

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672

6772 HOUSE COMMUNITY & REGIONAL AFFAIRS

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HOUSE COMMITTEE REPORT

(7)
Date Referred: January 13, 1992

FURTHER REFERRALS:

Resources

Date of Committee Action: 4/13/92

The COMMUNITY AND REGIONAL AFFAIRS Committee considered:

HB 387

HOUSE BILL NO. 387

REGULATION OF HOUSEHOLD SEPTIC SYSTEMS

"An Act relating to regulation of domestic sewage."

RECOMMENDATIONS:

be replaced with CS HB 387 (C&RA) the same title
 a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal impact DEC 4/14/92

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Chris Davis</i>	✓				
<i>[Signature]</i>	✓				
<i>Betty Davis</i>	✓				
<i>Richard [Signature]</i>	*				

[Signature]
 CHAIRMAN'S SIGNATURE

7-LS1595M ✓
Cramer
4/7/92

CS FOR HOUSE BILL NO. 387 ()
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVE BOYER

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to accrediting engineers for inspections of wastewater systems for single-
2 family homes and duplexes."

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

4 * Section 1. LEGISLATIVE INTENT. It is the intent of the legislature that the accreditation
5 program established by the Department of Environmental Conservation will provide engineers with the
6 information needed to knowledgeably review existing domestic wastewater systems, plans to modify
7 existing systems, and plans to construct or install new systems for compliance with standards established
8 by regulation for domestic wastewater systems for single-family homes and duplexes.

9 * Sec. 2. AS 46.03 is amended by adding a new section to article 3 to read:

10 Sec. 46.03.125. ACCREDITATION OF ENGINEERS. (a) The department shall develop
11 criteria for the accreditation of engineers to inspect existing domestic wastewater systems, to
12 review plans for construction or modification of domestic wastewater systems, and to conduct
13 as-built inspections of new or modified systems to ensure that the system meets standards
14 established by law and by regulations adopted by the department. The accreditation shall apply

1 to single-family homes and to duplexes.

2 (b) The department shall grant accreditation to engineers registered under AS 08.48.211
3 who satisfactorily complete the accreditation program under (a) of this section. The department
4 may charge an appropriate fee for evaluating an application for accreditation.

5 (c) After notice and a hearing, the department may revoke an accreditation issued under
6 this section for cause.

7 (d) The department shall develop a training program for engineers to enable them to meet
8 the accreditation standards of this section. The department shall confer with the Department of
9 Labor and the state Board of Registration for Architects, Engineers, and Land Surveyors in
10 developing the training program. The department may charge an appropriate fee for participation
11 in the training program.

12 (e) The department shall adopt regulations to implement this section.

13 (f) This section does not restrict or prohibit the department from delegating its
14 responsibilities under this section.

DIVISION OF LEGAL SERVICES

LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101


240 Main Street, Suite 500
Juneau, Alaska 99801-2101

MEMORANDUM

February 5, 1992

SUBJECT: Regulation of domestic wastewater systems (HB 387)

TO: Representative Jerry Mackie, Chair
House Community and Regional Affairs Committee

FROM: Teresa B. Cramer 
Legislative Counsel

You have asked several questions that pertain to the above referenced bill.

1. Does the Uniform Plumbing Code require state review and approval for domestic sewage systems in single family homes and duplexes.

Under AS 18.60.705, the state has adopted the Uniform Plumbing Code, with some exceptions. The plumbing code requires inspection by the Administrative Authority for new construction or changes in existing sewage systems in single family homes. (See sec. 318(a) of the Uniform Plumbing Code.) The Administrative Authority is defined as the individual official, board, department, or agency established and authorized by a state . . . to administer and enforce the provisions of the plumbing code. (See sec. 102(c) of the Uniform Plumbing Code.) I did not find any requirement for approval of existing, unchanged plumbing, even if a house was being sold.

2. Is the Memorandum of Understanding between the Department of Environmental Conservation and the Department of Labor, entered into in February 1983 still in effect?

According to both Janice Adair of the Department of Environmental Conservation (DEC) and Al Dwyer of the Department of Labor (DOL), the Memorandum of Understanding was still in effect when I spoke with them on January 27 of this year. Note that, as an agreement between two departments, it is subject to change by those departments.

3. Will the Department of Labor have to assume the required state review if the Department of Environmental Conservation ceases to review plumbing systems?

According to Mr. Dwyer of DOL, the department would have to assume this responsibility. I found nothing in the Uniform Plumbing Code permitting the Administrative Authority to delegate the inspection and approval function. The code does permit the Administrative Authority to delegate the observation of tests to a "duly appointed representative." (See sec. 318(a)(5) of the Uniform Plumbing Code.) Mr. Dwyer added that DOL would rely on engineering reports furnished by the owners of the houses in conducting their review and approval function. Mr. Dwyer also noted that under the terms of the current collective bargaining agreement that covers plumbing inspectors, the state is prohibited from contracting out work that is currently performed by state employees.

4. What effect does DEC's decision to stop approving plans for modification or new construction of wastewater systems have on the ability of the Alaska Housing Finance Corporation (AHFC) to make and purchase loans?

Under AS 18.56.300(a), AHFC may not make or purchase a housing loan for residential housing constructed after June 30, 1992, unless the unit complies with the construction codes of the municipality or the state building codes. Both "construction codes" and the "state building code" are defined, in subsection (d), to include the applicable plumbing code. Under subsection (b), AHFC may not make a commitment to purchase or approve a loan for residential housing constructed after June 30, 1992, until the unit has been inspected. The subsection states, in part

The inspection must be performed by a municipal building inspector or by a person who is approved or certified to perform residential inspections by the International Conference of Building Officials or the International Association of Electrical Inspectors. The person who makes the inspection shall determine whether the construction conforms to relevant provisions of the construction codes of the municipality or of the state building code, as applicable, at each of the following stages of construction:

...
(3) completion of electrical installation, plumbing, and framing;
...

It appears, therefore, that AHFC may accept inspections performed by properly approved or certified private individuals. The cost of these inspections would presumably be an item of negotiation between the seller and the buyer but would increase the cost of purchasing (or decrease the profit of selling) residential housing.

If I may be of further assistance, please advise.

TC:pl
92-070.plm

Alaska State Legislature

REPRESENTATIVE
MARK BOYER

VICE-CHAIRMAN
HOUSE FINANCE COMMITTEE

hand carry



House of Representatives

Jan. 31, 1992

FAIRBANKS

1098 LAKEVIEW TERRACE
FAIRBANKS, ALASKA 99701
(907) 456-6473

JUNEAU

P.O. BOX V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3466

The Honorable John Sandor
Commissioner
Department of Environmental Conservation

Dear Commissioner Sandor:

I request that the Department of Environmental Conservation postpone its plans to discontinue on February 2 certification of on-lot domestic wastewater systems for one and two family properties.

As you know, I have introduced legislation to give the DEC specific authority to issue certifications of these properties for property owners who request them (HB 387).

We have requested our legal staff to review the memorandum of understanding between the Department of Labor and the Department of Environmental Conservation, giving the DEC primary responsibility for regulating private sewage disposal systems," so long as such regulation is no less stringent than that set forth in AS 18.60.705 and Appendix I of the Uniform Plumbing Code." I question whether or not the DEC can delegate that authority away to the private sector.

The prudent course of action with regard to this issue would be to wait until a determination has been made on the department's authority to discontinue the certification process.

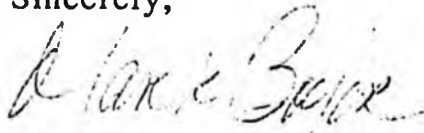
If we don't clear up the cloudy issue of regulatory responsibility and authority before DEC takes further action, the home mortgage industry could be adversely affected, by discontinuing approval of new mortgages, or at least greatly lengthening the time it would take a prospective home buyer to secure a loan.

FAIRBANKS 20B

Neither one of us wants to make home ownership any more difficult than it already is. By going forward with your plan to discontinue on-lot certifications, while there are unanswered questions, you will be doing a great disservice to the home buyers and lenders of Alaska.

I look forward to hearing from you soon.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mark Boyer".

Mark Boyer
Representative

cc: Rep. Jerry Mackie, Chair
House Community and Regional Affairs
Senator Steve Frank
Senate Community and Regional Affairs

DEPT. OF ENVIRONMENTAL CONSERVATION

OFFICE OF THE COMMISSIONER
410 WILLOUGHBY AVENUE, SUITE 105
JUNEAU, AK 99801-1795

Phone: (907) 465-5000
Fax: (907) 465-5070

February 10, 1992

The Honorable Mark Boyer
Alaska State House
P.O. Box V
Juneau, AK 99811

Dear Representative Boyer:

I have received your letter asking that DEC continue to provide certification of engineering plans for on-lot sewage disposal beyond our target cut off date of February 1. I apologize for not responding in writing prior to now; we have, however, been in close and nearly daily contact with your office on this issue.

As you know, we met with Kurt Parken of your staff, Wes Coyner representing the Alaska Bankers Association and Lucille Steitz representing the Alaska Mortgage Bankers Association on February 6. The result of that meeting was the following:

- * DEC would provide to the bankers the list of engineers who attended the workshop on on-lot certification in Anchorage and Fairbanks last month with a cover letter stating that DEC felt these engineers were qualified and competent to perform the work;

- * DEC would continue such workshops around the state, and would look at either contracting with these "trained" engineers or continuing to provide to the bankers a listing of those engineers DEC feels are qualified and competent; and

- * Where there are no engineers trained by DEC on the on-lot certification, DEC will continue to provide that service.

A second meeting with Mr. Parken, Ms. Steitz, Bob Sullivan of Alaska Housing Finance Corporation, and John Boyd of Key Bank of Alaska was also held on February 6. At that meeting, our letter of transmittal was reviewed and accepted by the banks. That letter was received by Ms. Steitz on February 7.

I understand you question the precise requirements of the Memorandum of Understanding between the DEC and the Department of Labor. Our files indicate that this agreement was reached in order to clarify which agency would be responsible for determining the proper regulatory requirements for private sewage systems and that DOL would defer to our regulations. However, because we feel it is important to obtain a legal

determination, we will be asking the Department of Law for a formal opinion. We will provide your office with a copy as soon as it is received.

Change often results in questions and concerns. We are confident that as the transition continues, they will be resolved. Cooperation by all parties is needed, and DEC has indicated our willingness to make the transition as smooth a possible by continuing to provide the certifications where no "trained" engineer is available, and by fielding calls from the public as stated in our press release of February 7.

Thank you for your concern and we look forward to continuing to work with you.

Sincerely,


John A. Sandor
Commissioner

cc: Senator Steve Frank
Senator Paul Fischer
Representative Jerry Mackie
Representative Cheri Davis
Representative Larry Baker
Representative Ron Larson
Janice Adair, Special Assistant
Deena Henkins, Water/Wastewater
Mike Menge, Director, EQ

DIVISION OF LEGAL SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
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240 Main Street, Suite 500
Juneau, Alaska 99801-2101

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House Community and Regional Affairs Committee

FROM: Teresa B. Cramer *TBC*
Legislative Counsel

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- ...
- (3) completion of electrical installation, plumbing, and framing;
- ...

It appears, therefore, that AHFC may accept inspections performed by properly approved or certified private individuals. The cost of these inspections would presumably be an item of negotiation between the seller and the buyer but would increase the cost of purchasing (or decrease the profit of selling) residential housing.

If I may be of further assistance, please advise.

TC:pl
92-070.plm

National Bank of Alaska



February 11, 1992

Mortgage Loan Department P.O. Box 107025 Anchorage, Alaska 99510-7025 (907) 257-3434
1500 W. Benson Blvd., Fourth Floor Anchorage, Alaska 99503

Ms. Deena Henkins
Water/Wastewater
Dept. of Environmental Conservation
410 Willoughby Avenue, Suite 105
Juneau, AK 99801-1795

Dear Ms. Henkins:

As we discussed on the telephone last night, representatives of the mortgage banking industry met this morning to review the various information and communications which have been distributed since February 1.

Attached is a news release from the Alaska Mortgage Bankers Association. The proposed guidelines referred to in the fifth paragraph of the news release are as follows:

Our first preference is that DEC continue to perform on-lot certifications on single family and duplex residences as it has historically done.

If DEC proceeds with its plan to have on-lot certifications performed by private engineers, the industry representatives present stated they would accept certifications by engineers on DEC's list of trained engineers on an interim basis. This would allow DEC time to adopt regulations to establish a certification program for professional engineers, including suspension and removal, or other options which would continue state oversight, such as a contract arrangement between the state and the engineers. Those present agreed to the above arrangement, provided the regulations are in place by April 15th.

The group further agreed that passage of legislation which clears up the issue of authority and responsibility is necessary and plans to continue its efforts toward that goal.

Representatives attending the meeting were from AHFC, FHA, VA, Alaska Assn. of Realtors, Security Pacific Bank, National Bank of Alaska, First National Bank of Anchorage and Northrim Bank. Others not present but agreeing with the position include Key Bank of Alaska, Northland Mortgage Company, and City Mortgage.

We look forward to an early resolution of the situation and appreciate your interest.

Sincerely,

Lucille Stietz
Vice President

ALASKA MORTGAGE BANKERS ASSOCIATION

P.O. BOX 9-2691 / ANCHORAGE, ALASKA 99509-2691

February 11, 1992

Reference: News Release of February 7, 1992 by DEC regarding Approval of On-Lot Septic Systems.

Contact: Jon R. Boyd

The Alaska Department of Environmental Conservation issued a Press Release on Feb. 7th, which stated that approval of on-lot septic systems serving single family or duplex residences would now be done by private engineers instead of by DEC. The Alaska Mortgage Bankers Association has not agreed to the discontinuation of the program as was previously reported by DEC.

House Bill 387, which was introduced by Rep. Mark Boyer, would clearly give DEC the authority to perform the certifications, an authority which DEC has in the past said it did not have. The industry believes that DEC should continue its oversight of this important public health issue and strongly supports passage of Boyer's bill.

The mortgage banking industry has, since last May when DEC first announced discontinuation of on-lot certifications, asked DEC to continue providing oversight on single family and duplex units, as it does on 3 or more unit properties and as it has historically done on the smaller properties. An additional postponement of implementation of DEC's plan was requested until the pending legislation had been addressed; however, DEC discontinued the certifications effective February 1.

Three mortgage industry officials met with DEC on February 6th to discuss the issue and to attempt to arrive at an acceptable resolution of the situation. Those attending, in addition to DEC staff, were Robert Sullivan, Intergovernmental Affairs Director, Alaska Housing Finance Corporation; Jon R. Boyd, Executive Vice President, Key Bank of Alaska, and Lucille Stietz, Vice President, National Bank of Alaska. The meeting with DEC was intended to help resolve the issue quickly, to prevent delay in closing of real estate transactions and alleviate uncertainty as to requirements by lenders and DEC.

Mortgage lenders continue to look for a resolution which includes state oversight. The industry preference is that DEC continue to perform on-lot certifications as it has historically done. The industry has, however, proposed guidelines to DEC which would meet secondary market criteria and avoid disruption to the housing market if DEC proceeds with its plan to have private engineers perform the certification. Boyd stated, "We are lenders. It is not our intent to be an approving authority or to certify to the training of engineers."

Industry representatives are especially concerned about the potential for disruption to the housing market during this time when interest rates are at their lowest since the mid 70's.

STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

Division of Environmental Quality
Water and Wastewater Treatment Section

410 Willoughby Avenue
Juneau, Alaska 99801
Phone: 465-5300
February 7, 1992

Ms. Lucille Stietz
National Bank of Alaska
P.O. Box 10-7025
Anchorage, Alaska 99510-7025

Dear Ms. Stietz:

List of Professional Engineers trained at recent workshops for On-Site Wastewater Disposal- January 1992

As you are aware, the Department conducted two one-day workshops for Professional Engineers involved with the design, construction, evaluation and approval of individual home and duplex on-site wastewater disposal systems. The workshops were held January 14, 1992 in Anchorage and January 16, 1992 in Fairbanks. Engineers who have completed the training are considered by the Department to be trained and competent to perform all functions related to design, construction, evaluation and rehabilitation of On-Site Wastewater Disposal systems.

It is our intention to offer additional training opportunities for engineers in the future, and we will keep you informed of the current group of trained engineers. The recent workshops were the initial sessions in our new training program. Future programs will be developed further, and will probably involve more formalized instructional goals, examinations and establishment of a period of validity for certifications issued.

We have attached a list of the Professional Engineers that completed the workshops in the recently held sessions. We would like to have your assistance in getting the word to AMBA member banks of the engineers who successfully completed these training workshops.

On a related subject, I am enclosing a draft of the "generic" approval form that we are presently having printed. The form has been developed for the use of Professional Engineers on Conventional On-Site Wastewater Systems. We expect the final form will be distributed to banks and Department field offices in approximately two weeks. Member banks should feel free to use the draft in the interim.

Sincerely,


Eugene M. Rehfield, P.E.

Domestic Wastewater Program Manager

cc: Distribution List

PROFESSIONAL ENGINEERS REPORT ON CONVENTIONAL ON-SITE WASTEWATER SYSTEM
APPROVAL OF ON-SITE RESIDENTIAL WATER AND SEWER SYSTEMS

PROPERTY DESCRIPTION

LOT, BLOCK & SUBDIVISION OR U.S. SURVEY	DEC Approval Not Required
Buyer:	Seller:
	DEC District Office Authorized Representative

WATER SUPPLY

A recent water sample was tested and found to meet Department of Environmental Conservation drinking water standards for total coliform bacteria. Results of other tests may be attached (i.e., Nitrates, etc.).

Name	Title	Date

WASTEWATER DISPOSAL

The domestic wastewater system was:

- inspected by a Professional Engineer who certifies that the system complies with applicable requirements of 18 AAC 72;
- tested by a Professional Engineer who certifies that the performance of the system is satisfactory and that on the day of inspection no non-compliance with the minimum separation distances specified in 18 AAC 72 was observed;
- installed by a Certified Installer who certifies that the system complies with applicable requirements of 18 AAC 72.

This approval is valid for a single family duplex unit with a total of ___ bedrooms.

Name	Date

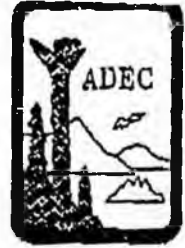
Professional Engineer Seal

This approval does not constitute a guarantee or warranty of any kind, explicit or implied, as to the performance of the water supply and wastewater disposal system.

To	MARK ROYER	From	
Co.	House		
	965-5077		965-5070

NEWS RELEASE

Alaska Department of Environmental Conservation
410 Willoughby Ave. Juneau, Alaska 99801-1795
Phone: (907) 465-5060 Fax: 465-5070



February 7, 1992

Contact: Joe Ferguson

APPROVAL OF ON-LOT SEPTIC SYSTEMS TO BE DONE BY PRIVATE ENGINEERS INSTEAD OF DEC

Juneau... Private engineers instead of State employees will conduct the reviews and approvals of on-lot wastewater disposal systems needed for obtaining home mortgage financing, according to a proposal by the Department of Environmental Conservation. Alaska's mortgage banking industry has agreed to the approach.

DEC Special Assistant Janice Adair said that DEC will conduct workshops for private engineers on how to do reviews according to wastewater disposal regulations, and the department will continue to review on-lot systems on an as-needed basis until the private engineers have received the instruction. Adair added that 57 private engineers in Alaska attended the first workshops in January.

The review and approval of septic systems is required by the mortgage industry prior to approval of home loans, but in an efficiency move DEC discontinued its reviews for single-family and duplex dwellings. Adair said that the department needs its staff to work on higher-priority environmental protection projects.

"Fortunately, there is a private sector answer to this need--the private engineers--and we can provide the necessary training. It seems to be a workable solution all-around," said Adair. She said that the Alaska Mortgage Bankers Association and the Alaska Housing Finance Corporation agreed to the new approach.

DEC will send its list of trained engineers to bankers, and will keep the list updated. Where no private engineer is available to conduct a review, the department will do so until trained engineers are available. Engineers will do approvals for new systems, inspect existing systems, and approve modifications to existing systems for conventional on-lot single family and duplex wastewater systems. DEC will maintain its current wastewater program in other areas and continue to do approvals for other types of systems.

During the transition to the use of private engineers, buyers or sellers of homes experiencing problems with a mortgage loan because of a septic system review should contact a local DEC office for information.

For further information, contact Deena Henkins, DEC in Juneau, 465-5300.

#



DEPARTMENT OF VETERANS AFFAIRS
Regional Office and Outpatient Clinic
235 East 8th Avenue
Anchorage AK 99501

February 13, 1992

In Reply Refer To: 363/26

John A. Sandor, Commissioner
Department of Environmental Conservation
P.O. Box 0
Juneau, Alaska 99811-1800

Dear Commissioner Sandor:

VA policy requires that when individual water and sewerage systems are contemplated, each must comply in all respects with the health authority regulations for the respective localities.

VA supports any efforts to ensure that such systems are subject to extremely careful study and investigation to assure against possible later deficiencies.

Passage of HB 387 seems essential to remove any concern about DEC's authority to regulate this important public policy function. Your support of Representative Boyer's HB 387 will alleviate the authority issue raised during the past years.

Sincerely,

A handwritten signature in cursive script that reads "Edward Hull".

Edward Hull
Loan Guaranty Officer



February 12, 1992

John A. Sandor, Commissioner
 Department of Environmental Conservation
 P.O. Box 0
 Juneau, Alaska 99811-1800

Dear Commissioner Sandor:

The Kenai Peninsula Builders Association requests the continuation of DEC oversight of on-lot certifications until such a time that building industry representatives have had an opportunity to be involved in establishing regulations governing the certification program.

There is concern that unregulated costs from private industry will make homeownership less affordable. Builders have obtained price quotes from private engineers that range from \$500 to \$5,000 for on-lot certifications.

The Kenai Peninsula Builders Association responds to the February 7, 1992, News Release which stated, "Adair said that the department needs its staff to work on higher-priority environmental projects." We ask, what issue could possibly be more important to Alaskans than the safety of our drinking water?

Sincerely,

Jean Bunn, President

Post-It® brand fax transmittal memo 7871		# of pages	2
To	<i>Lucille Steitz</i>	From	<i>Pat Vincent</i>
Co.	<i>National Bank of Alaska</i>	Co.	<i>Kenai Pen. Builders</i>
Dept.		Phone #	<i>776-5719</i>
Fax #	<i>257-3412</i>	Fax #	<i>776-8925</i>



- cc: Steve Bell, President, Alaska State Home Builders Association
- Lucille Steltz, Alaska Mortgage Bankers Association
- Senator Paul Fischer
- Representative Mike Navarre
- Representative Jim Zawacki
- Senator Steve Frank
- Representative Mark Boyer
- Representative Jerry Mackie
- Representative Cheri Davis
- Representative Bettye Davis
- Representative Richard Foster
- Representative John Gonzales
- Representative Larry Baker
- Representative Ron Larson
- Representative Gall Phillips
- Paul Fuhs, Office of the Governor
- Kurt Parkan

FEB 12 '92 17:24

ANCH BD OF REALTORS

419 P01



REALTOR®

ALASKA ASSOCIATION OF REALTORS, INC.

741 Saxum Street, Suite 100 • Anchorage, Alaska 99503

Telephone 907-563-7133

Post-It™ brand fax transmittal memo 7671 # of pages > 4

DATE: February 12, 1992

TO: Board Presidents
Executive Officers
Board Legislative Chairmen

FROM: Dave Feeken, Chairman
Political Affairs Committee

To	Lucille Stictz	From	Dave Turner
Co.	NBA	Co.	AAR
Dept.		Phone #	563-7133
Fax #	257-3412	Fax #	

CALL TO ACTION

The Legislative and Political Affairs Committees of the Alaska Association of REALTORS® urge all members to contact their elected officials and the Department of Environmental Conservation (DEC) concerning the on-site certification process of well/septic systems. The Alaska Association of REALTORS® supports DEC's plan to privatize the approval process of "standard" single family and duplex on-site well/septic systems. Furthermore, we urge DEC to adopt regulations governing the engineer certification process by April 15, 1992.

1. Adoption of the DEC plan will save the Department funds in administering what all of us know is practically a rubber-stamp process now.
2. Adoption of the DEC plan will shorten the period of time for closing, as there will no longer be any DEC delays.
3. DEC will continue to approve "designated systems."
4. Privatization will allow for competition and the marketplace will set the fees.

AAR members are also urged to ask their legislators to pass H.B. 387, which mandates DEC issue written approval of single family and duplexes. This will take the certification process out of the political arena, at last. This bill does not affect the issue of private engineers approving "standard systems," as DEC can certify engineers through regulation.

ALASKA MORTGAGE BANKERS ASSOCIATION
P.O. BOX 9-2691 / ANCHORAGE, ALASKA 99509-2691

 FAX TRANSMITTAL MEMO
 TO: Carl Farber
 DEPT: _____ FAX #: 465-3841
 FROM: Foto PHONE: _____
 CO: _____ FAX #: _____
 Post-it® brand fax transmittal memo 7671

NO. OF PAGES
3

January 23, 1992

Representative Mark Boyer
Alaska State Legislature
Juneau, Alaska

Dear Representative Boyer:

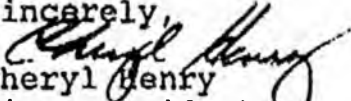
The Alaska Mortgage Bankers Association strongly supports the passage of CHSB 387.

The bill would provide for continuation of oversight by DEC of on-site systems, a service which DEC has historically performed.

Owners of one and two family units are currently the only homeowners not covered by DEC oversight by state statute; this bill would place these homeowners on an equal footing with other property owners.

There should be no financial effect on DEC, as user fees can be charged for the service.

If we can provide any information, please feel free to contact us.

Sincerely,

 Cheryl Henry
 Vice President

Attachment: Membership List

ASSOCIATE MEMBERS

Arctic Mortgage Insurance Co.
P.O. Box 23-0008
Anchorage, Alaska 99523
Doug Green 349-5641

Transalaska Title Co.
400 W. Tudor Rd.
Anchorage, Alaska 99503
561-1844

Credco of Alaska
1225 E. International Airport Rd.
Suite 200
Anchorage, Alaska 99518
Henri M. Roos 561-7333

Veterans Administration
2352 8th Ave.
Anchorage, Alaska 99513
Curtis Brantley 271-2222

Credit Bureau of Alaska
3003 Minnesota, Suite 300
Anchorage, Alaska 99513-7537
Brenda S. Reynolds 279-5689

AK. State Housing Auth.
624 W. Int'l Airport Rd.
Anchorage, Alaska 99503
Ann Marie Lindboe 562-2813

HUD
222 W. 8th Ave., Suite 64
Anchorage, Alaska 99513-7537
James Snyder 271-4175

Land Title Co.
1001 E. Benson Blvd.
Anchorage, Alaska 99508-4256
Jodi Clarke 563-5263

Mortgage Guaranty Insurance Corp.
1500 W. Benson Blvd., Suite 500
Anchorage, Alaska 99503
Tom Ster 274-6442
Sally Tower 274-6442
Jerry Tibor 274-6442

Pacific Rim Title Co.
307 E. Northern Lights Blvd.
Anchorage, Alaska 99503
Julie Korting 274-2562
Pat Kennedy 274-2562

Security Title & Trust Co.
3333 Denali St., Suite 100
Anchorage, Alaska 99503
Bob Stumpff 276-0909
Larry Moss 276-0909
Pamela Blank 276-0909

Stewart Title Co. of Alaska
510 W. Tudor Rd., Suite 1
Anchorage, Alaska 99503
Art Eash 561-5122

July 1991

REGULAR MEMBERS (under new By-Laws)

Alaska Housing Finance Corp.
P.O. Box 101020
Anchorage, Alaska 99510
Paul Kapansky 561-1900
Bob Sullivan 561-1900

National Bank of Alaska
P.O. Box 107025
Anchorage, Alaska 99510-7025
Pat Ledbetter 257-3446
Lucille Stietz 257-3442
Cheryl Henry 257-3301

Alaska USA Federal Credit Union
P.O. Box 196613
Anchorage, Alaska 99519-6613
Susan Taylor 786-2570
Carol Anderson 786-2777
Loran Skinner 786-2747

Northland Mortgage
2605 Denali, Suite 100
Anchorage, Alaska 99503
Jan Sheperd 274-5150

City Mortgage Corp.
405 West 36th Ave., Suite 100
Anchorage, Alaska 99503
Roger Aldrich 563-0700
Julie North 563-0700
Mary Lee Hillier 563-0700

Northrim Bank
3111 C Street
Anchorage, Alaska 99524
Paula Cranmer 562-0062
Debbie Green 562-0062

Federal National Mortgage Assoc.
3301 C. Street, Suite 510
Anchorage, Alaska 99503
Collis Bearden 561-0828
Kathleen Petty 561-0828

Security Pacific Bank Alaska
P.O. Box 107007
Anchorage, Alaska 99510-7007
Theresa Wolf 276-8080

Fireman's Fund Mortgage Corp.
2600 Denali Street, Suite 102
Anchorage, Alaska 99503
Karla Vanderbee 278-5151

State of Alaska
DCRA-HAD
949 E. 36th, Suite 410
Anchorage, Alaska 99503
Hank Hodge 561-0900
Duane Wise 561-0900

First National Bank of Anchorage
P.O. Box 100720
Anchorage, Alaska 99510-0720
Betty Knipp 265-3450
Lily Payton 265-3566
Carole Johnson 265-3458
Lynn Johnson 265-3447

GMAC Mortgage
460 W. Tudor Road
Anchorage, Alaska 99503
Mina O'Dell 562-2181

Key Bank of Alaska
P.O. Box 100420
Anchorage, Alaska 99510-0420
Randy Boyd 564-0210
Kay Murphy 564-0235

Key Pacific Mortgage
P.O. Box 103016
Anchorage, Alaska 99510
Patrick Juul 564-0346



First National Bank
of Anchorage

Representative Mark Boyer

The First National Bank of Anchorage would like to briefly describe our concerns regarding the possible suspension of on-lot well and septic approvals by DEC.

They are as follows:

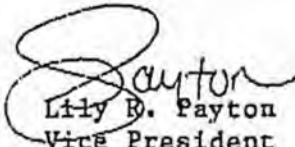
1. Lenders would be expected to rely on reports completed by certified installers and engineers who have already demonstrated a 31% return rate by DEC on their reports. The rate of return in Anchorage alone was 75%. Please refer to Dick Farnell's letter dated August 21, 1991, a copy of which is attached.
2. We have been also advised by Dick Farnell in his letter of the following:
 - A working knowledge of on-lot septic systems is required of reviewers to adequately review certifications and reports.
 - Not all installers or engineers would know of the existence of special conditions, some of which may not be readily identifiable from cursory soil examinations, and would require experience with the local soils.
3. DEC has indicated they currently have a library of information available concerning soil conditions around the state and have suggested lenders submit copies of the reports received from engineers and installers to DEC so they can continue to update their library. As it is unclear how this procedure would be enforced, it is felt that this procedure would go by the wayside which would render this library obsolete in no time.

Although there are many qualified engineers and installers in Alaska, it appears as though lenders would ultimately be responsible for reviewing the reports submitted to determine whether they are accurate and complete. I think we can all agree that lenders do not have this type of expertise and to leave this to chance would do a great injustice to the public.

The First National Bank of Anchorage would like to thank you for introducing House Bill No. 387, which appears to address the problem.

If you have any questions concerning this matter, please feel free to contact me at 265-3566.

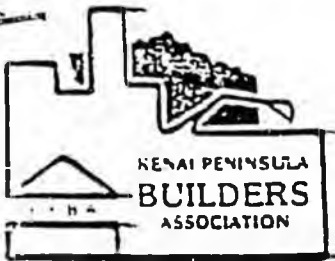
Sincerely,



Lily B. Payton
Vice President

Investor Lending Production Division

LRP/ph



September 20, 1991

ALASKA
HOUSING
SEP. 23 1991
FINANCE CORP.
RECEIVED

Office of the Commissioner
Department of Environmental Conservation
John Sandoz, Commissioner
P.O. Box 0
Juneau, Alaska 99811-1800

Dear Sir:

The Kenai Peninsula Builders Association wishes to express our concern regarding the pending suspension of On-Lot Well and Septic Certifications by the State of Alaska Department of Environmental Conservation. Please find the enclosed Resolution in support of our position.

Members of our organization have expressed a number of concerns regarding the withdrawal of state oversight on an issue of Alaskan health and safety which include the increased liability for those involved in the home building industry and the possible delays and increased costs to homeowners.

The Kenai Peninsula Builders Association would support changes in the state statute which would allow the Department of Environmental Conservation to continue providing this important service.

We recognize a definite need for standardized forms and language, and would respectfully suggest DEC publish a uniform set of guidelines for use by those involved in our industry. Members of the Kenai Peninsula Builders Association would be available to discuss this matter with you at your convenience.

Sincerely,

Patricia Vincent
Executive Officer

cc: Walter J. Hickel, Governor
Lucille Stietz, President, Alaska Mortgage Bankers Association
Kay Murphy, Vice President, Alaska Mortgage Bankers Association
Steve Burnett, President, Alaska State Home Builders Association
Bob Sullivan, Intergovernmental Affairs Director, Alaska Housing Finance Corporation
Representative Gail Phillips
Representative Mike Navarre
Senator Paul Fischer

RESOLUTION


WHEREAS the suspension of On-Lot Well and Septic Certifications by the State of Alaska Department of Environmental Conservation is currently being considered, and,

WHEREAS the Kenai Peninsula Builders Association has grave concerns regarding the withdrawal of state oversight on an issue which is clearly related to the health and safety of Alaskans, and,

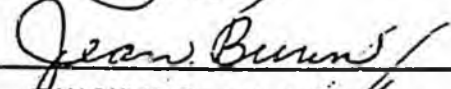
WHEREAS it seems inappropriate to place the responsibility for health standards in the hands of private enterprise when the expertise to ensure compliance is currently in place in the state system,

THEREFORE, the Kenai Peninsula Builders Association resolves that the current approval system as it exists today is the most economical and efficient means to address health and safety issues in home ownership.

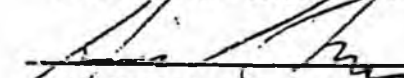
Dated: This 17th day of September, 1991



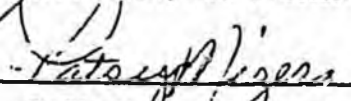
TONY DOYLE, President



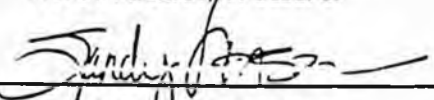
JEAN BUNN, President-Elect



JIM STROER, Vice-President



PATSY MIZERA, Treasurer



SANDY TASLER, Secretary



SECURITY PACIFIC BANK ALASKA, N.A.

MORTGAGE LOAN SERVICING, AK-210

3341 West Dimond Boulevard, P.O. Box 107007, Anchorage, AK 99510-7007
(907) 276-8080 • Fax: (907) 266-7427

February 3, 1992

To: Representative Mark Boyer
State Capital
Juneau, AK 99801
Fax 465-3841

From: Security Pacific Bank Alaska *quigg*
Theresa Wolf

RE: DEC on-site certifications

Security Pacific Bank Alaska is very concerned if DEC discontinues it's on-lot certifications. This will put more liability on the lenders and engineers. Engineers will most likely raise their prices to accommodate the additional liability placed on them. This will result in higher costs to the home buyers and lenders will be taking a greater risk in interpreting the engineers report. We are not engineers and do not have engineers on staff. Therefore, we support House Bill 387.

GRIZZELL ENTERPRISES, INC.

BOX 1233
SOLDOTNA, ALASKA 99889
PHONE 282-5082
Contractor Lic. AA6369


February 10, 1992

House Community and Regional
Affairs Committee
Jerry Mackie, Chair (Craig)

Dear Sirs;

Please postpone discontinuation of
DEC certifications of on-lot wastewater
systems for one and two family properties
until the legislation has been addressed.

Sincerely,



James C. Grizzell, Jr.
President



RE/MAX

Above
the
Crowd!®

February 13, 1992

Representative Jerry Mackie
Alaska House of Representatives
State Capitol
Juneau, AK 99801-1182

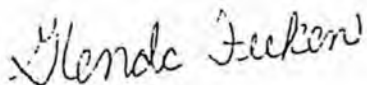
Dear Representative Mackie:

The Alaska Association of REALTORS (AAR) supports in part the position of the Alaska Mortgage Bankers Association (AMBA) concerning the on-site certification of well and septic systems.

AAR supports DEC proceeding with their plan of private professional engineers performing the certification process. AAR urges the Department of Environmental Conservation to proceed as soon as possible with the request to adopt regulations concerning the certification program of professional engineers, and have these regulations in place by April 15, 1992.

AAR seeks DEC's support in passing H.B. 387 by Representative Boyer of Fairbanks; this bill is necessary for stability of the home loan process for the general public. It takes the yearly politics out of a process in which politics do not belong.

Respectfully,



Glenda Feeken
Member, Alaska Association of REALTORS



RE/MAX
Kenai, Alaska 99611 peninsula
100 trading bay rd., suite 6
Kenai, Alaska 99611
phone: (907) 283-5888

each office independently owned and operated



February 13, 1992

Representative Jerry Mackie
Alaska House of Representatives
State Capitol
Juneau, AK 99801-1182

Dear Representative Mackie:

The Alaska Association of REALTORS (AAR) supports in part the position of the Alaska Mortgage Bankers Association (AMBA) concerning the on-site certification of well and septic systems.

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Respectfully,

Dave Feeken
Member, Alaska Association of REALTORS



RE/MAX of the peninsula
100 trading bay rd., suite 6
kenai, alaska 99611
phone: (907) 283-5888
each office independently owned and operated

RE/MAX

*Above
the
Crowd!*[®]

Greg Daniels
RE/MAX of the Peninsula
REALTORS[®]

February 13, 1992

Representative Jerry Mackie
Alaska House of Representatives
State Capitol
Juneau, AK 99801-1182

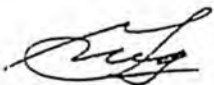
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Respectfully,



Greg Daniels
Member, Alaska Association of REALTORS



Joyce R. Grasle
Sales Associate

February 13, 1992

Representative Jerry Mackie
Alaska House of Representatives
State Capitol
Juneau, AK 99801-1182

Dear Representative Mackie:

The Alaska Association of REALTORS (AAR) supports in part the position of the Alaska Mortgage Bankers Association (AMBA) concerning the on-site certification of well and septic systems.

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AAR seeks DEC's support in passing H.B. 387 by Representative Boyer of Fairbanks; this bill is necessary for stability of the home loan process for the general public. It takes the yearly politics out of a process in which politics do not belong.

Respectfully,

Joyce Grasle
Member, Alaska Association of REALTORS



of the Peninsula
100 Trading Bay Road, Suite 6
Kenai, Alaska 99611
Office: (907) 283-5888, Fax: 283-5388
Residence: (907) 283-5374
Each Office Independently Owned and Operated





Patti Williams

February 13, 1992

Representative Jerry Mackie
Alaska House of Representatives
State Capitol
Juneau, AK 99801-1182

Dear Representative Mackie:

The Alaska Association of REALTORS (AAR) supports in part the position of the Alaska Mortgage Bankers Association (AMBA) concerning the on-site certification of well and septic systems.

AAR supports DEC proceeding with their plan of private professional engineers performing the certification process. AAR urges the Department of Environmental Conservation to proceed as soon as possible with the request to adopt regulations concerning the certification program of professional engineers, and have these regulations in place by April 15, 1992.

AAR seeks DEC's support in passing H.B. 387 by Representative Boyer of Fairbanks; this bill is necessary for stability of the home loan process for the general public. It takes the yearly politics out of a process in which politics do not belong.

Respectfully,

Patti Williams

Patti Williams
Member, Alaska Association of REALTORS

RE/MAX of the Peninsula
100 Trading #6
Kenai, Alaska 99611
Office: (907) 283-5888, Fax: 283-5388
Residence: (907) 776-5640
Each Office Independently Owned and Operated





Steve Ford
Associate Broker

February 13, 1992

Representative Jerry Mackie
Alaska House of Representatives
State Capitol
Juneau, AK 99801-1182

Dear Representative Mackie:

The Alaska Association of REALTORS (AAR) supports in part the position of the Alaska Mortgage Bankers Association (AMBA) concerning the on-site certification of well and septic systems.

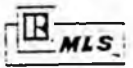
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AAR seeks DEC's support in passing H.B. 387 by Representative Boyer of Fairbanks; this bill is necessary for stability of the home loan process for the general public. It takes the yearly politics out of a process in which politics do not belong.

Respectfully,

Steve Ford
Member, Alaska Association of REALTORS

RE/MAX of the Peninsula
100 Trading Bay, Suite 6
Kenai, Alaska 99611
Office: (907) 283-5888, Fax: 283-5388
Residence: (907) 283-5945
Each Office Independently Owned and Operated





BELUGA REALTY

(907) 283-7473

FAX

(907) 283-7200

M E M O

DATE: February 13, 1992

TO: Representative Jerry Mackie 465-2299

FROM: Beluga Realty

RE: Bill HB 387

The Alaska Association of REALTORS® (AAR) supports in part the position of the Alaska Mortgage Bankers Association (AMBA) concerning the on-site certification of well and septic systems.

AAR supports DEC proceeding with their plan of private professional engineer performing the certification process. AAR urges the Department of Environmental Conservation to proceed as soon as possible with the request to adopt regulations concerning the certification program of professional engineers, and have these regulations in place by April 15, 1992.

AAR seeks DEC's support in passing HB 387 by Representative Boyer of Fairbanks, this bill is necessary for stability of the home loan process for the general public. It takes the yearly politics out of a process in which politics do not belong.

Respectfully,

Sandra Benson
Sandra Benson, Member, Alaska Association of REALTORS®

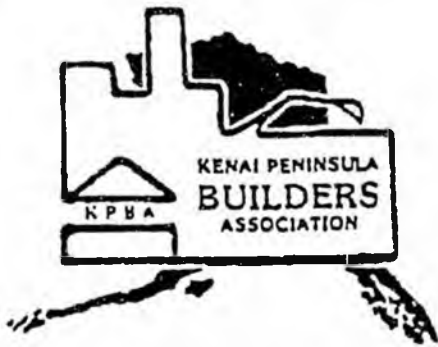
Dee Timlin
Dee Timlin, Member, Alaska Association of REALTORS®

Luella Yezierski
Luella Yezierski, Member, Alaska Association of REALTORS®

Art Woodward
Art Woodward, Member, Alaska Association of REALTORS®

Phyllis Hildebrandt
Phyllis Hildebrandt, Member, Alaska Association of REALTORS®

Sheryl Frolich
Sheryl Frolich, Member, Alaska Association of REALTORS®



TESTIMONY HB 387
February 18, 1992

The Kenai Peninsula Builders Association urges your support of House Bill 387.

There is a definite concern on the part of our members that the withdrawal of State oversight by the Department of Environmental Conservation will increase liability for those involved in the home building industry and increase costs to the homeowner. We feel that the State of Alaska should continue to be involved in an issue of public health and safety.

Patricia Vincent, E.O.



STATE OF ALABAMA

LEGISLATIVE AFFAIRS AGENCY

DIVISION OF PUBLIC SERVICES

DATE: January 23, 1992

Please accept the enclosed original(s) of written testimony
for the House Community & Regional Affairs teleconference hearing that was
scheduled on January 23, 1992.

A copy of this testimony was transmitted to your committee via
fax on Thursday, Jan. 23.

Thank you,

Christa Shields
Huntsville Reg. Info Office



Alaska State Legislature

Please enter into the record my testimony to the Community & House ~~Committee~~ - Regional committee name
 committee on HB 387, dated 1-23-92 affairs
 bill/subject

The Alaska Bankers Association endorses passage of CS HB 387 for the following reasons as a result of a survey of our members held in November, 1991.

1. Government has the sole responsibility for monitoring safe water and sewage, whether by statute or as a duty to the population.
2. Mortgage bankers have no technical training in the review of engineers reports and increased liability in this area will be a part of the bankers concern if they require certification of these systems prior to closing a loan.
3. Our secondary market investors currently require government certification prior to purchasing these loans. Failure to have this accomodation will result in a loss of the secondary market and limit access to home mortgages for consumers.

I had asked to testify today, but apparently was too late in my request. Thanks to Representative Boyer and his staff for their efforts.

Signed: Darry Feltz

Testifier

Alaska Bankers Association

Representing (Optional)

119 Northushman

Address

456-1400

Phone No.

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. HB 387

Revision Date: 1/23/92 Department Affected: Environmental Conservation
 Title: Relating to regulation of waste- BRU: Environmental Quality
water systems for single family homes and Component: Wastewater and Water Treatment
 duplexes
 Sponsor: Representative Royer
 Requestor: _____ COMPONENT SERIAL NO.

1	4	2	6
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	500.0	500.0	500.0	500.0	500.0	500.0
TRAVEL	20.0	20.0	20.0	20.0	20.0	20.0
CONTRACTUAL	70.0	70.0	70.0	70.0	70.0	70.0
SUPPLIES	10.0	10.0	10.0	10.0	10.0	10.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	600.0	600.0	600.0	600.0	600.0	600.0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
FUND SOURCE: <small>Program Receipts</small>	600.0	600.0	600.0	600.0	600.0	600.0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
FUND SOURCE:	600.0	600.0	600.0	600.0	600.0	600.0
TOTAL	600.0	600.0	600.0	600.0	600.0	600.0

POSITIONS:

FULL-TIME	10.0	10.0	10.0	10.0	10.0	10.0
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

(SEE ATTACHED SHEET)

Prepared By: Gene Rehfield Phone: 465-5314
 Division: Environmental Quality Date: 1/23/92
 Approved by Commissioner: *Janice K. Davis for Jan Sander*
 Agency: Environmental Conservation Date: 1.23.92

Analysis: The bank loan inspection/certification program consists of the following activities

training certified installers - The Department holds at least 10 one-day training courses every year, statewide, to train licensed contractors in the design and installation of conventional on-site wastewater systems, gives tests and maintains lists of certified installers, oversight of certified installers includes on-site inspection of a small percent of their installations.

reviewing information submitted by certified installers or registered engineers and filling out the approval form. The submittal may include a request for a separation distance waiver or engineering plans for a non-conventional system. The Department receives approximately 2400 applications per year, depending on the economy and the housing market.

maintaining and researching files on all existing and new on-lot wastewater systems. The clerical staff of the regional and district office staff have to handle files on approximately 2400 applications per year, including information on existing systems and new system applications.

Based on information from the regional and district offices, the Department estimates that the total professional and clerical staff time used for this program in FY 91 was 8.9 FTE's and \$536,000. This bill could increase the workload of the program by requiring us to review on-site water and sewer systems if the loan is refinanced or if a local government requires the homeowner to get Department approval prior to granting a building permit. The Department estimates that the additional work load could bring the total program cost to \$600,000 and 10 FTE's, and involve 3000 applications per year.

The Department is proposing to adopt fee regulations in FY 92. The proposed fee for bank loan certifications is \$200 per application.

Alaska State Legislature

REPRESENTATIVE
MARK BOYER

VICE-CHAIRMAN
HOUSE FINANCE COMMITTEE



House of Representatives

FAIRBANKS

1098 LAKEVIEW TERRACE
FAIRBANKS, ALASKA 99701
(907) 456-6473

JUNEAU

P.O. BOX V
STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3466

To: Rep. Jerry Mackie, Chair
House Community and Regional Affairs Committee

From: Rep. Mark Boyer *MB*

Date: January 14, 1992

Subject: Request to hear HB 387

I am requesting that HB 387, An Act relating to regulation of domestic sewage", be scheduled for a hearing by the Community and Regional Affairs Committee at your earliest convenience.

The State Department of Environmental Conservation has terminated the certification of wells and septic systems for one and two family dwellings as of January 1, 1992. While the Department continues to assert authority for larger units, it is currently in the process of training professional engineers and installers to complete the certification procedures for one and two family units.

The DEC proposal to cease agency certification would force lending institutions to acquire the expertise to ensure environmental quality standards for on-site systems. This would increase the liability of lending institutions and increase the cost of originating new loans. Additionally, there would be inadequate oversight of the quality of work performed by the engineer or system installer.

Safe and healthy sewer and water systems are in the best interests of the state. It is my intent with this bill to clearly place certification authority of large and small on-lot systems with the DEC where it belongs.

FAIRBANKS 20B

7-LS1595G
Cramer
1/22/92

CS FOR HOUSE BILL NO. 387 ()
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVE BOYER

A BILL
FOR AN ACT ENTITLED

1 "An Act relating to regulation of wastewater systems for single-family homes and
2 duplexes."

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

4 * Section 1. AS 46.03 is amended by adding a new section to article 3 to read:

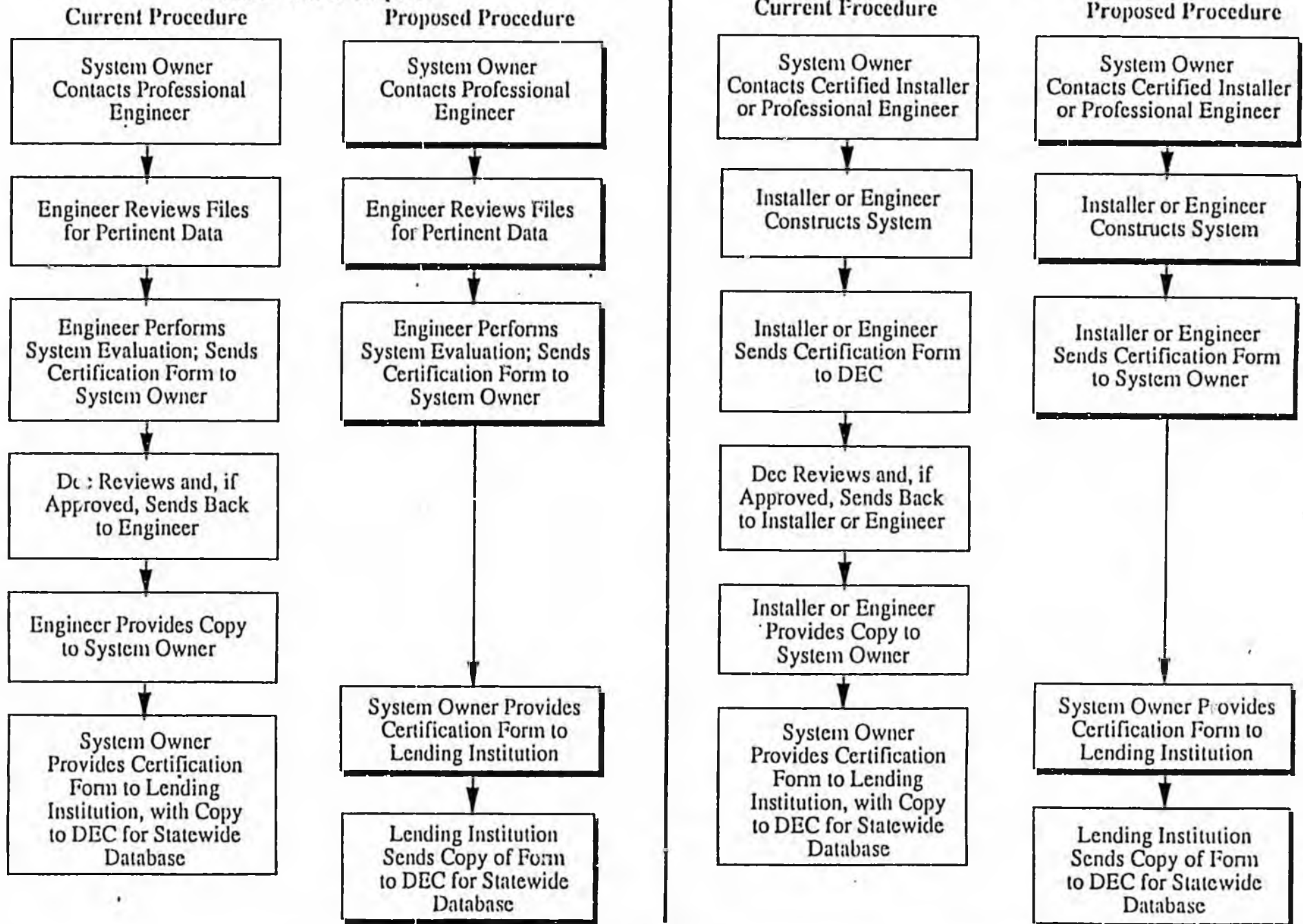
5 Sec. 46.03.125. WASTEWATER SYSTEMS FOR SINGLE-FAMILY HOMES AND
6 DUPLEXES. At the request of an owner of a single-family home or duplex, the department shall
7 review an existing domestic wastewater system or a plan to modify an existing system or to
8 construct or install a new system. If the department finds that the existing or proposed system
9 meets the standards established by regulation for domestic wastewater systems for single-family
10 homes and duplexes, it shall issue a written approval.

On-Lot Wastewater System Certification Process

(Current and Proposed Procedures)

Existing Wastewater Systems, Unless Separation Distance Waiver Required

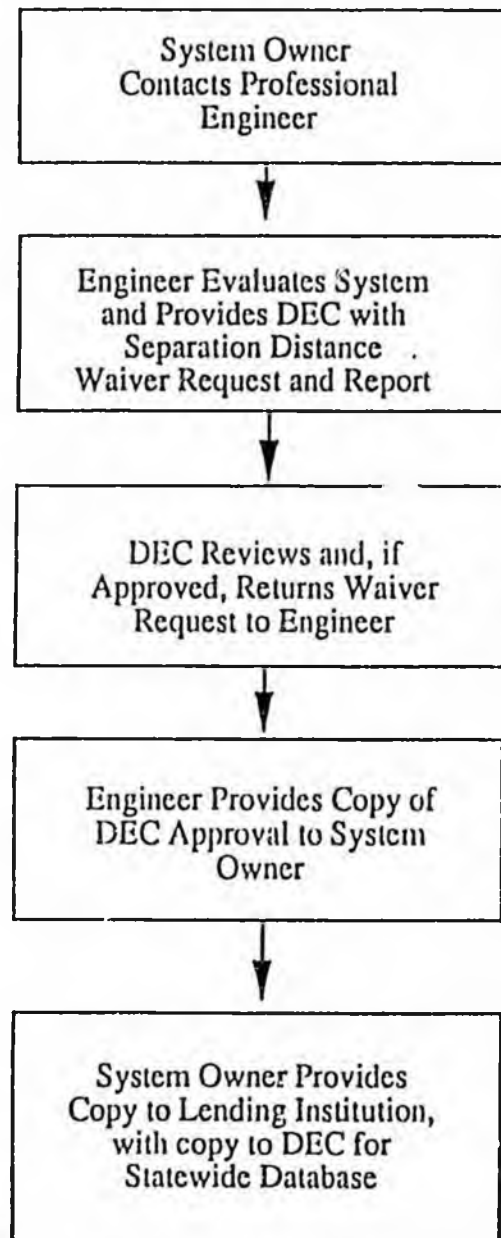
New Systems, Conventional Single-Family Home or Duplex



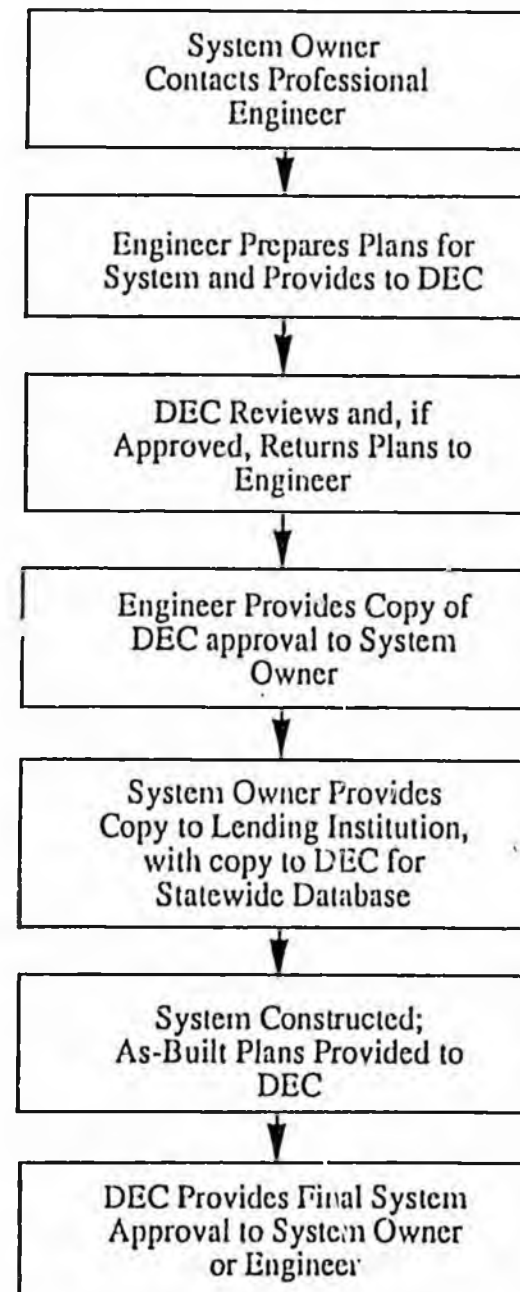
On-Lot Wastewater System Certification Process

(No Proposed Changes)

Existing or New Wastewater Systems, Requiring Separation Distance Waiver



New Systems, Larger than Duplex and/or Non-Conventional





biaa

Affiliated with NAHB

RESOLUTION

WHEREAS the suspension of On-Lot Well and Septic Certifications by the State of Alaska Department of Environmental Conservation is currently being considered, and,

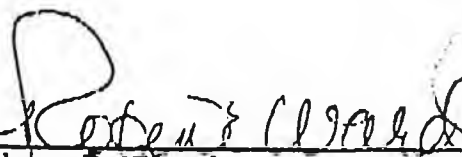
WHEREAS the Building Industry Association of Anchorage has grave concerns regarding the withdrawal of state oversight on an issue which is clearly related to the health and safety of Alaskans, and

WHEREAS it seems inappropriate to place the responsibility for health standards in the hands of private enterprise when the expertise to ensure compliance is currently in place in the state system, and


WHEREAS the state does not have to fund this program when users pay a fee for the inspections so the program is not cost prohibitive,

THEREFORE BE IT RESOLVED that the current approval system using the State of Alaska Department of Environmental Conservation for on-lot well and septic certifications is the most economical and efficient means of addressing this health and safety issue in home ownership.

Dated: This 16th day of January 1992.



Robin E. Ward
President



Richard A. Coan, Sr.
Secretary

Building Industry Association of Anchorage, Inc.
7801 Schoon, Unit A • Anchorage, Alaska 99518 • (907) 522-3605



AlaskaUSA

Federal Credit Union

January 21, 1992

Representative Mark Boyer
State Capitol
Juneau, AK 99801

Dear Representative Boyer:

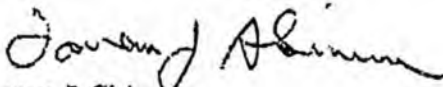
Re: DEC On-site Certification
House Bill 387

Please consider this letter as Alaska USA's support for the passage of House Bill 387.

Based on numerous meetings that the mortgage lending community has had with the Department of Environmental Conservation (DEC), we feel that the review and approval of on-site well and septic systems should be performed by qualified personnel in the DEC's office. Mortgage lenders lack the expertise required to interpret engineers' reports on the performance of well and septic systems. Consequently, to confirm the adequacy of such systems, DEC's review and approval should be required.

We appreciate your assistance in this matter.

Sincerely,



Lorrann J. Skinner
First Senior Vice President



ALASKA STATE
HOMEBUILDERS ASSOCIATION

RESOLUTION

WHEREAS the suspension of On-Lot Well and Septic Certifications by the State of Alaska Department of Environmental Conservation is currently being considered, and,

WHEREAS the Alaska State Homebuilders Association has grave concerns regarding the withdrawal of state oversight on an issue which is clearly related to the health and safety of Alaskans, and,

WHEREAS it seems inappropriate to place the responsibility for health standards in the hands of private enterprise when the expertise to ensure compliance is currently in place in the state system, and,

WHEREAS the state does not have to fund this program when users pay a fee for the inspections so the program is not cost prohibitive,

THEREFORE BE IT RESOLVED that the current approval system using the State of Alaska Department of Environmental Conservation for on-lot well and septic certifications is the most economical and efficient means of addressing this health and safety issue in home ownership.

Dated: This 8th day of January 1992.

Steven L. Bell
President

Jean Bunn
Secretary





DENALI STATE BANK

118 N. Cushman Street • (907) 456-1400 • FAX (907) 456-2140 • P.O. Box 74568 • Fairbanks, Alaska 99707-4568

January 15, 1992

Representative Mark Boyer
Alaska House of Representatives
Juneau, AK

Sent VIA FAX - 465-3841

RE: HB 387

Dear Representative Boyer:

Thank you for introducing the above referenced bill. This bill is supported by myself as President of Denali State Bank and by the Alaska Bankers Association of which I am the current President.

Your efforts in seeking the passage of this bill, which will continue to assist the financial institutions in originating mortgage loans on residential properties, is sincerely appreciated. Thank you.

Sincerely yours,

A handwritten signature in cursive script that reads "Gary Roth".

Gary Roth
President and Chief Executive Officer

GR/bf



520 East 34th Avenue
Anchorage, AK 99503
(907) 561-1900
P.O. Box 101020
Anchorage, AK 99510

MEMORANDUM

DATE: September 9, 1991
TO: Bob Sullivan
Intergovernmental Affairs Director
FROM: Kay Murphy *KM*
Mortgage Operations Director
RE: DEC Certifications

As you know, Commissioner Sandor continues to push toward elimination of DEC's certification of wells and septs serving one and two family dwellings. Rumor has it that this action is being triggered by Governor Hickel's office. While you are in Juneau later this month, would you please talk with the Governor or members of his staff to discuss alternatives to DEC's reduction of services.

Areas of concern include:

- o Health and Safety issues are ignored by the State for small residential properties.
- o Quality of engineer's and certified installer's reports is suspect. Statistics provided by DEC show a statewide return rate of 31% and decline rate of 12%.
- o Increased lender liability as well as processing delays and added expense are expected.
- o Lack of expertise in identifying non-conventional systems and/or soils deficiencies. Per DEC, the engineers and lenders do not have the knowledge accumulated over the years by DEC staff.
- o Many DEC requirements are based on staff experience not published guidelines.
- o Cost is easily absorbed by User Fees.

Please find attached recent correspondence to and from Commissioner Sandor and Dick Farnell, DEC's Wastewater Program Manager.

Please contact me if I can be of further assistance.

Memorandum of Understanding between DEC and Dept. of Labor

An agreement between DEC and DOL was signed in 1983 that states that DEC shall "undertake primary responsibility for the regulation of the design, construction, installation and operation of private sewage disposal systems, so long as such regulation is no less stringent than that set forth in AS 18.60.705". AS 18.60.705 cites the Uniform Plumbing Code. The 18 page appendix to the uniform code relating to private sewage disposal systems says that, "plans for all septic tanks shall be submitted to the Administrative Authority for approval." In this case, the DEC is the authority, according to the agreement with DOL.

One could argue that the DEC has the statutory authority now for new systems and can't pass that responsibility to the private sector. If DEC discontinues certification, the DOI. will have to assume the responsibility as provided in statute, notwithstanding the agreement with DEC.

The net effect of DEC's proposed action may be a savings for DEC, but will be a cost increase for DOL. (Keep in mind that this statute applies primarily to new systems and remodels.)

JAN 15 '82 17:17

JAN 18 72 WED

9182 50R/DOL/FBX W/H & W/C

907 481 2528

0014030907

2 214030907 2

Memorandum of Understanding
 between
 the Department of Environmental Conservation
 and the
 Department of Labor

This is a memorandum of understanding between the Department of Environmental Conservation and the Department of Labor, concerning the regulation of the design, construction, installation and operation of private sewage disposal systems in the State of Alaska. In order to avoid duplicative regulation, the Department of Labor and the Department of Environmental Conservation agree that the Department of Environmental Conservation, under the authority in 18 AAC 72, shall undertake primary responsibility for the regulation of the design, construction, installation and operation of private sewage disposal systems, so long as such regulation is no less stringent than that set forth in AS 18.60.705 and Appendix I of the Uniform Plumbing Code. The Department of Labor agrees not to exercise primary regulatory authority in this area, but shall refer all such matters to the Department of Environmental Conservation.

Jim Robinson
 Jim Robinson
 Commissioner
 Department of Labor

2/14/83
 Date

Richard A. Neve
 Richard A. Neve
 Commissioner
 Department of Environmental
 Conservation

2/21/83
 Date

Port-it™ brand fax transmittal memo 7671 # of pages 1

TO	MARK PARKIN	From	BOB SULLIVAN
CC	DEEPAK MARK BOYER	Co.	AHFC
DR	REP. OF REPRESENTATIVES	Phone	564 9304

Sec. 18.60.690. Nonapplicability to certain activities. AS 18.60.670 — 18.60.695 do not apply to

- (1) activities relating to high voltage overhead conductors or their supporting structures conducted by persons authorized by the operator or owner of high voltage overhead conductors or their supporting structures;
- (2) work done on telephone or communication circuits or their supporting structures;
- (3) the operation or maintenance of equipment traveling or moving upon fixed rails of a railroad; or
- (4) emergency situations in which life is endangered. (§ 1 ch 83 SLA 1972)

Revisor's notes. — Enacted as AS 42.20.038. Renumbered in 1972.

Sec. 18.60.695. Definitions. In AS 18.60.670 — 18.60.695

- (1) "high voltage" means a voltage in excess of 750 volts between conductors or between any single conductor and the ground;
- (2) "overhead lines or overhead conductors" means all bare or insulated electrical conductors installed aboveground except those that are deenergized and grounded or enclosed in iron pipe or other metal covering of equal strength. (§ 1 ch 83 SLA 1972)

Revisor's notes. — Enacted as AS 42.20.039. Renumbered in 1972.

Article 8. Plumbing Code.

Section	Section
705. Plumbing code	725. Enforcement of compliance
710. Duties of the department	730. Penalty for violations
715. Administration	735. Borough or city regulation
720. Cost of permits	740. Definitions

Collateral references. — 13 Am. Jur. 39A C.J.S., Health and Environment, 2d, Buildings, § 29. §§ 28-32.

Sec. 18.60.705. Plumbing code. (a) The following publications are adopted as the minimum plumbing code for the state:

- (1) chapters 1 — 13 of Part II and the appendices of the 1991 edition of the Uniform Plumbing Code, published by the International Associ-

ation of Plumbing and Mechanical Officials and adopted at the 61st annual conference, September 1990;

(2) the 1991 edition of the Uniform Swimming Pool, Spa, and Hot Tub Code, published by the International Association of Plumbing and Mechanical Officials and adopted at the 61st annual conference, September 1990, but excluding Part I, Administration, pages xiii — xxi; and

(3) the 1991 edition of the Uniform Solar Energy Code, published by the International Association of Plumbing and Mechanical Officials and adopted at the September 1990 annual conference, but excluding Part I, Administration, pages xv — xxii.

(b) Notwithstanding (a) of this section, the use of a pipe or pipe fitting containing more than 8.0 percent lead, or of solder or flux containing more than 0.2 percent lead in the installation or repair of a public water system or in the installation or repair of plumbing of a residential or nonresidential facility that provides water for human consumption is prohibited. This subsection does not apply to the use of leaded joints necessary to repair cast iron pipe. (§ 1 ch 15 SLA 1972; am § 1 ch 88 SLA 1980; am § 1 ch 101 SLA 1988; am § 3 ch 29 SLA 1991)

Revisor's notes. — Enacted as AS 18.60.680. Renumbered in 1972.

Cross references. — For certificates of fitness required to perform work subject to this section, see AS 18.62.010.

Effect of amendments. — The 1988 amendment, effective June 5, 1988, added subsection (b).

The 1991 amendment, effective June 12, 1991, rewrote subsection (a).

Editor's notes. — Section 3, ch. 101, SLA 1988 provides that (b) of this section "applies to the installation or repair of a water system or plumbing begun on or after June 5, 1988."

Sec. 18.60.710. Duties of the department. The department is responsible for the administration of the code. The department may adopt regulations designed for maximum practical implementation of the code, and may grant exceptions from specific code provisions, where distance or other factors make implementation impractical. Specific consideration shall be given to outlying villages and sparsely populated areas to ensure that AS 18.60.705 — 18.60.740 will not impose an undue financial burden. The department may by regulation designate appropriate inspection to a public or private utility company. A company so designated may refuse utility connections if an installation does not meet the requirements of this code. (§ 1 ch 15 SLA 1972)

Revisor's notes. — Enacted as AS 18.60.690. Renumbered in 1972.

Sec. 46.03.100. Waste disposal permit. (a) A person who conducts an operation that results in the disposal of solid or liquid waste material or heated process or cooling water into the waters or onto the land of the state shall procure a permit from the department before disposing of the waste material or water. The permit shall be obtained for direct disposal and for disposal into publicly operated sewerage systems.

(b) A permit for disposal of a hazardous waste may not be issued under this section unless the applicant for the permit has furnished proof to the commissioner of financial ability to control the hazardous waste. Proof of financial responsibility may be demonstrated by self-insurance, insurance, surety, or guarantee, under regulations adopted by the department. Acceptance of proof of financial responsibility under this subsection expires

(1) one year from its issuance for self-insurance;

(2) on the effective date of a change in the surety bond, guarantee, or insurance agreement; or

(3) on the expiration or cancellation of the surety bond, guarantee, or insurance agreement.

(c) This section does not apply to a person discharging only domestic sewage into a sewerage system.

(d) This section does not apply to injection projects permitted under AS 31.05.030(h).

(e) A person who applies for a solid waste permit under this section shall demonstrate to the satisfaction of the commissioner that the applicant has reasonably considered all solid waste management options and that the permit would be consistent with the practices and priorities established under AS 46.06.021. (§ 3 ch 120 SLA 1971; am § 3 ch 220 SLA 1976; am § 9 ch 93 SLA 1981; am § 4 ch 91 SLA 1984; am § 3 ch 88 SLA 1990)

Revisor's notes. — Subsections (b) and (c) were formerly (e) and (b), respectively. Relettered in 1987.

Cross references. — For further requirements for persons submitting proof of financial ability under this section, see AS 16.03.833.

Effect of amendments. — The 1990 amendment added subsection (e).

Opinions of attorney general. — This section confers upon the Department of Environmental Conservation permit authority over dredge or fill activities, including residential subdivisions, within

wetlands, estuaries, and inland and coastal marshes periodically inundated by discernible bodies of fresh or salt water upland from the mean high tide line to the extent of the aquatic or salt water vegetation line. November 13, 1975 Op. Att'y Gen.

Dredge or fill activities in coastal and fresh water wetlands shoreward to the aquatic vegetation line do result in the disposal of solid waste material into the waters of the state within the meaning of this section and thus, to the extent that these activities are of a commercial or in-

MEMORANDUM

TO: REPRESENTATIVE JERRY MACKIE
FROM: NANCY BENNETT
RE: HB 387 REGULATION OF DOMESTIC SEWAGE
DATE: JANUARY 23, 1992

Representative Boyer will present a draft Committee Substitute. His original bill was drafted in error, and does not accomplish the purpose.

The beginning of this month, DEC discontinued approval of sewage certifications for single-family homes and duplexes, a process they have been doing (see flow chart in your packet). This puts the owners and lenders in a precarious situation of having to hire an additional engineer to approve the sewage certification. Public protection is a problem here: DEC has a computer system covering all property in the state, is the expert in this area, and without a central regulatory authority there is no guarantee that domestic sewage will be properly installed.



Alaska State Legislature

Please enter into the record my testimony to the

Community & Regional
~~House Committee~~
committee name

committee on HB 387
bill/subject

, dated 1-23-92 *affairs*

The Alaska Bankers Association endorses passage of CS HB 387 for the following reasons as a result of a survey of our members held in November, 1991.

1. Government has the sole responsibility for monitoring safe water and sewage whether by statute or as a duty to the population.
2. Mortgage bankers have no technical training in the review of engineers reports and increased liability in this area will be a part of the bankers concern if they require certification of these systems prior to closing a loan.
3. Our secondary market investors currently require government certification prior to purchasing these loans. Failure to have this accomodation will result in a loss of the secondary market and limit access to home mortgages for consumers.

I had asked to testify today, but apparently was too late in my request. Thanks to Representative Goyel and his staff for their efforts.

Signed:

Drew Roth
Testifier
Alaska Bankers Association

Representing (Optional)

119 North Cushman
Address

Address

456-1400
Phone No.

Phone No.

REPRESENTATIVE
JERRY MACKIE

P. O. BOX 73
CRAIG, ALASKA 99921
(907) 826-2008 OFFICE
(907) 826-2930 HOME

CHAIRMAN,
COMMUNITY & REGIONAL AFFAIRS COMMITTEE

VICE CHAIRMAN,
TRANSPORTATION COMMITTEE

Alaska State Legislature



WHILE IN JUNEAU
P. O. BOX V
JUNEAU, ALASKA 99811
(907) 465-4925

House of Representatives

February 6, 1992

MEMORANDUM

TO: Representative Cherie Davis
Representative Larry Baker

FROM: Representative Jerry Mackie, Chair
House Community and Regional Affairs Committee

RE: Subcommittee on HB 387 - Relating to domestic sewage systems

Yesterday, I received the legal opinion requested on the issues raised at the January 23rd hearing on HB 387 (copy attached). Now that we have this before us, I think it would be an appropriate time for the subcommittee to consider this bill. I am designating Representative Cheri Davis to chair the subcommittee; please contact Nancy Bennett of my staff for assistance is setting up the subcommittee hearing.

cc: Representative Mark Boyer

DIVISION OF LEGAL SERVICES

**LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA**

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

240 Main Street, Suite 500
Juneau, Alaska 99801-2101

MEMORANDUM

February 5, 1992

SUBJECT: Regulation of domestic wastewater systems (HB 387)

TO: Representative Jerry Mackie, Chair
House Community and Regional Affairs Committee

FROM: Teresa B. Cramer *TBC*
Legislative Counsel

You have asked several questions that pertain to the above referenced bill.

1. Does the Uniform Plumbing Code require state review and approval for domestic sewage systems in single family homes and duplexes.

Under AS 18.60.705, the state has adopted the Uniform Plumbing Code, with some exceptions. The plumbing code requires inspection by the Administrative Authority for new construction or changes in existing sewage systems in single family homes. (See sec. 318(a) of the Uniform Plumbing Code.) The Administrative Authority is defined as the individual official, board, department, or agency established and authorized by a state . . . to administer and enforce the provisions of the plumbing code. (See sec. 102(c) of the Uniform Plumbing Code.) I did not find any requirement for approval of existing, unchanged plumbing, even if a house was being sold.

2. Is the Memorandum of Understanding between the Department of Environmental Conservation and the Department of Labor, entered into in February 1983 still in effect?

According to both Janice Adair of the Department of Environmental Conservation (DEC) and Al Dwyer of the Department of Labor (DOL), the Memorandum of Understanding was still in effect when I spoke with them on January 27 of this year. Note that, as an agreement between two departments, it is subject to change by those departments.

3. Will the Department of Labor have to assume the required state review if the Department of Environmental Conservation ceases to review plumbing systems?

According to Mr. Dwyer of DOL, the department would have to assume this responsibility. I found nothing in the Uniform Plumbing Code permitting the Administrative Authority to delegate the inspection and approval function. The code does permit the Administrative Authority to delegate the observation of tests to a "duly appointed representative." (See sec. 318(a)(5) of the Uniform Plumbing Code.) Mr. Dwyer added that DOL would rely on engineering reports furnished by the owners of the houses in conducting their review and approval function. Mr. Dwyer also noted that under the terms of the current collective bargaining agreement that covers plumbing inspectors, the state is prohibited from contracting out work that is currently performed by state employees.

4. What effect does DEC's decision to stop approving plans for modification or new construction of wastewater systems have on the ability of the Alaska Housing Finance Corporation (AHFC) to make and purchase loans?

Under AS 18.56.300(a), AHFC may not make or purchase a housing loan for residential housing constructed after June 30, 1992, unless the unit complies with the construction codes of the municipality or the state building codes. Both "construction codes" and the "state building code" are defined, in subsection (d), to include the applicable plumbing code. Under subsection (b), AHFC may not make a commitment to purchase or approve a loan for residential housing constructed after June 30, 1992, until the unit has been inspected. The subsection states, in part

The inspection must be performed by a municipal building inspector or by a person who is approved or certified to perform residential inspections by the International Conference of Building Officials or the International Association of Electrical Inspectors. The person who makes the inspection shall determine whether the construction conforms to relevant provisions of the construction codes of the municipality or of the state building code, as applicable, at each of the following stages of construction:

...
(3) completion of electrical installation, plumbing, and framing;
...

It appears, therefore, that AHFC may accept inspections performed by properly approved or certified private individuals. The cost of these inspections would presumably be an item of negotiation between the seller and the buyer but would increase the cost of purchasing (or decrease the profit of selling) residential housing.

If I may be of further assistance, please advise.

TC:pl
92-070.plm

HOUSE BILL NO. 387

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE BOYER

Introduced: 1/13/92

Referred: Community & Regional Affairs, Resources

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to regulation of domestic sewage."

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

3 * Section 1. AS 46.03.100(c) is repealed.

7-LS159SM✓
Cramer
4/7/92

CS FOR HOUSE BILL NO. 387 ()
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVE BOYER

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to accrediting engineers for inspections of wastewater systems for single-
2 family homes and duplexes."

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

4 * Section 1. LEGISLATIVE INTENT. It is the intent of the legislature that the accreditation
5 program established by the Department of Environmental Conservation will provide engineers with the
6 information needed to knowledgeably review existing domestic wastewater systems, plans to modify
7 existing systems, and plans to construct or install new systems for compliance with standards established
8 by regulation for domestic wastewater systems for single-family homes and duplexes.

9 * Sec. 2. AS 46.03 is amended by adding a new section to article 3 to read:

10 Sec. 46.03.125. ACCREDITATION OF ENGINEERS. (a) The department shall develop
11 criteria for the accreditation of engineers to inspect existing domestic wastewater systems, to
12 review plans for construction or modification of domestic wastewater systems, and to conduct
13 as-built inspections of new or modified systems to ensure that the system meets standards
14 established by law and by regulations adopted by the department. The accreditation shall apply

1 to single-family homes and to duplexes.

2 (b) The department shall grant accreditation to engineers registered under AS 08.48.211
3 who satisfactorily complete the accreditation program under (a) of this section. The department
4 may charge an appropriate fee for evaluating an application for accreditation.

5 (c) After notice and a hearing, the department may revoke an accreditation issued under
6 this section for cause.

7 (d) The department shall develop a training program for engineers to enable them to meet
8 the accreditation standards of this section. The department shall confer with the Department of
9 Labor and the state Board of Registration for Architects, Engineers, and Land Surveyors in
10 developing the training program. The department may charge an appropriate fee for participation
11 in the training program.

12 (e) The department shall adopt regulations to implement this section.

13 (f) This section does not restrict or prohibit the department from delegating its
14 responsibilities under this section.

MEMORANDUM

TO: Community And Regional Affairs Committee members
FROM: Nancy Bennett
Re: Today's Hearing - April 13, 1992

We have three bills on the committee's agenda today; two of them have been in subcommittee: HB 387, regulation of domestic sewage (Rep. Cheri Davis, Chair), and HB 390, G.O. bonds for school construction (Rep. Foster, Chair).

HB 387 - domestic sewage. You have a draft committee substitute in your file, dated 4/7/92, which represents the compromise reached by the subcommittee. The CS provides that DEC shall:

- 1) develop criteria for accreditation of engineers to
 - a) inspect existing wastewater systems;
 - b) review plans for construction or modification of wastewater systems; and
 - c) conduct as-built inspections of new or modified systems to assure it meets the standards developed by DEC.
- 2) develop a training program for engineers to enable them to meet the accreditation standards.

DEC will charge for the accreditation and training programs; the programs apply only to single family homes and duplexes.

HB 390 - G.O. bonds for school construction. You have a draft CS in your file from Rep. Boyer dated 4/11/92, and a spread sheet which shows you which schools were removed from the list, and which schools were added. The column labeled "DOE list" shows the priority number of the project; those without a number in the column have not been reviewed by DOE. You also have three documents from the state assessor's office: 1) AS 29.60.030, determination of millage rate equivalent; 2) full value determinations of second class cities; and 3) assessed value by service areas of boroughs, and full value determinations of 1st and 2nd class cities.

SB 119 - regional electrical authorities' exemption from taxes and assessments. In 1975, the legislature created regional electrical authorities and allowed them to be exempt from taxation for 20 years (due to expire in 1995). There is only one regional electrical authority in the state, the Tlingit and Haida Regional Electrical Authority (THREA). We have a zero fiscal note from DCRA, and the department takes no position on the bill.

HPB

390

7-LS1546P

Ford

4/9/92

CS FOR HOUSE BILL NO. 390 ()
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY

Offered:

Referred:

Sponsor(s): REPRESENTATIVES BOYER, Moyer, C.Davis, B.Davis, Ellis

A BILL

FOR AN ACT ENTITLED

1 "An Act providing for the issuance of general obligation bonds in the amount of
2 \$298,586,607 for the purpose of paying the cost of acquiring, constructing, reconstructing,
3 and equipping public schools; and providing for an effective date."

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

5 * Section 1. For the purpose of paying the cost of acquiring, constructing, reconstructing, and
6 equipping public schools general obligation bonds of the state in the principal amount of not more than
7 \$298,586,607 shall be issued and sold as provided under sec. 3 of this Act. The full faith, credit, and
8 resources of the state are pledged to the payment of the principal of and interest and redemption
9 premium, if any, on the bonds. The bonds shall be issued under the provisions of AS 37.15 as those
10 provisions read at the time of issuance.

11 * Sec. 2. If the issuance of the bonds is authorized by the qualified voters of the state, a special fund
12 of the state to be known as the "1992 public school construction fund" shall be established, to which
13 shall be credited the proceeds of the sale of the bonds described in sec. 1 of this Act except for the
14 accrued interest and premiums.

1 * Sec. 3. (a) Subject to the provisions of (b) and (c) of this section, the amount of \$298,586,607 is
 2 appropriated from the "1992 public school construction fund" to the Department of Education to pay the
 3 state's share of the cost of the following school construction projects:

4	STATE	LOCAL	TOTAL PROJECT
5 PROJECT & LOCATION	SHARE	SHARE	AMOUNT
6 School replacement, Kasigluk-Akiak	\$ 6,813,000	\$ 100,000	\$ 6,913,000
7 High school, Ketchikan	10,236,590	4,387,110	14,623,700
8 Elementary school addition, Nunapitchuk	2,400,000	100,000	2,500,000
9 School construction, Tok	13,132,000	100,000	13,232,000
10 Elementary school construction, Gambell	10,920,000	100,000	11,020,000
11 School construction, Chignik Bay	1,503,960	156,040	1,660,000
12 Replacement school facility, Kashunmut	12,300,000	100,000	12,400,000
13 Secondary school, Glennallen	2,888,500	100,000	2,988,500
14 Elementary replacement, Mountain Village	2,980,000	100,000	3,080,000
15 Elementary addition, Selawik	8,050,000	3,450,000	11,500,000
16 School construction, Edna Bay	1,460,150	76,850	1,537,000
17 School project, Kasaan-Hollis	1,737,050	93,350	1,830,400
18 Classroom addition, Craig	1,772,239	267,161	2,039,400
19 Schoenbar Junior High, Ketchikan	5,934,320	2,543,280	8,477,600
20 New Fairbanks High School, Fairbanks	44,100,000	18,900,000	63,000,000
21 New elementary school, Kodiak	6,650,000	2,850,000	9,500,000
22 School addition, Allakaket	1,233,700	66,300	1,300,000
23 Glacier View School, Matanuska-Susitna	3,500,000	1,500,000	5,000,000
24 School addition, Togiak	2,012,000	100,000	2,112,000
25 Elementary school renovation, Kenai	1,014,860	434,940	1,449,800
26 Elementary classroom addition, Angoon	651,963	35,037	687,000
27 New West Homer Elementary, Kenai	7,210,350	3,090,150	10,300,500
28 Classroom addition, Gustavus	581,875	30,625	612,500
29 Ouzinkie upgrade/remodel, Kodiak	1,050,000	450,000	1,500,000
30 Atlasta New Middle School,			
31 Matanuska-Susitna	17,500,000	7,500,000	25,000,000

WORK DRAFT	WORK DRAFT	WORK DRAFT	WORK DRAFT
1 New Skyview Middle/Jr. High, Kenai	17,528,490	7,512,210	25,040,700
2 School addition, Nuiqsut	2,100,000	900,000	3,000,000
3 Elementary addition, Unalaska	420,000	180,000	600,000
4 Middle school addition, Haines	3,490,560	349,440	3,840,000
5 New elementary school, Juneau	9,695,000	4,155,000	13,850,000
6 Tustumena elementary expansion	5,600,000	2,400,000	8,000,000
7 New elementary school, Sand Lake	8,610,000	3,690,000	12,300,000
8 Ten classroom addition, North			
9 Star elementary school	3,010,000	1,290,000	4,300,000
10 New elementary school, Turnagain	9,100,000	3,900,000	13,000,000
11 New middle school, south			
12 Anchorage	25,725,000	11,025,000	36,750,000
13 Eight classrooms/gym addition,			
14 Williwaw	3,150,000	1,350,000	4,500,000
15 New 68th Avenue elementary school			
16 Anchorage	8,400,000	3,600,000	12,000,000
17 New middle school, Eagle River/Chugiak	22,575,000	9,675,000	32,250,000
18 Six classrooms/gym addition,			
19 Wonder Park elementary	2,940,000	1,260,000	4,200,000
20 New Mt. View elementary school,			
21 Anchorage	8,610,000	3,690,000	12,300,000

22 (b) The bonds authorized under sec. 1 of this Act shall be sold and issued by the State Bond
 23 Committee upon approval by the Department of Education of a public school project in a municipality
 24 or a rural educational attendance area if

25 (1) there is sufficient unused allocation under (a) of this section; and

26 (2) upon determination by the State Bond Committee that the municipality or rural
 27 educational attendance area in which the project is located has money available to pay the matching cost
 28 of the public school project in an amount required under (a) of this section; and

29 (3) the matching money required under (2) of this subsection is available on or before
 30 July 1, 1997.

31 (c) The legislature may by law add additional school projects described under sec. 1 of this Act

1 or reallocate funds between projects described in (a) of this section.

2 * Sec. 4. If the issuance of the bonds is authorized by the qualified voters of the state, the amount
3 of \$1,045,053 or as much of that amount as is found necessary is appropriated from the general fund
4 of the state to the state bond committee to carry out the provisions of this Act and to pay expenses
5 incident to the sale and issuance of the bonds authorized in this Act. The amounts expended from the
6 appropriation authorized by this section shall be reimbursed to the general fund from the proceeds of the
7 sale of the bonds authorized by this Act.

8 * Sec. 5. The unexpended and unobligated balance of the appropriation made in sec. 3 of this Act
9 lapses under AS 37.25.020 and is appropriated to the state bond committee to redeem bonds sold under
10 this Act. The amounts expended from the general fund to pay the principal, interest, and redemption
11 premium on bonds issued under this Act shall be reimbursed to the general fund from the appropriation
12 made under this section to the extent that the money is not needed to redeem the bonds.

13 * Sec. 6. The question whether the bonds authorized in this Act are to be issued shall be submitted
14 to the qualified voters of the state at the next general election and shall read substantially as follows:

15 PROPOSITION

16 State General Obligation Public School Construction

17 Bonds \$298,586,607

18 Shall the State of Alaska issue its general obligation bonds in the principal
19 amount of not more than \$298,586,607 for the purpose of acquiring,
20 constructing, reconstructing, and equipping public schools?

21 Bonds Yes []

22 Bonds No []

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

CSHB 390(CRA) DRAFT

ELECT DIST	DOE LIST		COMMUN POP	% OF TOTAL POP	ENROLL K-12	% OF AIL KIDS	REMOVE FROM ORIG LIST	PROJECT COST	% OF TOTAL	%	LOCAL SHARE \$	%	STATE SHARE \$	% OF TOTAL	
		DOE Priority #1= 1 to 19 DOE Priority #2= 20,21 DOE Priority 2 = 22 to 72													
1 1	2 35	High school final phase Ketchikan Shoenbar Junior High Ketchikan	13,828	2.8%	2,762	2.8%		14,623,700 8,477,600 23,101,300	30 30 5.8%		4,387,110 2,543,280 6,930,390	70 70	10,236,590 5,934,320 16,170,910	5.4%	
2 2	6 8 11 14 26 28 29 30 46 49 55 95 19 58	Schools life/safety Hoonah Elementary & high schools life/safety Kake City schools elementary school repair Yakutat Elementary/middle school repair Annette Island School construction Edna Bay School project Kasaan-Hollis School construction Port Protection Classroom addition Craig Elementary classroom addition Angoon Building replacement Colman Cove Classroom addition Gustavus School project Klawock High school roof replacement Craig Middle school addition Haines	795 700 534 1,600 86 165 62 1,637 690 186 258 758 2,212 9,693		235 181 127 399 18 30 9 305 174 47 66 207 450		1,738,200 1,482,000 558,900 693,000 819,200 819,200 819,200 2,039,400 687,000 3,390,400 612,500 7,820,000 524,700 0				5 5 5.7 5 5 5.1 5 5 5.1 5.1 5 5 13.1 9.1	0 0 94.3 95 95 94.9 95 95 94.9 94.9 95 95 85.9 90.9	0 0 0 0 1,460,150 1,737,050 0 1,772,239 651,963 0 581,975 0 0 3,490,560 9,693,836	3.2%	district's #1 priority district's #2 priority district's #4 priority district's #3 priority
4 4 4	51 71	Auke Bay classroom addition Juneau New elementary school Juneau Modular Classrooms Juneau	28,965	5.9%	5,199	5.3%	200,000 200,000	0 13,850,000 0 13,850,000	30 30 30		0 4,155,000 0 4,155,000	70 70 70	0 9,695,000 0 9,695,000	3.2%	new project to list not needed with new school
5 5 5 5 5 5 5	25 45 54 64 67 42	Portable classrooms Kenai Peninsula Elementary school rebuild Kenai New West Homer Elementary School Kenai Elementary school Soldotna Tustumena Elementary expansion New Skyview Middle/Jr. High Kenai Relocation of portable classrooms Kenai	40,802	8.3%	9,493	9.7%	426,900 426,900 426,900 426,900 426,900 426,900 426,900	0 1,449,800 10,300,500 9,971,200 8,000,000 25,040,700 42,000 44,791,000	30 30 30 30 30 30 30		0 434,940 3,090,150 0 2,400,000 7,512,210 0 13,437,300	70 70 70 70 70 70 70	0 1,014,860 7,210,350 0 5,600,000 17,528,490 0 31,353,700	10.5%	district's #4 priority (in boro's FY93 budget) district's #2 priority district's #3 priority remove at borough's request Dist's #1 priority/appealing DOE ranking(158) district's #5 priority
7--15 7--15 7--15 7--15 7--15 7--15 7--15 7--15 7--15 7--15 7--15	47 53 57 60 63 69 70	Turnagain classroom addition, Anchorage Elementary addition Eagle River Willow Crest Elementary Addition Anchorage Susitna Elementary/addition Anchorage Chinook Elementary/addition Anchorage South Anchorage new Junior high Anchorage South Anchorage new elementary Anchorage New Sand Lake elementary school Ten classroom addition North Star elem school New Turnagain elementary school New South Anchorage middle school			44,406		1,200,000 1,000,000 3,499,600 4,037,000 4,456,700 27,500,000 12,500,000 12,300,000 4,300,000 13,000,000 36,750,000	0 0 0 0 0 0 0 0 0 0 0	30 30 30 30 30 30 30 30 30 30 30	0 0 0 0 0 0 0 3,690,000 1,290,000 3,900,000 11,025,000	70 70 70 70 70 70 70 70 70 70 70	0 0 0 0 0 0 0 8,610,000 3,010,000 9,100,000 25,725,000		incorporated in Turnagain school below previously bonded for see last item on Anchorage list previously bonded for incorporated in Sand Lake project listed below see South Anc middle school listed below same as Sand Lake elem school listed below new district priorities new district priorities new district priorities new district priorities	

CSHB 390(CRA) DRAFT

Rep. Boyer 4/8/92 2:53 PM

ELECT DIST	DOE LIST	COMMUN POP	% OF TOTAL POP	ENROLL K-12	% OF AIL KIDS	REMOVE FROM ORIG LIST	PROJECT COST	% OF TOTAL	%	LOCAL SHARE \$	%	STATE SHARE \$	% OF TOTAL	
7--15	Eight Classroom and gym addition Williwew						4,500,000		30	1,350,000	70	3,150,000		new district priorities
7--15	New 68th Ave elementary school						12,000,000		30	3,600,000	70	8,400,000		new district priorities
7--15	New Eagle River/Chugiak middle school						32,250,000		30	9,675,000	70	22,575,000		new district priorities
7--15	Six classroom/gym addition Wonder Park elem						4,200,000		30	1,260,000	70	2,940,000		new district priorities
7--15	New ML View elementary school						12,300,000		30	3,690,000	70	8,610,000		new district priorities
7--15	Three classroom/gym addition Willow Crost elem						0		30	0	70	0		new district priorities (\$3,500,000)
		237,907	48.2%	44,406	45.5%		131,600,000	33.0%		39,480,000		92,120,000	30.9%	
16	42 Glacier View School Matanuska-Susitna			10,485			5,000,000		30	1,500,000	70	3,500,000		
16	61 Atasta Middle School Matanuska-Susitna						25,000,000		30	7,500,000	70	17,500,000		
		41,797	8.5%	10,485	10.7%		30,000,000	7.5%		9,000,000		21,000,000	7.0%	
17	7 School construction Tok	935		260			13,232,000		5	100,000	95	13,132,000		local match = 5% of \$2 mill
17	* Secondary school final phase Glennallen	451		290			2,888,500		5	100,000	95	2,688,500		local match = 5% of \$2 mill
17	23 Elementary school Slana	63		21		1,536,900			5	0	95	0		Copper River SD:
17	56 Elementary addition Copper Center	448		65		1,809,000			5	0	95	0		Copper River SD:
		1,898	0.4%	636	0.7%		16,220,500	4.1%		200,000		16,020,500	5.4%	
18-21	38 Elementary school addition Fairbanks			15,312		12,110,800			30		70			
18-21	36 New high school Fairbanks						63,000,000		30	18,900,000	70	44,100,000		43,298,000 was original cost
18-21	13 New elementary school Fairbanks	77,720				12,943,800			30	0	70	0		
18-21	39 Multipurpose/classroom addition Circle	73		25		1,500,000			5		95			
		77,793	15.8%	15,337	15.7%		63,000,000	15.8%		18,900,000		44,100,000	14.8%	
22	15 Entryways and roof Point Hope	639		238		250,000			30	0	70	0		
22	22 Elementary addition Selawik	596		180		2,091,000	11,500,000		30	3,450,000	70	8,050,000		NW Arctic/ new estimated cost, combines E&HS
22	68 School addition Nuiqsut	354		99			3,000,000		30	900,000	70	2,100,000		
		1,589	0.3%	279	0.3%		14,500,000	3.6%		4,350,000		10,150,000	3.4%	
23	3 Life/safety upgrade-asbestos Nome-Beltz	4,559		773		885,000			12.1	0	87.9	0		
23	12 Elementary school construction Gambell	525		157			11,020,000		5.1	100,000	94.9	10,920,000		local match = 5% of \$2 mill
23	18 Replace school facility Kashunahmlut	598		182			12,400,000		5.1	100,000	94.9	12,300,000		reduced by \$2 mill/local = 5% of \$2 mill
23	24 School addition/renovation Koyuk	253		72		4,928,000			5.1	0	94.9	0		Bering Straits SD
23	27 Classroom addition Hooper Bay	845		240		582,000			5	0	95	0		
23	50 Elementary addition to high school Golovin	142		39		3,927,400			5.1	0	94.9	0		Bering Straits SD
		6,922	1.4%	1,463	1.5%		23,420,000	5.9%		200,000		23,220,000	7.8%	
24	17 Foundation and roof repair Sleatnute	106		15		380,000			5	0	95	0		
24	* Elementary replacement final phase Mt. Villag	674		214			3,080,000		5.1	100,000	94.9	2,980,000		local = 5% of \$2 mill
24	31 Elementary school Upper Kalskag	172		36		1,946,400			5.1	0	94.9	0		
24	41 School addition Allakaket	170		44			1,200,000		5.1	66,300	94.9	1,233,700		has already received planning and design \$
24	62 Johnnie John School addition Crooked Creek	106		28		650,000			5	0	95	0		Kuspuk SD
24	66 Elementary school addition Lower Kalskag	300		55		750,000			5.1	0	94.9	0		
24	32 Middle/elementary school Aniak	540		188		5,803,400			5.1	0	94.9	0		Kuspuk SD/ no H2O/local = 5% of \$2 mill
		2,068	0.4%	565	0.6%		1,380,000	1.1%		166,300		4,213,700	1.4%	
25	1 School replacement final phase Kasigluk-Akiak	690		69			6,913,000		5.1	100,000	94.9	6,813,000		local match = 5% of \$2 mill
25	4 Elementary addition final phase Nunapitchuk	378		105			2,500,000		5.1	100,000	94.9	2,400,000		local match = 5% of \$2 mill
25	33 Middle school Bethel	4,674		1,019		17,678,000			16.3	0	83.7	0		district's #8 priority of 10
25	34 Elementary replacement/renovate Akiachak	481		136		5,200,000			5	0	95	0		
25	52 Elementary school addition Atmautluak	258		82		4,369,000			5	0	95	0		district's #7 priority of 10
		6,481	1.3%	1,411	1.4%		9,413,000	2.4%		200,000		9,213,000	3.1%	
26	9 Roof and wall replacement New Stuyahok	391		94		726,500			5.1	0	94.9	0		
26	10 Roofing and siding replacement Pribilof-St. Pa	763		119		1,164,400			5.1	0	94.9	0		

CSHB 390(CRA) DRAFT

Rep. Boyer 4/8/92 2:53 PM

ELECT DIST	DOE LIST		COMMUN POP	% OF TOTAL POP	ENROLL K-12	% OF AIL KIDS	REMOVE FROM ORIG LIST	PROJECT COST	% OF TOTAL	%	LOCAL SHARE \$	%	STATE SHARE \$	% OF TOTAL	
26	16	School construction Chignik Bay	188		45			1,660,000		9.4	156,040	90.6	1,503,960		Lake Penn Borough
26	37	School replacement Ivanof Bay	35		6		1,000,000	0		18.1	0	81.9	0		Lake Penn Borough
26	43	School addition Togiak	738		151			2,112,000		5.1	100,000	94.9	2,012,000		Lake Penn Borough
26	44	School addition Kokhanok	152		36		450,000	0		18.1	0	81.9	0		Lake Penn Borough
26	48	Elementary classroom addition Unalaska	3,450		293			600,000		30	100,000	70	420,000		Lake Penn Borough
			5,717	1.2%	744	0.8%		4,372,000	1.1%		436,040		3,935,960	1.3%	
27	5	K-12 structural repair Kodiak-Old Harbor	15,535				525,000			30		70			
27	40	New elementary school Kodiak						9,500,000		30	2,850,000	70	6,650,000		
27	59	Ouzinkie upgrade/remodel Kodiak					1,500,000			30	450,000	70	1,050,000		
			15,535	3.1%	2,643	2.7%		9,500,000	2.4%		3,300,000		7,700,000	2.6%	
		TOTAL	483,761	1	97,671	1	166,767,600	\$388,684,100	100%		\$101,607,494		\$288,586,606		

STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

P.O. BOX AM
JUNEAU, ALASKA 99811-0199
PHONE: (907) 465-3568

April 1, 1992

Representative Jerry Mackie
Chairman, Community and Regional Affairs Committee
Alaska House of Representatives
Pouch Y
Juneau, Alaska 99811

Dear Representative Mackie:

This letter responds to your request for an explanation of the local match formula used in Governor Hickel's proposed capital projects matching grants bill, CSSB 141(Finance). It is provided to assist you and other members of the House Community and Regional Affairs Committee in your deliberations concerning Representative Mark Boyer's proposed HB 390, which uses the same formula to calculate local matching amounts for allocated bond proceeds.

The formula employed in CSSB 141 (Finance) to determine the local matching share for municipalities is shown below:

$$\text{Local Share (In \$)} = \frac{\text{Local Share (as a \% of total project cost)}}{\text{State Share (as a \% of total project cost)}} \times \text{State Share (In \$)}^1$$

where:

- (1) Local Share (as %)² = Population Factor x Local Wealth Factor;
- (2) State Share (as %) = 1 - Local Share (as %);

(continued, next page)

¹ Based on the following relationship: (local share expressed in dollars)/(state share expressed in dollars) = (local share expressed as a percentage of total project cost)/(state share expressed as a percentage of total project cost).

² Each time that "(as %)" is shown, it is intended to refer to "as a percentage of total project costs".

- (3) Population Factor = 0.1 if population is less than 1,000 people,³
0.3 if population is between 1,000-4,999 people,
0.7 if population is between 5,000-10,000 people, or
1.0 if population is more than 10,000 people;
- (4) Local Wealth Factor = per capita assessed valuation,⁴ divided by the average per capita assessed valuation for all municipalities in Alaska; and,
- (5) Local Share (as %) can not be less than 5 percent of total project cost, nor more than 30 percent of total project cost.⁵

In this formula, the primary calculation is to establish the local share percentage, which is the product of a municipality's population factor and its local wealth factor. Regarding the population factor, one of four factors is used, depending on the population size of the community. This weighting is employed to account, generally, for the differences in economies of scale, costs of doing business, fiscal capacity, and access to capital among municipalities of different size and location. The local wealth factor is employed as a measure of per capita local wealth (as reflected by local assessed valuation), to indicate the relative ability of a municipality to generate matching funds. Finally, CSSB 141 (Finance) establishes minimum and maximum local share percentages of 5 percent and 30 percent, respectively.

Once the local share percentage is established in this fashion, the process of calculating the local matching share in dollars is straightforward, per the formula shown above.

While this formula and its underlying rationale provide a reasonable method for establishing the relative abilities of municipalities to provide matching funds for grants or bond proceeds amounts, it may not apply as well to other potential recipient entities included in HB 390, such as rural education attendance areas. For this reason, Representative Boyer will be providing you and the Community and Regional Affairs Committee with alternative suggestions for addressing the issue of matching amounts for such entities.

Please let me know if you have any questions about our proposed matching grant formulas, or if you wish any additional information.

Sincerely,

Jack Fagnoli
for
Shelby Stasny
Director

cc: Representative Mark Boyer

³ As determined by the Department of Community and Regional Affairs for purposes of state revenue sharing.

⁴ Real and personal property value, as determined by the Department of Community and Regional Affairs for purposes of state revenue sharing.

⁵ Raised in CSSB 141 (Finance) to ten percent and fifty percent, respectively, after two years.

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

P.O. BOX 5
JUNEAU, ALASKA 99811-0400
PHONE: (907) 465-2300
TELEFAX: (907) 465-2389

March 23, 1992

The Honorable Mike Navarre
House Finance Committee
Alaska State Legislature
State Capitol, Rm 511
Juneau, Alaska 99801-1182

Dear Representative Navarre:

Below is a debt issuance capacity schedule using three revenue forecast scenarios. The scenarios are based on Spring 1992 forecasted revenues. The debt capacity amounts are based on a true interest cost of 5.2%, level debt service and a final maturity of seven years.

Debt Capacity (in millions)

Fiscal Year	Low Scenario Revenue Estimate	Mid Scenario Revenue Estimate	High Scenario Revenue Estimate
1993	-	-	-
1994	-	-	-
1995	-	-	38
1996	-	22	108
1997	88	213	215
1998	-	-	9
1999	-	-	-

The calculation of this estimate includes debt service scheduled to be paid from the general fund including the state portion of municipal general obligation debt issued to finance school construction. A seven year final maturity is used because petroleum production is forecasted to have diminished to 1 million barrels/day at about the end of that period.

One rating agency's view of the relationship between debt issuance policy and petroleum production can be seen in an attached letter from Vladimir Stadnyk, of Standard & Poor's Corporation. On the second page, Mr. Stadnyk says, "as to longer maturities and modification of adherence to the Prudhoe Bay curve, we do not endorse nor do we see support for abandoning the Prudhoe Bay curve guidelines. Given that the state economy is still heavily dominated by the oil situation, we do not look favorably at maturity extension at this time."