

ALASKA LEGISLATURE COMMITTEE FILES 1987-88 8672

4454 HCRA HB 1 (FILE 3) - HB 9

20

*
* DELIVER TO: LHSCMMF *
* *
* ORIGINAL *
* SENT: 02/24/88 TIME: 16:45 *
* FROM: LIOCKOD *
* SUBJECT: HCRA;FS;HB-i;2-24-88 *
* PRINT DATE: 02/24/88 TIME: 16:54 *
* *

DATE: FEBRUARY 24, 1988
SPONSOR: HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE
SUBJECT: 2NDSSHB1, BOROUGHS
SITE: KODIAK L.I.O.
MODERATOR: LORNA STEELMAN

FINAL STATS

KODIAK HAD NO PARTICIPANTS AND DID NOT DIAL INTO THE BRIDGE

TOTAL: 0

* DELIVER TO: LHSCMMF *
* *
* ORIGINAL *
* SENT: 02/24/88 TIME: 16:49 *
* FROM: LIOCNOM *
* SUBJECT: HCRA;FS;2NDSSHB1;2-24-88 *
* PRINT DATE: 02/24/88 TIME: 16:55 *
* *

2-24-88
NOME
HCRA
2ND SSB1: FORMATION OF BOROUGHS
ROXANNE BARRON

FINAL STATS

TESTIFIED:
NAME/REPRESENTING ADDRESS PHONE #
1. ROBERT BLODGETT TELLER, AK. 642-3333
2. MARY KNODEL, SCHOOL BOARD BOX 262 443-2686
3. POLLY PROHAL, CITY MANAGER BOX 281 443-5242

OBSERVED:
NAME/REPRESENTING ADDRESS PHONE #
1. CHUCK WHEELER BOX 190 443-5533
2. LINCOLN TRIGG BOX 949 443-2765
3. JANET TOBIK BOX 475 443-2751
4. JIM STIMPLE BOX 729 443-2002

TESTIFIED: 3
UNABLE: 0
OBSERVED: 4
TOTAL: 7

START TIME: 3:00 P.M.
END TIME: 4:31 P.M.

* DELIVER TO: LHSCMMF *
* *
* ORIGINAL *
* SENT: 02/24/88 TIME: 16:01 *
* FROM: LIOCBAR *
* SUBJECT: HCRA;FS;2NDSSHB1;2-24-88 *
* PRINT DATE: 02/24/88 TIME: 16:56 *
* *

2-24-88
BARROW
HCRA
2NDSSHB1
MEG

FINAL STATS

TESTIFY:
NAME/REPRESENTING ADDRESS PHONE #
1. NO ONE

OBSERVE:
NAME/REPRESENTING ADDRESS PHONE #
1. NO ONE

0 - TESTIFIED
0 - UNABLE TO TESTIFY
0 - OBSERVED
0 - TOTAL

START/END TIMES:

* DELIVER TO: LHSCMMF *
* *
* ORIGINAL *
* SENT: 02/24/88 TIME: 16:22 *
* FROM: LIOCDAV *
* SUBJECT: H C&RA;BOROUGH;FS;2-24-88 *
* PRINT DATE: 02/24/88 TIME: 16:56 *
* *

*** FINAL TELECONFERENCE STATISTICS ***

DATE: FEBRUARY 24, 1988
SITE: ANCHORAGE
SPONSOR: HOUSE COMM AND REGIONAL AFFAIRS
SUBJECT: BOROUGHS: HB 1
LOCAL MODERATOR: DAVID

OBSERVED:
NAME\REPRESENTING ADDRESS PHONE #
MARGE GRENEDAY 4355 CONSTELLATION #23 ANCH 243-2403
GLADYS DIXON PO BOX 876338 WASI 373-0831
BETTY J MULLALLY BOX 876805 WASI 373-2628
DAN BOCKHORST 949 E 34TH AVE ANCH 561-8586
PRENT GAZAWAY 1521 W 14TH AVE ANCH 277-2073
TIM TROLL 1400 W BENSON #1 ANCH 276-2722
JOHN LEVY 1007 W 3RD AVE ANCH 99501 274-7555

TESTIFIED: 07 START TIME: 3:00PM
OBSERVED: 00 END TIME: 5:00PM
TOTAL: 07

* DELIVER TO: LHSCMMF *
* *
* ORIGINAL *
* SENT: 02/24/88 TIME: 16:25 *
* FROM: LIOCKOT *
* SUBJECT: HCRA;FS;BOROUGH;2-24-88 *
* PRINT DATE: 02/24/88 TIME: 16:57 *
* *

DATE: FEBRUARY 24, 1988
SITE: KOTZEBUE
SPONSOR: HOUSE COMMUNITY AND REGIONAL AFFAIRS
SUBJECT: FORMATION OF BOROUGHS
MODERATOR: MARY BROWN

FINAL STATS

TESTIFIED
NAME/REPRESENTING ADDRESS PHONE # BILL #
1.
3.
4.
5.
6.

OBSERVED
NAME/REPRESENTING ADDRESS PHONE # BILL #
1.
2.
3.
4.
5.
6.

TESTIFIED: 0
UNABLE: 0
OBSERVED: 0
TOTAL: 0

START/END TIME

* REPLY *
* SENT: 02/24/88 TIME: 16:57 *
* FROM: LHSCMMF *
* *

TKS FOR THE STATS.
MARTHA/HCRA

* DELIVER TO: LHSCMMF *
* *
* ORIGINAL *
* SENT: 02/24/88 TIME: 16:26 *
* FROM: LIOCDAV *
* SUBJECT: HCRA;BRIDGE LIST #2 *
* PRINT DATE: 02/24/88 TIME: 16:58 *
* *

TO: ALL TELECONFERENCE SITES
FROM: ANCHORAGE BRIDGE
THE FOLLOWING SITES JOINED TODAY'S HOUSE COMMUNITY AND REGIONAL AFFAIRS: HB #1 TELECONFERENCE THROUGH THEIR CONNECTIONS TO THE BRIDGE:

- 1.) ANCHORAGE -- 5
- 2.) JUNEAU **CHAIR**
- 3.) GALENA: LAURA OSBORNE
- 4.) QUINHAGAK: DIANA SHARP, MAYOR
- 5.) QUINHAGAK: LARRY STRUNK
- 6.) NOME L.I.O. -- 5
- 7.) FAIRBANKS L.I.O. -- 1
- 8.) SALCHA: WAYNE GRIEME
- 9.) MANLEY H.S.: S. HOLLINGSWORTH
- 10.) MANLEY H.S.: CHARLES DART
- 11.) MANLEY H.S.: LIZA VERNET
- 12.) KODIAK: MOSES KRITZ
- 13.) NENANA: A.P. MCDONALD
- 14.) HOOPER BAY: JAMES KNIGHT
- 15.) (5 PARTICIPANTS)
- 16.) MANLEY H.S.: S. FORTELMY
- 17.) MANLEY H.S.: P. REDDINGTON
- 18.) GALENA: CAROL HUNTINGTON
- 19.)
- 20.)

BRIDGE BACKUP NUMBER IS: 561-7007

SPECIAL NOTES: N/A

EOM DAVID J

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* DELIVER TO: LHSCMMF
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* ORIGINAL
* SENT: 02/24/88 TIME: 17:47
* FROM: LTCCFBX
* SUBJECT: HCRA;FS;HB1;2-24-88
* PRINT DATE: 02/24/88 TIME: 18:15
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*****FINAL STATS*****

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DATE: FEBRUARY 24, 1988
SITE: FAIRBANKS
SPONSOR: HOUSE COMMUNITY & REGIONAL AFFAIRS
SUBJECT: HB 1
MODERATOR: FRAN

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*****
TESTIFY:
NAME\REPRESENTING ADDRESS PHONE #
1. OSCAR FRANK 320 2ND AVE., FBKS, 99701 452-8251

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*****
OBSERVE:
NAME\REPRESENTING ADDRESS PHONE #
1.) RON CLARK P.O. BOX 326, HEALY, 99743 683-2439

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TESTIFIED__1__ TIME START__3:00 P.M.__
OBSERVED__1__ TIME END__4:35 P.M.__
TOTAL__2__

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* DELIVER TO: LHSCMMF
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* ORIGINAL
* SENT: 02/24/88 TIME: 17:53
* FROM: LTCCFBX
* SUBJECT: HCRA;FS;HB1;2-24-88,GALENA
* PRINT DATE: 02/24/88 TIME: 18:19
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*****FINAL STATS*****

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DATE: FEBRUARY 24, 1988
SITE: GALENA
SPONSOR: HOUSE COMMUNITY & REGIONAL AFFAIRS
SUBJECT: HB1
MODERATOR: LAURAL OSBORNE

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*****
TESTIFY:
NAME\REPRESENTING ADDRESS PHONE #
1.) HARRY PURDY - CITY OF GALENA, P.O. BOX 299, GALENA, 99741 656-1605
2.) CAROL HUNTINGTON P.O. BOX 26, GALENA, 99741 656-1312

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*****
OBSERVE:
NAME\REPRESENTING ADDRESS PHONE #
1.) SCOTT WATERMAN P.O. BOX 68, GALENA, 99741 656-1488
2.) KATHY JANE DAYTON P.O. BOX 299, GALENA, 99741 656-1605

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*****
TESTIFIED__2__ TIME START__3:00 P.M.__
OBSERVED__2__ TIME END__4:35 P.M.__
TOTAL__4__

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Alaska State Legislature

House of Representatives

Committee on Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4833

A N N O U N C E M E N T

To: All Interested Parties

From: Representative Henry Springer, Chairman
Community and Regional Affairs Committee *HS*

Subject: 2d SSHB 1 - Organization of the Unorganized Borough

Date: February 2, 1988

The House Community and Regional Affairs Committee (HCRA) will be taking statewide testimony on 2d SSHB 1 via teleconference on Wednesday, February 17, 1988 and Wednesday, February 24, 1988, from 3:00 - 4:30 p.m. Participation will be possible through selected Legislative Information Offices (LIOs) or from anywhere in the state with telephone capability.

Testimony from the eastern half of the state (Parks Highway and eastward) will be heard on February 17th. Testimony from the western half of the state (west of the Parks Highway) will be heard on February 24th.

Witnesses may give testimony either from the LIOs listed below or by calling toll free 800-478-8353. The entire meeting can be heard from the LIO sites. Individual call-ins are asked to hang up after giving their testimony to make the phone line available for other people. This will allow for maximum participation from anywhere in the state. Copies of the typed minutes or tapes are available upon request. For tape duplicates, please send two (2) good quality, blank 90 minute cassette tapes for each meeting of which you would like a copy.

The following LIO sites will be on-line as specified:

February 17, 1988 - Parks Hwy and east - 3:00 to 4:30 p.m.

| | | | |
|------------|-------|-----------|------------|
| Anchorage | Delta | Fairbanks | Glennallen |
| Juneau | Kenai | Ketchikan | Mat-Su |
| Petersburg | Sitka | Valdez | |

Or call toll free 800-478-8353

February 24, 1988 - West of Parks Hwy - 3:00 to 4:30 p.m.

| | | | |
|-----------|--------|--------|------------|
| Anchorage | Barrow | Bethel | Dillingham |
| Fairbanks | Juneau | Kodiak | Kotzebue |
| Nome | | | |

Or call toll free 800-478-8353

Written testimony may be sent to HCRA at the above address. For more information, please call HCRA at 465-4833.

HB

9

packet

| # | Date In | Doc. Type | Date | Subject | From | Distrib. |
|------|---------|-------------|---------|---|--------------|----------|
| (1) | | Bill | 1/19/87 | Projected m & C costs, cap. improv. | Dce. | Y |
| (2) | 1/27/87 | F.N. | 1/22/87 | DOT & AF | Bill | Y |
| (3) | | AS | 1/22/87 | A.S. - pertinent | th | Y |
| (4) | 1/28/87 | memo | 1/19/87 | To DCRA Fr. Rep. Mike Davis | th | Y |
| (5) | | Final rpt. | 5/15/83 | AK Reg. Proc. Study. | th | Y |
| (6) | | CPI worksht | . | Budget worksheet. | th | Y |
| (7) | | F.N. | 1/27/86 | Leg. Fin. - CSHB 487 | th | Y |
| (8) | | memo | 4/4/83 | To Rep. Malone, Fr. J. Xivernheden <small>Effect Cap Proj.</small> | th. | Y |
| (9) | 1/20/87 | Form | 1/20/87 | CP - F4 88 form used by Leg. Fin. | th. | Y |
| A | 2/13/7 | Min. | 2/9/7 | Mtg. Min. - Mtg cancel - lack quor. | 3 | n |
| B | 2/9/7 | wit. reg. | 2/9/7 | wit. Reg. - mtg canceled. | 3 | n |
| (10) | 2/13/7 | memo | 2/13/7 | To HS. Fr. Zawacki. re HB 90 HB 9 | Zawacki. | Y |
| C | 2/13/7 | wit. reg. | 2/13/7 | wit Reg. 2/13/7 | 3 | n |
| D | 2/18/7 | Min. | 2/13/7 | Mtg. Minutes | 3 | n |
| E | 2/18/7 | wit. reg. | 2/18/7 | wit Reg. 2/18, mtg cancelled. | 3 | n |
| F | 2/25/7 | stand. com. | 2/25 | Mtg canceled 2/25 | 3 | n |
| G | 2/25/7 | wit. reg. | 2/25 | wit. Reg. Mtg. canc. " | 3 | n |
| (11) | 3/3/7 | memo | 2/27/7 | To HS., Fr. Zawacki - HB 9 prop. amend. | 3. | Y |
| (12) | | amend | . | Davis amendments. | th | Y |
| H | 3/6/7 | wit. reg. | 3/6/7 | wit. reg 3/6 | 3 | n |
| (13) | 3/6/7 | graphs | 3/6/7 | annualization graphs | Longacre CRA | Y |
| (14) | 3/9/7 | CSHB 9 | 3/9/7 | CSHB 9 (CRA) 5-0052B | Legal. | Y |
| (15) | 3/9/7 | Com Rpt | 3/6/7 | Committee Rpt. HB 9 | CRA | Y |
| I | 3/11/7 | Min | 3/6/7 | Mtg Min. 3/6/7 | 3 | n |
| | | | | | | |
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STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPITOL
BUREAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

| | | |
|------------|---------|-----------|
| House C+RA | 2-9-87 | 3:00 p.m. |
| " " | 2-13-87 | 3:00 p.m. |
| " " | 3-6-87 | 3:00 p.m. |

HOUSE COMMITTEE REPORT

(15) HB 9

3/9

(5)

Date referred: 1/19/87

FURTHER REFERRALS: Finance

DATE: 03/06/87

The Community and Regional Affairs Committee has considered HB 9

"An Act relating to projected operating and maintenance costs of capital improvements."

RECOMMENDS:

- [X] replace with CSHB 9 (C+RA) [X] the same title
[] attached amendment(s) [] a new title
[X] do pass
[] do not pass
[] no recommendation
[] individual recommendations
[] additional referral to the Committee

ADOPTS: [] letter of intent

ATTACHES NEW FISCAL NOTE(S):

- [] fiscal impact [] same as previous fiscal note published
[] zero fiscal note [] same as previous zero fiscal note published
[X] zero with analysis

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Handwritten signatures of Zawacki, Springer, and Cato on the 'SIGNING DO PASS' lines.

Empty lines for 'SIGNING OTHER RECOMMENDATIONS'.

Handwritten signature of the Chairman and the text 'Chairman's signature'.

Original sponsors: Davis, Brown
and Goll

1 IN THE HOUSE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 9 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to projected operating and mainte-
7 nance costs of capital improvements."

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

9 * Section 1. AS 24.08.030 is amended by adding a new subsection to
10 read:

11 (b) Before an appropriation bill containing an appropriation for
12 a capital improvement is reported from the committee of first refer-
13 ral, there shall be attached to the bill a fiscal note containing the
14 projected operating and maintenance costs of each proposed capital
15 improvement. The note must identify the state agency, political
16 subdivision, or other public or private entity that is responsible for
17 payment of the projected costs.

18 * Sec. 2. AS 37.07.030 is amended to read:

19 Sec. 37.07.030. RESPONSIBILITIES OF THE LEGISLATURE. The legis-
20 lature shall

- 21 (1) provide for a budget review function;
- 22 (2) analyze the comprehensive operating and capital im-
23 provements programs and financial plans recommended by the governor;
- 24 (3) adopt legislation to authorize implementation of the
25 governor's comprehensive operating and capital improvements programs
26 and financial plans or appropriate alternatives to those plans;
- 27 (4) provide for a post-audit function, to cover financial
28 transactions, program accomplishment, and compliance with legislative
29 intent;

1 (5) adopt or revise the estimate or receipts required to
2 balance the succeeding fiscal year's budget in order that proposed
3 expenditures do not exceed estimated receipts for that fiscal year;

4 (6) adopt, revise, or initiate revenue measures in order to
5 balance the succeeding fiscal year's budget and the capital improve-
6 ments section of the budget for the succeeding six years;

7 (7) require that the projected operating and maintenance
8 costs of each proposed capital improvement, annualized over the life
9 of the improvement, be submitted with legislation and that the source
10 of funding for those costs be identified.

11 * Sec. 3. AS 37.07.060(b) is amended to read:

12 (b) The governor shall present the proposed comprehensive oper-
13 ating and capital improvements programs and financial plans in a
14 message to a joint session of the legislature before the fourth legis-
15 lative day following the convening of the legislature in regular
16 session. The message shall be accompanied by an explanatory report
17 which summarizes recommended goals, plans, and appropriations. The
18 report shall contain

19 (1) the coordinated program goals and objectives which the
20 governor recommends to guide the decisions on the proposed program
21 plans and budget appropriations;

22 (2) the governor's operating program and budget recommenda-
23 tions for the succeeding fiscal year organized by agency as required
24 by AS 37.07.020(s);

25 (3) the governor's capital improvements program and budget
26 recommendations for the succeeding fiscal year and capital improve-
27 ments program for the succeeding six fiscal years which shall include

28 (A) a description of each project, its estimated cost
29 for the year construction is to start and the estimated cost of

1 the project adjusted for inflation over the estimated period of
2 construction, and the source of financing for the project; the
3 project description for a new building or a new facility or for a
4 major addition to a building or facility should include a site
5 plan, preliminary drawings, and architect's or engineer's total
6 cost estimate for the project;

7 (E) a summary of projects previously authorized and
8 not yet completed;

9 (C) a summary, listed by agency, of all previously
10 proposed projects which have been deferred beyond the six years
11 covered by the plan and the year in which construction has been
12 rescheduled to begin;

13 (D) a forecast of the debt structure of the state and
14 the various debt ratios over the life of the state's bonds out-
15 standing, bonds authorized and to be issued, and bond authoriza-
16 tions recommended in the plan;

17 (E) a description of additional revenue measures
18 needed to finance the plan in lieu of debt;

19 (F) bond election bills to authorize the bonds re-
20 quired to fund the projects scheduled for the first three years
21 of the plan;

22 (G) projections of population of the state and its
23 regions and communities;

24 (H) economic data and projections necessary for the
25 evaluation of the plan, including projected operating and mainte-
26 nance costs of each proposed capital improvement, annualized over
27 the life of the improvement, and an identification of the pro-
28 jected funding source for those costs;

29 (4) a summary of state receipts in the last fiscal year, a

1 revised estimate for the current fiscal year, and an estimate for the
2 succeeding fiscal year;

3 (5) a summary of expenditures during the last fiscal year,
4 those authorized for the current fiscal year, and an estimate for the
5 succeeding fiscal year;

6 (6) any additional information which will facilitate under-
7 standing of the governor's proposed programs and financial plans by
8 the legislature and the public.

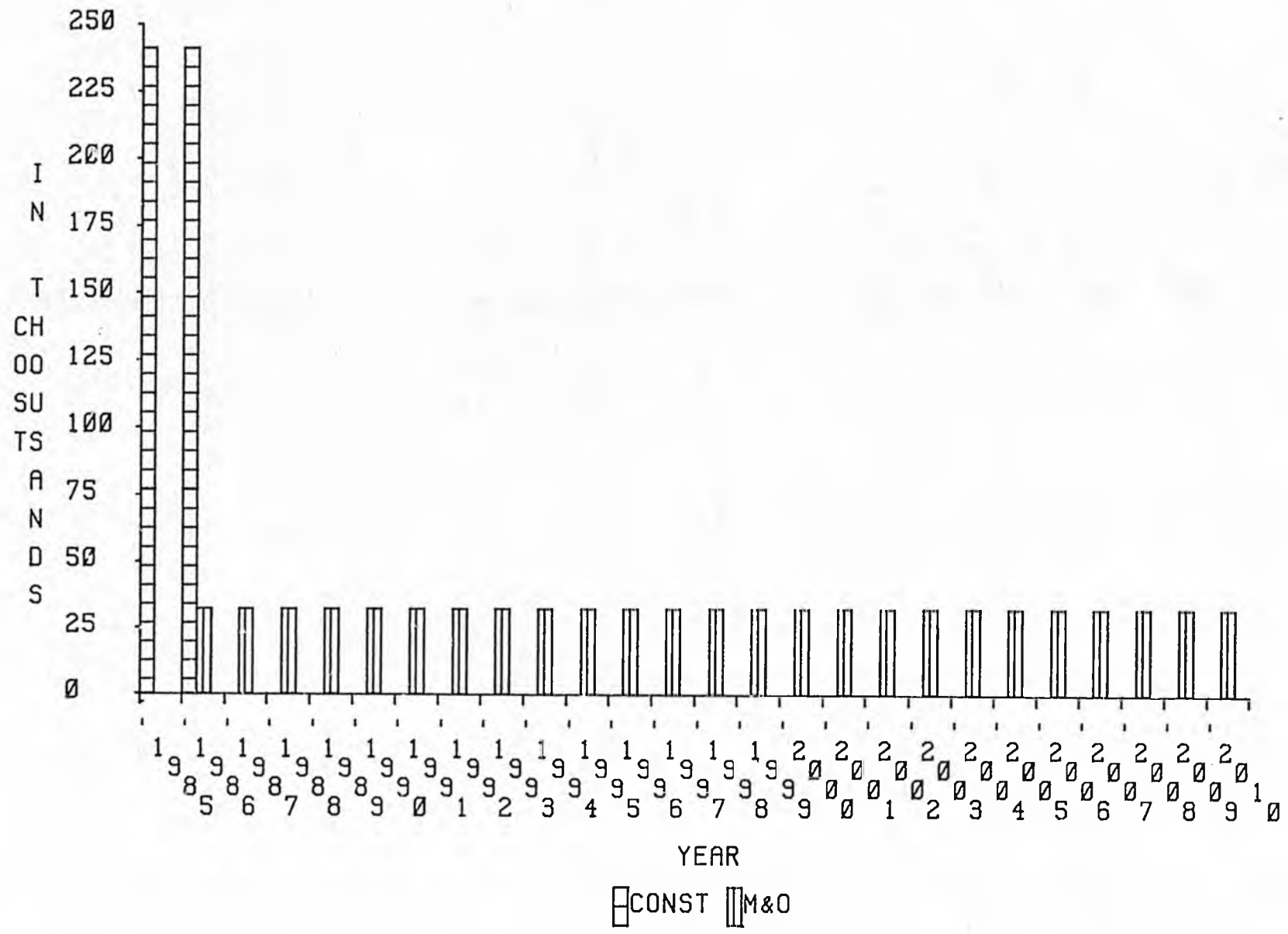
9 * Sec. 4. AS 37.07.120 is amended by adding a new paragraph to read:

10 (8) "operating and maintenance costs" means the costs
11 necessary to operate a capital improvement and to preserve each type
12 of capital improvement as nearly as possible in its original or im-
13 proved condition.
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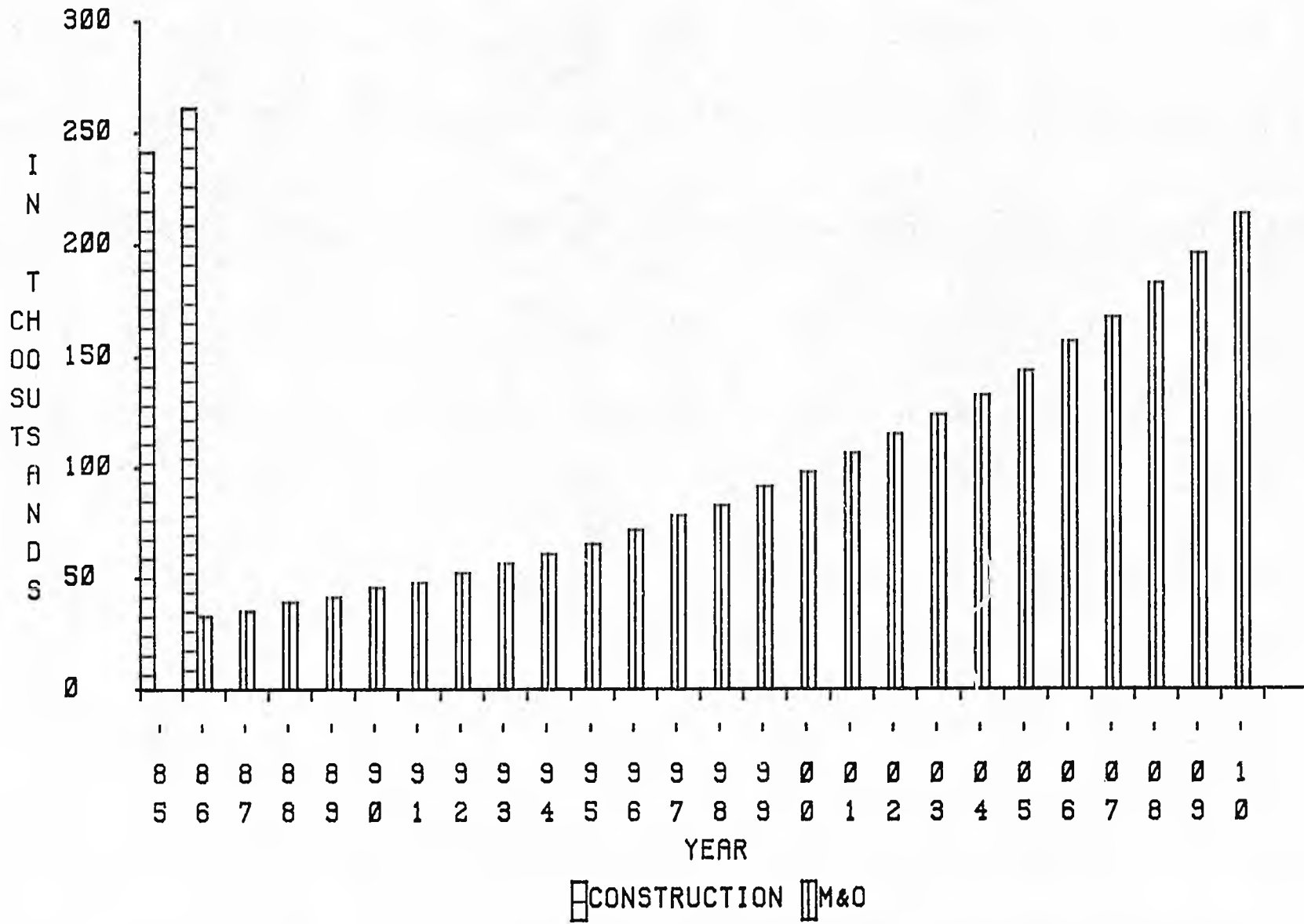
13 HB9

Handout to CRA Com.
by A.W. Longacre, DCRA
3/6/87

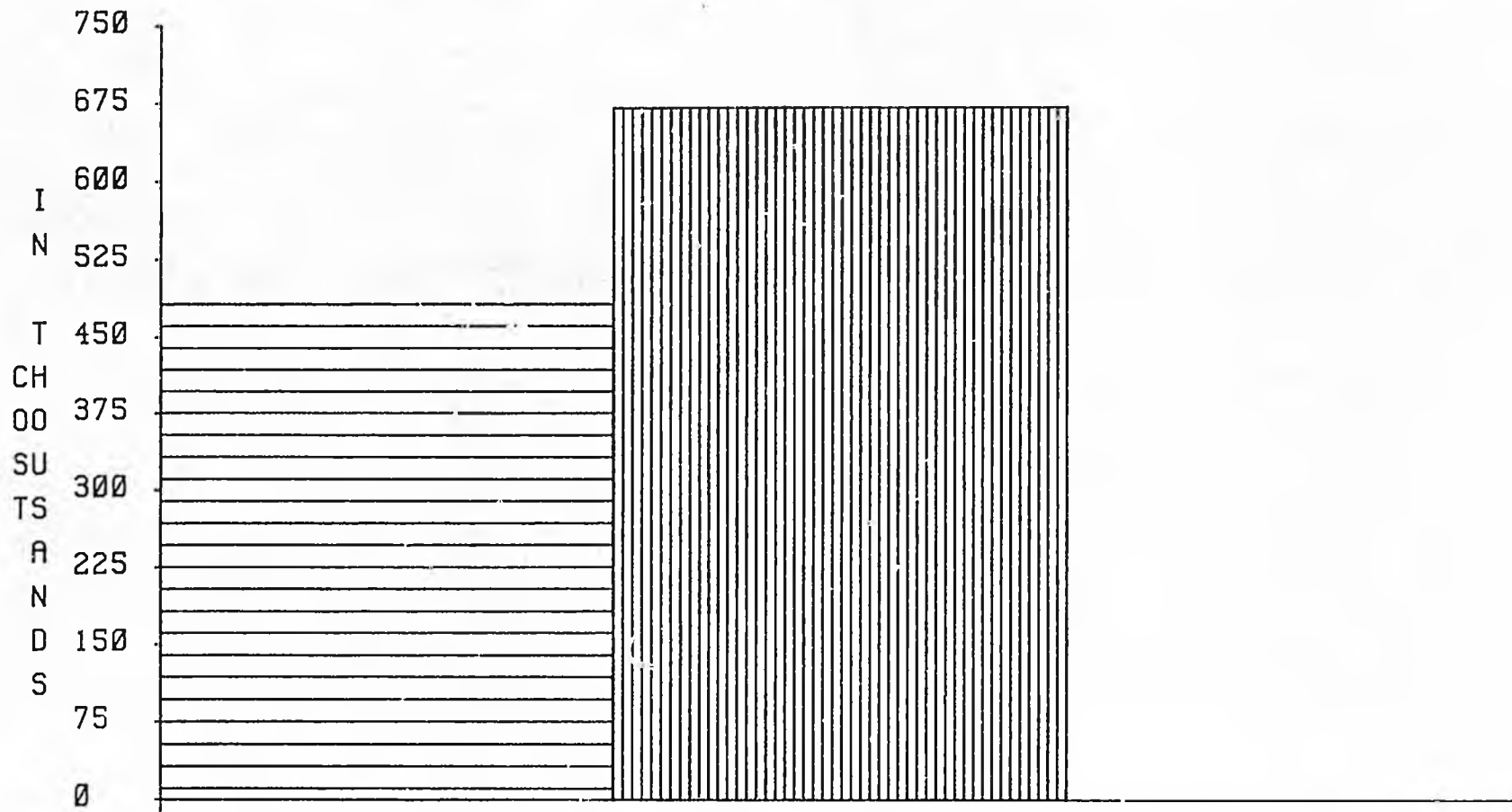
CONSTRUCTION VS M&O WITH ZERO INFLATION



COMPARISON OF
CONSTRUCTION VS. M&O
WITH EIGHT PERCENT INFLATION

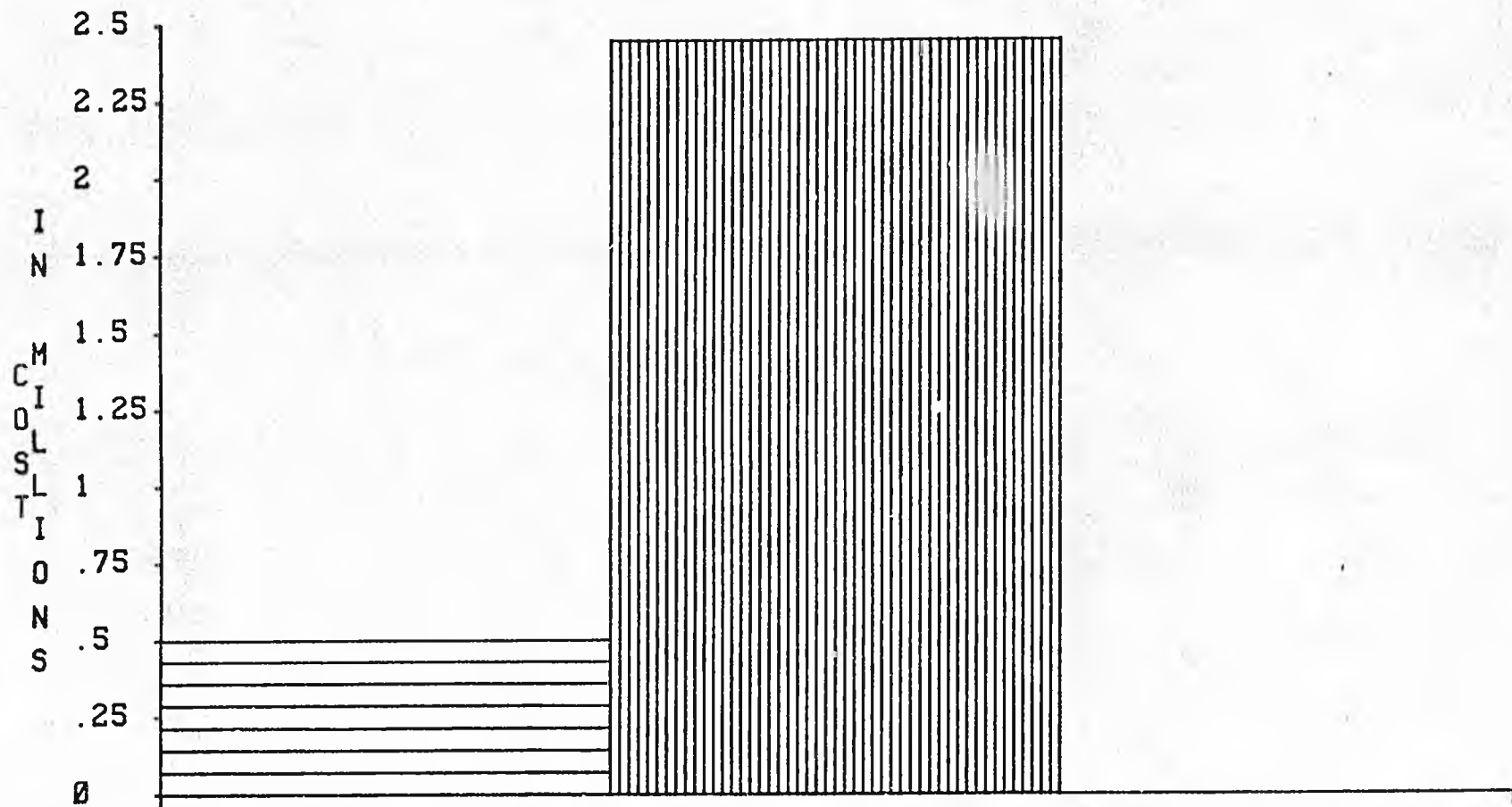


LIFETIME TOTALS
CONSTRUCTION VS M&O
WITH ZERO INFLATION



▣ CONST ▣ M&O

COMPARISON OF LIFE CYCLE COSTS
 CONSTRUCTION VS. M&O
 WITH EIGHT PERCENT INFLATION



TOTALS

TOTALS

CONSTRUCTION M&O

Amendment to HB 9 - by Davis

Page 1, Line 17 is amended to read:

payment of the projected costs, as well as identifying the source of the payment.

Page 1, Line 19 is amended to read:

Sec. 37.07.030. RESPONSIBILITIES OF THE LEGISLATURE. (a)
The legislature shall

Page 2, Line 7 is amended to read:

(7) consider the projected operating and maintenance costs, annualized over the life of the capital improvements, of capital improvements submitted in legislation.

Page 2, Line 8 - a new subsection (b) is added to read:

(b) For the purposes of this section, "operating and maintenance costs" means those costs necessary to operate a capital improvement, and to preserve each type of capital improvement as nearly as possible in its original or improved condition.

Page 3, Line 24 is amended to read:

nance costs, annualized over the life of the capital improvements, of the capital improvements.

Page 3, Line 24 - a new subsection (I) is added to read:

(I) For the purposes of this section, "operating and maintenance costs" means those costs necessary to operate a capital improvement, and to preserve each type of capital improvement as nearly as possible in its original or improved condition.

3/3 HB 9

11



Alaska State Legislature House of Representatives

P.O. BOX 783
GIRDWOOD, ALASKA 99587
(907) 783-2905

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
(907) 465-2693/2719

REPRESENTATIVE
JIM ZAWACKI
DISTRICT 7

MEMBER
COMMUNITY & REGIONAL
AFFAIRS COMMITTEE
LEGISLATIVE BUDGET &
AUDIT COMMITTEE
FINANCE SUBCOMMITTEE

MEMORANDUM

TO: Representative Mike Davis *Jim*
FROM: Representative Jim Zawacki
DATE: February 27, 1987
SUBJ: HB 9

Attached is a copy of proposed amendments to your bill, HB 9, relating to projected operating and maintenance cost of capital improvements which I will be offering at the C&RA meeting on Wednesday, March 6. I would appreciate at your earliest convenience your feelings on the three amendments before the scheduled committee hearing.

Thank you.

Attachment
cc: Henry Springer, Chairman
House Community & Regional Affairs

*P.S. I think it will
give us more
teeth.
Thanks*

Proposed amendments by Rep. Jim Zawacki
House C&RA meeting on March 4, 1987

HB 9 "An Act relating to projected operating and maintenance costs of capital improvements."

1. On page 1, line 15 add:

improvement[.] and sources for these funds be identified.

2. On page 2, line 7 and 8 should be amended to read:

require that [consider the] projected operating and maintenance costs of capital improvements be submitted with [in] legislation and sources for these funds be identified.

3. On page 3, line 24 add:

nance cost of the capital improvements[;] for the life of the project(s) and sources for these funds be identified.

HOUSE COMMUNITY AND REGIONAL AFFAIRS
STANDING COMMITTEE

3:00 p.m.

February 25, 1987

Meeting canceled.

HB 95 not in committee yet. HB 9 rescheduled for Wednesday,
March 4, 1987.



Official Business

COMMITTEE:

HOUSE COMMUNITY & REGIONAL AFFAIRS

DATE: February 18, 1987

Subject of meeting: (E) HB 9

HB 9 Projected oper. & maint. costs of capital improvements

SIGN-IN
HB 9

NAME (PLS PRINT)

**YOUR TITLE &
ADDRESS**

PHONE

REPRESENTING

**DO YOU WANT
TO TESTIFY?**

| | | | | |
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Meeting cancelled

Alaska State Legislature House of Representatives

P.O. BOX 783
GIRDWOOD, ALASKA 99587
(907) 783-2905

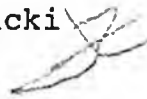
WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA 99811
(907) 465-2693/2719

REPRESENTATIVE
JIM ZAWACKI
DISTRICT 7

MEMBER
COMMUNITY & REGIONAL
AFFAIRS COMMITTEE
LEGISLATIVE BUDGET &
AUDIT COMMITTEE
FINANCE SUBCOMMITTEE

M E M O R A N D U M

TO: Representative Henry Springer
Chairman, House Community & Regional Affairs

FROM: Representative Jim Zawacki 

DATE: February 13, 1987

SUBJ: HB 90 and HB 9

Thank you for allowing me to be excused from today's meeting. I would like to address HB 90 and HB 9 before the committee today.

HB 90: I support this bill and I hope it is moved out of committee today.

I have underlined what I consider to be the important benefits of this bill. See attachment.

HB 9: I would like to request this bill be held over until next week for further review. However, if it is moved I would like to offer an amendment:

On page 2, line 7 and 8 should be amended to read:

"require that (consider the) projected operating and maintenance costs of capital improvements be submitted with (in) legislation."

It would be appropriate to have a fiscal note detail past costs for supplemental appropriations and consequent overtime.

HB 90

STEVE COWPER, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B
JUNEAU, ALASKA 99801
PHONE: (907) 465-4700

949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508
PHONE: (907) 563-1073

February 11, 1987

POSITION PAPER

RE: House Bill 90--"An Act relating to time periods to be used for administering the tax equalization program and the municipal assistance program; and providing for an effective date."

SPONSOR: Rules Committee by Request of the Governor

PROGRAM EFFECTS: This bill would alter procedures for collection of data and calculation of revenue sharing entitlements and would allow earlier disbursement of revenue sharing and municipal assistance entitlements to municipalities and other recipients.

COMMENTS: This legislation was introduced at the request of the Department and represents one of its highest priorities. This bill is a product of the Governor's 1985 Task Force on State Shared Revenue and a very similar version (HB 558) was nearly passed by the Legislature last session.

The legislation would benefit municipalities in two ways. First, it would provide greater predictability to the entitlement process. Currently, a municipality must plan its budget without an accurate idea of its entitlement for the budget year. Under the proposed bill, the department will have the necessary municipal data to provide very accurate estimates to cities and boroughs for budget preparation based upon proposed or adopted levels of appropriation. The question of appropriation level can be addressed if Governor Cowper's request for an FY 1989 appropriation for State Revenue Sharing and Municipal Assistance is enacted.

Second, the proposed legislation will allow the department to disburse funds within the first month of the fiscal year. Under the current system, a prepayment of about one-half of the entitlement is made in September or October, with a final payment in March. This earlier funding will alleviate municipal cash flow problems and provide greater flexibility for the management of these funds at the local level.

House Bill 90
February 11, 1987
Page Two

The legislation would also improve the administration of the State Revenue Sharing program by allowing the use of verified data elements in entitlement calculations instead of the present method of using estimates. The stretching of the data collection, calculation, and payment process over three years allows for a more thorough and deliberate approach to program administration and should reduce the likelihood of errors on the part of municipalities and the Department. The present system which compresses the three step process into a one year time frame often results in incomplete or inaccurate information because deadlines restrict complete discussion between local governments and the Department regarding data determinations.



David G. Hoffman, Commissioner

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: HB 90

Bill Version: HB 0090A
Publish Date: 1/30/87

Revision Date: _____
Title: "An Act relating to time periods
...tax equalization & mun. assist."
Sponsor: Rules/Governor
Requestor: House C&RA Committee

Agency Affected: Community & Regional Affs.
BRU: Local Government Assistance
Components: Grants Administration

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | -0- | -0- | -0- | -0- | -0- | -0- |
| CAPITAL | | | | | | |
| REVENUE | | | | | | |

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Doug Griffin, Deputy Director
Division: Municipal & Regional Assistance

Phone: 465-4750
Date: 2-10-87

Approved by Commissioner: David G. Bellman
Agency: Community & Regional Affairs

Date: 2-10-87

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



Official Business

COMMITTEE:

HOUSE COMMUNITY & REGIONAL AFFAIRS

DATE: February 9, 1987

SIGN-IN

Subject of meeting: ^(B) HB 9

*HB 9 Projected operating and maintenance costs of capital improvements

| NAME (PLS PRINT) | YOUR TITLE & ADDRESS | PHONE | REPRESENTING | DO YOU WANT TO TESTIFY? (& BILL #) |
|--|----------------------|-------|--------------------|------------------------------------|
| DALE SHIRK | 319 SEWARD | | HEALTH ASSOCIATION | |
| <p><i>Meeting Cancelled (lack of quorum) Rescheduled for 2/13/87</i></p> | | | | |

PROJECT TITLE:

LOCATION: COMPLETION DATE: ELECTION DISTRICT:

| FUNDING | | CAPITAL REQUEST | ANNUAL OPERATING COST |
|----------------|--------------|-----------------|-----------------------|
| 1004 | GENERAL FUND | | |
| | | | |
| | | | |
| TOTALS: | | | |

APPROPRIATED TO:

STATE AGENCY: _____

MUNICIPAL GRANT: _____

UNINCORPORATED COMMUNITY: _____

PROJECT DESCRIPTION AND JUSTIFICATION:

LEGISLATIVE REQUEST
LCP PROPOSED CAPITAL
PROJECT

REQUESTING LEGISLATOR'S
SIGNATURE:

FY 88

8 HB 9



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

MAGNITUDE
OF DEM COSTS
OUT THERE

April 4, 1983

MEMORANDUM

TO: Representative Hugh Malone
FROM: Jack Kreinheden
Research Staff JK
RE: Effect of Capital Projects on Operating Budget
Research Request 83-59

Royce Weller of your staff requested that we provide the following information on the effect of capital projects on the State operating budget:

- a general discussion of the responsibility (local vs. State) and operating costs for different types of capital projects, such as schools, roads, and offices;
- an estimate of the increase in the operating budget over the last five years which was caused by new capital projects; and
- an index of operating costs for various types of capital projects on a unit basis, such as per square foot for buildings and per lane mile for roads.

It was not possible, within the research time available for this request, to determine the operating budget impact of all capital projects over the last five years. The section on this topic focuses on four of the State agencies most affected by the operating costs of capital projects, and on debt service for bonded projects. The budget information which was used for the analysis has several limitations which are discussed in that section. If you would like more comprehensive information on the operating costs of capital projects, we may be able to do additional research later this session or during the interim.

RESPONSIBILITY FOR OPERATING COSTS

A considerable portion of State capital spending over the last several years has been in the form of grants to municipalities. In nearly all cases, local governments are responsible for the operation and maintenance of capital projects built with State grants. Thus, from the

State's perspective, the impact of capital spending on the State's operating budget has been much smaller than would have been the case if most capital spending was for projects under State responsibility. Nearly all port and harbor facilities are also operated by municipalities, so that State spending on harbor improvements does not have a direct impact on the State operating budget.

For some types of capital projects, most notably school construction and projects in small communities, the responsibility for operating costs is not clear-cut. In the case of schools, operating and normal maintenance costs are paid, at least initially, by the local school districts and Rural Educational Attendance Areas (REAs). State education funding under the foundation program is based primarily on attendance (number of students), not on school operating costs. Therefore, when the State builds a school or provides a grant to a municipality to build a school, the district's or REA's funding is not directly increased to pay the cost of operating the school. In this sense, it is the school districts and REAs that are directly responsible for operating costs.

However, as you know, the State provides most of the operating funds for the school districts and REAs through the education foundation program. In FY 81, the State provided an average of 73 percent of total revenues for school districts and 87 percent of total revenues for REAs.¹ These figures make it evident that over the long run, the State indirectly pays most of the operating costs of new school facilities. State funding for school districts and REAs increased by 60 percent from \$319.2 million in FY 81 to \$509.1 million in FY 83. This increase in funding paid for growth in the number of students and teachers, new programs, and the effects of inflation, as well as the cost of operating new schools.

The situation with capital projects in small communities is similar. Although the communities may be responsible for operation and maintenance of facilities, roads, and other projects, most of their revenues are received from the State through revenue sharing, municipal assistance, and other programs. The impact of these local capital projects on the State's operating budget depends on one's perspective. Conceivably, if State revenues fell dramatically, the State could reduce assistance to municipalities and let them maintain their capital facilities as best they could. However, if these facilities are to be properly maintained, much of this money will have to come from the State.

¹ Source: Department of Education 1982 Annual Report.

TYPES OF CAPITAL PROJECTS

It is important to consider the effect of different types of capital projects on maintenance and operations (M&O) costs. A review of the capital budgets enacted by the legislature for the past several years indicated that a large percentage of capital appropriations were improvements or replacements for existing facilities, rather than new projects. Any type of repair or maintenance item of \$25,000 or more is usually budgeted as a capital project, rather than as an operating item. Capital improvement projects can increase operating costs if a building is enlarged or a road is widened from two lanes to four, but operating costs can also decline when inefficient, high maintenance buildings and deteriorated roads are replaced or improved.

Based on my review of the FY 83 capital budget, about 17 percent of the appropriations had a possible operating budget impact. This figure does not include municipal grants, except for school construction, which are included. For FY 82, about 38 percent of the appropriations had a potential operating budget impact, indicating a larger proportion of spending for "new" projects and State-owned projects in this year.

The variability of maintenance and operating appropriations also affects the relationship between capital and operating expenditures. The various maintenance units in the Department of Transportation and Public Facilities frequently stated in their budget requests that maintenance work had previously been budgeted at a very minimal level, with most major maintenance deferred indefinitely. This type of budget approach would reduce the operating impact of capital projects in the short run, but would also decrease the useful life of most facilities. In addition, if maintenance is deferred until it becomes a major renovation, the appropriation for this renovation would then show up in the capital budget rather than the operating budget.

OPERATING BUDGET INCREASES RESULTING FROM CAPITAL PROJECTS

Debt Service for Bonded Projects

Debt service on general obligation bonds issued by the State is not an operating cost in the normal sense of paying for the actual operation of a capital project. The basic difference between bonding for a capital project and appropriating cash is that bonding spreads the appropriation over a long period of time (which of course requires interest payments). However, debt service on the State's bonded indebtedness is appropriated in the operating budget; therefore, bonding capital projects increases the operating budget in subsequent years. In addition, the payment of debt service is similar to other M&O costs in that it is a long-term obligation which results from the construction of capital projects.

Historical and projected debt service payments from FY 74 to FY 84 are as follows (in millions of dollars):

| | | | |
|-------|--------|-------|--------|
| FY 75 | \$30.1 | FY 80 | \$75.1 |
| FY 76 | 35.1 | FY 81 | 97.6 |
| FY 77 | 41.9 | FY 82 | 102.4 |
| FY 78 | 50.0 | FY 83 | 141.7 |
| FY 79 | 60.0 | FY 84 | 178.7 |

Source: FY 84 Executive Capital Budget, p. 7

For the most recent five years from FY 79 to FY 83, debt service payments have increased by about \$82 million. During the same period, the general fund operating budget increased by \$1.04 billion, from \$888 million in FY 79 to \$1.93 billion in FY 83. The increase in debt service therefore accounts for about 8 percent of the growth in the operating budget for these fiscal years.

Debt service payments differ from other M&O costs because, in Alaska, the payments generally extend for only 10 to 15 years, rather than for the useful life of the capital project being bonded. In order to enhance and maintain the State's credit rating, the term of general obligation bonds has been tailored to the projected revenue decline beginning in the late 1980s. This shorter term means that the annual operating costs of bonded capital projects will decline in later years when the bonds are repaid and debt service payments end. However, this decline could be partially offset by increased maintenance costs for older facilities.

Agency Operating Costs for Capital Projects

The State agencies which have seen the largest increases in operating costs as a result of recent capital projects include:

- Department of Transportation and Public Facilities
- Division of Corrections (Department of Health and Social Services)
- Department of Fish and Game (hatchery program)
- University of Alaska

There are a number of other programs for which operating costs have increased as a result of capital projects, such as health clinics, pioneers' homes, recreational facilities, and water and sewer projects. However, compiling all the capital project operating costs for these and other programs would take considerably more research time than the eight staff days that were available for this request.

EDUCATION

The primary method used to determine the additional operating costs for capital projects was a review of agency budget requests. When each State agency submits its budget request to the Governor's Office, it is required to justify any additions to its budget above the continuation level (which is basically the prior year's budget adjusted for inflation and other factors). In theory, any additional costs for operation, maintenance, or personnel from new capital projects should be found on these budget forms. The FY 84 budget forms now include a space for listing the specific capital project which required the additional costs; however, this information was rarely included in the budgets I reviewed.

It is important to note that this budget information includes only agency requests. Actual appropriations and expenditures may vary significantly. However, in terms of evaluating the full maintenance costs of capital projects, agency requests may be a better indicator, assuming that these requests are accurate. Lower appropriations would indicate a sub-standard level of maintenance, which for most facilities would result in either higher maintenance costs in later years or a shorter useful life.

Another consideration regarding the costs presented in this section is that they reflect only additional costs which could not be covered within the existing agency budgets. For some projects, funds in the existing operation and maintenance budget may have been "stretched" by reducing maintenance levels slightly on other facilities to cover the additional costs. Or, if M&O costs declined for any facilities, this savings may have been used to pay part of the M&O cost of new capital projects.

Department of Transportation and Public Facilities

DOT/PF requested a total of about \$8.5 million from FY 81 to FY 84 for the operation and maintenance of new capital projects. Table 1 on the following page lists these additional budget requests for each of the four fiscal years. To put this figure in perspective, DOT/PF's FY 83 budget for maintenance and operations is \$110.3 million.² This indicates that the DOT/PF M&O budget has increased by about 8 percent as a result of capital projects constructed during the last several years.

² This figure excludes M&O costs for the Anchorage and Fairbanks International Airports, which are not funded through the general fund.

Most of these requests for additional M&O funds were for either rural airport improvements or for new road mileage. For example, the FY 83 budget request for the Western region noted that lighting systems, runway extensions, or navigation and communications equipment had been installed at 33 community airports. The FY 82 Interior region budget request stated that 296 lane miles of roads and highways had been added to the regions system since 1979 with only small increases in maintenance funds. A smaller amount of additional funds was requested for building maintenance and operation and for expansion of the design and support staff for capital projects³

Division of Corrections

Table 2 contains the amounts requested by the Division of Corrections for new or expanded facilities. These figures include all direct costs of operating and maintaining the correctional facilities, including personnel, the purchase of food and other commodities, and contractual services. The largest budget requests were for the Cook Inlet pre-trial facility (\$2.3 million), the Palmer medium security prison (\$1.6 million), and the Hiland Mountain expansion (\$1.6 million). The Division's FY 83 operating budget is \$58.7 million, up from \$27 million in FY 80.

TABLE 2

Division of Corrections Additional Budget Requests for Operation and Maintenance of New or Expanded Facilities

| | |
|-------|------------------|
| FY 84 | \$3,662,000 |
| FY 83 | 7,667,000 |
| FY 82 | 489,000 |
| FY 81 | <u>2,360,000</u> |
| TOTAL | \$14,178,000 |

Department of Fish and Game

The Fisheries Rehabilitation, Enhancement and Development (FRED) Division operates 20 fish hatcheries, as well as engaging in stream restoration, lake fertilization and other activities. The operation of the

³ During this period, several million dollars (not included here) was requested for capital project design, support and administration as part of the legislative mandate to convert from capital funding for these positions to funding under the operating budget.

Representative Malone

April 4, 1983

Page 7

hatcheries requires about \$6.7 million out of the Division's total \$13.5 million FY 83 operating budget.⁴ Of the 20 hatcheries, about 11 have been built since 1978 through general obligation bonds. An approximate estimate of the cost of operating these newer hatcheries would be \$3.7 million. The average size of the newer hatcheries is larger than the older facilities, so that the actual operating cost of the newer hatcheries would be somewhat larger than \$3.7 million.

The cost of operating the hatcheries at full capacity would be larger than the figures cited above. However, because of budget constraints, the Division is operating several of the hatcheries at reduced levels. The Division has also restricted its other functions because funding for the hatcheries has not kept pace with cost increases.

University of Alaska

Time did not permit a complete review of the budget requests for the University of Alaska. However, it was evident from the two fiscal years which were examined that only a very small percentage of the University's budget requests were for the operation of new facilities. Nearly all of the requests were for new teaching positions or other program-oriented purposes. In addition, several of the requests for the operation and maintenance of new buildings were rejected by the Governor.

For example, \$772,000 was requested in the FY 84 budget for operating new buildings at the Anchorage and Juneau campuses, all of which was rejected. It is unlikely that the University would allow the buildings to stand empty, so that the cost of operating these buildings will probably be reallocated from other funds. In FY 82, \$517,000 was requested (and approved by the Governor) for new facilities, including the Anchorage Community College aviation complex, a Fairbanks power plant addition, and additions to several community colleges throughout the state.

⁴ Source: Stan Moberly, FRED Division Director, personal communication, 3/31/83.

For example, \$772,000 was requested in the FY 84 budget for operating new buildings at the Anchorage and Juneau campuses, all of which was rejected. It is unlikely that the University would allow the buildings to stand empty, so that the cost of operating these buildings will probably be reallocated from other funds. In FY 82, \$517,000 was requested (and approved by the Governor) for new facilities, including the Anchorage Community College aviation complex, a Fairbanks power plant addition, and additions to several community colleges throughout the state.

MAINTENANCE AND OPERATIONS COST INDEXES

The attached tables include representative maintenance and operations costs for roads and highways, airports, and public buildings. It must be emphasized that the M&O figures, which were provided by DOT/PF, are approximate and are averages. M&O costs for specific facilities can vary considerably depending on location, design, age, level of use, and level of maintenance. It should also be noted that the costs for roads and airports are from a 1981 DOT/PF study; current costs would be about 15 percent higher as a result of inflation.

These M&O figures do not include the non-maintenance personnel costs of operating facilities, for example, teachers' salaries in schools. The staffing levels of schools and other facilities vary considerably in relation to building size, making it inaccurate to use any kind of "positions per square foot" average in determining personnel costs.

Roads

Attachment 1 shows maintenance costs per lane mile per year for eight different types of roads, ranging from 4-lane paved highways to gravel roads less than 20 feet wide. The maintenance costs are also classified by region: Interior, Southcentral, Southeastern, Western and Central (a map of these regions is included on the following page). These costs were compiled by DOT/PF in a 1981 study. The table demonstrates the wide range in maintenance costs both for different types of roads and in different regions. For example, the cost of maintaining 2-lane paved rural primary routes (Type IV) in the Southcentral region is shown as \$8,739 per lane mile, compared to only \$2,346 per lane mile for gravel secondary roads (Type 6) in the same region. Most of this cost difference is a result of the higher traffic volumes on the primary routes and a higher maintenance level, such as more frequent snowplowing.

The wide spread in maintenance costs in different regions is indicated by the fact that in the Interior region, maintaining a 2-lane paved

rural primary route costs \$4,432 per lane mile -- about half the cost for the same road type in the Southcentral region -- while in the Western region the cost for this road type is over \$15,000 per lane mile.

Although the large variance in road maintenance costs makes it difficult and somewhat misleading to use a single average figure, a cost of \$5,200 per lane mile is often used in DOT/PF budget requests as an indicator of operating costs.

Airports

DOT/PF has also compiled data on the maintenance and operating costs of State-owned airports throughout the state. These costs are summarized in Attachment 2, and are classified for four types of airports and three areas of the state. The airport types, in order of declining size, are: regional center, regional, transport and community. Areas II and III are the same Interior and Western regions used for the information on road costs, while Area I combines the Central, Southcentral, and Southeastern regions. These airport maintenance costs are also for FY 81 and should be inflated by about 15 percent to reflect current costs.

As might be expected, the larger regional airports are considerably more expensive to maintain than the smaller community airports. The average maintenance cost for the regional center airports at the time of the study was about \$371,000 per year. Community airports averaged only \$14,360 in average maintenance costs. One cost difference which appears unusual at first glance is the much lower cost shown for maintenance of community airports in Area III (the Western region) compared to the rest of the state. One might expect the cost of maintenance to be higher in the Western region because of its remoteness and rugged climate. The most likely reasons for the lower cost shown for the Western region are simply that the airports in many of these communities are very basic, frequently without lighting or communications, and receive very limited maintenance.

It should be noted that an extensive rural airport improvement program has been undertaken over the past several years, and as a result, current maintenance costs are probably somewhat higher (even after adjusting for inflation) than those shown in Attachment 2. Although some airport improvements, such as runway resurfacing, can reduce maintenance costs, other improvements like runway lighting, communications and navigational aids require extensive maintenance to remain operative.

Public Buildings

According to Greg Brown, Acting Statewide Planning Manager for DOT/PF, the annual maintenance and operating cost of a new office building or school in Anchorage or Juneau would probably fall in the range of \$6.50-\$7.75 per square foot of building space. This cost figure is for an optimum level of maintenance and includes all annual costs such as utilities, insurance, and janitorial service, in addition to periodic repairs to the roof, heating system, and other components.

This cost range was obtained from historical DOT/PF and local government information. Mr. Brown noted that it is difficult to arrive at an average maintenance cost, even for similar buildings, because different agencies include different items as M&O costs, and because different levels of maintenance are used. He emphasized that this cost figure should be used only as a general indicator of potential maintenance and operating impacts, and should not be used for specific projects or in preparing agency budgets.

As noted earlier, M&O costs can vary considerably, even for the same location, depending on type of facility, design, and less-than-optimum maintenance levels. For example, a corrections facility would be much more expensive to maintain than an office facility, because of its full-time occupancy and security requirements. On the other hand, a maintenance shop or storage facility would have lower M&O costs. An older facility will usually have a higher M&O cost per square foot than a new building. Also, it is important to recognize the effect of inflation on future M&O costs. With 10 percent inflation, the total M&O costs over the 30 year life of a building can be over 12 times the original construction cost of the structure.

* * * * *

I hope that this information is useful, and regret that we were not able to provide a more comprehensive response under the time constraints of our current workload. Should you have any questions or need additional research, please do not hesitate to contact us.

JK/sj

Attachments

ATTACHMENT 1

Source: DOT/PF

SUMMARY OF AVERAGE TOTAL MAINTENANCE COST/LANE MILE/YEAR
Including Overhead Costs

| Roadway Type | Typical Width | INTERIOR | | | SOUTHCENTRAL | | | SOUTHEASTERN | | | WESTERN | | | CENTRAL | | |
|--------------|---------------|-------------|-----------------|---------|--------------|-----------------|-------|--------------|-----------------|--------|-------------|-----------------|--------|-------------|-----------------|-------|
| | | Maint. Cost | Over-Head (31%) | Total | Maint. Cost | Over-Head (31%) | Total | Maint. Cost | Over-Head (31%) | Total | Maint. Cost | Over-Head (31%) | Total | Maint. Cost | Over-Head (31%) | Total |
| I | 48 | 18,936 | 5,870 | *24,806 | 0 | 0 | 0 | 7,760 | 2,406 | 10,166 | 0 | 0 | 0 | 2,928 | 908 | 3,836 |
| II | 48 | 4,775 | 1,480 | 6,255 | 0 | 0 | 0 | 4,663 | 1,446 | 6,109 | 0 | 0 | 0 | 2,752 | 853 | 3,605 |
| III | 24 | 9,381 | 2,908 | 12,289 | 0 | 0 | 0 | 5,978 | 1,853 | 7,831 | 0 | 0 | 0 | 4,771 | 1,479 | 6,250 |
| IV | 24 | 3,383 | 1,049 | 4,432 | 6,671 | 2,068 | 8,739 | 3,638 | 1,128 | 4,766 | 11,764 | 3,647 | 15,411 | 3,198 | 991 | 4,189 |
| V | 24 | 2,955 | 916 | 3,871 | 5,683 | 1,762 | 7,445 | 4,624 | 1,433 | 6,057 | 1,592 | 494 | 2,086 | 2,890 | 896 | 3,786 |
| VI | 32 | 2,233 | 692 | 2,925 | 1,791 | 555 | 2,346 | 4,344 | 1,347 | 5,691 | 2,074 | 643 | 2,717 | 2,887 | 895 | 3,782 |
| VII | 18 | 3,026 | 938 | 3,964 | 3,101 | 961 | 4,062 | 6,125 | 1,899 | 8,024 | 2,811 | 871 | 3,682 | 3,216 | 997 | 4,213 |
| VIII | 24 | 1,895 | 587 | 2,482 | 2,201 | 682 | 2,883 | 6,494 | 2,013 | 8,507 | 879 | 272 | 1,151 | 2,611 | 809 | 3,420 |

* It has been noted that the \$24,806 cost/lane mile shown for Type I roadways located in the Interior Maintenance Region, also described as Area II, can be attributed to the high maintenance costs associated with chain link fencing which existed as a traffic separator on portions of Route 170000 (Parks Highway), during the time period associated with costs shown in this report. The chain link fencing has been replaced with concrete traffic separators which should contribute to reduced future maintenance costs.

ATTACHMENT 2 -- AIRPORTS

TOTAL AVERAGE MAINTENANCE COSTS AND OVERHEAD COSTS

| | | AREA I ¹ | AREA II ² | AREA III ³ |
|-----------------|-------------|---------------------|----------------------|-----------------------|
| Regional Center | Maintenance | \$301,608 | \$276,795 | \$313,092 |
| | Overhead | <u>68,767</u> | <u>87,744</u> | <u>66,062</u> |
| | Total | \$370,375 | \$364,539 | \$379,154 |
| Regional | Maintenance | 203,384 | 110,646 | 153,012 |
| | Overhead | <u>46,372</u> | <u>35,075</u> | <u>32,286</u> |
| | Total | \$249,756 | \$145,721 | \$185,298 |
| Transport | Maintenance | 60,364 | -- | 22,293 |
| | Overhead | <u>13,763</u> | <u>--</u> | <u>4,704</u> |
| | Total | \$ 74,127 | -- -- | \$ 26,997 |
| Community | Maintenance | 11,403 | 17,065 | 5,452 |
| | Overhead | <u>2,600</u> | <u>5,410</u> | <u>1,150</u> |
| | Total | \$ 14,003 | \$ 22,475 | \$ 6,602 |

1. Overhead calculated at 22.8% of maintenance.
2. Overhead calculated at 31.7% of maintenance.
3. Overhead calculated at 21.1% of maintenance.

Source: DOT/PF

STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : _____

REQUEST

Bill/Resolution No. : CS HB 487
 Title : An Act relating to projected operating and maintenance...
 Sponsor : DAVIS
 Requestor : DAVIS
 Date of Request : 1-27-86

FISCAL DETAIL

Agency Affected : Legislative Finance
 BRU : _____

 Components : _____

EXPENDITURES/REVENUES : (Thousands of Dollars)

| OPERATING | FY 86 | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 |
|-------------------|----------|----------|----------|----------|----------|----------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| CAPITAL | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| REVENUE | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |

FUNDING : (Thousands of Dollars)

| | | | | | | |
|---------------|----------|----------|----------|----------|----------|----------|
| GENERAL FUND | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| FEDERAL FUNDS | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| OTHER | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| TOTAL | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |

POSITIONS :

| | | | | | | |
|-----------|----------|----------|----------|----------|----------|----------|
| FULL-TIME | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| PART-TIME | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| TEMPORARY | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |

ANALYSIS : Attach a separate page if necessary

Prepared by : James R Slocum Phone : 465 3295
 Division : _____ Date : 1-27-86

Approved by Commissioner : [Signature] Date : 1/27/86
 Agency : LEGISLATIVE FINANCE DIVISION

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

form used by leg. finan

PROJECT TITLE: _____

LOCATION: _____ COMPLETION DATE: _____ ELECTION DISTRICT: _____

| FUNDING | | CAPITAL REQUEST | ANNUAL OPERATING COST | APPROPRIATED TO: |
|---------|--------------|-----------------|-----------------------|---------------------------------|
| 1004 | GENERAL FUND | _____ | _____ | STATE AGENCY: _____ |
| | | _____ | _____ | MUNICIPAL GRANT: _____ |
| | | _____ | _____ | UNINCORPORATED COMMUNITY: _____ |
| TOTALS: | | _____ | _____ | |

PROJECT DESCRIPTION AND JUSTIFICATION:

*Leg. finance
forces no additional
costs to legislators related to
this process.*

LEGISLATIVE REQUEST
LCP PROPOSED CAPITAL
PROJECT

REQUESTING LEGISLATOR'S
SIGNATURE:

FY 88

FINAL REPORT

Submitted to:

The Joint Special Committee on Legislative Reform



Prepared by the

NATIONAL CONFERENCE OF STATE LEGISLATURES

1125 Seventeenth Street, Suite 1500

Denver, Colorado 80202

May 15, 1983 -

2. The Alaska Legislature should develop a standard form for capital projects which describes the purpose of and need for each project. A completed form should accompany each proposed capital project and be available for public inspection.

Discussion: In order to make well-informed decisions about capital projects, legislators need detailed information on the purpose of and need for each proposed project. Several legislators expressed frustration over the often inadequate documentation for proposed capital projects--especially local projects.

The standard form should include, at minimum, the following elements:

- Project title
- Project purpose
- Project justification (e.g., needed to protect health or welfare of citizens, to respond to court order, to encourage economic development, etc.)
- Alternative ways of dealing with the problem at hand
- Alternative funding sources if project is not funded
- Estimated capital expenditure requirements over the next five years, by year
- Estimated operating expenses which will be generated by this project, over the next five years, by year

A compendium of the completed capital project forms should accompany the proposed state and local capital budgets when they are taken up for consideration by the finance committees.

3. Legislative Finance Division staff or consultants should be responsible for reviewing all capital project proposals to see if the fiscal notes included are reasonable.

Discussion: In recent years, millions of dollars have been reappropriated by the Alaska legislature from excess capital funds appropriated in earlier years. This suggests that initial capital appropriations were unnecessarily generous. With revenue projections no where near as rosy as



Alaska State Legislature

Representative Mike Davis

P.O. Box V
Juneau, Alaska 99811
(907) 465-4930/4941

Interim Office:
P.O. Box 81435
Fairbanks, Alaska 99708

MEMORANDUM

To: House Community & Regional Affairs Committee

From: Rep. Mike Davis

Date: January 19, 1987

Re: HB 9; Relating to projected operating and maintenance costs of capital improvements.

The passage of HB 9 would provide budgetary reform in the drafting of the state's capital budget. This bill would create greater fiscal responsibility in the state by providing legislators with an assessment of the projected operating and maintenance costs of a capital improvement under consideration. HB 9 applies only to capital improvements that have been submitted in legislation.

HB 9 requires that projected operating and maintenance costs be included in a fiscal note attached to an appropriation bill before the bill is passed out of the first committee of referral. The bill stipulates that it is the responsibility of the legislature to take into consideration the projected O&M costs included in the fiscal note, and that the governor's economic data and projections used in evaluating the capital improvements program shall include projected O&M costs.

Under the provisions of HB 9, ultimate responsibility for providing the projected O&M costs in the fiscal note resides with the legislator requesting the capital improvement through legislation. Projected O&M costs would be received by asking that this information be provided by the party requesting the capital improvement.

This legislation is not expected to be costly or burdensome to requestors of state grants for capital improvements, and projected O&M costs could be determined at the same time that that the cost is determined for the capital improvement itself. State agencies and some municipalities already provide projected O&M costs in their capital improvement requests.

From Rep. Davis

1. Projected M&O costs shall be included in a fiscal note attached to an appropriation bill before the bill is passed out of the first committee of referral.
2. It is the responsibility of the legislature to take into consideration the projected M&O costs included in the fiscal note.
3. The governor's economic data and projections used in evaluating the capital improvements program shall include projected M&O costs of the capital improvements.

-
1. State agencies and some municipalities already provide projected M&O costs in their capital improvement requests.
 2. Ultimate responsibility for providing the projected M&O costs in the fiscal note resides with the legislator requesting the capital improvement through legislation.
 3. Projected M&O costs would be received by asking that this information be provided by the party requesting the capital improvement.
 4. It is not expected that this legislation will be costly or burdensome to requestors of state grants for capital improvements. Projected M&O costs could be determined at the same time that the cost is determined for the capital improvement itself.

The intent of this legislation is to provide greater fiscal responsibility in the state by providing legislators with an assessment of the projected future costs associated with a capital improvement under consideration. CSHB 487 applies only to capital improvements that have been submitted in legislation.

(3) HB 9

Sec. 24.08.030. Appropriation bills. Bills for appropriation shall be confined to appropriations and shall include the amount involved and the purpose, method, manner and other related conditions of payment. (§ 31 ch 157 SLA 1959)

Revisor's notes. — Formerly AS 24.30.030. Renumbered in 1985.

Sec. 24.08.035. Fiscal notes on bills. (a) Before a bill or resolution, except an appropriation bill, is reported from the committee of first referral, there shall be attached to the bill a fiscal note containing an estimate of the amount of the appropriation increase or decrease which would result from enactment of the bill for the current fiscal year and five succeeding fiscal years or, if the bill has no fiscal impact, a statement to that effect shall be attached. The fiscal note or statement shall be prepared in conformity with the requirements of this section by the department or departments affected and may be reviewed by the office of management and budget. The fiscal note or statement shall be delivered to the committee requesting it within five days of the request or within two days if the request is made after the 90th day of a regular session, or during a special session of the legislature. If the bill is presented by the governor for introduction in accordance with AS 24.08.060(b) and the uniform rules of the legislature, the fiscal note or statement shall be attached to the bill before the bill is introduced. An amendment or a substitute bill proposed by a committee of referral that changes the fiscal impact of a bill shall be explained in a revised fiscal note or statement attached to the bill.

(b) In addition to the fiscal note required by this section, the sponsor of a bill or resolution may prepare a fiscal note in conformity with the requirements of this section and submit it to the committee of first referral or the finance committee. A committee may prepare an additional fiscal note in conformity with the requirements of this section.

(c) A fiscal note for a bill or resolution must contain the following information:

- (1) the fiscal impact on existing programs;
- (2) the fiscal impact of new programs or activities;
- (3) a line item detail of the fiscal impact;
- (4) the source of funds expected to be utilized by general fund source, federal fund source, or other identified source;
- (5) the number of new positions which may be required, identified as full-time, part-time, or temporary;
- (6) an analysis of how the figures in the fiscal note were derived;
- (7) additional information necessary to explain the fiscal note;

- (8) a fiscal impact projection for the current fiscal year and for the succeeding five fiscal years; and
- (9) formal information consisting of
 - (A) the bill or resolution number,
 - (B) the name of the prime sponsors,
 - (C) the date the fiscal note was prepared,
 - (D) the name of the committee requesting the fiscal note,
 - (E) the name and phone number of the person who prepared the fiscal note, and
 - (F) the budget request unit, program, or subprogram affected.

(d) The original of a fiscal note shall be submitted to the Division of Legislative Finance and copies shall be sent to the prime sponsor, the committee requesting the fiscal note, and the office of management and budget. (§ 1 ch 153 SLA 1968; am § 1 ch 20 SLA 1972; am § 1 ch 42 SLA 1976; am § 2 ch 60 SLA 1979; am §§ 3, 4 ch 63 SLA 1983)

Revisor's notes. — Formerly AS 24.30.035. Renumbered in 1985.

Effect of amendments. — The 1983 amendment designated the existing language as subsection (a) and added subsections (b), (c), and (d); and in present subsection (a), in the first sentence inserted "or resolution, except an appropriation bill," following "Before a bill" and

substituted "current fiscal year and five succeeding fiscal years" for "ensuing fiscal year and at least two succeeding fiscal years", in the second sentence inserted "in conformity with the requirements of this section" and added the language beginning "and may be reviewed", and inserted the present third sentence.

Sec. 24.08.036. Fiscal notes on bills affecting state retirement systems. Before a bill which would have an effect on the retirement systems of the state is reported to the rules committee, there shall be attached to the bill an analysis of the long-term and short-term costs to the state if the bill is adopted, as well as the impact of the bill on the actuarial soundness of the fund. The analysis is in addition to the fiscal note requirements of AS 24.08.035. (§ 2 ch 130 SLA 1977; am § 3 ch 60 SLA 1979; am § 81 ch 6 SLA 1984)

Revisor's notes. — Enacted as AS 24.30.037. Renumbered as AS 24.30.036 in 1977. Renumbered again in 1985.

Effect of amendments. — The 1984

amendment deleted "shall be prepared by the Legislative Board of Retirement Benefits and" following "analysis" in the second sentence.

Sec. 24.08.037. General obligation bond bills. A bill authorizing the issuance of general obligation bonds creating a state debt for capital improvements shall contain a statement of the scope of each project included in the proposed bond issue. The statement shall include a brief description of each capital improvement project, its location, and, in dollars, that portion of the total bond issue to be allocated to the project. (§ 2 ch 70 SLA 1973; am § 30 ch 197 SLA 1975)

Revisor's notes.
24.30.037. Renumbered
Cross reference
relating to the res

Sec. 24.08.040
shall be: "Be it
(§ 32 ch 157 SLA

Revisor's notes.
24.30.040. Renumbered

Sec. 24.08.050
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legislature, or a
proposal for a bill
any time before
resolution, which
deliver it to the
which the next s
bills or resolutio
their delivery to
SLA 1961; am §

Revisor's notes.
24.30.050. Renumbered

Sec. 24.08.060
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Council"; bills in
Committee shall
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bills introduced t
be delivered wit
either house and
the Legislative B
governor shall b

② HB 9

STATE OF ALASKA 1987 LEGISLATIVE SESSION FISCAL NOTE

REQUEST: _____

Bill Version : HB 9

Publish Date : _____

Revision Date: _____

Agency Affected : DOT&PF

Title: Maintenance and Operations

BRU: _____

Costs for Capital Projects _____

Sponsor: Rep. Davis

Components : _____

Requestor: Rep. Springer

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | 0 | 0 | 0 | 0 | 0 | 0 |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 0 | 0 | 0 | 0 | 0 | 0 |
| CAPITAL | 0 | 0 | 0 | 0 | 0 | 0 |
| REVENUE | 0 | 0 | 0 | 0 | 0 | 0 |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|--|--|--|--|--|--|
| GENERAL FUND | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | | | | | | |

POSITIONS:

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS : (Attach a separate page if necessary)

The department provides maintenance and operations estimates for our capital projects submitted as a part of the capital budget. The concerns in this legislation, then are for those appropriations introduced by the legislative branch. (CONTINUED NEXT PAGE)

Prepared by: Carol Taylor

Phone: 465-2171

Division: Plans, Programs and Budget

Date: 1/22/87

Approved by Commissioner: [Signature]

Date: 1/26/87

Agency: Department of Transportation and Public Facilities

Distribution (by preparer):

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

HP

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 9

If the fiscal note request is given in a timely manner allowing the department five days for its preparation, there will be no additional cost to the department of providing maintenance and operating costs for capital project appropriation bills. The analysis assumes that last minutes changes to major appropriations bills are not covered by this legislation. Otherwise, substantial overtime costs could be incurred by personnel in an attempt to respond with fiscal notes in the time available.