

**ALASKA STATE LEGISLATURE
HOUSE COMMUNITY AND REGIONAL AFFAIRS
STANDING COMMITTEE**

February 11, 2003
8:05 a.m.

MEMBERS PRESENT

Representative Carl Morgan, Chair
Representative Kelly Wolf, Vice Chair
Representative Tom Anderson
Representative Mike Chenault
Representative Ralph Samuels
Representative Sharon Cissna (via teleconference)
Representative Albert Kookesh

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 79

"An Act extending the termination date of the Alaska regional economic assistance program; and providing for an effective date."

- MOVED HB 79 OUT OF COMMITTEE

OVERVIEW: DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT

- OVERVIEW POSTPONED

PREVIOUS ACTION

BILL: HB 79

SHORT TITLE: AK REGIONAL ECONOMIC ASSISTANCE PROGRAM

SPONSOR(S): COMMUNITY & REGIONAL AFFAIRS

Jrn-Date	Jrn-Page		Action
02/05/03	0131	(H)	READ THE FIRST TIME - REFERRALS
02/05/03	0131	(H)	CRA, FIN
02/05/03	0131	(H)	REFERRED TO CRA
02/11/03		(H)	CRA AT 8:00 AM CAPITOL 124

WITNESS REGISTER

SUE STANCLIFF, Staff
to Representative Carl Morgan
House Community and Regional Affairs Standing Committee
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 79 on behalf of the sponsor,
the House Community and Regional Affairs Standing Committee.

JIM CARTER, Executive Director
Kenai Peninsula Economic Development District
Kenai, Alaska

POSITION STATEMENT: Testified in support of HB 79.

SUE COGSWELL
Prince William Sound Economic Development District
Anchorage, Alaska

POSITION STATEMENT: Discussed how the Prince William Sound
Economic Development District has benefited from the ARDOR
program.

WANETTA AYERS, Executive Director
Southwest Alaska Municipal Conference
Anchorage, Alaska

POSITION STATEMENT: Testified that the ARDOR program has been a
rallying point for the Southwest region.

ACTION NARRATIVE

TAPE 03-3, SIDE A

Number 0001

CHAIR CARL MORGAN called the House Community and Regional
Affairs Standing Committee meeting to order at 8:05 a.m.
Representatives Morgan, Anderson, Samuels, Chenault, and Cissna
(via teleconference) were present at the call to order.
Representatives Wolf and Kookesh arrived as the meeting was in
progress.

HB 79-AK REGIONAL ECONOMIC ASSISTANCE PROGRAM

CHAIR MORGAN announced that the first order of business would be
HOUSE BILL NO. 79, "An Act extending the termination date of the
Alaska regional economic assistance program; and providing for
an effective date."

Number 0123

SUE STANCLIFF, Staff to Representative Carl Morgan, House Community and Regional Affairs Standing Committee, Alaska State Legislature, paraphrased from the sponsor statement, which read:

The Alaska Regional Development Organizations (ARDOR) Program is the State's contribution to regional initiatives for developing Alaska's economy. In 1988, the Legislature recognized that a locally driven initiative, in partnership with the State, is the most effective approach to creating and sustaining a strong and healthy economy. The Legislature established the ARDOR Program to create a network of organizations to plan and support economic development at the regional level.

There are currently 14 ARDOR's. The ARDORs, like their counterparts nationwide:

- Enable local officials and businesses to pool their limited resources and work together on economic development issues,
- Develop partnerships among public, private and other organizations, and
- Provide needed technical assistance via direct links with local citizens

It's not the State trying to determine what's best for the region; rather, it's the residents and those doing business in the region working together to create their economic future.

The ARDOR Program is providing a return for the State's investment. The State provides \$620,000 in grant funds for the ARDOR Program. The accomplishments of the ARDORs are impressive. Additionally, the ARDORs have used \$620,000 in State grant funds to leverage over \$3.6 million in other funds.

Board members participation reflects a local commitment to the ARDOR Program. The 14 ARDOR boards, each with 10-20 members, constitutes 150 plus local, civic-minded individuals who volunteer their time to achieve a stronger economic base in their region.

The original intent of the ARDOR Program was to create regional entities that could improve the local economy and eliminate region-wide economic development barriers. The ARDORs are meeting this legislative intent. The ARDORs work on a wide range of projects. Some, like Anchorage's "Military Hub Study" have regional or statewide impacts. Other projects, such as the Arctic Development Council's Revolving Loan Fund, assist individuals and businesses.

This legislation would extend the sunset date to July 1, 2008.

[original punctuation provided]

CHAIR MORGAN explained that the reason for the sunset date of 2008 was in order for the ARDOR program to continue two years into the next administration. Therefore, the transition [during an administration change] would be easier. Chair Morgan turned to the \$650,000 fiscal note and pointed out that in the past each ARDOR has received about \$47,000. The ARDORs do a lot with that \$47,000, especially in Bush Alaska, he said.

Number 0531

MS. STANCLIFF pointed out that of the \$650,000, \$30,000 is for the in-house administrative costs of running the program. The \$620,000 is what is divided among the 14 ARDORs.

REPRESENTATIVE CHENAULT inquired as to the cost of this program in the past.

MS. STANCLIFF answered that the amount of \$620,000 hasn't changed for some years and doesn't change if an ARDOR drops off or comes on. All the ARDORs would [equally] share the \$620,000. In further response to Representative Chenault, Ms. Stancliff explained that the state sees returns through the local economies that put [funds] into the local community and thus take the burden off the state.

Number 0689

REPRESENTATIVE WOLF asked if it's common for ARDORs to drop off or come on board.

MS. STANCLIFF responded that it's not common although it has happened. A couple of ARDORs have been lost, one of which is

back on-line and the other is being worked on [in order to get it back on-line].

CHAIR MORGAN informed the committee that most of the folks involved in the ARDORs are volunteers. The ARDORs that are lost are usually in Bush Alaska. Chair Morgan mentioned that he was a board member for an ARDOR and it was a lot of work. He emphasized that the returns are realized locally.

Number 0810

REPRESENTATIVE SAMUELS asked if the \$3.6 million in leveraged funds is \$3.6 million instead of money or is it \$3.6 million in loans coming in from outside for the projects.

MS. STANCLIFF answered that the [\$3.6 million] represents the ability to leverage other federal funds coming in for various programs.

CHAIR MORGAN pointed out that in his district, there was the need for good aerial maps. With [ARDOR money], more money was leveraged from the Bureau of Indian Affairs (BIA), which produced the aerial maps.

Number 0965

JIM CARTER, Executive Director, Kenai Peninsula Economic Development District, related that the Kenai Peninsula Economic Development District was probably the first ARDOR in 1988. He informed the committee that some ARDORs work on projects that alleviate poverty, deal with fire suppression or medical clinics while other ARDORs address larger development projects such as the Southeast Conference. On the Kenai Peninsula, the ARDOR tries to work with small business development and community initiatives. Mr. Carter noted that the \$40,000-\$47,000 represents about 20 percent of the [Kenai Peninsula Economic Development District's] budget. As has been mentioned, those funds are used to leverage other funds that are directly spent in the communities in the borough. He also informed the committee that last year the Kenai Peninsula Economic Development District had its first funding summit. During the summit 13 communities presented 20 projects to the various funding agencies like the United States Department of Agriculture (USDA) and the Denali Commission. He mentioned that the communities attending the summit were underserved rural communities such as Tyonek, Point Graham, and Seldovia. The cost of the summit was about \$2,000 [which resulted in] follow

up of about \$10,000. Mr. Carter announced that the Kenai Peninsula Economic Development District supports the committee's endeavors with HB 79.

Number 1168

REPRESENTATIVE ANDERSON inquired as to the amount of funds, in addition to the \$47,000, the Kenai Peninsula Economic Development District received in 2002.

MR. CARTER explained that the Kenai Peninsula Economic Development District is [financially] supported by other planning and capacity-building grants. The Kenai Peninsula Economic Development District provides a 50:50 match to the \$47,000. Therefore, the district has to look elsewhere for that match. Mr. Carter pointed out that the Economic Development Administration (EDA) and the U.S. Department of Commerce require a match as well and thus the ARDOR funds are used as a match for those federal funds, which are then used as a match to the ARDOR funds. That \$47,000 in ARDOR funds leverages \$59,000 in federal funds [in the Kenai Peninsula Economic Development District].

Number 1258

SUE COGSWELL, Prince William Sound Economic Development District, informed the committee that this district has existed for about two years and before that time the district existed as a council since 1991. She noted that [the Prince William Sound Economic Development District] just had a funding summit in Cordova. This summit was attended by about 70 folks, including state, federal, and private foundations. Ms. Cogswell estimated that over the years the Prince William Sound Economic Development District has saved a little over \$500,000 from the state ARDOR program, which has allowed the district to leverage about \$6 million. Ms. Cogswell informed the committee that one of the district's current projects is a fisheries processing plant in Valdez. This plant will enable fishermen to process their catch of a variety of seafood throughout the year. Hopefully, the plant will open next fall, she said. She mentioned that the training would be done in the local college.

REPRESENTATIVE CHENAULT asked if the seafood processor is funded through a private corporation or is the ARDOR system looking at funding this.

MS. COGSWELL explained that the vice president of the ARDOR developed this idea for the processing plant. The processing

plant project will be funded by EDA through the Prince William Sound Economic District.

Number 1397

REPRESENTATIVE SAMUELS inquired as to who will own, operate, and hire the workers for this processing plant.

MS. COGSWELL answered that the Valdez fisheries will hire the workers. Positions will be open to all the fishermen in Prince William Sound, although they will have to receive training on the equipment. This training as well as marketing courses will occur at the college. In further response to Representative Samuels, Ms. Cogswell confirmed that the training will be paid for with the leveraged funds. She explained that the district assisted the City of Valdez, the Valdez fisheries, and the college with obtaining a mini grant to provide funding to pay the college to train the workers.

MS. COGSWELL, in response to Representative Wolf, specified that Nautilus Seafood is the processor in Valdez. Ms. Cogswell pointed out that a study was performed before this project was proposed. [The study shows that] the proposed processing plant won't conflict with the work done at the processors during the summer because the proposed processor will only process up to 5,000 pounds of product at a time per individual. Ms. Cogswell offered to send the committee the packet of information on the proposed processing plant. In further response to Representative Wolf, Ms. Cogswell confirmed that this project would [create] a value-added product.

Number 1557

WANETTA AYERS, Executive Director, Southwest Alaska Municipal Conference (SWAMC), informed the committee that the Southwest Alaska Municipal Conference represents 54 communities from the Aleutian, Pribilof, Bristol Bay, and Kodiak Island areas. Historically, ARDOR funding has accounted for about 20-25 percent of the Southwest Alaska Municipal Conference's budget. The balance of the budget is comes from EDA funding, private sector membership, earned income, and other grants that are leveraged from time to time. These funds have funded projects ranging from tourism development activities to solid waste projects. Ms. Ayers said that the Southwest Alaska Municipal Conference is constantly looking for other granting opportunities to help the communities.

MS. AYERS highlighted that the ARDOR program has been a significant rallying point in the Southwest Alaska region. In fiscal year 2002, the federal government designated SWAMC as the organization to help mitigate economic losses due to fishing restrictions in the ground fish fisheries in the region. That effort resulted in the distribution of over \$29 million to individuals throughout the Gulf coast of Alaska and elsewhere in the U.S. She pointed out that [the Southwest Alaska Municipal Conference] did that for less for 1 percent of administrative costs and over 80 percent of the funds were distributed within one year.

MS. COGSWELL added that the ARDORs network and work together to help each other.

Number 1740

REPRESENTATIVE ANDERSON moved to report HB 79 out of committee with individual recommendations and the accompanying fiscal note(s). There being no objection, it was so ordered.

ADJOURNMENT

There being no further business before the committee, the House Community and Regional Affairs Standing Committee meeting was adjourned at 8:27 a.m.