37.05.315 and wonders if the Department of Community and Regional Affairs might be of better assistance to local governments through its Local Government Assistance program. Whereas the Department of Administration functions as a centralized control agency for all other Executive Branch agencies, the Department of Community and Regional Affairs is specifically charged with the responsibility of assisting local government in maximizing services to citizens.

Kenneth R. Ryals 3/1/83
Kenneth R. Ryals

Lisa Rudd 3/4/83
Lisa Rudd, Commissioner of Administration

GALENA - Phase I

RECOMMENDED SYSTEM IMPLEMENTATION APPROACH AND COST SUMMARY

The installation of a complete high level-of-service water and sewer utility should be a multi-step process and it is likely that all of the phases would not occur at the same time. It is recommended that a systematic approach be taken to the implementation of water and sewer system improvements. The steps are listed below in the order that they should be undertaken.

1. Perform an evaluation, modify, and repair the existing water treatment plant to increase production capacity, improve water quality, and determine the maximum production capacity of the plant. Evaluate the existing sewage treatment lagoon.
2. Design and construct a portion of the proposed water and sewer improvements in an area having the highest development density and greatest number of potential customers. This would allow a more accurate evaluation of actual equipment performance and O&M costs. This "pilot system" approach would also allow Galena to expand the system as customer demand increased and to eliminate underwriting the O&M cost of an entire system without adequate customer support. This approach might also promote development at the Alexander Lake site. People would see the advantage of having a high level-of-service water and wastewater facility.
3. Evaluate the performance of the pilot system and expand the system into other areas having an adequate number of potential customers. Water production, water storage, or sewage treatment facilities would probably have to be expanded at this time.

Table 5 is a summary of estimated construction costs for all aspects of a completely developed water and sewage collection system for all proposed distribution service areas at the Alexander Lake site. The future development density, potential customers, available funding, and other economic factors would determine which service areas would receive the water and sewer improvements first. The timing of construction for the areawide facility expansion (water plant, storage tank, waste treatment lagoon) would depend on the results of the evaluation of existing facility capacity. This evaluation could occur during the initial stages of Phase 1 water distribution and sewage collection system design. One or more service areas could be served if minor improvements were made to the existing facilities. An estimated cost for the evaluation and improvement stage of design has been included in Table 5.

This table should assist the City to plan and determine how to best utilize available funding. We believe that the phased approach would ensure that the people of Galena would receive the highest level-of-service at the lowest possible costs. However, funding opportunities might dictate a more vigorous development.

TABLE 5

ALEXANDER LAKE
WATER AND SEWER UTILITY IMPROVEMENTS

SUGGESTED IMPLEMENTATION

Pre-Design Evaluation (S x 1000)

Pre-Phase 1

Evaluation, Modification and Repair of existing
water treatment plant and sewage lagoon 165

Phase 1

Service Area 1	1,762
Service Area 2	1,356
Service Area 3	1,252
Subtotal	4,535

} 4,700,000

Phase 2A

*Water Treatment Plant	990
*Water Storage Tank	480
*Sewerage Treatment Plant	540
Subtotal	2,010

Phase 2B

Service Area 1A	950
Service Area 1B	522
Service Area 4	1,912
Service Area 5	1,363
Subtotal	4,747

TOTAL

11,292

*Results of the preliminary evaluation may require that these improvements be completed prior to complete development of Phase 1 improvements.

SOURCE: CITY OF DELTA JUNCTION 1983 Capital Projects Request

NARRATIVE

The City of Delta Junction, owns 40 acres, where the existing sanitary landfill is utilized by the region of Delta Junction. Currently the City leases the property to a contractor who operates the facility on a part-time basis.

Open dumping is permitted, together with burning, which does not appear to affect the local residents, as the area around the landfill is sparsely populated. The facility now provides two functions which are, (1) one, the disposal of solid waste, and, (2) two, the disposal of sludge — from septic tanks, which is dumped in an open pit. An anaerobic lining has built up over the pond area which restricts the percolation of fluids into the ground. No fencing has been erected to keep out children and animals. Without monies to buy equipment for the operation of this landfill, it is not expected that conditions will not be improved.

It should be pointed out that the closest landfill to Delta Junction is near Fairbanks, 100 miles away, which, without improvements will have serious problems which may have long range implications.

A request of \$500,000.00 is needed to implement the operation plan from concept to completion.

Following is a list of improvements that are planned for this project:

(A) One 32' x 72' metal shop containing but not limited to:

1. Electrical supply to the building for power tools.
2. Space heater for emergency heating.

(B) Equipment for maintenance of landfill:

1. Bulldozer
2. Backhoe or dragline
3. Truck dumpster

(C) Dumping platform

(D) Clearing of 10 acres

(E) Fencing 10 acres — 2640 L.F. + (2) gates

(F) Pilot project for sludge disposal

CITY OF DELTA JUNCTION

Capital Improvements

COST BREAKDOWN

1.	Landfill Facilities	
	a. Access Road	\$ 10,000.00
	b. Well and Pump House	25,000.00
	c. Electrical Supply	25,000.00
2.	Sludge Disposal	
	a. Rid-Waste Tanks	40,000.00
	b. Paving	5,000.00
	c. Disposal Site Improvements	5,000.00
3.	Equipment for Landfill Operation:	
	a. Bulldozer	50,000.00
	b. Backhoe	35,000.00
	c. Dumpster on site	65,000.00
4.	Dumping Platform	
	a. Steel Frame	15,000.00
	b. Road Paving	5,000.00
	c. Water Pipe and Bib	5,000.00
5.	Clearing	
	a. Five Acres	25,000.00
	b. Fencing	25,000.00
6.	Miscellaneous	
	a. Lighting	10,000.00
	b. Automatic Gates	15,000.00
	c. Small Shed Operations	25,000.00
	SUBTOTAL	385,000.00
	Engineering 10%	38,500.00
	Contingencies 10%	38,500.00
	Contract Management	19,750.00
	PROJECT TOTAL	\$481,750.00

3

* SEC. 2 THE FOLLOWING APPROPRIATION ITEMS ARE FOR CAPITAL PROJECTS FROM THE GENERAL FUND TO THE AGENCIES NAMED AND FOR THE PURPOSES EXPRESSED. (ED#_) MEANS THAT THE CAPITAL PROJECT IS LOCATED SOMEWHERE WITHIN THAT HOUSE OF REPRESENTATIVES ELECTION DISTRICT. THIS GEOGRAPHIC REFERENCE HAS BEEN INSERTED BY STAFF AND IS FOR INFORMATION PURPOSES ONLY.

	ALLOCATIONS	APPROPRIATION ITEMS	APPROPRIATION GENERAL FUND	APPROPRIATION OTHER FUNDS
	X X X X X X	X X X X X X		
	X X X X X DEPARTMENT OF EDUCATION	X X X X X		
	X X X X X X	X X X X X X		
EDUCATION				
NORTHWEST ARCTIC SCHOOL DISTRICT				
WATER MAIN HOOKUP (ED 22)		50,000	50,000	
BERING STRAIGHTS SCHOOL DISTRICT				
WATER PROJECTS - TELLER, BREVIG MISSION, GOLOVIN AND SHISHMAREF (ED 23)		1,000,000	1,000,000	
	X X X X X X	X X X X X X		
	X X X X X DEPARTMENT OF ENVIRONMENTAL CONSERVATION	X X X X X		
	X X X X X X	X X X X X X		
NATURAL RESOURCE MANAGEMENT				
WATER & SEWER FACILITIES CONSTRUCTION GRANTS		22,731,800	22,731,800	
KETCHIKAN - MENTAL HEALTH WATER & SEWER (ED 1)	34,600			
KETCHIKAN - HAWKINS - CARLANNA (ED 1)	90,600			
KETCHIKAN - HEATH ADDITION (ED 1)	196,700			

DEPARTMENT OF ENVIRONMENTAL CONSERVATION (CONT.)

	ALLOCATIONS	APPROPRIATION	APPROPRIATION FUND SOURCES	
		ITEMS	GENERAL FUND	OTHER FUNDS
KETCHIKAN - WASHINGTON PARK ADDITION (ED 1)	303,500			
KETCHIKAN PUBLIC UTILITY/FAIRVIEW-JACKSON WATER (ED 1)	161,600			
PETERSBURG - WATER STORAGE FACILITY (ED 1)	338,500			
CORDOVA - MORPAC PARALLEL WATER LINE (ED 2)	60,000			
CORDOVA - POWER CREEK BOOSTER STATION (ED 2)	400,000			
CORDOVA - SMALL BOAT HARBOR WATER LINE (ED 2)	221,300			
KAKE - WATER SUPPLY TANK (ED 2)	125,000			
SITKA - SOLID WASTE DISPOSAL SYSTEM (ED 3)	1,750,000			
HOMER - COOPER SUBDIVISION WATER & SEWER (ED 5)	285,000			
HOMER - MATTOX WATER & SEWER (ED 5)	62,500			
KENAI - CANDIELIGHT/LINWOOD/AURORA (ED 5)	535,000			
KENAI - EVERGREEN/HALLER WATER & SEWER (ED 5)	700,000			
KENAI PENINSULA BOROUGH - HINILCHIK LANDFILL (ED 5)	100,000			
SOLDOTNA - REDOUDT AVENUE WATER & SEWER (ED 5)	187,600			
SOLDOTNA - WATER RESERVIOR AND TRANSMISSION (ED 5)	750,000			
SOLDOTNA - WILSON LAKE WATER & SEWER (ED 5)	11,000			
SOLDOTNA - BINKLEY STREET WATER & SEWER (ED 5)	74,000			
SEWARD - TERMINAL ADDITIONAL WATER & SEWER (ED 6)	1,562,700			
VALDEZ-N HARBOR/KENNICOT/S HARBOR DR WATER/SEWER (ED 6)	650,000			
VALDEZ - LANDFILL IMPROVEMENTS (ED 6)	100,000			
VALDEZ - OLD LANDFILL RECLAMATION (ED 6)	51,000			

DEPARTMENT OF ENVIRONMENTAL CONSERVATION (CONT.)

	ALLOCATIONS	APPROPRIATION ITEMS	APPROPRIATION GENERAL FUND	FUND SOURCES OTHER FUNDS	
ANCHORAGE - BROWN LID (ED 7-15)	103,000				1
ANCHORAGE - STELLA LID (ED 7-15)	107,900				2
ANCHORAGE - LIBRARY LID (ED 7-15)	301,200				3
ANCHORAGE - ABBOTT LOOP MANOR LID (ED 7-15)	292,700				4
ANCHORAGE - SHACKELTON LID (ED 7-15)	70,500				5
ANCHORAGE - ALPINE VILLAGE LID (ED 7-15)	238,200				6
ANCHORAGE - ZODIAK LID (ED 7-15)	60,300				7
ANCHORAGE - WINDERMERE UPGRADE (ED 7-15)	28,700				8
ANCHORAGE - WEST 44TH SEWER EXTENSION (ED 7-15)	34,600				9
ANCHORAGE - C-3 TRUNK-NORTH OF SAND LAKE (ED 7-15)	150,900				10
ANCHORAGE - KNIK INTERCEPTOR CMP UPGRADE (ED 7-15)	589,600				11
ANCHORAGE - ZURICK LID (ED 7-15)	117,900				12
ANCHORAGE - ROSEWOOD LID (ED 7-15)	140,200				13
ANCHORAGE - JUANITA LOOP/SANTA MARIA DRIVE (ED 7-15)	369,500				14
ANCHORAGE - A/B STREET EAST 56TH EXTENSION (ED 7-15)	8,200				15
ANCHORAGE-DOWLING ROAD/NEW SEWARD TO PETERSBURG (ED 7-15)	101,000				16
ANCHORAGE - BROADMOOR ESTATES UPGRADE (ED 7-15)	14,000				17
ANCHORAGE - BARBARA STREET EXTENSION (ED 7-15)	55,200				18
ANCHORAGE - 10-11 ALLEY NORTH TO P STREET UPGRADE (ED 7-15)	22,000				19
ANCHORAGE - MANOR STREET UPGRADE (ED 7-15)	28,400				20

DEPARTMENT OF ENVIRONMENTAL CONSERVATION (CONT.)

	ALLOCATIONS	APPROPRIATION ITEMS.	APPROPRIATION FUND SOURCES GENERAL FUND	OTHER FUNDS	
ANCHORAGE - WEST 44TH PLACE EXTENSION (ED 7-15)	25,700				1
ANCHORAGE - ABBOTT LOOP 30 TUDOR TO 68TH (ED 7-15)	537,300				2
ANCHORAGE - JUANITA LOOP/SANTA MARIA DR (ED 7-15)	300,800				3
ANCHORAGE - ATKINS WID (ED 7-15)	19,400				4
ANCHORAGE - 10 MG RESERVIOR GRANT INCREASE (ED 7-15)	360,000				5
ANCHORAGE - EAGLE RIVER SYSTEM INTER-TIES (ED 7-15)	220,000				6
ANCHORAGE - C-5-2 TRUNK (ED 7-15)	264,000				7
ANCHORAGE-SOUTHEAST INTERCEPTOR/ROY TO HUFFMAN (ED 7-15)	1,250,000				8
ANCHORAGE - WEST INTERCEPTOR PHASE II (ED 7-15)	2,125,000				9
ANCHORAGE - DISTRIBUTION RESERVIOR EAGLE RIVER (ED 7-15)	180,000				10
ANCHORAGE - PRODUCTION WELL NUMBER 14 (ED 7-15)	180,000				11
ANCHORAGE - CHUGACH WAY/ARCTIC TO SPENARD ROAD (ED 7-15)	136,000				12
ANCHORAGE - 8TH AVENUE DIVERSION UPGRADE (ED 7-15)	37,500				13
ANCHORAGE-SPRUCE STREET/LORE ROAD TO 68TH AVENUE (ED 7-15)	128,000				14
ANCHORAGE - 80TH AVENUE EAST OF LAKE OTIS (ED 7-15)	40,000				15
ANCHORAGE - E-4A TRUNK (ED 7-15)	240,000				16
ANCHORAGE - E-4C TRUNK (ED 7-15)	216,000				17
ANCHORAGE - SE INTERCEPTOR/HUFFMAN TO DEARMOUN (ED 7-15)	600,000				18
HOUSTON - SANITARY LANDFILL (ED 16)	70,000				19

DEPARTMENT OF ENVIRONMENTAL CONSERVATION (CONT.)

	ALLOCATIONS	APPROPRIATION ITEMS	APPROPRIATION GENERAL FUND	FUND SOURCES OTHER FUNDS	
FAIRBANKS - SLUDGE DISPOSAL FACILITY PHASE II (ED 18-21)	187,500				1 4
FAIRBANKS - NORTHEAST WATER TRANSMISSION (ED 18-21)	1,980,000				5
NORTH POLE - WATER TREATMENT PLANT EXPANSION (ED 18-21)	1,500,000				6
KODIAK - ISMAILOV STREET & 9TH AVENUE WATER (ED 27)	300,000				7
KODIAK - 11TH AVENUE WATER LINE (ED 27)	250,000				8
*****		*****			9
***** GRANTS TO MUNICIPALITIES (AS 37.05.315)		*****			10
*****		*****			11
NATURAL RESOURCE MANAGEMENT					12
ED 2 INSIDE PASSAGE - CORDOVA					13
CRAIG - WATER & SEWER PHASE I COMPLETION (ED 2)		1,000,000	1,000,000		14
HAINES - ALLEN ROAD TO SAWMILL ROAD WATERLINE (ED 2)		33,500	33,500		15
KAKE-4TH AVE LOOP WATER & PORTAGE COVE EXTENSION (ED 2)		860,000	860,000		16
KLAWOK - WATER & SEWER IMPROVEMENTS (ED 2)		500,000	500,000		17
ED 3 BARANOF - CHICHAGOF					18
SITKA - BLUE LAKE WATER SOURCE (ED 3)		3,000,000	3,000,000		19
ED 4 JUNEAU					20
JUNEAU - NEW RESERVIOR-WEST JUNEAU (ED 4)		525,000	525,000		21
JUNEAU - WELL NUMBER 3 CONNECTION (ED 4)		37,500	37,500		22
JUNEAU - DOUGLAS/LEMON CREEK DISTRIBUTION		250,000	250,000		23
IMPROVEMENT (ED 4)					24

GRANTS TO MUNICIPALITIES (AS 37.05.315) (CONT.)

	ALLOCATIONS	APPROPRIATION	APPROPRIATION FUND SOURCES	
		ITEMS	GENERAL FUND	OTHER FUNDS
ED 7-15 ANCHORAGE DISTRICT				
ANCHORAGE - EAGLE RIVER/CHUGIAK WATER (ED 7-15)		3,700,000	3,700,000	
ANCHORAGE - SOLID WASTE FACILITY (ED 7-15)		2,315,000	2,315,000	
ED 16 MATANUSKA - SUSITHA				
WASILLA - SEPTIC TREATMENT (ED 16)		185,000	185,000	
WASILLA - WASTEWATER FACILITY (ED 16)		1,178,500	1,178,500	
PALMER - SEWAGE PLANT EXPANSION (ED 16)		2,370,000	2,370,000	
ED 17 INTERIOR HIGHWAYS				
DELTA JUNCTION - CITY LANDFILL IMPROVEMENTS (ED 17)		480,000	480,000	
ED 18-21 FAIRBANKS DISTRICT				
FAIRBANKS - SEWER/DRAINAGE UPGRADE (ED 18-21)		960,000	960,000	
FAIRBANKS - SLUDGE DISPOSAL FACILITY (ED 18-21)		850,000	850,000	
FAIRBANKS - VAN HORN INTERCEPTOR (ED 18-21)		360,000	360,000	
ED 22 NORTH SLOPE - KOTZEDUE				
KAKTOVIK - GREY WATER FACILITY (ED 22)		450,000	450,000	
HOORVIK - WATER & SEWER EXPANSION (ED 22)		600,000	600,000	
ED 23 NORTON SOUND				
CHEVAK - WATER & SEWER (ED 23)		798,000	798,000	
GAMBELL - WATER & SEWER (ED 23)		15,000	15,000	
KOTLIK - WATER & SEWER (ED 23)		22,000	22,000	
NOME - WATER & SEWER SYSTEM (ED 23)		1,800,000	1,800,000	
SAYVOONGA/PUNIK ISLAND - WATER & SEWER (ED 23)		452,000	452,000	

GRANTS TO MUNICIPALITIES (AS 37.05.315) (CONT.)

	ALLOCATIONS	APPROPRIATION ITEMS	APPROPRIATION GENERAL FUND	FUND SOURCES OTHER FUNDS
SCAMMON BAY - WATER & SEWER (ED 23)		350,000	350,000	
UNALAKLEET - WATER MAIN EXTENSION (ED 23)		500,000	500,000	
ED 24 INTERIOR RIVERS				
ANIAK - COMMUNITY SEWER SYSTEM (ED 24)		500,000	500,000	
FORT YUKON - WATER & SEWER SYSTEM (ED 24)		3,700,000	3,700,000	
GALENA - WATER & SEWER (ED 24)		2,500,000	2,500,000	
MCGRATH - WATER DELIVERY PHASE I (ED 24)		1,150,000	1,150,000	
MINTO - WATER & SEWER PHASE I (ED 24)		1,000,000	1,000,000	
NIKOLAI - WATER & SEWER ON SITE (ED 24)		400,000	400,000	
NULATO - WATER & SEWER (ED 24)		1,000,000	1,000,000	
ED 26 BRISTOL BAY - ALEUTIAN ISLANDS				
DILLINGHAM - AIRPORT HEIGHTS SUBDIVISION WATER (ED 26)		300,000	300,000	
NEWHALEN-ILIAMNA WATER DEVELOPMENT (ED 26)		340,000	340,000	
ED 27 KODIAK - EAST ALASKA PENINSULA				
AKHIOK - SANITARY LANDFILL DEVELOPMENT (ED 27)		460,000	460,000	
LARSEN BAY - WATER & SEWER DEVELOPMENT (ED 27)		370,000	370,000	
KODIAK - NEAR ISLAND WATER & SEWER DEVELOPMENT (ED 27)		350,000	350,000	
OLD HARBOR - SEWER RENOVATION (ED 27)		1,160,000	1,160,000	
PORT LIONS - BAYVIEW DRIVE SEWER PHASE I (ED 27)		132,000	132,000	
BRISTOL BAY BOROUGH				
SOUTH NAKNEK - VILLAGE WELL (ED 26)		87,000	87,000	

* SEC. 3 THE FOLLOWING SETS OUT THE FUNDING OF THE
PROPRIATIONS MADE IN THE PRECEDING SECTION OF THIS
T.

CAPITAL PROJECTS

GENERAL FUND

62,508,300

*** TOTAL FUNDING ***

62,508,300

* * * * * TOTAL BUDGET * * * * *

62,508,300

* SEC. 4 THIS ACT TAKES EFFECT IMMEDIATELY IN
CORDANCE WITH AS 01.10.070(C).

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THE FOLLOWING DOCUMENT(S) MAY NOT FILM
LEGIBLY BECAUSE OF POOR QUALITY OF THE
ORIGINAL.

October 1, 1982

Dear

On June 18, 1982, we sent a letter advising you that as a result of the 1982 legislative session, we must change our method of awarding sewer, water, or solid waste grants. We enclosed a questionnaire for you to complete for each project for which you wished construction grant assistance next fiscal year. We appreciate the fact that you took time to complete a questionnaire for each of your projects. In order to keep you informed of our progress in this effort, I am presenting the following information.

We have received a total of 213 valid questionnaires from 52 communities. After receiving the questionnaires, the Department evaluated each project (using the criteria system marked as enclosure 1). The resulting evaluation was placed on word processing equipment, scores were computed, and a numeral ranking established for each project. We are submitting to the Governor, for inclusion in his capital budget, a request for \$231,400,000; \$109,000,000 for expenditure in FY 84 and \$122,400,000 for expenditure in FY 85.

The projects are being submitted in two formats. The first is a list of projects ranked using our criteria (enclosures 2 & 3). The second is a list of projects placed alphabetically by applicant, with each project listed in the priority designated by the applicant, when a priority was specified (enclosures 4 & 5). Two lists are presented in each format, one for each fiscal year.

Sufficient time was unavailable for us to solicit public comment on our criteria system this first year. We anticipate that in future years, priority lists will be developed using criteria similar to this. To refine our system and make it as responsive as possible to your needs, we would appreciate your comments concerning the criteria we used this year.

We realize that this priority-based system for ranking projects is a significant departure from the method used in the past. It has the potential to enable the Legislature to tailor our program's resources to specifically address your demand for grant assistance. Your efforts in advance planning

and projecting funding needs is very much appreciated. In order to retain maximum flexibility and to enable the grants program to respond to your needs most effectively, we have requested that the Legislature include certain language in our appropriation. These include contingency funds, (additional unencumbered funds beyond those specifically designated to individual projects), the ability to reallocate funds between projects, and to reprogram funds slated for projects which do not proceed within a year's time.

Your continued endorsement of our program and our funding request will be an important part of our success in obtaining sufficient resources from the Legislature. Thank you for your time and effort.

Sincerely,

Keith Kelton, Director
Facility Construction
and Operation

Enclosure

KK:DM:sk

THE PRECEDING DOCUMENT(S) MAY NOT FILM
LEGIBLY BECAUSE OF POOR QUALITY OF THE
ORIGINAL.

CRITERIA SYSTEM

1. Public Health Benefit Received (Points will be scored from no more than one of the items listed under this criteria (1.A.1. - 1.D.)

A. Health hazards alleviated (problem must be sufficiently reduced by this project to remove it from this category).

POINTS

- 1. Existing hazard, documented by Department as capable of causing injury, serious illness, or death to humans. 200
- 2. Potential hazard which could result in injury, serious illness, or death to humans in the near future. 100

B. Water quality problems alleviated.

- 1. Existing problem documented by Department as causing serious water quality violations adversely affecting health or welfare of humans or animals. 100
- 2. Existing problem, documented by Department as causing water quality violations not directly affecting health of humans or animals. 50

C. Water supply problems alleviated.

- 1. Community water provided to supply good quality water, replace poor quality water, or to prevent interruption of supply. 100

D. Other environmental problems alleviated (wind blown litter, obnoxious odors, etc.) 30

2. Local funding source

<u>Percent Local Funding</u>	<u>Points</u>
50% or greater	100
At least 25% but less than 50%	70
At least 10% but less than 25%	40
Less than 10%	10

3. Grant will be used to match federal funds 50

4. Population benefitted

Points for projects benefitted

	<u>Existing Population</u>	<u>New Development</u>
More than 10,000	150	50
3000-9999	120	40
1000-2999	90	30
Less than 1000	60	20

	<u>Points</u>
5. This project involves both water supply and sewerage constructions.	50
6. <u>Grant funds requested</u>	
0--\$500,000	70
\$500,000--\$2,000,000	50
More than \$2,000,000	30
7. This project is part of an overall project which is composed of more than one phase. At least one other phase has been completed, and the current project phase is necessary to complete the overall project.	50
8. <u>Part of system affected</u>	
Project will add an integral part which improves performance of system rather than extending a system to increase capacity.	50
9. <u>Segment of population benefitting</u>	
More than 90% of project directly benefits residential or commercial users (not industrial or fire flow).	100
More than 60% (but less than 90%) of project directly benefits residential or commercial users.	50
More than 30% (but less than 60%) of project directly benefits residential or commercial users.	30
10. Project needs to be built in conjunction with other projects, such as road paving.	100
11. Project is part of a comprehensive development plan.	30

Local priority will be used to differentiate between local projects having an equal number of total points. If relative rankings of local projects, based upon total points, differs from local priority ranking, the differences will be negotiated with the responsible local authorities.

Readiness to proceed will be used as a criteria for separating projects into two groups.

- 1) If the grantee will be ready to proceed with construction on the project by July 1, 1983, it will be placed on list 1.
- 2) If the grantee will be ready to proceed with construction on the project by July 1, 1984, it will be placed on list 2.

- 3) Otherwise, it will not be considered for inclusion in the FY-84 capital budget.

Each list of projects will be ranked separately by the criteria above and submitted with our capital budget request.

ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION
PROJECT CAPITAL BUDGET QUESTIONNAIRE

Please complete a copy of this questionnaire for each capital project for which you anticipate requesting water, sewerage, or solid waste grant assistance under AS 46.03.030. A questionnaire should be completed for all unfunded projects for which you are requesting assistance, even if you have previously submitted a grant application. Please answer all questions as completely as possible, since this will be the only source of data used in preparing the Department's capital budget request.

- 1) Your Name _____ Telephone _____ Date _____
- 2) Municipality Represented: _____
- 3) Name of Project: _____
- 4) Local priority of this project compared to other questionnaires submitted by the municipality # _____
- 5) Type of Project: Water _____ Sewage _____ Solid Waste _____

Detailed Description of Project (Include location, if known; scope of project; existence and/or condition of present water, sewerage, or solid waste services, as appropriate; or adequacy of existing facilities to handle increased demand as a result of this project):

- 6) Describe Need for Project _____

7) List specific health benefits resulting from construction of this project.

8) Existing population directly benefiting from this project:

9) Describe any improvements to the environment due to construction of this project:

- a) Eliminate or Reduce Ground Water Contamination: _____
- b) Improve Receiving Water Quality: _____
- c) Reduce Wind Blown Litter: _____
- d) Other: _____

10) Category of Beneficial Use: Percentage of Users Benefitting

- a) Residential/Commercial _____ %
- b) Industrial _____ %
- c) Fire Protection _____ %

11) Project Schedule:

- a) Date Design to be Initiated: _____
- b) Date Design to be Completed: _____
- c) Anticipated Date of Construction Start: _____
- d) Anticipated Date of Construction Completion: _____

12) List proposed sources and amounts of funding: assume 50% state grants.

- a) Local Contribution/Source: _____
- b) Federal Grant: _____
- c) State Revenues: (List) _____

d) ADEC Grant: _____

e) Other: _____

13) Total Estimated Grant Request: _____

14) Total Estimated Project Cost: _____

15) List other projects, such as paving or other utility relocations, and their scheduled construction that impact on the scheduling for this project.

16) List any comprehensive planning document recommending this project.

17) Is this project necessary to complete an overall project for which earlier phases have already been constucted? ____ Yes. ____ No.

18) If yes, list earlier phases and explain their relationship to this project.

State Priority List
Data Entry Form

1. Applicant: _____
2. Official: _____
3. Title: _____
4. Telephone: _____
5. Address: _____
6. City: _____
7. State: _____
8. Zip Code: _____
9. Project: _____
10. Date Received: _____
11. Project Type: _____
12. Total Cost: _____
13. Grant Request: _____
14. Notice to Proceed Date: _____

	Score
Public Health Benefit Received	
Health Hazard Alleviated	
15. Existing	_____
16. Potential	_____

Water Quality Problems Alleviated	
17. Serious	_____
18. Not so Serious	_____
19. Water Supply Problems Alleviated	_____
20. Other Problems Alleviated	_____

Local Funding Source	
21. > 50	_____
22. 25-49	_____
23. 10-24	_____
24. < 10	_____

25. Grant Used to Match Federal Funds	_____
---------------------------------------	-------

Population Benefitting

Existing Population	
26. > 10,000	_____
27. 3,000-9,999	_____
28. 1,000-2,999	_____
29. < 1,000	_____

New Development	
30. > 10,000	_____
31. 3,000-9,999	_____
32. 1,000-2,999	_____
33. < 1,000	_____

34. Combined Project	_____
----------------------	-------

	Grant Funds Requested	<u>Score</u>
35.	< 500,000	_____
36.	500,000-2,000,000	_____
37.	> 2,000,000	_____
38.	Part of Overall Project	_____
39.	Improve System Performance	_____
	Benefit Residential/Commercial Users	
40.	> 90%	_____
41.	60-90%	_____
42.	30-60%	_____
43.	Conjunction With Other Project	_____
44.	Part of Comprehensive Development	_____
45.	Local Priority -	_____
46.	Out of Total Projects	_____
47.	Total Score	_____

COMPARISON SB 150 AND SB 162
 FY 83 SUPPLEMENTAL APPROPRIATION
 April 11, 1983

<u>City</u>	<u>Project</u>	<u>SB 15/150</u>	<u>Source</u>	<u>SB 162</u>	<u>Source</u>
Akhiok	Sanitary Landfill Development	460,000	Direct		
Akolmiut	Sanitation Bunkers			22,000	Direct
Alakanuk	Water and Sewer			840,000	Direct
Ambler	Water and Sewer			150,000	Direct
Anchorage	A/B Street East 56th Ext.	8,200	ADEC		
	Abbott Loop Manor LID 132	292,700	ADEC		
	Abbott Loop 30" Tudor to 68th	537,300	ADEC		
	Alpine Village LID	238,200	ADEC		
	Atkins LID	19,400	ADEC		
	Barbara Street Extension	55,200	ADEC		
	Broadmoor Estates Upgrade	14,000	ADEC		
	Brown LID	103,000	ADEC		
	Chugach Way/Arctic to Spenard Road	136,000	ADEC		
	Eagle River Chugiak Water	3,700,000	ADEC		
	C-3 Trunk - North of Sand Lake	150,900	ADEC		
	C-5-2 Trunk	264,000	ADEC		
	Dowling Road/New Seward to Petersburg	101,000	ADEC		
	Distribution Reservoir Eagle River	180,000	ADEC		
	Eagle River System Inter-ties	220,000	ADEC		
	E-4A Trunk	240,000	ADEC		
	E-4C Trunk	216,000	ADEC		
	Juanita Loop/Santa Maria Drive	300,800	ADEC		
	Juanita Loop/Santa Maria Drive	369,500	ADEC		
	Knik Interceptor CMP Upgrade	589,600	ADEC		
	Lake Otis/Abbott Rd to O'Malley	375,000	ADEC		
	Library LID	301,200	ADEC		
	Manor Street Upgrade	28,400	ADEC		
	Point Woronzof Wastewater Plant			3,300,000	ADEC
	Production Well #14	180,000	ADEC		
	Rabbit Creek Force Main -E-7 Trunk	2,400,000	ADEC		
	Rosewood LID	140,200	ADEC		
	S.E. Interceptor, Huffman to DeArmoun	600,000	ADEC		
	Shackleton LID	70,500	ADEC		
	Solid Waste Facility	629,000	ADEC		
	S.E. Interceptor/Roy to Huffman	1,250,000	ADEC		

<u>City</u>	<u>Project</u>	<u>SB 15/150</u>	<u>Source</u>	<u>SB 162</u>	<u>Source</u>
Anchorage	Spruce Street/Lore Road to 68th Avenue	128,000	ADEC		
	Stella LID	107,900	ADEC		
	West Interceptor, Phase II	2,125,000	ADEC		
	W. 44th Place Extension	25,700	ADEC		
	W. 44th Sewer Extension	34,600	ADEC		
	Windemere Upgrade	28,700	ADEC		
	Woodstave Line Replacement	153,000	ADEC		
	Zodiak LID	60,300	ADEC		
	Zurick LID	117,900	ADEC		
	8th Avenue Diversion Upgrade	37,500	ADEC		
	10 MG Reservoir Grant Increase	360,000	ADEC		
	10-11 Alley North to "P" Street Upgrade	22,000	ADEC		
80th Avenue East of Lake Otis	40,000	ADEC			
Aniak	Community Sewer System	500,000	Direct		
Bethel	Sewer Line Extension			400,000	ADEC
Bristol Bay Borough	Naknek Sewage Facility			675,000	ADEC
	South Naknek Village Well	87,000	Direct		
Buckland	Water & Sewer System			250,000	Direct
Chevak	Water & Sewer	798,000	Direct		
Cordova	Morpac Parallel Water Line	60,000	ADEC		
	Power Creek Project	400,000	ADEC		
	Small Boat Harbor Water Line	221,300	ADEC		
Craig	Water & Sewer Phase I Completion	1,000,000	Direct		
Delta Junction	Landfill	480,000	Direct	500,000	Direct
Dillingham	Water Improvements	300,000	Direct		
Emmonak	Water & Sewer			1,820,000	Direct

<u>City</u>	<u>Project</u>	<u>SB 15/150</u>	<u>Source</u>	<u>SB 162</u>	<u>Source</u>
Fairbanks, City of	NE Water Transmission	1,980,000	ADEC		
	Sewer/Drainage Upgrade	960,000	Direct		
	Sewer Lift Station, Phase II	425,000	Direct		
	Sludge Disposal Facility	850,000	Direct		
	Sludge Disposal Facility, Phase II	187,500	ADEC		
	Van Horn Interceptor	360,000	Direct		
Fairbanks, North Star Borough	Ballaine Lake Sewer Service	700,000	Direct		
Fort Yukon	Water & Sewer System	5,400,000	Direct		
Galena	Water & Sewer	2,500,000	Direct		
Gambell	Water & Sewer	15,000	Direct		
Haines	Allen Rd to Sawmill Rd Waterline	33,500	Direct		
	Mud Bay Road Water Line			35,000	ADEC
	Water & Sewer Line Replacement			125,000	Direct
	4th Avenue Water Line Improvements			40,000	ADEC
Homer	Cooper Subdivision Water and Sewer	285,000	ADEC		
	Mattox Water and Sewer	62,500	ADEC		
	Water & Sewer	200,000	Direct		
Hoonah	Landfill Capping and Access Road			200,000	Direct
Houston	Houston Sanitary Landfill	70,000	ADEC		
Hydaburg	Solid Waste Disposal Relocation			15,000	Direct
	Water and Sewer Upgrade	1,720,000	Direct		
	Water System Pumphouse Improvements			6,000	Direct
Igiugig	Water/Sewer/Solid Waste	838,000	Direct		
Juneau	Gold Creek Flume			600,000	ADEC
	Lemon Creek Distribution Improvements	250,000	Direct		
	Well #3 Connection	37,500	Direct		
	Salmon Creek Water Connection			1,050,000	ADEC
	Water Improvements			1,269,000	Direct
	12th St. to Douglas Bridge 12" Connect.	525,000	Direct		

<u>City</u>	<u>Project</u>	<u>SB 15/150</u>	<u>Source</u>	<u>SB 162</u>	<u>Source</u>
Kake	Water Supply Tank	125,000	ADEC		
Kaktovik	Grey Water Facility	450,000	Direct		
Kenai	Candlelight/Linwood/Aurora	535,000	ADEC		
	Evergreen/Haller Water and Sewer	700,000	ADEC		
Kenai Peninsula Borough	Ninilchik Landfill	100,000	ADEC		
Kenny Lake	Water, Sewer & Public Building	148,000	Direct		
Ketchikan	Hawkins - Carlanna	90,600	ADEC		
	Heath Addition	196,700	ADEC		
	Mental Health Water and Sewer	34,600	ADEC		
	Washington Park Addition	303,500	ADEC		
Ketchikan Pub Util.	Fairview-Jackson Water	161,600	ADEC		
Klawock	Half-Mile Water Line			385,250	ADEC
	Water & Sewer Improvements	500,000	Direct		
Kodiak	Ismailov Street and Ninth Avenue Water	300,000	ADEC		
	Near Island Water & Sewer Development	350,000	Direct		
	11th Avenue Water Line	250,000	ADEC		
Kodiak Island Borough	Kodiak Water & Sewer Phase II			2,125,000	Direct
Kotlik	Water & Sewer	22,000	Direct		
Kotzebue	Water/Sewer Expansion	1,100,000	Direct	1,000,000	Direct
Larsen Bay	Water & Sewer Development	370,000	Direct		
Metlakatla	Water & Sewer			222,000	ADEC
McGrath	Water Delivery Phase I	1,150,000	Direct		

<u>City</u>	<u>Project</u>	<u>SB 15/150</u>	<u>Source</u>	<u>SB 162</u>	<u>Source</u>
Minto	Water & Sewer Phase I	1,000,000	Direct		
Newhalen	Iliamna Water Development	340,000	Direct		
Nikolai	Water and Sewer on Site	400,000	Direct		
Nome	Belmont Point Water/ Sewer Phase II			308,000	Direct
	Water & Sewer System Water Reservoir, Phase II	1,000,000	Direct	500,000	Direct
Noorvik	Water & Sewer Expansion	600,000	Direct		
North Pole	Water Treatment Plant Expansion	1,500,000	ADEC	235,000	Direct
Nulato	Water & Sewer Phase I	1,000,000	Direct		
Nunapitchik	Water Improvements			72,000	Direct
Old Harbor	Sewer Renovation	1,160,000	Direct		
Palmer	Sewage Plant Expansion	2,370,000	Direct		
Petersburg	Water Storage Facility	338,500	ADEC		
Port Alexander	Waterline Purchase & Installation			57,000	ADEC
Port Lions	Bayview Drive Sewer Phase I	132,000	Direct		
Saint Michael	Water & Sewer	600,000	Direct	1,900,000	Direct
Sand Point	Meadows Subdivision, Phase I W&S			1,868,000	ADEC
Savoonga/ Island	Water & Sewer	452,000	Direct		
Scammon Bay	Water & Sewer	350,000	Direct		
Seldovia	Water Sewer Extension			560,000	Direct

<u>City</u>	<u>Project</u>	<u>SB 15/150</u>	<u>Source</u>	<u>SB 162</u>	<u>Source</u>
Seward	Terminal Addition Water & Sewer	1,562,700	ADEC		
Shaktoolik	Water and Sewer			1,000,000	Direct
Shishmaref	Water and Sewer			1,000,000	Direct
Shungnak	Water and Sewer System			400,000	Direct
Sitka	Blue Lake Water Source	2,140,000	Direct		
	Blue Lake Water Source/Solid Waste			1,028,700	Direct
	Solid Waste Disposal System	1,750,000	ADEC		
Skagway	Water & Sewer Completion			761,000	Direct
Soldotna	Binkley Street Water and Sewer	74,500	ADEC		
	Redoubt Avenue Water and Sewer	187,600	ADEC		
	Water Reservoir and Transmission	750,000	ADEC		
	Wilson Lane Water and Sewer	11,000	ADEC		
Tatitlek	Water/Sewer/Electrical Extension			41,000	Direct
Tuntutuliak	Sanitary Waste Disposal Site			50,000	Direct
Unalakleet	Water Main Extension	500,000	Direct		
Valdez	Landfill Improvements	100,000	ADEC		
	N Harbor/Kennicott/S Harbor Dr W & S	650,000	ADEC		
	Old Landfill Reclamation	51,000	ADEC		
Wasilla	Septic Treatment	185,000	Direct	186,000	Direct
	Wastewater Facility	1,178,500	Direct		
	Water/Sewer Extension			121,200	ADEC
Wrangell	Evergreen Water and Sewer Extension			1,046,000	ADEC
Yakutat	Ocean Cape Rd Spur Water Extension			21,000	Direct
	Studies (Anvik, Eek, Goodnews Bay, Telida, Platinum)	200,000	ADEC		

Article 2. Department of Environmental Conservation.

Section

- 20. Powers of the department
- 30. Grants for water supply, sewerage and solid waste facilities
- 40. Alaska environmental plan

Collateral references. — 61A Am. Jur. 2d, Pollution Control, § 6.
 39A C.J.S., Health and Environment, §§ 5, 9-15, 125-145.
 Power of state to prohibit or restrict exportation of natural resources. 32 ALR 331.
 Preservation or protection of animals or

birds as subject of charitable trust. 66 ALR 465.
 Constitutionality of reforestation or forest conservation legislation. 13 ALR2d 1095.
 Right to maintain action to enjoin public nuisance as affected by existence of pollution control agency. 60 ALR3d 665.

Sec. 46.03.020. Powers of the department. The department may

- (1) enter into contracts necessary or convenient to carry out the functions, powers and duties of the department;
- (2) review and appraise programs and activities of state departments and agencies in light of the policy set out in AS 46.03.010 for the purpose of determining the extent to which the programs and activities are contributing to the achievement of that policy and to make recommendations to the departments and agencies, including but not limited to, environmental guidelines;
- (3) consult with and cooperate with
 - (A) officials and representatives of any nonprofit corporation or organization in the state;
 - (B) persons, organizations and groups, public and private, using, served by, interested in or concerned with the environment of the state;
- (4) appear and participate in proceedings before any state or federal regulatory agency involving or affecting the purposes of the department;
- (5) undertake studies, inquiries, surveys or analyses it may consider essential to the accomplishment of the purposes of the department; these activities may be carried out by the personnel of the department or in cooperation with public or private agencies, including educational, civic and research organizations, colleges, universities, institutes and foundations;
- (6) at reasonable times enter and inspect with the consent of the owner or occupier any property or premises to investigate either actual or suspected sources of pollution or contamination or to ascertain compliance or noncompliance with a regulation which may be promulgated under AS 46.03.020 — 46.03.040; information relating to secret processes or methods of manufacture discovered during investigation is confidential;

(7) conduct investigations and hold hearings and compel the attendance of witnesses and the production of accounts, books and documents by the issuance of a subpoena;

(8) advise and cooperate with municipal, regional and other local agencies and officials in the state, to carry out the purposes of this chapter;

(9) act as the official agency of the state in all matters affecting the purposes of the department under federal laws now or hereafter enacted;

(10) adopt regulations necessary to effectuate the purposes of this chapter, including, by way of example and not limitation, regulations providing for

(A) control, prevention and abatement of air, water, or land or subsurface land pollution;

(B) safeguard standards for petroleum and natural gas pipeline construction, operation, modification or alteration;

(C) protection of public water supplies by establishing minimum drinking water standards, and standards for the construction, improvement, and maintenance of public water supply systems;

(D) collection and disposal of sewage and industrial waste;

(E) collection and disposal of garbage, refuse, and other discarded solid materials from industrial, commercial, agricultural and community activities or operations;

(F) Repealed by § 12 ch 172 SLA 1978.

(G) control of pesticides;

(H) such other purposes as may be required for the implementation of the policy declared in AS 46.03.010;

(I) handling, transportation, treatment, storage, and disposal of hazardous wastes;

(11) after consultation with other state agencies and local government officials, identify and propose for additional or deletion, by regulation, other licenses, permits or authorizations for which the provisions of AS 46.35 are applicable, and report annually to the legislature the permits which have been included or deleted. (§ 3 ch 120 SLA 1971; am § 1 ch 220 SLA 1976; am § 2 ch 60 SLA 1977; am § 12 ch 172 SLA 1978; am § 8 ch 93 SLA 1981)

Revisor's notes. — In ch. 120, SLA 1971, paragraph (6) of this section contained a reference to AS 46.03.030 — 46.03.040. The engrossed version of the bill (SB 75 am H) referred to "this article" which includes AS 46.03.020; therefore the provision has been corrected here to a reference to AS 46.03.020 — 46.03.040. In paragraph (11), a reference to AS 46.35 was substituted for a reference to 46.30 by the revisor of statutes under the authority of AS 01.05.031.

Cross references. — For status of enforcement and inspection employees of the Department of Environmental Conservation as peace officers, see AS 46.04.090(b). For provisions relating to environmental procedures coordination, see AS 46.35.010 et seq.

Effect of amendments. — The 1977 amendment added paragraph (11).

The 1978 amendment, in paragraph (10), repealed subparagraph (F), which read "control of radiation sources to pro-

hibit and prevent

The 1981 amendment, paragraph (I) in paragraph (11)

Editor's note: SLA 1978, providing authority

Sec. 46.03.030
waste facilities

(b) The department shall, by regulation, establish, up to 5 percent of the cost of the permit, the terms and conditions for which construction projects are eligible for financing and maintenance. The eligible projects shall be determined by the department. On projects of the department, the department shall, if available, eliminate the cost of the permit, in accordance with the provisions of this section.

(c) There shall be no charge for the creation of the permit.

(d) The department shall, if available, eliminate the cost of the permit, in accordance with the provisions of this section.

(e) The department shall, if available, eliminate the cost of the permit, in accordance with the provisions of this section.

(f) The department shall, if available, eliminate the cost of the permit, in accordance with the provisions of this section. (§ 3 ch 168 SLA 1978)

hibit and prevent unnecessary radiation."

The 1961 amendment added subparagraph (I) in paragraph (10).

Editor's notes. — Section 10, ch. 172, SLA 1978, provides: "Regulations adopted under authority of statutes repealed or

amended by this Act shall remain in effect until repealed by the Department of Environmental Conservation in consultation with the Department of Health and Social Services."

Sec. 46.03.030. Grants for water supply, sewerage and solid waste facilities. (a) Repealed by § 19 ch 220 SLA 1976.

(b) The department may grant to a municipality, as funds are available, up to 50 percent of eligible costs not financed by the federal government, for public water supply, treatment and distribution systems and public sewage collection, treatment and discharge facilities for which construction has not commenced on or before June 21, 1976. The eligible cost of a project or portions of a project will be as determined by the federal agency granting the most monetary assistance. On projects or portions of projects, for which federal participation is not available, eligible costs will be determined by the department in accordance with (d) of this section. Projects shall be constructed in accordance with plans and specifications approved by the department.

(c) There is a water supply, sewerage and solid waste facilities fund created in the department to carry out the purposes of this section.

(d) The department shall, by regulation, identify those costs which are eligible costs for the purposes of this section. Eligible costs include the costs established in a construction contract which are necessary for construction of a project, but do not include the cost of interest and financing and right-of-way acquisition, or costs related to operation, maintenance, repair or replacement of a project.

(e) The department may grant to a municipality not more than 50 percent of the eligible costs, including costs of obtaining federal waivers from the requirement for secondary treatment plants, which are not paid for by the federal government for solid waste processing or disposal facilities constructed after July 1, 1980. However, the department may grant a municipality up to 60 percent of the eligible costs not paid for by the federal government for a solid waste processing or disposal facility constructed after July 1, 1980, if the facility is used for resource recovery. The eligible costs of a solid waste processing or disposal facility are determined by the federal agency granting the most monetary assistance for construction of the facility. For a solid waste processing or disposal facility for which federal money is not available, the department shall determine the eligible costs in accordance with (d) of this section. A municipality shall construct solid waste processing or disposal facilities financed by grants under this section according to plans and specifications approved by the department. (§ 3 ch 120 SLA 1971; am §§ 2, 19 ch 220 SLA 1976; am §§ 30, 31 ch 168 SLA 1978; am §§ 1-4 ch 163 SLA 1980)

Effect of amendments. — The 1978 amendment added "in accordance with (d) of this section" to the end of the third sentence of subsection (b) and added subsection (d).

The 1980 amendment deleted "the lesser of" preceding "50 percent of" and "the" preceding "eligible costs", and substituted

"costs" for "cost or 50 percent of the eligible cost," near the beginning of subsection (b), substituted a comma for "and" following "water supply," and "and solid waste facilities" for "systems" in subsection (c), rewrote subsection (d), and added subsection (e).

Sec. 46.03.040. Alaska environmental plan. (a) The department shall formulate and annually review and revise a statewide environmental plan for the management and protection of the quality of the environment and the natural resources of the state, in furtherance of the legislative policy and purposes expressed in this chapter.

(b) The department shall submit the first plan to the governor on or before January 1, 1972, and thereafter submit periodic revisions of the plan to the governor. The plan is effective upon approval by the governor and shall serve thereafter as a guide to the public, the state government and the political subdivisions of the state in the development of the environment and natural resources of the state.

(c) In formulating the plan and any revisions, the department may consult with persons, organizations and groups, public or private, interested in or concerned with the environment of the state, and with a department, division, board, commission or other agency of the state, with a political subdivision, or with any public authority as may be necessary to enable the department to carry out its responsibilities under this section. (§ 3 ch 120 SLA 1971)

Article 3. Water Pollution Control.

Section

- 50. Authority
- 60. Water pollution control plan
- 70. Pollution standards
- 80. Quality and purity standards
- 90. Plans for pollution disposal

Section

- 100. Waste disposal permit
- 110. Waste disposal permit procedure
- 120. Termination or modification of waste disposal permit
- 130. [Repealed]

Collateral references. — 61A Am. Jur. 2d, Pollution Control, §§ 134, 135, 211.

39A C.J.S., Health and Environment, §§ 125-128, 131; 93 C.J.S., Waters, §§ 43-57.

Pollution of stream by mining operations. 39 ALR 891.

Injunction against pollution of stream by private persons or corporations. 46 ALR 6.

Wrongful pollution of stream by munic-

ipality as creating single cause of action or successive causes of action. 75 ALR 529.

When statute of limitations commences to run as to action against municipality for damages to riparian premises by pollution of stream by discharge of sewage. 122 ALR 1509.

Tenant's remedy against stranger for wrongful pollution of waters. 12 ALR2d 1234.

Measure and elements of damages for

pollution of ALR2d 769.

Liability for water, or the ALR2d 1033

Liability for waters. 38 AL

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Collateral prescribing :

Department of Transportation and Public Facilities. All bids with the names of the bidders and the amounts of the bids, together with all documents pertaining to the award of a contract, shall be made a part of a file or record and retained by the department for three years, unless reproduced by microfilming and these files or records are open to public inspection at all reasonable times. An aggrieved bidder may within five days after an award of contract appeal to the department for hearing, with notice to interested parties, for redetermination and final award in accordance with law.

(b) A contract for professional services shall be awarded in accordance with AS 24.23 or AS 36.98. (§ 4 art IV ch 82 SLA 1955; am § 1 ch 64 SLA 1976; am Executive Order No. 39, § 11 (1977); am § 9 ch 144 SLA 1982)

Effect of amendments. — The 1982 amendment, effective July 22, 1982, designated the former provisions of this section as subsection (a), and in that subsection, added "Except as otherwise provided in AS 37.05.230" to the beginning, deleted "taking into consideration conformity with

the specifications, terms of delivery, and other conditions imposed in the call for bids" from the end of the first sentence, and substituted the present second, third, and fourth sentences for those set out in the main pamphlet. The amendment also added subsection (b).

Article 5. General Provisions.

Section

- 315. Grants to municipalities
- 316. Grants to named recipients
- 317. Grants to unincorporated communities

Section

- 318. Exemption from regulations
- 319. Definitions

Sec. 37.05.300. Interpretation of AS 37.05.010 — 37.05.330.

Opinions of attorney general. — As to applicability of the chapter to the University of Alaska, see notes under this catchline following chapter heading.

Sec. 37.05.315. Grants to municipalities. (a) When an amount is appropriated or allocated as a grant to a municipality, the Department of Administration shall promptly notify the municipality of the availability of the grant. When the Department of Administration receives an agreement executed by the municipality which provides that the municipality (1) will spend the grant for the purposes specified in the appropriation or allocation; (2) will allow, on request, an audit by the state of the uses made of the grant; and (3) assures that, to the extent consistent with the purpose of the appropriation or allocation, the facilities and services provided with the grant will be available for the use of the general public, the Department of Administration shall pay the grant directly to the municipality. The agreement executed by a municipality under this section shall be on a form furnished by the Department of Administration and shall be executed within 60 days after the effective date of the appropriation or allocation.

(b) An appropriation or allocation for a grant to a municipality for construction of a public facility lapses if substantial, ongoing work on the project has not begun within five years after the effective date of the appropriation or allocation.

(c) In accepting a grant of money for construction of a public facility, a municipality covenants with the state that it will operate and maintain the facility for the practical life of the facility and that the municipality will not look to the state to operate or maintain the facility or pay for its operation or maintenance. This requirement does not apply to a grant of money for repair or improvement of an existing facility operated or maintained by the state at the time the grant is accepted if the repair or improvement for which the grant is made will not substantially increase the operating or maintenance costs to the state.

(d) Not less than 20 percent of a grant shall be paid to a municipality within 10 days of the effective date of the agreement under (a) of this section. The remainder of the grant shall be paid either in monthly installments equal to the amount of grant money the municipality expended in the previous month or in a lump sum as determined by the Department of Administration. (§ 1 ch 156 SLA 1980; am § 1 ch 4 SLA 1982)

Effect of amendments. — The 1982 amendment, effective January 16, 1982, in subsection (a), substituted "amount is appropriated or allocated" for "appropriation is made" in the first sentence, inserted "or allocation" in items (1) and (3) in the second sentence, and added "and shall be executed within 60 days after the effective date of the appropriation or allocation" to the end of the third sentence; redesignated the former fourth and fifth sentences of subsection (a) as subsection (d); inserted "or allocation" in two places in subsection (b); substituted "a" for "each" preceding

"municipality covenants" and "the practical life of the facility and that the municipality" for "its practical life and that it" in subsection (c); added the second sentence of subsection (c); deleted the provisions of former subsections (d), (f), and (g), which may now be found in AS 37.05.316, 37.05.317, and 37.05.318, respectively; and in present subsection (d), added "under (a) of this section" to the end of the first sentence. The substance of the provisions of former subsection (e) may now be found at the end of the third sentence of subsection (a).

Sec. 37.05.316. Grants to named recipients. When an amount is appropriated or allocated to a department as a grant for a named recipient which is not a municipality, the department to which the appropriation or allocation is made shall promptly notify the named recipient of the availability of the grant and request the named recipient to submit a proposal to provide the goods or services specified in the appropriation act, or both, for which the appropriation or allocation is made. At the same time, the department may issue a request for proposals from other qualified persons to provide the same goods or services, or both, in the same area. The department shall contract with the named recipient unless the Office of the Governor, with due regard for any local expertise or experience among those making proposals, determines that an award of the contract to a different party would

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151

Alaska State Legislature

Barbara Lacher, Chairman
Mae Tischer, Vice-Chairman
Randy Phillips
Milo Fritz
Don Clocksin
Jack McBride
Mike Szymanski



Room 104
State Capitol
Juneau, Alaska 99811

Pouch V
Juneau, Alaska 99811

House of Representatives Committee on Community & Regional Affairs

MEMORANDUM

TO: COMMITTEE ON COMMUNITY AND REGIONAL AFFAIRS
FROM: STAFF
DATE: MAY 25, 1983
RE: CSSB 151 (C&RA)

During the last hearing on CSSB 151 the committee reviewed and approved a proposed committee substitute that contained two (2) amendments to CSSB 151.

The committee approved a third amendment as follows: page 7, line 29: after "and" add: able to produce revenue adequate to repay the bonds with which it is financed.

Following the above described actions, the committee failed to move the bill out of committee. A HCS CSSB 151 (C&RA) has been prepared and is ready for committee action.

70
HCS for CSSB 151 (C&RA) #2

Proposed Amendment:

page 7, line 29

after "and," add: able to produce revenue adequate to repay the bonds with which it is financed.

STATE OF ALASKA
FISCAL NOTE

Revision Date 5/25, 1983

I. REQUEST

Bill/Resolution No.: CS SB 151 (Resources)
 Title: Regional Resource Development
 Sponsor: Senator Fahrenkamp
 Requestor: House C & RA Committee

II. FISCAL DETAIL

Agency Affected: Community & Regional Affs.
 Program Category Affected: Development
 BRU, Program of Subprogram(s) Affected: Local Government Assistance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		29.0	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		29.0	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Source)						

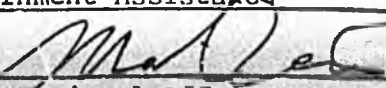
POSITIONS:

FULL-TIME		-0-				
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Sponsor has not identified where funding will be obtained.

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Doug Griffin Phone: 465-4707
 Division: Local Government Assistance Date: 5/25/83
 Approved by Commissioner:  Date: 5/25/83
 Department: Community & Regional Affairs

Distribution:

Original to Legislative Finance
 Copy to Office of Management and Budget (for Legislature introduced bills)
 Copy to Department (for Governor introduced bills)
 Copy to Sponsor
 Copy to Requestor (if different from Sponsor)

3/8/83

I. REQUEST

Bill/Resolution No.: HCSCSSB 151
 Title: "An Act relating to RRDA's"
 Sponsor: Fahrenkamp, Kerttula, Ferguson,
 Requestor: Fischer House C. & R.A.

II. FISCAL DETAIL

Agency Affected: Office of the Governor
 Program Category Affected: Exec. Operations
 BRU, Program of Subprogram(s) Affected: Division of Elections

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL		.4				
300 CONTRACTUAL		19.6	10.4	11.0		
400 COMMODITIES		.6				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	-0-	20.6	10.4	11.0		
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	20.6	10.4	11.0		
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

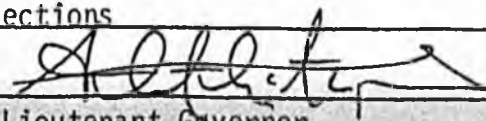
FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Linda Dupere, Administrative Assistant
 Division: Division of Elections

Phone: 586-6181
 Date: 5/25/83

Approved by Commissioner: 
 Department: Office of the Lieutenant Governor

Date: 5/25/83

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- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)



Official Business

Alaska State Legislature

House of Representatives

Pouch V
State Capitol
Juneau, Alaska 99811

TO: Committee on Community and Regional Affairs
FROM: Representative Lacher, Chairperson
DATE: May 9th, 1983
RE: House Bill 377

You will recall that CS SB 151 and HB 377 are companion bills relating to the establishment of Regional Resource Development Authorities.

It is my intention to pass a version of CS SB 151 and a CS HB 377 from committee.

Proposed changes to CS SB 151 are shown on attached memorandum. Following committee decision on the proposed changes, a Community and Regional Affairs substitute may be prepared.

The administration is preparing a final version of a proposed Committee Substitute for HB 377. The proposed change will be ready for committee review on Tuesday, May 10th, 1983.



Alaska Environmental Lobby, Inc.

419 6th Street, Suite 328 Juneau, Alaska 99801

907-586-2345

HB 377 -- Regional Resource Development Authorities

AMENDMENT #1

Page 6, line 27

After "person", delete ";" and add ", provided that state grants, appropriations, or other transfers from the state may ~~only be used for organization purposes and may~~ not be used to satisfy bond obligations or otherwise establish collateral or security for bonds issued by the authority."

Rational: ---

Bill proponents insist that authority revenue bonds will not obligate the state in any way even if the authority got into financial trouble. In addition, the letter of intent passed by the Senate (attached) states that to the "maximum extent possible" liability for the bonds rests with the regional authority. However, the current bill leaves open the possibility of state contributions towards bond payments. This amendment changes that, although the change is not absolute. A later Session could always remove the clause after an authority got into trouble. Still, the amendment makes the bill consistent with the legislative intent not to be obligated by regional authority revenue bonds.

LETTER OF INTENT

SENATE

CSSB 151 (Finance)

It is the intent of the Committee to authorize the establishment of regional authorities which will have the ability to issue tax-exempt revenue bonds for the purpose of enhancing the development of resource enterprises which would contribute to the economic growth of the State. It is the intent of the Committee that the authorities established pursuant to this legislation would not create any financial liability or obligation by the state for bonds issued for resource enterprises. Nor is it the intent that the issuance of any such bonds by authorities adversely affect the ability of the state or any of its political subdivisions to market their own bonds. Rather, to the maximum extent possible, liability for bonds issued rest exclusively with the regional authority and the specific resource enterprise involved, not the state, successor boroughs or other municipalities or other projects or citizens in the region or state.

Adopted by the Senate May 3, 1983



MATANUSKA-SUSITNA BOROUGH
Date Rcv'd: 5-3-83 Initial *SM*

Matanuska-Susitna Borough

BOX B, PALMER, ALASKA 99645 • PHONE 745-4801

DEPARTMENT OF ADMINISTRATION

May 2, 1983

MEMORANDUM

To: Gary Thurlow, Borough Manager
From: Steven H. Morrissett, Borough Attorney
Subject: SB 151: RESOURCE AUTHORITY BILL

I talked with Ken Vassar of Wohlforth & Flint today, who was involved drafting SB 151. This bill would create regional resource development authorities. He had read my memorandum dated April 26, 1983, expressing concern about SB 151. Of the three questions I raised, I agree with him that the last two are based on my mis-reading of the bill.

The present bill assures that a regional development authority will not operate within organized boroughs, even if the borough is created after the authority is in existence. Proposed AS 30.13.150, which I overlooked, provides for integrating the authority into the borough within one year of incorporation of the borough. There would be no direct competition with borough responsibilities, since development authorities would exist only in the unorganized borough.

There would likely still be direct competition for the sale of bonds with cities in the unorganized boroughs and indirect competition with boroughs in other areas. There would also be an impact on cities within the jurisdiction of a development authority from the tax exempt status of any property of the authority within such a city.

I still believe a constitutional question exists by constituting the authorities as political subdivisions. Within the unorganized borough, the State Legislature remains the responsible body for performance of services. I believe the problem can be avoided only by either a state-established authority or by creating a borough government pursuant to Title 29.

Steven Morrissett
Steven H. Morrissett
Borough Attorney

er *This is a correction
of previous memo.
Please send to anyone
who got a copy of previous one.*

Alaska State Legislature

BETTYE FAHRENKAMP, CHAIRMAN
VIC FISCHER, VICE-CHAIRMAN
BRAD BRADLEY
DICK ELIASON
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POUCH V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465.3834
(507) 465.3835

Senate Committee on Resources

April 6, 1983

Memo

To: Senator Bennett, Co-Chairman Finance Committee
Senator Sackett, Co-Chairman Finance Committee

From: Senator Bettye Fahrenkamp

Subject: CSSB 151, Regional Resource Development Authorities

As you know, the Finance Committee has recently received the above bill for consideration from the Resources Committee. This bill would authorize the establishment of authorities in the unorganized borough for the purpose of developing infrastructures for resource development projects. Funding for the developments would primarily come from the issuance of tax-exempt revenue bonds by the authority to be repaid with user fees from the developments.

In testimony and discussion before the Resources Committee several criticisms of the bill as originally drafted surfaced: 1) lack of guarantees of equal access to facilities which may be developed; 2) the possibility of proliferation of authorities throughout the unorganized borough; 3) the encouragement of less-than-sound economic projects by authorities; 4) the possibility that bonds issued by authorities may in some way create a liability to the state or add to the state's overall bond indebtedness; and 5) the possibility that the issuance of bonds by authorities might in some way affect the ability of the state or its political subdivisions to market their revenue bonds.

In response to these criticisms the Resources Committee adopted several major changes and additions to the bill including:

- 1) Page 2, lines 19-29, the Governor must make a positive finding that an authority's goals and projects would be economically advantageous to the region and state and that the authority is an appropriate and desirable method of accomplishing the goals and projects prior to establishment of an authority.
- 2) Page 2, lines 8-11, the ability to petition for establishment of an authority expires on July 1, 1986.
- 3) Page 2, lines 13-14, a petition to call for an election to establish an authority must be signed by 100 persons of a district.

- 4) Page 4, lines 26-29, the Board of Governors of an authority shall consist of eight members, five elected locally and three Department heads appointed by the Governor.
- 5) Page 8, subsection (f); Prior to issuance of bonds an authority must submit an independent economic analysis of a project and its revenues to the state bond committee. The committee must find that project revenues are adequate for payment of the bonds and that the issuance of bonds would not adversely affect the ability of the state or localities to market their bonds.
- 6) Page 11, subsection (b), bonds issued by an authority do not constitute any liability or indebtedness to the state or political subdivision, nor can an authority pledge the faith or credit of the state or local government.
- 7) Page 13, subsection (a), ensures fair and equal access and fee assessments for users of facilities.
- 8) Page 13-14, subsection (b), an authority must find that prior to issuance of bonds that a project would be economically advantageous to the state and general public welfare and that the project is economically viable.
- 9) Page 14, section 30.13.150 provides that an authority would be integrated into a local government should it be established, but that an indebtedness of an authority does not constitute an obligation of the new government.

I think that these provisions adequately address the concerns that were raised. However, several other possible amendments were suggested that might further clarify the intent of this legislation which were suggested too late to be properly integrated into the committee substitute. I would urge the Finance Committee to consider the following possible changes:

- * 1) Changing the number of petitioners calling for an election to establish an authority from an absolute number of 100 to a percentage formula similar to other regional elections. (Attached is a possible formula suggested by the Division of Elections).
- 2) Any monies received by the state may not be used to satisfy bond obligations or collateral by an authority (attached are draft suggestions from the Department of Law).
- 3) Change a quorum of the Board from a majority to a majority plus one. (Suggested by the Alaska Environmental Lobby; see attached comments).
- * 4) Ensure that proposed projects get fair and equal consideration within a district by an authority. (See attached language submitted by the Alaska Miners Association).

In addition, several technical changes should be made in the bill. The following should be made to correct changes which were made by the Legal Division in the CS:

- * 1) On page 5, lines 12-13, delete the phrase "at a meeting at which a quorum is present". This simply clarifies that a quorum constitutes a majority of the members of the board of governors,
- * 2) On page 6, lines 16-17, delete the phrase "in accordance with the Administrative Procedure Act (AS 44.62)". This phrase was not contained in the CS which passed out of the Resources Committee and could be construed as evidence that authorities are somehow to be viewed as quasi-agencies of the state,
- * 3) On page 8, line 25 delete "AS 30.13.060(f)(1)" and insert in lieu thereof "this subsection". There is no subsection (f)(1),
- * 4) On page 15, line 18, add a comma after the words "rolling stock",

Finally, I would call your attention to the Letter of Intent which was passed out with the bill. This further clarifies that it is the intent that the bonds issued by the authorities not constitute any liability to the state or local governments or taxpayers in a successor government.

I would be happy to appear before your Committee to further explain this legislation and the actions of the Resource Committee. In addition, I have asked my staff to provide whatever assistance you may need on the bill. I remain convinced that this legislation could be of tremendous value in facilitating the development of resource projects in our state which would have tremendous economic and social benefits to regions as well as the state. I would hope the Finance Committee could expedite its consideration of this important legislation.

** Changes made in Finance Committee
plus added "cultural, environmental" to funding #4 on
page 2*

BETTYE FAHRENKAMP, CHAIRMAN
VIC FISCHER, VICE-CHAIRMAN
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POUCH V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate
Committee on Resources

March 25, 1983

Memo

To: Senate Resources Committee Members

From: Senate Resources Committee Staff

Subject: Amendments to CS of SB 151, Regional Resource Authorities

The following amendments have been proposed by various interests since the CS was distributed. These four amendments would make only clarifying or technical changes to the CS:

- 1) On Page 2, add the following new subparagraph to the Legislative Findings and Policy:

"(4) A locally elected majority membership of an authority created under this chapter provides a method of assuring that the manner of development and the permanent features of a project will be consistent with the economic, sociological and political aspirations of the residents of the particular region. "

- 2) On Page 7, make the following changes in subsection (9):

(9) accept gifts, loans, grants, including without limitation organizational grants, from, and enter into contracts or other transactions regarding them, with any federal, state, municipal or other agency or instrumentality, private organization, or other person;

- 3) On page 9, change subsection (f)(2) to read:

(2) The state bond committee shall find, based on the information submitted by the authority in AS 30.13.060(f)(1) and such other information that is reasonably available to it, that the project revenues can be reasonably expected to [ensure repayment] be adequate for payment of the principal and

interest on [of] the bonds to be issued, and that the issuance of the bonds by the authority would not be expected to adversely affect the ability of the state or its political subdivisions to market bonds.

4) On page 15, in AS 30.13.130(a) change where it appears the word "section" to "subsection".

Alaska State Legislature

BETTYE FAHRENKAMP, Chairman
ROBERT H. ZIEGLER, SR., Vice Chairman
DICK ELIASON
PAUL FISCHER
VIC FISCHER
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POUCH V
STATE CAPITAL
JUNEAU, ALASKA 99811
(907) 465-3834
(907) 465-3835

Senate

Committee on Resources

March 24, 1983

Memo

To: Senate Resources Committee Members

From: Senate Resources Committee Staff

Subject: Amendments to CS for SB 151

Attached is the CS for SB 151 which was adopted at the meeting of the Committee on March 18, 1983. Contained in this CS are underlined changes intended to meet the concerns of several Members which were raised at the meeting on the 18th. The proposed amendments to the CS address the following:

- 1) In section 1 the word "nonrenewable" was deleted to permit authorities to be formed for both nonrenewable and renewable resource enterprises;
- 2) In section 2 a statement was required to be submitted to the Governor in addition to the petition to the DC&RA to establish an authority. The Governor is required to issue a finding prior to the holding of an election to establish an authority that the authority would contribute to the economic growth of the region and the state, and that the authority is a desirable method of accomplishing the goals and projects.
- 3) The number of petitioners for an authority was raised from 50 to 100.
- 4) Elections are to be held coincidental to other regional elections when possible.
- 5) Section 30.13.020 (h) was added to sunset the ability to petition and hold elections for establishment of an authority on June 30, 1986.
- 6) Section 30.13.060 (f) was added to require an authority to submit economic information on a project to the State Bond Committee prior to the issuance of bonds. The committee must find that the project revenues can be expected to repay the bonds, and that the authority's bond issue will not adversely affect state and local bond issues.
- 7) Changes were made in Sec. 30.13.150 which clarify that when a borough or a home-rule municipality is created for a resource authority area or includes an authority's area, the authority shall be integrated

into the borough or home-rule municipality, that any indebtedness of an authority does not constitute an indebtedness to the municipality and that the municipality may not levy any taxes to pay for any such indebtedness.

- 8) References to an authority's "jurisdiction" have been replaced throughout the bill with references to the area within which an authority may exercise its powers. This change was to clarify the language to closely reflect the character of the authorities.
- 9) The words "ex officio" at the end of section 30.13.010(e) have been deleted as unnecessary and possible confusing.
- 10) Section 30.13.030 has been changed by adding "in connection with natural resource enterprises" after "transportation purposes" to clarify the purpose to be served by the authorities.
- 11) Section 30.13.040 has been changes by adding "set forth in AS 30.13.030" after "corporate purposes" to clarify the purposes for which an authority may exercise its powers.
- 12) The reference in section 30.13.130(b)(2) to the project sponsor has been changed to a reference to the project itself believed to be the more important consideration.

The Committee will again consider this legislation at its meeting on Friday, March 25, at 3:00pm in the Beltz Room.

Senator Vic Fischer

Alaska State Legislature
Pouch V • Juneau, Alaska 99811 • (907) 465-4954



March 22, 1983

TO: Senator Bettye Fahrenkamp
Chair, Senate Resources Committee

FROM: Senator Vic Fischer

Thank you for the opportunity to consider possible amendments to SB 151.

Amendment 1 does not entirely reflect my concerns about the possibility of a proliferation of authorities. The intent of my suggestion was that the Governor be required to find that the creation of a particular authority is necessary and desirable. This would seem to require a new subsection in Sec. 2 to require submittal of a statement to the Governor to include (1) purpose of the proposed authority, (2) the goals it would seek to meet, (3) analysis of the options other than an authority for obtaining the desired goals, and (4) justification for the choice of an authority over other options for meeting the stated goals. This step would logically come at the same time as petition to C&RA. The Governor would then be required to find that (1) meeting the proposed authority's goals would be advantageous to the state and the region's economic growth, and (2) the authority's creation would be necessary to obtain those goals.

In light of the attached article, which describes the problem of independent authorities and corporations incurring debt for which the state may become at least morally liable, I would like to suggest a further amendment. This would be a new section requiring the Commissioner of Revenue to approve the sale of revenue bonds by an authority. The authority would submit a statement detailing (1) the prospectus of the bond issue and (2) an economic feasibility analysis of the proposed development project and its expected revenues. The Commissioner of Revenue would then be required to find that (1) the project appeared to be capable of producing adequate revenues to repay the bonds and (2) bonds of the authority would not be expected to negatively affect the ability of the state or its subdivisions to market their own bonds and meet their financial obligations.

I'm sure that the legal people can put these suggested amendments into their proper form. Feel free to contact either me or my staff if you need further clarification.

SENATOR
ARLISS STURGULEWSKI

3957 SHELDON JACKSON
ANCHORAGE, ALASKA 99508
SENATE DISTRICT F, SEAT A

Alaska State Legislature



State of Alaska
POUCH V
JUNEAU, ALASKA 99801
(907) 465-3516

MAR 24 1983

Senate

MEMORANDUM

March 23, 1983

TO: Senator Bettye Fahrenkamp, Chairman
Senate Resources Committee

FROM: Senator Arliss Sturgulewski *AS*
Senate District F, Seat A

RE: Senate Bill 151 Regional Resource Development Authorities

I will not be able to attend the Friday Resources Committee meeting at which you will be considering SB 151. I raised a number of questions in earlier meetings and wanted to share a few additional thoughts with you. I feel the Red Dog development in the Nana Region is an exciting project that I would like to see go forward. The basic issue is, of course, the consideration of a financial structure that would be a positive benefit to the economic viability of the development.

Because of my interest in local government and delivery systems I wanted further clarification of the status of the proposed development authorities, so I have requested an opinion from the Attorney General as to the relationship of the authorities to Article X of the Alaska State Constitution. Case law dealing with limited purpose political subdivisions is sparse and yet it seems to me necessary to try to think ahead to determine what the impacts of the creation of limited political subdivisions might cause. I'm sending you a copy of a memorandum Tamara Cook issued to the Senate Advisory Council dealing with the state and regional educational attendance areas as an example of some of the concerns I see in establishing the new authorities.

I feel that we will see proposals in other areas of the unorganized borough that need assistance in development along the lines of those proposed for the nana region--that is the ability to sell bonds to finance infrastructure. It would seem to me that several approaches other than the regional resource development authorities merit consideration.

1. I think further consideration should be given to possible utilization of the Alaska Industrial Development Authority. Certain amendments would have to be made to the Authority to allow them to finance roads and possibly raise limits on single projects and total limits per year.

2. I think more work needs to be done to look at the possibility of a single statewide authority that might be able to operate in all the unorganized areas of the state. This might well prevent the proliferation of numerous authorities throughout the unorganized borough and might prevent some of the structural problems that could arise as areas where the authorities exist move to borough status.
3. The Department of Transportation and Public Facilities now has the authority to issue revenue bonds for airport construction. It seems to me that consideration should be given to looking at their ability to fast track projects such as proposed in NANA Region through the use of revenue bonds.
4. Alaska Industrial Development Authority assisted tax exempt financing for the private venture should be considered.

In the event the current legislation moves forward, I think that there should be a real strengthening of the legislation in the area of approval by the State Bond Committee of the sale of bonds, and the ability of the legislature and administration to audit the financial records of the authority. I'm sending copies to you of the Institute of Public Administration's (IPA) work regarding public corporations in Alaska. Although I feel the Attorney General may well consider these limited purpose political subdivisions, many of the questions raised by IPA seem very valid. As I have indicated to you, I want to be positive toward this development but have some major concerns in the area of financial and oversight relationships and proliferation of yet another kind of limited service district in the unorganized borough. I will be more than happy to work with you as this legislation progresses.

Enclosures

CHAPTER 52

AN ACT

Relating to the incorporation of organized boroughs and providing for certain grants to boroughs.

(C.S.H.B. 90)

Be it enacted by the Legislature of the State of Alaska:

Section 1. Declaration of Intent. It is the intention of the legislature to provide for maximum local self-government with a minimum number of local government units and tax-levying jurisdictions, and to provide for the orderly transition of special service districts into constitutional forms of government. The incorporation of organized boroughs by this Act does not necessarily relieve the state of present service burdens. No area incorporated as an organized borough shall be deprived of state services, revenues, or assistance or be otherwise penalized because of incorporation. With the exception of planning and zoning, education, and tax collection and assessment, all powers granted the first-class boroughs are exercised at the option of the borough assemblies.

Sec. 2. First- and Second-Class Borough Incorporation. In addition to the incorporation of organized boroughs by local option, first- and second-class organized boroughs are incorporated as provided by this Act.

Sec. 3. Areas Incorporated. (a) If an organized borough is not incorporated by local option as provided by AS 07.10.010 within areas designated in this section, each area designated becomes, on January 1, 1964, a first- or second-class organized borough as determined by local election and a municipal corporation, and possesses all the powers and privileges prescribed by AS 07. Areas designated are:

- (1) Sitka Election District #3
- (2) Juneau Election District #4
- (3) Palmer-Wasilla-Talkeetna Election District #7
- (4) Anchorage Election District #8
- (5) Combined Seward Election District #9 and Kenai-Cook Inlet Election District #10
- (6) Kodiak Election District #11

(7) Ketchikan Election District #2 as designated in Sec. 3, Art. XIV, of the State Constitution, except the Annette Island Indian Reservation created by Act of Congress dated March 3, 1961, 26 Stat. 1101.

(8) Fairbanks Election District #19 as designated in Sec. 3, Art. XIV, of the State Constitution.

(b) If a portion of any district designated above is incorporated by local option before October 1, 1963, and the remaining portion of the district meets the standards for incorporation as provided in AS 07.10.030, the Local Affairs Agency shall make a finding to that effect and notify the secretary of state to hold elections in the area. The area is incorporated as an organized borough on January 1, 1964.

(c) The borough assembly may select the borough seat and borough name in the boroughs designated by this section.

(d) So long as the following areas remain military reservations, they shall be excluded from any borough incorporated in accordance with this section; provided, however, that when an area shall no longer be subject to a military reservation, it shall become a part of the borough surrounding it. Areas excluded at this time are:

- (1) Kodiak Naval Station (base proper)
- (2) Ft. Richardson Army Base (base proper)
- (3) Elmendorf Air Force Base (base proper)
- (4) Ft. Wainwright Army Base (base proper)
- (5) Eielson Air Force Base (base proper)
- (6) Ft. Greely Army Base (base proper)
- (7) Wildwood Station (base proper)

Sec. 4. Election. (a) On October 1,

who voted in the last general election. However, each borough is entitled to at least \$25,000.

(b) The Local Affairs Agency shall determine, within 60 days after the date of incorporation of an organized borough, the number of qualified voters in the

borough who voted in the last election.

(c) Within 30 days after the completion of its findings, the Local Affairs Agency shall transmit to each organized borough from money appropriated to it the total amount of money to which the borough is entitled.

Approved April 12, 1963

CHAPTER 53

AN ACT

Relating to the election of members of the borough assembly.

(H.B. 214)

AN ACT

Be it enacted by the Legislature of the State of Alaska:

Section 1. AS 07.10.120(b) is amended to read:

(b) Qualification of voters. Any person who is a qualified voter in Alaska and is a resident of the area within the proposed organized borough is qualified to vote in the election. However, if sections have been established as provided for by AS 07.30.100, the election of assemblymen is governed by the provisions of that section.

Sec. 2. AS 07.30.100 is amended to read:

Sec. 07.30.100. Borough Sections. (a) The members of the borough assembly representing the area outside the first-class cities may establish, alter, or abolish sections for the election of assemblymen in order to provide representation to separate and distinct areas within the borough. If the assembly establishes sections, members representing the area outside the first-class cities shall be elected from the sections in which they reside. Qualified voters resident outside first-class cities may vote upon the can-

didacy of all the candidates, but candidates from each section run only against other candidates from the same section. The number of sections shall equal the number of assemblymen representing area outside the first-class cities.

Section boundaries shall be established in such a way as to provide, insofar as possible, clarity of boundaries, compactness of area, equal voter representation among different sections, and homogeneity of interest within the section. No section may have a number of voters which is less than one-half that of any other section, as determined from the records of the last general election.

(b) If more than 40,000 people, as determined by the Local Affairs Agency on the basis of the best available information, reside in the area to be included in the proposed organized borough, the Local Affairs Agency shall, as soon as possible, and in no event later than 60 days before the initial election of borough officers, establish sections for the election of assemblymen, as provided in (a) of this section. The first election of assemblymen shall be from the sections established by this subsection.

Approved April 12, 1963

CHAPTER 54

AN ACT

Relating to the pay of teachers and school administrators; and providing for an effective



Alaska State Legislature

Senate

Official Business

Senator Bettye Fahrenkamp
Chairman

Pouch V
State Capitol
Juneau, Alaska 99811

March 25, 1983
3:10 p.m.

211 Beltz Room

MEMBERS PRESENT

Senator Fahrenkamp
Senator Ziegler
Senator Eliason

Senator Paul Fischer
Senator Mulcahy

SB 73 - An Act relating to commercial fishing
SB 136 - An Act relating to the operation of stationery fishing gear.
SB 151 - An Act relating to Regional Resource Development Authorities.
SB 156 - An Act relating to the sale or lease of state hatchery facilities.
SR 2 - Relating to the Cross Island Well.

SB 73 - Senator Mulcahy, chairman of the Fisheries Subcommittee, reported that the subcommittee had adopted a committee substitute. He then moved and asked unanimous consent that SB 73 be moved from committee with individual recommendations. There were no objections.

SB 136 - Senator Mulcahy asked that SB 136 be held until the next Resource Committee Meeting.

SB 156 - Senator Mulcahy stated the Fisheries Subcommittee had adopted a committee substitute. He then moved the committee substitute for Senate Bill 156 from committee with individual recommendations. There were no objections.

SB 151 - Pat Pourchot, Administrative Assistant to the Senate Resources Committee testified regarding changes in the committee substitute. He listed four provisions to provide safeguards to the State to protect against possible problems in creation of authorities and issuance of revenue bonds:

- (1) the number of petitioners to initiate calling an election was raised from 50 to 100;
- (2) a sunset provision barring establishment of authorities after June 30, 1986;
- (3) A Governor's finding of an authority;
- (4) A state bond committee finding prior to issuing revenue bonds.

A letter of intent was also presented which addressed liability by the state vis a vis regional authorities and tax-exempt revenue bonds.

Jay Nelson - representing the Alaskan Environmental Lobby testified that he does not support the bill as presently written. He feels it would lead to potentially unsound developments. In particular, he stated that it could result in the State obligation to bail out any project in order to keep the State's credit rating. He suggested alternatives and a list of amendments.

Marv Lou Meiners, Division of Elections presented a formula for consideration in the bill which would govern the number of signatures required for calling for an election to establish an authority.

Dan Casey, Department of Transportation testified that the Administration supports the concept, but needs more time to study the bill. He recommended that the bill not be held in the Committee.

Terry Elder, Department of Commerce and Economic Development voiced the same concerns as Dan Casey.

Senator Mulcahy moved and asked unanimous consent that committee substitute for SB 151, including proposed amendments, be passed from committee with individual recommendations. There were no objections. He then moved that the letter of intent be moved from committee. There were no objections.

Meeting adjourned 3:45 p.m.



Alaska State Legislature

Senate

Resources Committee

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

Senator Bettye Fahrenkamp
Chairman

March 18, 1983
3:10 p.m.

211 Beltz Room

MEMBERS PRESENT

Senator Fahrenkamp
Senator Ziegler
Senator Eliason

Senator Vic Fischer
Senator Mulcahy
Senator Sturgulewski

SB 151 - An Act relating to Regional Resource Development Authorities

SB 151 sets up a procedure for establishing a regional resource authority which could finance infrastructure such as roads, pipelines and ports for resource development projects. These resource development authorities would be created with approval of voters in the regional education attendance area, and be run by an 8-member board of elected and appointed members.

A draft committee substitute containing amendments worked out by the mineral companies involved in development in northwest Alaska who may be affected by this legislation was also discussed.

Terry Elder, State of Alaska, Department of Commerce testified that the Administration has not yet taken a position on the bill. He emphasized that all Departments should have input into this decision.

Don Argetsinger, NANA corporation, testified regarding the need for transportation in the area where the Red Dog Mine project is located. Other topics discussed were the development of local government, creating a much needed tax base, and the relationship between NANA and the Authority. He stated that NANA preferred the draft committee substitute.

Senator Fischer moved that CS 151 be placed before the committee. There were no objections.

Hank Giergerich, Manager of COMINCO discussed the Red Dog Mine project including financing, mining investment costs in contrast to oil investment cost, similarities to projects in Canada and the key role of transportation to project success.

Eric Wohlforth, attorney for COMINCO discussed the changes in draft committee substitute from the original bill including terms and number of members on the board, and access to facilities. He stressed that a government entity is not being formed. Discussion followed regarding indebtedness, bonding, powers of the authority, constitutionality, the legislature's ability to repeal, the effect on state obligations and bond rating and creation of different entities vis a vis local governments.

Harris Saxon, Ely, Guess and Rudd Law firm representing GCO Minerals testified that he was particularly interested in the guaranteed equal access to facilities. He further discussed support for the committee substitute to development of minerals in Northwest Alaska.

Russ Babcock, Bear Creek Mining Company, testified in general support of SB 151.

Marv Lou Meiners, State of Alaska, Division of Elections testified that two special elections would be necessary. The fiscal note submitted to the Resource Committee details cost of one special election in an REAA District. Should this legislation pass, she suggested that elections be consolidated if possible.

Senator Mulcahy voiced an interest in whether or not 50 signatures on a petition is overly lenient to call for a special election.

Senator Sturgulewski expressed her general opposition to the creation of new authorities that may duplicate or conflict with other state and local government functions.

Senator Vic Fischer expressed concern over the possible proliferation of regional authorities and inquired as to the impacts on established authorities should the authorizing legislation be sunsetted.

Meeting adjourned at 5:35 p.m.



Alaska Environmental Lobby, Inc.

419 6th Street, Suite 328 Juneau, Alaska 99801

907-586-2345

24 March 1983

REGIONAL RESOURCE DEVELOPMENT AUTHORITIES: ISSUES AND PROBLEMS

INTRODUCTION

Senate Bill 151 allows the creation of 21 Regional Resource Development Authorities in Alaska, with full powers to issue revenue bonds for mining roads and ports. This bill would immediately benefit the development of the proposed Red Dog mine in northwest Alaska. But the larger issue is whether the state needs to create a new form of government in the unorganized borough which can issue unlimited amounts of tax exempt revenue bonds.

TAX EXEMPT BONDS

Bonds are usually tax exempt when they are issued by a state or local government (or an agent of a state or local government) and are used for a public purpose. Because the interest on these bonds is exempt from federal taxes, they are popular with investors, and hence have lower interest rates. General Obligation Bonds require approval by the voters and are usually paid off by taxes or any other state revenues. Revenue bonds should pay for themselves, out of the revenues from the project that was financed by the bonds, in this case a "toll" on mining developments and roads. Since these bonds are supposed to be paid off through user fees, they do not require voter approval. 85% of Alaska's \$8.5 billion debt was incurred by revenue bonds--in other words, without voter approval.

After RRDA's are established by local elections, they can issue tax exempt revenue bonds for roads and harbor development. The issuing of these bonds does not require either state approval or voter approval, according to the current committee bill. Because the interest rates on these bonds would be lower than the rates for bonds issued by private corporations, they could encourage mining development that might not otherwise be possible. The effect is marginal, as the current difference in interest rates is about 3%, but the mining companies insist that this advantage is essential for profitability.

PAYING OFF REVENUE BONDS

The tolls from the roads and port facilities normally would pay the interest and principle due on the bonds. If the mining company fails to pay the tolls and charges required to pay for the road, the authority will be able to take legal action against the mining company. If, however, there is a deep slump in mineral prices, the mining company may go bankrupt, and the authority will have no way to pay off the bonds--except by going back to the state of Alaska and asking for more money.

Under SB 151, the state of Alaska has no legal obligation to help authorities in trouble. As a practical matter, however, the state must come to the rescue, or suffer the consequences of having the reputation of Alaska's bonds all being suspect. This is a problem common to all state authorities. An article in the Sunday, March 20, edition of the Anchorage Times, "'Separate' Agencies Rely on State Backup" investigated this problem. Harold Kuplesky, of the Bankers Trust Company, authorized a \$50 million line of credit to the Alaska Power Authority. The Times reported:

Harold Kuplesky isn't worried. Why? "As a backup, we have the state of Alaska standing behind the project." And if Tyee isn't finished and the state refuses to pay off the loan? "The market looks very dimly on people who do not honor their obligations," Kuplesky replied.

Kuplesky then illustrated his point. "A good example is the New York Urban Development Authority," he said. "They defaulted, and we shut off the credit to the state of New York."

"What happened? "The Legislature came up with the money, and fairly quickly, too."

THE BABY ELEPHANT PHENOMENON

A report to the Legislative Budget and Audit Committee, "Alaska's Public Corporations," by the Institute of Public Administration (Jan. 1982) described this situation in more vivid terms on page 48:

History has shown very clearly that unless state governments become involved in any bail out arrangements for their corporate subsidiaries, state credit will be damaged if not cut off by bond market participants. Market analysts call this the 'baby elephant phenomenon'. The elephant (the indebted corporation in trouble) stumbles up on the state's front porch and says, "feed me or I'll fall down dead on your doorstep."

OTHER STATE SUBSIDIES

In Senate Bill 151, elections for Regional Resource Development Authorities will be paid for by the state. The operating expenses for the authorities are not specifically provided for. The door is left open for gifts, grants, loans, and payments for contracts from the state, as well as from individuals, private organizations, municipal governments and the federal government.

LOCAL CONTROL

One of the attractive points of SB 151 is that it provides for a measure of local control of road and port development. The RRDA's will be governed by a board of eight members. Five are elected by voters in the region (a region has the same boundaries as one of the regional educational attendance areas) and three are appointed by the governor. The authority has been likened to a single purpose local government. It is established to build roads and ports, but it does not have powers of land use planning, zoning, permitting, or taxation. The bond issues are approved by the Board, but are not voted on by the members of the region.

A development authority may be succeeded by a first or second class borough. If an authority fails and goes bankrupt, the subsequent formation of a borough may be complicated or prevented by the legal and financial wreckage of the authority.

ALTERNATIVES TO REGIONAL RESOURCE DEVELOPMENT AUTHORITIES

There are several alternatives to RRDA's which provide tax exempt bonding and local control, without risking the state's credit rating.

1. One alternative is to form a new borough in the area(s) that wants to develop roads and ports. The revenue bonds would be issued by the borough or an intramentality of the borough, as was done in Valdez. Because the borough has powers of planning, zoning, and permitting, greater local control is possible than with RRDA's.
2. Another alternative is to modify the Alaska Industrial Development Authority statutes so that they can fund larger projects, and fund roads projects. (Ports are already included.) Local control language is already in place for local governments; it could be extended to include rural areas.
3. Finally, tax free revenue bonds could be issued by the Department of Transportation. This technique is already used for airport construction. With this approach, areawide transportation planning is encouraged, and the chaos of 21 separate transportation authorities is avoided. Additional statutory provisions for local review of state projects would be needed.

The Anchorage Times

Editorials

Roads to resources

THE STATE could get itself into another hornet's nest if the legislature approves a measure to create regional resource-development authorities.

These authorities, which would issue revenue bonds for new roads, ports and other transportation facilities needed for resource development, smack too much of the rural education attendance areas.

A few of those education units are notorious for not spending their money within established guidelines.

Fortunately, the Senate Finance Committee has held off approving the bill to create the authorities.

THOSE RURAL education areas have enough autonomy that they can get away with all sorts of foolishness. Some of them have tended to spend massive amounts for travel that cannot be justified. A number of them have failed to carry out orders to spend at least 55 percent of their budgets for classroom instruction. Still others have had

more dollars left over at the end of the year than the law allows.

The proposed regional resource development authorities would have the power to issue revenue bonds and to use bond income to construct roads. The engineering and building of roads is no small matter. Large amounts of money would be handled to effect the purchase of rights of way, the engineering and the actual construction.

Under the bill, as many as 21 additional quasi-government units could be formed. Citizens of those rural education attendance areas would be able to vote whether or not to create one of the authorities.

THERE ARE a number of questions that need answers before the legislature gives this measure further serious consideration.

Controls are needed because the state likely would be left holding the bag if the authorities defaulted on paybacks. And there must be a firm plan for accountability, which has not been the case with the rural education districts.

There are areas of the state which do need roads and transportation facilities in order to facilitate the extraction the resources. These resources are the key to Alaska's future.

But the state already has established channels to build transportation facilities.

Alaska has learned the hard way that local autonomy is not always the best way to go.

Drivals

April 23 - Times

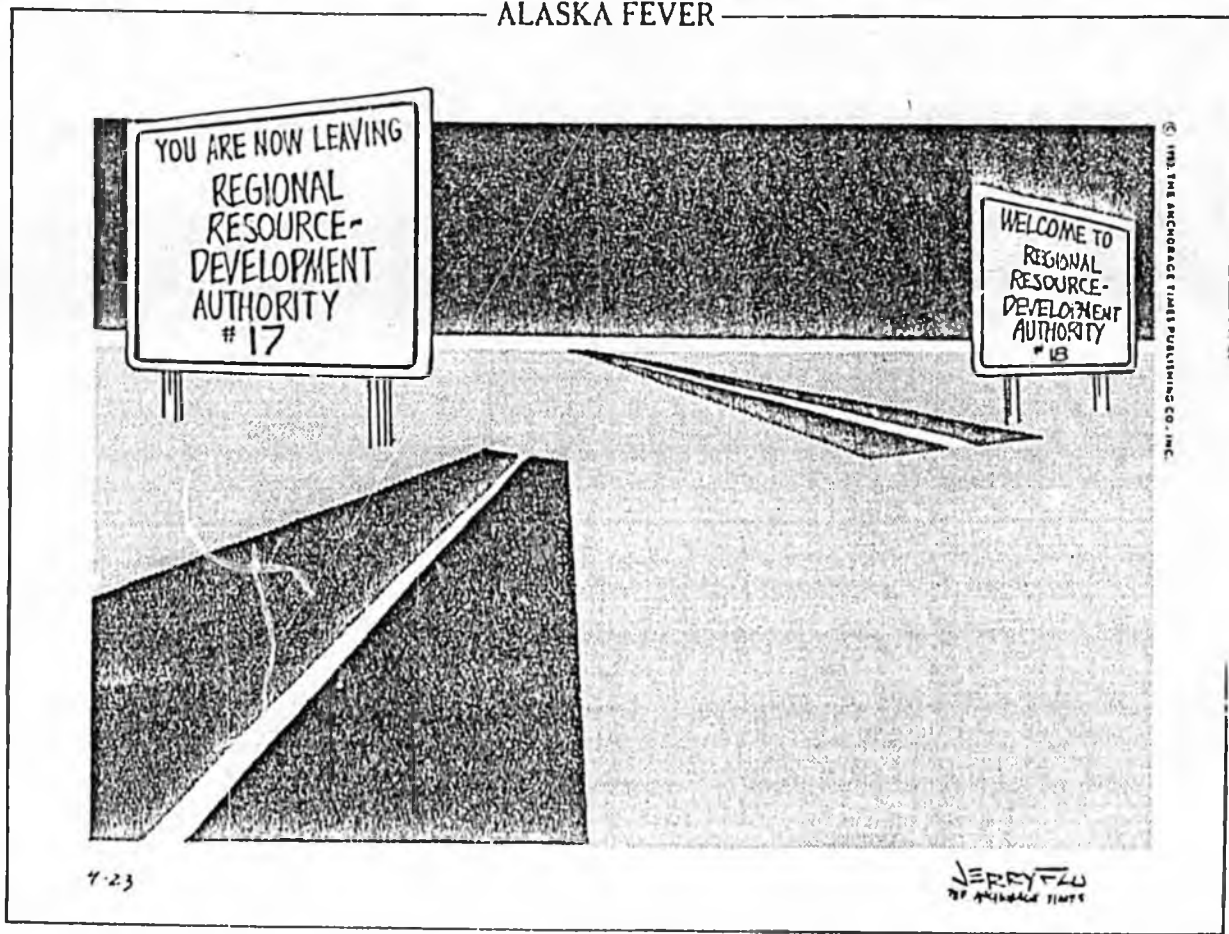
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Editor-in-Chief
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and General Manager

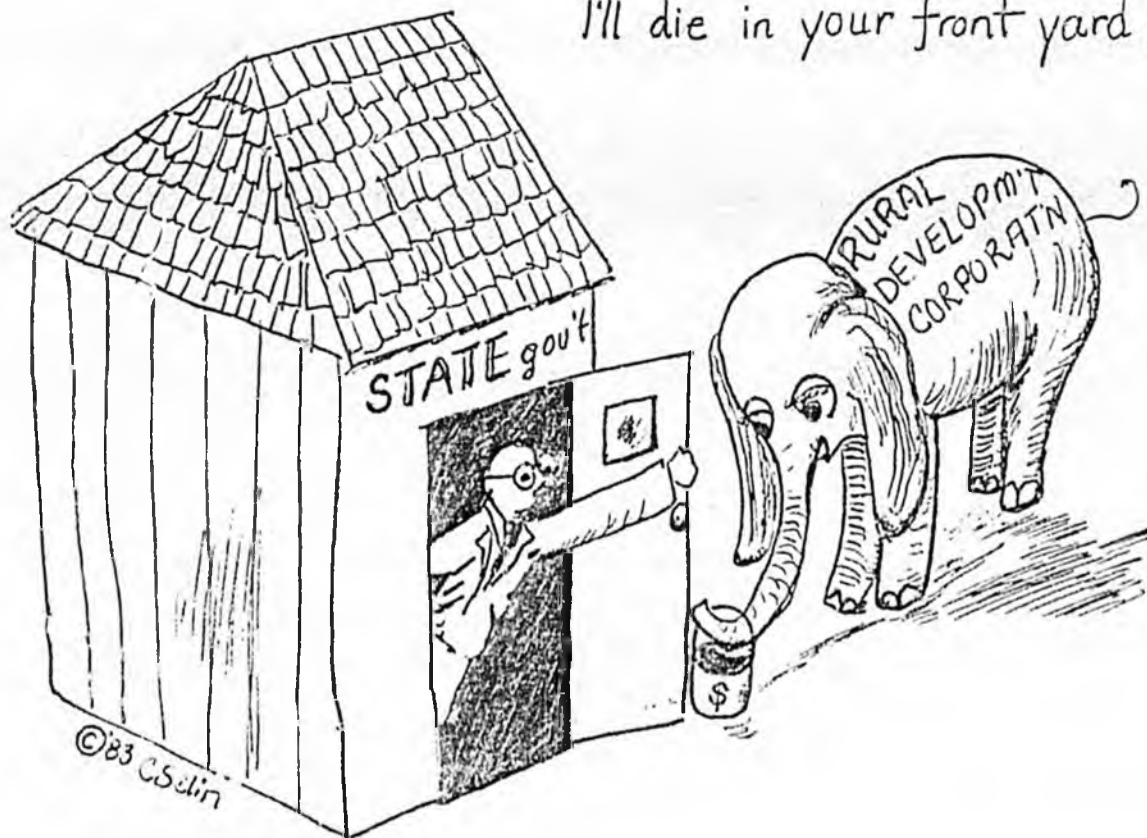
Lana Johnson
Managing Editor

Clinton T. Andrew Jr.
Editorial Page Editor

ALASKA FEVER



If you don't feed me,
I'll die in your front yard!



THE BABY ELEPHANT PHENOMENON

ALASKA ENVIRONMENTAL LOBBY

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT
POSITION PAPER

The economic development goal of SB 151 and of the Administration's alternative is the same. Both vehicles would create a financing structure for transportation facilities which would shift the bonded indebtedness from a private balance sheet to a public balance sheet. The reduced capital investment by the developer would increase its return on investment and enhance the economic feasibility of the project. It is clearly in any developer's interest to do this, and may be in the State's interest if that is what it takes to promote a specific project.

The implications of such a debt shift from a private to a public balance sheet require careful consideration. If a project can support the debt service, there is no problem. If the revenue stream is reduced or eliminated for some reason, then the location of the debt is important. There is no legal liability of the State to prevent default of bonds issued by the SB 151 authorities or by the AIDA alternative. If a capital reserve fund in AIDA is funded with State funds, then there is a moral obligation of the State. However, it is legitimate to ask whether the State could allow the default of either an authority or of AIDA. In that respect, there is little difference between the proposals. It is not a reason to oppose either proposal, but it is a reason to be certain that bonding decisions are made carefully.

While the development goals of the two proposals are similar, there are certain strengths in the AIDA approach. First, the need for transportation facilities is a statewide need and AIDA is a statewide authority. Second, AIDA is a recognized name in the investment community; it already exists, and has a professional staff, investment advisor, and bond counsel. Utilizing AIDA simply requires granting it the power to finance and own transportation facilities. Third, use of the six economic regions rather than regional education attendance areas reduces the potential coordination problems that could result when a project spans more than one REAA. Finally, there would be only one bonding authority to finance any project.

The AIDA alternative differs from SB 151 in the method of local involvement. The alternatives allow for local participation via six Regional Development Advisory Councils, appointed by the Governor. The six regions are recognized by the U.S. Department of Labor, and economic data have been collected according to these regions for several years. Local involvement is accomplished in several ways. First, AIDA must obtain the approval of an affected council prior to development of a project, and the council must hold public hearings at three locations in the region. Second, if the council approves the project, two members of the council may serve on the board of AIDA in connection with subsequent action by the authority concerning the transportation facility. Finally, the authority must solicit the advice and approval of the council prior to adopting or executing contracts, agreements, resolutions, or other matters concerning the operation and management of the facilities. These provisions provide substantial local participation in the projects.

Who is behind this legislation?

Cominco-Alaska, Inc. and NANA Corporation are partners in developing the Red Dog Mine near Kotzebue and requested this legislation. The Red Dog deposit is generally considered the richest lead and zinc find in the free world.

Cominco-Alaska's parent company, Cominco Limited of Vancouver B.C. is one of the world's largest lead and zinc producers. Cominco has vast experience in mining in the Arctic regions of Canada as well as in Greenland.

The Red Dog mine when operating will employ some 400 people directly. The mine will operate 24 hours a day, seven days a week for 50+ years. Current schedules call for completion of construction of both the mine facility and transportation systems by late 1986.

Other mining companies such as General Crude Oil Minerals and Kennecott have supported the legislation.

Why was the legislation proposed?

Given current law affecting the unorganized borough the proposed regional authority legislation was seen as the best way to achieve:

- tax exempt revenue bond financing (through lower interest rates and longer terms)
- Public ownership of a transportation system and port with equal access to any users (such as other mining projects which might come on line).
- Local input to decision making by the developer.

Why doesn't the NANA region simply form a borough?

The NANA corporation board of directors has set forming a borough government in their area as a priority. During the summer and fall of 1983 the process of beginning the process by formal discussions throughout the region will begin.

To keep the Red Dog project on schedule, the people in the region feel they cannot have the borough government in place soon enough.

HB 377 is seen as an interim measure to keep the project on schedule until a borough is formed.

The Red Dog mine once operating will bring the regions valuation to a point where a sufficient tax base will exist for borough formation.

What State controls and oversight are contained in HB 377?

1. Authority Formation has to be approved by the Governor.
2. Three of the eight members of the Authority Board of Governors will be selected by the Governor from his cabinet.
3. Any bond sale must have advance approval of the State Bond Committee (the Commissioners of Commerce, Revenue, and Administration).
4. Financial records of the Authority are subject to audit by the Legislative Auditor; records must be established and maintained in a manner approved by the Legislative Auditor.