

ALASKA STATE LEGISLATURE  
HOUSE SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT,  
INTERNATIONAL TRADE AND TOURISM

January 24, 2008  
11:02 a.m.

**MEMBERS PRESENT**

Representative Mark Neuman, Chair  
Representative Carl Gatto  
Representative Kyle Johansen  
Representative Wes Keller  
Representative Bob Lynn  
Representative Andrea Doll  
Representative Mike Doogan

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

PRESENTATION: AN OVERVIEW OF THE ALASKA REGIONAL  
ECONOMIC DEVELOPMENT ORGANIZATIONS (ARDORS)

- HEARD

HOUSE BILL NO. 272

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

- MOVED CSHB 272(EDT) OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: HB 272

SHORT TITLE: AK REGIONAL ECONOMIC ASSISTANCE PROGRAM

SPONSOR(S): REPRESENTATIVE(S) STOLTZE

01/04/08 (H) PREFILE RELEASED 1/4/08

01/15/08 (H) READ THE FIRST TIME - REFERRALS  
01/15/08 (H) EDT, FIN  
01/24/08 (H) EDT AT 11:00 AM CAPITOL 106

#### **WITNESS REGISTER**

MICHAEL CATSI, Executive Director  
Southwest Alaska Municipal Conference (SWAMC)  
Anchorage, Alaska

**POSITION STATEMENT:** Presented an overview on the Alaska Regional Development Organizations (ARDORs).

MARTY METIVA, Executive Director  
Mat-Su Resource Conservation and Development Council  
Wasilla, Alaska

**POSITION STATEMENT:** Answered questions during the overview on the Alaska Regional Development Organizations (ARDORs).

SHELLY WRIGHT, Executive Director  
Southeast Conference (SEC)  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions during the overview on the Alaska Regional Development Organizations (ARDORs).

REPRESENTATIVE BILL STOLTZE  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Introduced HB 272 as the sponsor.

#### **ACTION NARRATIVE**

**CHAIR MARK NEUMAN** called the House Special Committee on Economic Development, International Trade and Tourism meeting to order at [11:02:28 AM](#). Representatives Doogan, Keller, Gatto, Doll, and Neuman were present at the call to order. Representatives Lynn and Johanson arrived as the meeting was in progress.

Presentation of an overview on the Alaska Regional Development Organizations (ARDORs)

[11:02:47 AM](#)

CHAIR NEUMAN announced that the first order of business would be the presentation of an overview on the Alaska Regional Development Organizations (ARDORs).

[11:04:47 AM](#)

MIKE CATSI, Executive Director, Southwest Alaska Municipal Conference (SWAMC), presented an overview on the Alaska Regional Development Organizations (ARDORs). He informed the committee that ARDORs account for 90 percent to 95 percent of the state's rural and urban population. The area not covered, apart from the North Slope Borough, is sparsely populated; however, ARDORs can form in rural areas, also. The ARDORs are formed around areas of commonality by stakeholders who have the desire to be involved in such an organization. Mr. Catsi advised that, nationally and globally, economic development theories and programs are trending towards regionalization; in Alaska, it is the ARDORs that implement programs on a regional level. There is also the ability to work on development on a local level by lending logistical and administrative support and by partnering with local economic development organizations. The ARDORs role is to reduce duplicity and to increase the efficiency and effectiveness of development programs.

[11:06:28 AM](#)

CHAIR NEUMAN asked for a description of some ARDORs projects.

[11:06:44 AM](#)

MR. CATSI responded that each ARDOR works with different partnerships and on different levels in its own region. The ARDORs board members come from a diverse range of backgrounds and represent Alaska's main economic, demographic, public, and private business sectors. Some ARDOR charters also require an ethnic balance of board members as well.

11:07:39 AM

MR. CATSI continued to explain that the flexibility of the ARDORs programs allows for the creation of partnerships with different organizations, businesses, and state and federal agencies which meet the development needs of each region. The Alaska Regional Economic Assistance Program is funded by the Alaska Industrial Development and Export Authority (AIDEA) earnings. He pointed out that this program allows ARDORs the flexibility to work on projects, programs, and issues specific to each region; in fact, each ARDOR program is structured differently to meet differing needs. Accountability is built into the system; all ARDORs must apply for funding each year through the grant program that is administered by the Department of Commerce, Community, & Economic Development (DCCED). The grant paperwork must show upcoming activities, a work plan, and demonstrated progress.

11:09:26 AM

MR. CATSI further described the funding sources for the program. Based on FY 07, he indicated that the state ARDOR's grant was \$691,995, or [13] percent of the collective total budget. Funding programs vary widely for each region. He opined that funding for each region is leveraged at levels from at least 3:1 to as high as 8:1; in fact, ARDORs leverage funding at a higher rate than many other state programs.

11:11:04 AM

MR. CATSI informed the committee that the ARDORs and their partners are asking for a five year reauthorization in order to better plan programs and projects. Mr. Catsi asked the committee for an amendment to HB 272 to extend the sunset date to five years. He then showed the committee several slides depicting a variety of past, and current, ARDORs accomplishments.

CHAIR NEUMAN asked for further information about the training ARDORs provided to 650 individuals.

[11:12:40 AM](#)

MR. CATSI relayed that there has been training to teach e-commerce and mixed level business assistance.

[11:12:55 AM](#)

CHAIR NEUMAN further asked how an entrepreneur gets assistance.

[11:13:30 AM](#)

MR. CATSI said that an entrepreneur can approach economic development organizations at the local or regional level.

CHAIR NEUMAN surmised that the assistance would include the development of business plans and marketing.

[11:13:48 AM](#)

MR. CATSI stated that the assistance will vary with each regional organization.

CHAIR NEUMAN recalled that the committee recently met with international business leaders and asked whether

ARDORs can assist with the international promotion of trade.

[11:14:15 AM](#)

MR. CATSI said that SWAMC can facilitate connections between producers and international marketers.

[11:14:40 AM](#)

CHAIR NEUMAN asked how the organizations outreach to the community.

MR. CATSI noted that members attend other organization's meetings, publish e-newsletters, hold monthly board meetings, maintain contact with like organizations, and hold an annual conference.

[11:15:52 AM](#)

CHAIR NEUMAN invited representatives from other ARDORs to speak.

[11:16:39 AM](#)

MR. CATSI, in response to a question from a member, said that each ARDOR received a grant in the amount of approximately \$50,000 in FY 07. Although each ARDOR is different, the collective average was that the grant money was leveraged 800 percent.

[11:16:59 AM](#)

REPRESENTATIVE GATTO asked for the percentage of the ARDOR's budget that is used for salaries, personnel and equipment.

[11:17:32 AM](#)

MR. CATSI replied that the SWAMC budget is \$300,000; the grant money of \$53,000 was subtracted for wages, salaries, and the rest.

[11:17:39 AM](#)

MARTY METIVA, Executive Director, Mat-Su Resource Conservation and Development Council (MAT-SU RC&D), informed the committee that every ARDOR is different. The budget for MAT-SU RC&D is approximately \$200,000 and most of that is directed to day-to-day operations and salary. He described partnerships between MAT-SU RC&D and other entities, such as the Chamber of Commerce, the municipalities and the unincorporated municipalities. As a non-political organization, MAT-SU RC&D has facilitated the formation of an entrepreneurial mentorship to help entrepreneurs to get their businesses started and, more importantly, to become sustainable over the long term. The MAT-SU RC&D also sponsors an annual economic development summit with training and funding assistance available to small businesses.

[11:19:35 AM](#)

REPRESENTATIVE GATTO asked Mr. Metiva whether issues with the Palmer Hay Flats will come under the conservation part of the MAT-SU RC&D.

[11:20:04 AM](#)

MR. METIVA answered that his office is addressing that issue with the long term goal of working with the Hay Flats to try to develop the property into a tourist destination.

[11:20:23 AM](#)

CHAIR NEUMAN noted that there are efforts to make it more accessible.

11:20:44 AM

REPRESENTATIVE GATTO asked Mr. Metiva for his vision of the property in five to ten years.

11:21:09 AM

MR. METIVA opined that birding is a low-impact and renewable resource industry that could make the property an attraction for tourists. In addition, the Mat-Su Convention & Visitors Bureau is considering developing a visitor's center there. He listed many opportunities for tourism at that location.

11:22:26 AM

REPRESENTATIVE KELLER stated that he was impressed by the projects the ARDORs are working on for his district. He asked how often the regional offices get together.

11:23:32 AM

MR. METIVA replied that his executive committee meets monthly, the entire council meets quarterly, and there is a board meeting annually.

11:24:04 AM

REPRESENTATIVE JOHANSEN asked how tourists get to the Palmer Hay Flats.

11:24:50 AM

MR. METIVA answered that most are in transit to Denali National Park and Preserve as an extension of cruise and motor coach tours; there are also air and road travelers.

11:25:31 AM

REPRESENTATIVE JOHANSEN surmised that tourism has an economic impact on the [Mat-Su] ARDOR.

11:26:04 AM

MR. METIVA said yes.

11:26:11 AM

REPRESENTATIVE GATTO noted that cruise ships contribute to the state's treasury. He asked whether a portion of that money is available to enhance the Palmer Hay Flats area if the Hay Flats visitors begin their trip on a cruise ship.

MR. METIVA said he did not have the expertise to answer that question.

11:27:12 AM

REPRESENTATIVE JOHANSEN stated that federal guidelines must be defined in order to answer Representative Gatto's question.

11:27:39 AM

SHELLY WRIGHT, Executive Director, Southeast Conference (SEC), informed the committee that SEC is an ARDOR and enjoys the advantages of cross culture and communication with the rest of the state that the program provides. She stated that ARDORs keep in touch regularly to pool resources and ideas. Southeast Conference is broad based and partners with many economic organizations and small business organizations, but does not participate in training for individuals. She noted that SEC can refer individuals to sources of assistance but is more involved in regional energy and transportation issues. Ms. Wright

pointed out that her office is in the process of creating a website to support entrepreneurs.

[11:29:47 AM](#)

CHAIR NEUMAN observed that the SEC model is flexible enough to work with the unique needs of its region.

[11:30:36 AM](#)

MS. WRIGHT stressed that, unlike dedicated funding, ARDORs funding is available to be used for any specific regional project without restriction.

[11:31:10 AM](#)

MR. CATSI added that representatives of each ARDOR must attend four teleconferences or meetings per year to exchange ideas. Thus each region benefits from the prior experience of another.

[11:32:01 AM](#)

REPRESENTATIVE DOLL asked for the reason for the huge differences in funding each year.

[11:32:38 AM](#)

MS. WRIGHT expressed her belief that funding is project driven and different grants are applied for each year.

[11:32:56 AM](#)

CHAIR NEUMAN opined that ARDORs provide expertise for the average person on the street.

[11:33:22 AM](#)

CHAIR NEUMAN thanked the presenters.

HB 272-AK REGIONAL ECONOMIC ASSISTANCE PROGRAM

11:33:51 AM

CHAIR NEUMAN announced that the final order of business would be HOUSE BILL NO. 272, "An Act extending the termination date of the Alaska regional economic assistance program; and providing for an effective date."

REPRESENTATIVE BILL STOLTZE, Alaska State Legislature, introduced HB 272 as the sponsor. He informed the committee that the bill will extend the sunset date for the Alaska Regional Development Organizations (ARDORs) until July 1, 2011. Representative Stoltze stated that ARDORs are not subject to audits and must be judged on the evidence of their annual performance. He opined that the ongoing performance of each ARDOR has been satisfactory. He advised the committee that it is appropriate to have a sunset [date] and that his preference is for an extension of the sunset for five years.

11:34:52 AM

CHAIR NEUMAN asked whether Representative Stoltze would support an amendment to extend the sunset date to five years.

REPRESENTATIVE STOLTZE said yes. He concluded by saying that there has been a good presentation on the ARDORs program and that he hoped the committee will take the opportunity to change the sunset date by amendment.

11:37:52 AM

REPRESENTATIVE GATTO called the committee's attention to page [7] item 3 of the supporting document, Alaska

Regional Development Organizations FY 07 Annual report.  
He read:

When averaged the eleven ARDORs raised \$6.23  
for every \$1 of state grant money.

REPRESENTATIVE GATTO pointed out that this is a lesser  
return than stated by Mr. Catsi.

[11:38:41 AM](#)

MR. CATSI answered that he was unsure of the year  
covered in the report. He said that, since the  
beginning of the program, each ARDOR has leveraged  
funds an average of from 3:1 to 8:1.

[11:39:09 AM](#)

CHAIR NEUMAN recalled that projects in different  
regions create different amounts of grant requests.

[11:39:28 AM](#)

REPRESENTATIVE LYNN offered a conceptual amendment to  
HB 272 to extend the termination date for five years,  
from 2011 to 2013.

[11:39:45 AM](#)

REPRESENTATIVE GATTO objected and stated his support  
for sunsets. He expressed his concern about the  
state's revenue forecast in three to five years and  
encouraged the committee to retain the three year  
sunset.

[11:40:27 AM](#)

REPRESENTATIVE STOLTZE reminded the committee that the  
legislature approves extensions for other boards with  
broader powers. He said that he wants to keep these

community organizations at work and the five year date makes sense. He noted that Alaska's constitution requires that the program be subject to annual appropriations regardless of the sunset date.

CHAIR NEUMAN expressed his belief that a five year extension is crucial to a dependable business plan.

[11:42:15 AM](#)

REPRESENTATIVE KELLER opined that the five year extension will allow for leveraging more money because it would demonstrate the confidence level that the state has in the program.

[11:42:27 AM](#)

REPRESENTATIVE DOOGAN expressed his understanding that the ARDORS program has been reauthorized six times.

[11:42:59 AM](#)

REPRESENTATIVE STOLTZE said that he was unsure of the exact date of the last reauthorization. He added that he does not remember ever hearing a raging debate about this issue.

[11:43:16 AM](#)

REPRESENTATIVE DOOGAN commented that, if the ARDORS program has been routinely reauthorized a half dozen times, he did not see a problem with extending the sunset.

[11:43:33 AM](#)

REPRESENTATIVE JOHANSEN said that he supports the amendment. He reminded the committee that the finance committee will review the appropriation each year.

11:43:58 AM

REPRESENTATIVE GATTO withdrew his objection.

11:44:05 AM

Hearing no further objection Amendment 1 passed.

11:44:28 AM

REPRESENTATIVE LYNN moved to report HB 272, as amended, out of committee with individual recommendations and the accompanying fiscal notes.

11:44:48 AM

Hearing no objections, CSHB 272(EDT) was reported out of the House Special Committee on Economic Development, International Trade and Tourism with individual recommendations and the accompanying fiscal notes.

11:44:55 AM

#### **ADJOURNMENT**

There being no further business before the committee, the House Special Committee on Economic Development, International Trade and Tourism meeting was adjourned at 11:44 p.m.