



Fairbanks North Star Borough

Office of the Mayor

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September 30, 2013

The Honorable Dan Saddler
Co-Chair, Joint Armed Services Committee
Alaska State Legislature
12641 Old Glenn Highway, Suite 201
Eagle River AK, 99577

The Honorable Pete Kelly
Co-Chair, Joint Armed Services Committee
Alaska State Legislature
1292 Sadler Way, Suite 308
Fairbanks AK, 99701

Re: Fairbanks North Star Borough – Legislative Priorities

Dear Representative Saddler and Senator Kelly:

Thank you for conducting the Joint Armed Services Committee (JASC) meeting on July 11th in the Fairbanks North Star Borough (FNSB) Assembly Chambers and taking a tour of Eielson Air Force Base. We appreciate your time and consideration of our military's needs and your follow up letter in support of expediting the U.S. Air Force's implementation of regulations for Section 331 of the FY2013 National Defense Authorization Act.

Per your request, the FNSB's top five military legislative priorities are: (1) buying down the price of coal; (2) energy infrastructure financing; (3) pioneer roads within the Joint Pacific Alaska Range Complex (JPARC); (4) unmanned aircraft systems (UAS); and (5) local tax exemption on property within a military facility zone that specifically supports the operations and missions of the military.

1. Buying down the price of coal. With coal as the main energy resource for the operation of power plants within the FNSB, including the military, it seems the price being paid for the military is not commensurate with that being charged to state or private industry. The FNSB is seeking legislative support to determine if coal prices can be reduced for our military installations with the goal of making energy costs more competitive with other military installations nationwide.

2. Energy infrastructure financing. With energy costs being a significant weakness in comparison with other military locations, the FNSB is seeking legislative support to reduce energy costs by providing financing for energy infrastructure that is more efficient or providing means of sharing energy between installations where that is an option. As demonstrated in other states, such facilities could revert to state ownership when no longer under military operation or be operated through enhanced lease agreements.

3. Pioneer roads within the Joint Pacific Alaska Range Complex (JPARC). The FNSB is seeking legislative support to expand access to training grounds within JPARC. While JPARC is the premier military training site with the largest air, land, sea, subsea, space and cyber training area in the world, additional work is necessary to allow the military to conduct battalion-sized exercises and meet future training requirements. For instance, the State of Alaska could initiate earlier design and development of gravel

roads. By enhancing the existing training grounds to provide year-round training capabilities and expanding access, we could further enhance this unique asset.

The current JPARC Modernization and Enhancement Environmental Impact Statement supports:

a. Enhanced Ground Maneuver Space. The EIS suggests enhancing ground maneuver space to provide expanded access and year-round accessibility in the Tanana Flats (TFTA), Donnelly (DTA), and Yukon Training Areas (YTA). The expanded access would support year-round training, internal circulation routes, and integration of proposed Intermediate Staging Bases. The enhanced maneuver space would support at least battalion-size training events. The proposal includes construction of training roads and trails and some off-road vehicle operations throughout 1.2 million acres of existing training areas in TFTA, DTA, and YTA. Taking no action to do this would not allow the Army to expand, operate or take advantage of year-round access to maneuver space in TFA, DTA, YTA, which would prevent the Army from conducting battalion-sized, non-live-fire maneuver exercises and meeting future training requirements.

b. Tanana Flats Training Area (TFTA) Roadway Access. The proposed action would provide year-round access to TFTA and the Blair Lakes Impact Area to enhance ground maneuver space. Completing this segment would require completion of a 35-foot-wide aggregate surface to allow two Stryker vehicles access and circulation. Not providing access to year-round training would prevent the Army from meeting future training requirements and the ability to participate in joint training with the Air Force near the Blair Lakes Impact Area.

4. Unmanned Aircraft Systems (UAS). The FNSB is seeking continued legislative support for UAS. In 2012, the legislature provided \$5 million for a Federal Aviation Administration (FAA) application process to further UAS. In April of 2013, through House Concurrent Resolution 6, the legislature created a task force on Unmanned Aircraft Systems further supporting the UAS program in Alaska. Subsequent to that, the Alaska Center for Unmanned Aircraft Systems Integration (University of Alaska Fairbanks) and the FNSB submitted an application to the FAA for the Borough to be designated one of six (6) test sites nationwide for UAS. These test sites are slated to be chosen by the end of 2013 and will be involved in developing the regulations for use of the systems.

UAS provide diverse benefits across the spectrum: search and rescue; public safety; wildlife monitoring; mapping of natural resources; oil, gas, and mineral exploration; and oil pipeline and fire monitoring to name a few. Two repetitive themes in the use of UAS are: cost savings (what UAS can do in the amount of time humans can do it) and life savings (having UAS in place of manned aerial vehicles to perform dangerous work).

For the FNSB, both being a test site for the FAA and the military's potential for locating Gray Eagles at Eielson AFB to be operated by Fort Wainwright will provide economic benefit to our community by drawing in support businesses. In fact, the potential impact of the UAS industry on the State of Alaska has been identified in a study from March of 2013, *The Economic Impact of Unmanned Aircraft Systems in the US*, which shows that between 2015 and 2017 the benefit to Alaska is estimated to be \$19 million with 95 new jobs created. This study was performed by the Association of Unmanned Vehicle Systems International (AUVSI) that held their annual conference in DC this August with over 8,000 attending. There were a multitude of dynamic concurrent sessions throughout each day and over 600 vendor

displays on the lower level. The vendors included the various states submitting applications to become one of the FAA's designated test sites. To be competitive as military budget cuts increase, we have explored what incentives could be offered to make Alaska unique. The result is a proposed tax exemption within a military facility zone.

5. Local Tax Exemption within a Military Facility Zone. In 2012, HB 316 was passed into law which gave the State of Alaska Department of Military and Veterans Affairs (DMVA) the authority to designate areas near military installations a Military Facility Zone (MFZ). The intent was to provide financial benefits to businesses that support the operations and missions of the military. This structure provided a vehicle for the FNSB to offer further incentives at the local level.

The FNSB is seeking JASC support of legislation this session to create a local tax exemption for up to 10 years for property in a military facility zone that creates or supports industry, development and educational or training opportunities that support the operations and missions of our military. This exemption would be further defined by local government and the communities that choose to use it.

Providing this benefit at the local level requires an additional exemption to AS 29.45.050 Optional Exemptions and Exclusions, so we are working with our Economic Development Commission (EDC), assembly members, and legislators. At the August 27th EDC meeting, the commission approved making the proposed tax exemption an FNSB legislative priority. Legislators have been receptive as well, so we anticipate legislation will be introduced during the coming session.

At this time, the FNSB is in the process of preparing an application for DMVA's review and approval for designation of a MFZ within the borough. This will merely define an area (similar to a district); there is no impact to actual zoning. The area to be designated will be incorporated into the FNSB Regional Comprehensive Plan. On May 21st, the FNSB Economic Development Commission passed a resolution in support of Assembly approval of an application.

We appreciate the JASC's consideration of these priorities and we are looking forward to continued collaboration in support of military operations in Alaska.

Sincerely,



Luke T. Hopkins, Mayor
Fairbanks North Star Borough

cc:

The Honorable Representative Doug Isaacson
The Honorable Senator Fred Dyson
The Honorable Senator Anna Fairclough
The Honorable Senator Bill Wielechowski
The Honorable Representative Geran Tarr
The Honorable Representative Bob Lynn
The Honorable Representative Eric Feige