

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

May 3, 2004

1:36 p.m.

**TAPE (S) 04-12&13**

**MEMBERS PRESENT**

Senator Bert Stedman, Chair  
Senator Thomas Wagoner, Vice Chair  
Senator Gary Stevens  
Senator Kim Elton  
Senator Georgianna Lincoln

**MEMBERS ABSENT**

**COMMITTEE CALENDAR**

CS FOR HOUSE CONCURRENT RESOLUTION NO. 28(FIN) am  
Relating to the study of socioeconomic impacts of salmon  
harvesting cooperatives.

MOVED CSHCR 28(FIN) am OUT OF COMMITTEE

SENATE BILL NO. 335

"An Act relating to enhanced 911 surcharges and to emergency  
services dispatch systems of municipalities, certain villages,  
and public corporations established by municipalities."

MOVED CSSB 335(CRA) OUT OF COMMITTEE

SENATE BILL NO. 396

"An Act relating to the establishment of the Interior Rivers  
Port Authority; and providing for an effective date."

HEARD AND HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HCR 28

SHORT TITLE: STUDIES OF SALMON HARVESTING COOPERATIVES

SPONSOR(S): REPRESENTATIVE(S) SEATON BY REQUEST OF SALMON  
INDUSTRY TASK FORCE

01/28/04	(H)	READ THE FIRST TIME - REFERRALS
01/28/04	(H)	EDT, RES
02/12/04	(H)	EDT AT 10:00 AM CAPITOL 120
02/12/04	(H)	Moved Out of Committee
02/12/04	(H)	MINUTE(EDT)

02/19/04 (H) EDT AT 10:00 AM CAPITOL 120  
 02/19/04 (H) Mvd Out of Committee w/new fiscal notes  
 02/23/04 (H) EDT RPT 4DP  
 02/23/04 (H) DP: MCGUIRE, CISSNA, CRAWFORD, HEINZE  
 02/23/04 (H) FIN REFERRAL ADDED AFTER RES  
 03/01/04 (H) RES AT 1:00 PM CAPITOL 124  
 03/01/04 (H) Heard & Held  
 03/01/04 (H) MINUTE(RES)  
 03/03/04 (H) RES AT 1:00 PM CAPITOL 124  
 03/03/04 (H) Moved Out of Committee  
 03/03/04 (H) MINUTE(RES)  
 03/04/04 (H) RES RPT 5DP 1DNP 2NR  
 03/04/04 (H) DP: GATTO, STEPOVICH, HEINZE,  
 03/04/04 (H) GUTTENBERG, DAHLSTROM; DNP: WOLF;  
 03/04/04 (H) NR: LYNN, MASEK  
 04/21/04 (H) FIN AT 8:30 AM HOUSE FINANCE 519  
 04/21/04 (H) Scheduled But Not Heard  
 04/21/04 (H) FIN AT 1:30 PM HOUSE FINANCE 519  
 04/21/04 (H) Moved CSHCR 28(FIN) Out of Committee  
 04/21/04 (H) MINUTE(FIN)  
 04/22/04 (H) FIN RPT CS(FIN) NT 7DP  
 04/22/04 (H) DP: MEYER, HAWKER, MOSES, CHENAULT,  
 04/22/04 (H) FATE, FOSTER, WILLIAMS  
 04/28/04 (H) TRANSMITTED TO (S)  
 04/28/04 (H) VERSION: CSHCR 28(FIN) AM  
 04/29/04 (S) READ THE FIRST TIME - REFERRALS  
 04/29/04 (S) CRA, RES  
 05/03/04 (S) CRA AT 1:30 PM FAHRENKAMP 203

BILL: SB 335

SHORT TITLE: EMERGENCY SERVICES DISPATCH/911 SURCHARGE  
 SPONSOR(S): SENATOR(S) SEEKINS

02/16/04 (S) READ THE FIRST TIME - REFERRALS  
 02/16/04 (S) CRA, FIN  
 03/10/04 (S) CRA AT 1:30 PM FAHRENKAMP 203  
 03/10/04 (S) Heard & Held  
 03/10/04 (S) MINUTE(CRA)  
 05/03/04 (S) CRA AT 1:30 PM FAHRENKAMP 203

BILL: SB 396

SHORT TITLE: INTERIOR RIVERS PORT AUTHORITY  
 SPONSOR(S): COMMUNITY & REGIONAL AFFAIRS

05/02/04 (S) READ THE FIRST TIME - REFERRALS  
 05/02/04 (S) CRA  
 05/03/04 (S) CRA AT 1:30 PM FAHRENKAMP 203

**WITNESS REGISTER**

Cameron Yourkowski  
Staff to Representative Paul Seaton  
Alaska State Capitol  
Juneau, AK 99801-1182  
**POSITION STATEMENT:** Introduced HCR 28

Joe Michel  
Staff to Senator Ralph Seekins  
Staff to Representative Paul Seaton  
Alaska State Capitol  
Juneau, AK 99801-1182  
**POSITION STATEMENT:** Explained the CS for SB 335

Kevin Richie  
Alaska Municipal League  
217 Second Street, Suite 200  
Juneau, AK 99801  
**POSITION STATEMENT:** Testified on CSSB 335

Tim Rogers  
Alaska Municipal League  
217 Second Street, Suite 200  
Juneau, AK 99801  
**POSITION STATEMENT:** Testified on CSSB 335

Lieutenant Al Storey  
Alaska State Troopers  
Department of Public Safety  
PO Box 111200  
Juneau, AK 99811-  
**POSITION STATEMENT:** Testified on CSSB 335

Linda Freed  
City Manager of Kodiak  
722 Mill Bay Road  
Kodiak, Alaska 99615  
**POSITION STATEMENT:** Testified on CSSB 335

Steve Thompson  
Mayor, City of Fairbanks  
800 Cushman Street  
Fairbanks, Alaska 99701  
**POSITION STATEMENT:** Testified on CSSB 335

Paul Fuhs  
No address provided  
**POSITION STATEMENT:** Testified on SB 396

Sally Saddler  
Department of Community & Economic Development  
PO Box 110800  
Juneau, AK 99811-0800  
**POSITION STATEMENT:** Testified on SB 396

Representative Carl Morgan  
Alaska State Capitol  
Juneau, AK 99801-1182  
**POSITION STATEMENT:** Sponsor of SB 396

Bob Charles  
President, Calista Corporation  
301 Calista Court, Suite A  
Anchorage, Alaska 99518-3028  
**POSITION STATEMENT:** Testified in support of SB 396

**ACTION NARRATIVE**

**TAPE 04-12, SIDE A**

**CHAIR BERT STEDMAN** called the Senate Community and Regional Affairs Standing Committee meeting to order at 1:36 p.m. Present were Senators Wagoner, Gary Stevens, Elton, Lincoln and Chair Stedman.

**CSHCR 28(FIN) am -STUDIES OF SALMON HARVESTING COOPERATIVES**

CHAIR STEDMAN announced HCR 28 to be up for consideration. He asked the sponsor's staff to come forward.

CAMERON YOURKOWSKI, staff to Representative Paul Seaton, explained that the resolution is sponsored by the joint legislative Salmon Industry Task Force and asks the University of Alaska to continue to study the effects of salmon harvesting cooperatives. They are to focus on the socio economic impacts that the cooperatives might have on coastal communities and the processing sector.

Currently the one salmon cooperative that has allocative rights is operating in Chignik Alaska. The Board of Fish established it in 2002 and this season will be their third year of operation.

Noting that the co-op has been somewhat controversial, he pointed out that the Salmon Industry Task Force reviewed the policy issues associated with salmon harvesting co-ops, they found that the economic data to try and weigh the pros and cons of the co-ops really wasn't available. Because of that, the resolution simply asks the university to study the issue further, hence the zero fiscal note.

CHAIR STEDMAN commented that the Chignik fishermen are probably ready to renegotiate their co-op.

MR. YOURKOWSKI said he didn't understand.

CHAIR STEDMAN said, "A merger."

MR. YOURKOWSKI said, "Oh right."

SENATOR GARY STEVENS raised a question about the cost of further study and asked if the hope is that the university will absorb the cost into their other studies.

MR. YOURKOWSKI said the university has indicated that they would like to continue to study the issue.

SENATOR THOMAS WAGONER said he had several questions for Gunnar Knapp, an economist with UAA.

Mr. Knapp was not on-line.

SENATOR WAGONER stated that he has voiced his concerns at previous hearings. He was aware of one major fiberglass business in Homer that went bankrupt and knew that a number of crewmen would be put out of work so he favored a good study on co-ops before going forward. "Co-ops can do some good things and there's some good things about co-ops, but if you look overall at all the people that have been involved in fisheries such as this and you do an economic study, I think you're going to find that the spin off of that is that there's a lot of other people that are indirectly and directly penalized by the state establishing these co-ops so I think it's a catch-22."

SENATOR KIM ELTON commented that there are justifiable fears associated with the establishment of co-ops. He also noted that other entities would get involved deciding on the type of economic data that is needed before additional decisions are

made on co-ops. He stated support for the resolution and said he would be happy to make the motion to move it forward.

SENATOR WAGONER wanted it on record that of the 100 permits, 70 some percent form the co-op. When an economic study is conducted consideration should be given to what happens when you pull so many boats from service and potentially put them on the market. "How much of a depression does that have when it comes to somebody else wanting to market a 58 foot limit seiner?"

SENATOR GARY STEVENS pointed out that farmed fish represent stiff competition and that will likely increase as time goes on. "What we have to do is find a way to improve the quality of the product and find a way to reduce the cost," he said. Co-ops might not be the right answer, but they do represent an attempt to find an answer to reducing cost and improving quality. He said he'd be happy to have Senator Elton make the motion.

CHAIR STEDMAN summarized that a co-op may work in select areas in the state, but the socio-economic downside could be huge for the state. "Hopefully the university, when they do these studies, will definitely broaden the scope enough to pick up the adverse impacts of [what] moving away from free competition market place brings," he said.

SENATOR ELTON motioned to move CSHCR 28(FIN) am from committee with the attached two zero fiscal notes and individual recommendations.

SENATOR LINCOLN said she was curious whether it would take three yeses to get the bill out of committee.

CHAIR STEDMAN answered through the chuckles that, "The way this committee will run, we'll have three affirmative votes to move any bill forward."

There being no objection, CSHCR 28(FIN) am moved from committee.

**SB 335-EMERGENCY SERVICES DISPATCH/911 SURCHARGE**

CHAIR STEDMAN announced SB 335 to be up for consideration and he would like a motion to adopt the committee substitute (CS).

SENATOR THOMAS WAGONER made a motion to adopt CSSB 335(CRA) for discussion purposes. There being no objection, it was so ordered.

JOE MICHEL, legislative aide to Senator Ralph Seekins, told members the CS addresses the questions raised by the committee during the March 10 hearing. He said the bill reflects hard work on the part of a number of people. He read:

This committee substitute addresses the major concerns this committee had regarding multiple lines in a residential home. There is concern of this committee that the Legislature would have to deal with this issue again and again as technology advanced and new surcharge limits would need to be set as Alaska was able to move on to Phase II, E-911 technology.

This bill is about enabling municipalities to have the means to support a 911 system. Every citizen needs 911 services and the adjustments made by this CS will make great strides towards the goal of local control for city and borough governments.

SENATOR GARY STEVENS recalled there was considerable concern about cell phones and wondered whether cell phones would work through the 911 system.

MR. MICHEL replied they would. "It would be per billing statement; it would be where the billing statement is located," he said.

SENATOR THOMAS WAGONER asked for expanded discussion about multiple lines into a residence and how would be handled.

MR. MICHEL said, "The multiple phone lines now will be per billing address per statement. It won't be if you have a fax line, you're children have a line. All those go to whatever the one statement is per billing address. There will be one surcharge placed on that." He clarified that businesses are not included.

SENATOR WAGONER questioned what would happen if he had two lines into his house from ACS and one line from GCI.

MR. MICHEL replied, "If you had two different phone companies coming into one address, I would say you would probably get the surcharge twice because the individual companies are responsible for collecting the surcharge on the phone bill."

SENATOR WAGONER commented that it's not really true that one resident gets one surcharge.

MR. MICHEL agreed.

SENATOR WAGONER asked what he said about cell phones.

MR. MICHEL repeated that they're charged per billing statement.

SENATOR WAGONER remarked that he could receive two billings at his residence for the service from two companies and one billing for his cell phone.

MR. MICHEL agreed.

SENATOR KIM ELTON asked for a discussion on the rationale for doing away with the caps.

MR. MICHEL said it's the result of discussion on a companion House bill. The limits were lifted so that individual municipalities could do what they saw fit to run their 911 services.

SENATOR ELTON asked if the state would be exempted from the surcharge.

MR. MICHEL didn't know the answer, but said he'd find out.

SENATOR ELTON asked if there was discussion about how market dynamics could change so there was shifting from one provider to another to consolidate billings.

MR. MICHEL said there was discussion and opined that market dynamics might be affected in an effort to avoid surcharges, but he didn't think it would amount to much. "People would either accept the phone charge or move on and try to consolidate their companies," he said.

SENATOR ELTON remarked that cell phones are the tethers by which families stay in contact with their teenagers. If cell phones are billed by the number, then some families will pay the fee a number of times.

MR. MICHEL thought the surcharge was per billing address, but if different companies provided service to the same address, then the fee would be paid more than once. The main rationale is to assess a user fee for 911 service and not place the burden on property tax owners.

SENATOR GARY STEVENS asked about municipalities receiving reimbursement for providing 911 service to people that are living outside the city borders but inside the service district.

MR. MICHEL said that areas get billed wherever the emergency services are provided.

SENATOR GARY STEVENS noted that someone was shaking their head so the question needs further exploration.

SENATOR THOMAS WAGONER remarked that in years past when PTI had the phone system on the Kenai Peninsula, he was billed for local service by PTI and then AT&T billed him for long distance service. That would be two billings for 911 service for one residence.

MR. MICHEL pointed to Section 5 and said it speaks to local exchanges so the long distance providers wouldn't collect the service charge.

CHAIR STEDMAN asked for verification that there is no longer a cap and that businesses would be charged per line.

MR. MICHEL said that is correct.

SENATOR ELTON asked if the bill has any provisions to allow municipalities to make local accommodations so that they could configure local 911 charges to their liking.

MR. MICHEL said the purpose of the bill is to allow municipalities local control over funding their 911 systems.

SENATOR ELTON narrowed his question and asked whether a municipality would have the ability to charge a residence just one service fee regardless of the fact that the residence may have more than one cell phone and more than one land line

MR. MICHEL said, "Yes sir, the whole goal is for the municipality to run their show as they see fit. We used the word may many times just to provide them with plenty of wiggle room, depending on what they feel their municipality needs to fund this service."

SENATOR GEORGIANNA LINCOLN noted that the committee aide distributed an amendment that she wanted to offer.

CHAIR STEDMAN asked whether she wanted to discuss it informally or make a formal motion.

SENATOR LINCOLN made a motion to adopt amendment 1, which adds a new section on page 8.

SENATOR WAGONER objected for discussion purposes.

SENATOR LINCOLN continued to explain that the new section is the exact verbage that was offered on a companion bill in the House. It reads:

AS 42.05 is amended by adding a new section to read:

**Sec. 42.05.295. Routing 911 calls.** Notwithstanding AS 42.05.711, to ensure statewide access by all residents to 911 wireline services, traditional or enhanced, for areas where there is no local or regional public safety answering point, the state shall provide a toll-free, statewide default public safety answering point to which each local exchange telephone company must route all 911 calls originating from within its customer service base.

She noted that AT&T supports the amendment fully. The amendment would allow the rural areas of Alaska to have access to 911 service. Currently the rural areas aren't able to access 911 service and with the decrease in public safety officers in the small communities, this access can be critically important.

SENATOR GARY STEVENS said he wasn't familiar with the term "wireline services" and mused that it might be the opposite of "wireless services."

SENATOR LINCOLN wasn't altogether sure, but took the lead from some nodding heads and agreed that was probably correct.

SENATOR GARY STEVENS said he understood the reasoning, but he wasn't sure how that would work because there wouldn't necessarily be any anyone close enough to respond.

SENATOR LINCOLN said:

There was an example used when a village member in Aniak was able to get a hold of a person to be able to call the dispatcher - has to call Bethel to get an okay to respond. In this manner they would have the hubs and the hubs would be able to respond to those

911 calls without having to go through different phases of getting to the next larger community.

SENATOR GARY STEVENS asked if that meant that she wasn't suggesting a trooper dispatch service, but that every community would have a hub for calls to come into.

SENATOR LINCOLN said that's correct and she didn't think it would cost the state.

SENATOR WAGONER asked who would pay for the service.

SENATOR LINCOLN said she didn't want to put anyone on the spot, but she hoped that someone from AT&T could answer those questions. She understood that it isn't a cost to the state. It's an option for the communities so the villages would have access. She said, "I would imagine that it would be through the communities if there's any expense."

SENATOR WAGONER questioned, "If you're in Nightmute and you want to call in a 911 call - it originates in a residence - and the state then has a line that calls it into a 911 center?"

SENATOR LINCOLN understood that the 911 call would go in to the closest hub and that person would then contact the needed service.

SENATOR WAGONER asked if the people in the hub community would pay for all the 911 calls and the individuals making the emergency calls from the remote areas would pay nothing under the proposed amendment.

SENATOR LINCOLN said it was her understanding that there was no charge to the state and she didn't know how the rest of the costs would be distributed.

SENATOR WAGONER understood that the state wouldn't get the fiscal note, but it would cost whoever was supporting the hub.

CHAIR STEDMAN asked if the state currently has any calling centers.

SENATOR LINCOLN couldn't put her finger on one in her district of 127 communities.

CHAIR STEDMAN pointed out that the verbage is that the state shall provide.

SENATOR GARY STEVENS said he wouldn't feel comfortable voting for the amendment until he heard from the communities that would subsidize the service to areas outside their boundaries.

CHAIR STEDMAN asked if anyone would like to speak to the amendment and received no response.

SENATOR GARY STEVENS asked to hear from the Alaska Municipal League.

KEVIN RICHIE, Alaska Municipal League, noted that Tim Rogers was on-line to help, but his quick answer is that: "Given the ability to adjust your calling area, I believe that this provision would allow PSAP, Public Safety Answering Points, which is a calling center - whatever calling center was taking the calls would have the ability to collect the surcharge on the telephones within that area." He understands that, "by expanding those calling areas it would be possible - if this bill were to go through as it is allowing a municipality to essentially recover the costs that it actually expends - to not have some area subsidizing others because you would be collecting enough to run the system potentially within the larger calling area."

SENATOR GARY STEVENS asked if it's his feeling that these centers could be funded at no cost to the local community. They would receive the money needed to run the centers without subsidizing them from the local tax base.

MR. RICHIE replied that is his understanding, but he would defer to Mr. Rogers to make sure that's the case.

TIM ROGERS, Alaska Municipal League, spoke via teleconference to say that the intent of the amendment is to establish an ability for the rural areas that currently don't have 911 service to have the local phone companies be able to switch back into a statewide 1-800 number that would allow them to reach an emergency services dispatcher. Currently there are a number of areas in the state that don't have 911 service and this would provide that access.

SEANTOR WAGONER said the question was who would pay for the service.

MR. ROGERS opined the state would have to pay for the cost of the 800 service and there would have to be an agreement made with each dispatch center.

SENATOR GARY STEVENS asked if it's his understanding that if the system were developed with the regional service areas that local cities wouldn't have to subsidize a larger area.

MR. ROGERS replied that his understanding of the amendment is that it would require the local telephone companies to have a switching mechanism so that any time a 911 call came in and it was not a local PSAP [Public Safety Answering Point], it would automatically switch to an 800 number that would go to some dispatch center within the state.

SENATOR LINCOLN asked him to verify that the state wouldn't have to pay for this and that there had been some discussion about placing a 5-cent surcharge on all billings to ensure that this service was available statewide.

MR. ROGERS told her he knew nothing about a 5-cent surcharge or any type of statewide surcharge. When he spoke with an AT&T representative he was told that the state could have a simple switch to an 800 number then to a dispatch center for little or no expense.

SENATOR WAGONER disputed the previous comment saying that there is an expense. It comes from operating the 911 system and if individuals outside a service area use the system without paying a fair portion then that's an expense to the cities or municipalities.

**TAPE 04-12, SIDE B**

**2:23 pm**

SENATOR ELTON said he could see an additional cost, but he viewed it as a good neighbor policy for larger areas to offer access to 911 service to outlying areas. For instance, if a 911 call was made to the Juneau center from Tenakee Springs, it would be a good neighbor policy to call the Coast Guard for a MediVac or whatever service was needed. He said, "I think the argument may be a good argument if in fact additional resources are needed, but I suspect that you're probably not going to need additional resources. You're just going to be using the existing resources."

SENATOR WAGONER said his point is that when these systems are established you figure out the costs to run the system. "So if they want to participate at that level, I'll buy into that argument, but if they want to participate at that level after the system is set up, manned and put in place and the equipment purchased, I don't buy that." He questioned whether that 5-cent surcharge would be for everyone statewide or just those that don't currently participate in a 911 system. If it

SENATOR LINCOLN said it's statewide.

SENATOR WAGONER said that's inequitable.

SENATOR GARY STEVENS agreed with Senator Wagoner's comments.

SENATOR ELTON said those same types of subsidies are provided in public protection as well. "Those kind of subsidies are natural kind of subsidies. They're using our roads when they come to visit town and we're not trying to recapture those costs."

SENATOR WAGONER said those who have been involved in municipal government clearly understand the burden that's created when areas outside the city or municipality borders use and don't pay for city services. He told an anecdotal story about the communities of Kenai and Soldotna that used to pay for fire protection services to areas beyond their borders and how that impacted property owners. "This 911 system looks to me like we're going down that same road and I don't think we should go there and I think we should have a lot of input from municipalities before we go this way because I know what my municipality would say I'm sure," he said.

SENATOR LINCOLN asked who was on line to testify.

CHAIR STEDMAN told her Mayor Thompson from Fairbanks, Linda Freed from the City of Kodiak, Lieutenant Storey with the troopers, and someone from the Department of Law were available.

SENATOR LINCOLN apologized for not having the answers to the questions that were raised and then pointed out that the municipalities would have the option to charge the phone users through a surcharge. The amendment was intended to allow 911 access to all areas in the state and not just in the municipalities or boundaries of a borough.

Rather than have the amendment go down in flames, she asked whether she could withdraw her amendment to provide the people waiting on line the opportunity to comment.

CHAIR STEDMAN was agreeable and stated that testimony would be taken on the \D version and anyone who wanted to comment on the amendment was free to do so. He called on Lieutenant Storey.

LIEUTENANT AL STOREY, Alaska State Trooper, Department of Public Safety, said he had several comments. First, Section 1 relates to actionable claims against the state and the department likes the provision, he said.

He expressed concern with the proposed amendment that had a friendly withdrawal. The fiscal note would be indeterminate rather than zero. "Common sense would dictate that the troopers and Public Safety would probably be the primary call takers for any regional call centers that were set up." Currently they have a system for networking with local emergency services, but it isn't a 911 system. They recognize that a 911 system is needed, but they don't want to jump in without a comprehensive and organized plan with identified funding sources and distribution of responsibility. It's important to provide the best 911 service possible, but routing an emergency call through a dispatch center in Anchorage when the emergency originates in Shaktoolik might not satisfy the caller's needs as quickly and efficiently as you might like.

The bill does allow municipalities to collect surcharges, but there is no provision where the state could benefit from collection of any surcharge so any cost incurred would have to be covered by the state.

SENATOR WAGONER asked for verification that more time is needed to study the impacts of proposed amendment 1.

LIEUTENANT STOREY replied that is correct. He knew that AT&T association members have expressed concerns on the liability that might be extended to them in not being able to send calls to a PSAP.

LINDA FREED, city manager for the City of Kodiak, testified via teleconference in support of the committee substitute, version \D. The City of Kodiak is the PSAP for the Kodiak road system representing about 15,000 people and they spend about \$.5 million per year to operate their E 911 and dispatch systems. They take in about \$45,000 under the system that is

legislatively capped. It's important to pass the legislation this session so they can find a local funding source to help defray the large subsidy they now provide for their dispatch system.

The E 911 and dispatch systems cover an area that stretches well beyond the city limits. They are very happy with language that would allow them to extend a levy to support their dispatch system, which is more costly than the E 911 portion. The E 911 part handles the emergency calls coming in and the dispatch system is the response calls out and the way they communicate when they have a disaster or an emergency response. That's where a lot of staff time is consumed.

With regard to proposed Amendment 1, she said the House companion bill removed that portion because of the many unanswered questions. The House suggested a letter of intent speaking of the need to establish a coordinator position to review and come up with a workable system for communities that don't currently have E 911 service without burdening those that are already subsidizing the system with local tax dollars.

STEVE THOMPSON, mayor of the City of Fairbanks, testified via teleconference in support of the committee substitute. He complimented Ms. Freed for covering most of the points they feel are important. The mayors of North Pole and Fairbanks North Star Borough also support the \D version CS for SB 335.

He noted that utility providers want the cap, but the question arises over whether the cost to provide emergency dispatch services to Barrow compared to Fairbanks compared to Anchorage is the same. "With new technologies coming on line would both be going back to Juneau trying to get the cap changed in the next year or the year after because it doesn't provide enough money?" Having the dispatch area authority set the rate to cover the cost of the services is a good way to do it, he said.

SENATOR WAGONER asked if the city or borough runs the 911 service in Fairbanks.

MR. THOMPSON said they currently have five different dispatch answering services in the valley. They're trying to combine them into one. The borough operates the technical 911 switch that is used by the local phone exchange and that's the only way the borough is involved for dispatching.

The combined cost for the five dispatch centers is about \$4.7 million per year. They look for a considerable reduction in operating costs when they consolidate.

SENATOR GARY STEVENS asked whether he had any comments on proposed Amendment 1 that would probably make the city responsible for a number of communities outside of the ones they currently deal with.

MR. THOMPSON called it a good concept, but he couldn't see how they could foresee the cost or any of the other particulars. When they answer an E 911 call now they know exactly the address the call is coming from. If they were to receive out of area calls they would have no location data whatsoever. It's a good idea for sometime in the future after more study. "We're not really in favor of that at this time. In the future I can see it happening though," he said.

SENATOR LINCOLN thanked him for saying the concept was good rather than saying it was a rotten idea.

CHAIR STEDMAN noted there was no one else to give testimony.

SENATOR LINCOLN said she heard the concerns expressed about the proposed amendment and she would like to withdraw Amendment 1 at that time.

CHAIR STEDMAN announced Amendment 1 was withdrawn.

SENATOR GARY STEVENS said he appreciated what he was doing, but it's an important principle and he wondered if he would favor a letter of intent to work toward developing a statewide coordinated system.

SENATOR LINCOLN seconded the idea.

CHAIR STEDMAN asked for a motion.

SENATOR GARY STEVENS made a motion to draft a letter of intent stating support for a coordinated statewide system. There being no objection, it was so ordered.

SENATOR WAGONER made a motion to move CSSB 335 from committee with individual recommendations. He added "and hopefully there will be a resolution to this in the near future."

There being no objection, CSSB 335 \D moved from committee.

**TAPE 04-13, SIDE A**  
**2:53 pm**

CHAIR STEDMAN called a short at ease.

**SB 396-INTERIOR RIVERS PORT AUTHORITY**

CHAIR STEDMAN announced SB 396 to be up for consideration. He didn't intend to move the bill that day and there would likely be a committee substitute offered at the next hearing.

PAUL FUHS introduced himself and said:

At the request of Representative Morgan I helped draft this legislation and helped him work on it. It was his idea to provide a regional approach to providing economic development and provision of some services in the Interior rivers area.

I'll hold up a map for you to see. It's all pretty much small communities. They're all 80 to 300 people. They all face a lot of the same issues of high cost of energy, limited transportation, limited economic development opportunities although there are some pretty good mineral developments in the area.

In studies on the area for its municipal government, there isn't enough there to really justify it so they've really been looking for the ways how can they do some of the things that local government would do especially in the economic development area. They're looking for transportation - with the Donlin Creek Mine going in - to help facilitate that - some of the other mines. Transportation in the area, the bill would allow them to do bulk fuel purchases. It would allow them to look at inter-ties if that made more sense and could provide power cheaper or could help develop some of the mining properties. Also look at tourism development in the area.

In your packet you'll see that all the major landholders and agencies in the area have supported this and are looking for a way to try and lift the whole region up.

Port authorities have been used around the world because they really provide a clear focus for economic

development or whatever purpose they're put up for. We've seen a couple of others. The Prince of Wales Island Port Authority that's doing the ferry transportation down here has been real successful [and] we've got the Knik Arm Crossing. There's also been a proposal for airport authority at the international airports.

It provides a legal framework for providing financing for economic development projects and I think one of the most important provisions that you want to look at in the legislation is on page 15. And if I was sitting in your seat, this is one of the things I'd be concerned about. You're setting up an authority that has the ability to issue bonds and go into debt and yet it's set up as a state corporation and that's necessary because there is no local government there.

Alaska's port authority legislation, which authorizes municipalities to form it - which I worked on in '93 with Drew Pearce - you have to have municipalities to do it. The reason state legislation is needed here is because this is an unorganized section of the state. And I would say that this is probably one of the first times that the Legislature is really acting as the borough assembly for the unorganized borough, which is one of your mandates under the constitution. So it is one of those steps.

The question would be if they take on debt, is that something that the state is going to end up being responsible for? And under this section, the credit of the state is not pledged. If they go out and issue revenue bonds, they are dependant upon the revenues of the project. They have to pass an independent third party independent evaluation by both investment banking firm to take the deal to Wall Street and then for Wall Street to buy the bonds so it would have to be pretty strong. If the project failed, it would be the bondholders who would be responsible, not the State of Alaska. So we gave that protection.

Other than that, the authority has pretty broad powers to act in the interests of its residents. It is permissive legislation. The only thing that they have to do is on page 23. They really have to come back with a development plan and say: 'Here's the

transportation under regional development plan - energy and tourism related.'

The Department of Environmental Conservation has been very interested in its regional landfills and things like this where it can be more efficient. We've got a lot of uncovered landfills out there that are creating some serious health issues and they'd really like to have a regional entity to look at to do it more efficiently and to do it better.

So I would leave it at that Mr. Chairman. I would be glad to answer any questions that you may have. I would just say that part of the reason that Representative Morgan asked me to do this is I've been involved in the writing of almost every authority in the state so far and I also served as chairman of the AIDA Board, the Energy Authority, and the State Bond Committee so I could answer questions concerning financing also.

SENATOR GARY STEVENS remarked that the governor appoints a board of directors, but that board could be making communities liable for bonds. He asked how the communities buy into what the board has decided to do.

MR. FUHS told him that because the communities aren't organized, this would be the debt of the authority as a whole not of those communities. The entire region would take on the debt as the authority and go out with revenue bonds or whatever else. There's no municipal tax base or general obligation taxing authority in the area.

CHAIR STEDMAN questioned whether it would be just revenue bonds.

MR. FUHS said yes and it also has the authority to receive funds from federal, state and private sources. It could receive land or enter into contracts with other entities. The Denali Commission is also interested because they're looking for ways to do deliver services more efficiently in that area so they would welcome this and perhaps be able to provide technical assistance grants or funding for projects. Also quite a lot of federal money has been identified for the Donlin Creek Road, which would connect the two rivers with a port on each side.

CHAIR STEDMAN remarked it's a good concept. It creates economic development in the area and some inter-tie among the

communities, which might raise the standard of living for everyone in the area.

SENATOR GARY STEVENS asked if this would ever have an opportunity of moving outside that specific geographic area or would it be limited to the one area.

MR. FUHS replied that it's limited to the described area unless the state changes the statute to include other areas. "But it could just by contract, memorandum of agreement or any other mechanism have joint ventures or do things with other parts of the state," he said.

CHAIR STEDMAN asked him to speak to the board structure.

MR. FUHS explained that it's a nine-member board. All land owners and organizations in the area would propose a list of people to the governor who would freely choose and then there would also be a couple of public members chosen. They're trying to get everyone in the area that has a stake in the authority to be involved.

CHAIR STEDMAN said everyone should be represented.

MR. FUHS agreed.

SENATOR LINCOLN asked whether the administration supported the legislation.

MR. FUHS said he didn't know whether the administration had taken a formal position, but he knew that some of the departments were interested in the regional approach.

SENATOR LINCOLN said perhaps Representative Morgan had an answer and that she would like to hear from the departments that had expressed support.

MR. FUHS told her the Department of Commerce, DOT and DEC had expressed interest.

SALLY SADDLER with the Department of Community and Economic Development stated, "the concept has merit particularly as we talk about putting an economic development entity in place that can help this region take control and charge of their economic destiny." Currently they are evaluating the bill and if any questions arise they pledge to work toward a resolution.

CHAIR STEDMAN asked Ms. Saddler to be at the next hearing of the bill.

MS. SADDLER agreed to be at the next hearing.

REPRESENTATIVE CARL MORGAN, bill sponsor, first noted that some were concerned that there was too much Native corporation representation in the original board composition. He then explained that the board has nine members; three seats are public members appointed by the governor, one seat is an industry member who is working in the area, and the rest are Native corporation members.

CHAIR STEDMAN asked him to speak to the fiscal note.

REPRESENTATIVE MORGAN said the fiscal note is indeterminate.

CHAIR STEDMAN asked him to talk about the economic benefit this would bring to the region.

REPRESENTATIVE MORGAN explained that this area has been studied extensively and the conclusion is always the same. It's difficult to do business in the region, it's impoverished, and it's mineral rich. The Donlin Creek Mine holds much promise, but it's held back because of a lack of infrastructure.

SENATOR WAGONER asked what kind of commercial enterprises are in the area currently.

REPRESENTATIVE MORGAN told him that it's largely barge service and air transportation freight currently. With the possibility of the road corridor tying the Yukon and Kuskokwim rivers, it'll basically be railroad to rivers to roads to resources.

SENATOR LINCOLN asked whether the public members would specifically not be Native.

REPRESENTATIVE MORGAN said it would be up to the governor.

CHAIR STEDMAN stated that neither nationality nor ethnic or religious backgrounds should preclude anyone from having access into and benefit of the economic system.

SENATOR LINCOLN said she appreciates that very much and she commended Representative Morgan for having put the bill together at such a late date.

SENATOR WAGONER stated that, "just because they're Natives from the Native corporations and the Native association sets out the representation of those groups, it doesn't mean they have to be a Native. ... It doesn't matter. I think if this thing happens, I think it should be controlled by the people in that district."

REPRESENTATIVE MORGAN added that this is the first of its kind. It has taken considerable time trying to get all the entities to agree. The 25 villages and communities are scattered throughout the region with populations that average 225 people. They can't support a municipality, but getting them to work together was a major step.

There were no further questions asked of Representative Morgan.

BOB CHARLES, the Calista Corporation president, testified via teleconference in support of SB 396. The measure has a focused approach to economic development and they look forward to its passage so they can get to work.

There were no questions.

CHAIR STEDMAN announced he would hold SB 396 in committee and adjourned the meeting at 3:15 pm.