

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

January 27, 2009

8:03 a.m.

**MEMBERS PRESENT**

Representative Bob Herron, Co-Chair  
Representative Cathy Engstrom Munoz, Co-Chair  
Representative Wes Keller  
Representative Charisse Millett  
Representative Sharon Cissna  
Representative Berta Gardner

**MEMBERS ABSENT**

Representative John Harris

**COMMITTEE CALENDAR**

OVERVIEW(S): ALASKA STATE CHAMBER OF COMMERCE; ALASKA MUNICIPAL LEAGUE

- HEARD

**PREVIOUS COMMITTEE ACTION**

No previous action to record

**WITNESS REGISTER**

WAYNE STEVENS, President/CEO  
Alaska State Chamber of Commerce  
Juneau, Alaska

**POSITION STATEMENT:** Provided an overview of the Alaska State Chamber of Commerce.

KATHIE WASSERMAN, Executive Director  
Alaska Municipal League (AML)  
Juneau, Alaska

**POSITION STATEMENT:** Provided an overview of the Alaska Municipal League.

**ACTION NARRATIVE**

[8:03:21 AM](#)

**CO-CHAIR BOB HERRON** called the House Community and Regional Affairs Standing Committee meeting to order at 8:03 a.m. Representatives Herron, Munoz, Millet, Keller, and Gardner were present at the call to order. Representative Cissna arrived as the meeting was in progress.

[8:03:39 AM](#)

CO-CHAIR HERRON announced that the first order of business would be to discuss some of the goals of the committee and its members for this session.

[8:04:20 AM](#)

CO-CHAIR MUNOZ related that the issues of interest to her are those related to energy, transportation, and health.

[8:06:06 AM](#)

REPRESENTATIVE KELLER said that the aforementioned all sounds good to him. However, he highlighted the need to have a good relationship and communication with the department.

[8:06:30 AM](#)

REPRESENTATIVE GARDNER, adding to Co-Chair Munoz's list, specified the need to review economic development, which she referred to as diversification and stabilization of economies in the smaller communities in the state.

[8:06:54 AM](#)

REPRESENTATIVE MILLETT noted her agreement with Co-Chair Munoz's list as this committee will definitely review all the communities with a regional perspective. Energy issues will certainly tie into that, she remarked. She then mentioned that the House Special Committee on Energy is going on the road and will bring back issues from two of the regions it plans on visiting.

[8:07:49 AM](#)

REPRESENTATIVE CISSNA opined that the health of communities is economics and social and physical health. Economics includes energy, she pointed out. She suggested that viewing these matters, physical and social health, in a holistic manner in

terms of producing people ready to work. She then discussed the lack of infrastructure for manufacturing in Alaska, and highlighted that the challenge for the Department of Commerce, Community, & Economic Development is how to supplement a previous subsistence economy such that it helps communities walk in the two worlds. To accomplish the aforementioned, she mentioned education, health, and workforce development as well as ownership in energy issues from each community.

[8:11:10 AM](#)

CO-CHAIR HERRON expressed hope that this committee can help DCCED address the aforementioned issues as it and other agencies are important to the success of the legislature and this committee.

Overview(s): Alaska State Chamber of Commerce

CO-CHAIR HERRON then turned the committee's attention to the overview of the Alaska State Chamber of Commerce.

[8:14:03 AM](#)

WAYNE STEVENS, President/CEO, Alaska State Chamber of Commerce, began by informing the committee that he has been in Alaska for 38 years, lived throughout the state, and has been active in the community wherever he lived. He emphasized his belief that if one wants to complain about things then one should share his/her perspective with those making decisions. He then explained that the Alaska State Chamber of Commerce ("Chamber") is a private nonprofit corporation 501(c)(6) that represents some 500-plus business members and their employees. The Alaska State Chamber of Commerce began operations in 1953 when it was known as the All-Alaska Chamber. The Chamber is governed by a board of directors who represent the interest of businesses and communities from around Alaska and the Pacific Northwest. The board, which is larger than the legislature, is a geographically diverse organization. The board sets the strategic direction of the organization. He reviewed the makeup of the board and related that its mission is to drive positive change for Alaska's business. The Chamber produces four major events, which are related to the organization's major focus, which is legislative advocacy on behalf of business. The Chamber, he further related, maintains a web site and produces an annual directory of members and a quarterly newsletter. In an effort to serve the statewide business community more effectively, the Chamber has offices in both Juneau and Anchorage. The primary

focus of the Juneau office is advocacy, administration, and communications. The Anchorage office is a regional development office with the primary focus of membership events and the directory.

8:19:09 AM

MR. STEVENS then related the Chamber's top five priorities, as follows: progress on the natural gas pipeline project and essential infrastructure developments and improvements; cruise ship point of discharge wastewater permitting issues; ballot initiative reform; workers' compensation medical rate freeze, which expires at the end of December 2009; cost of living adjustment; support for exploration and development of the Outer Continental Shelf (OCS). He explained that any member of the Alaska State Chamber of Commerce can submit positions of statewide interest for consideration. Those positions are discussed at the fall meeting when the positions are debated, modified, and ultimately adopted. This year, of the over 35 priorities submitted, five became the top priorities. He noted that the committee, legislature, and administration are provided a copy of the Chamber's top priorities as well as a list of each position.

MR. STEVENS highlighted that Chamber members employ a significant number of private sector workers, and therefore the actions of the Chamber represent businesses as well as their employees. He related his hope that the Chamber's actions on the five priorities will remove barriers to job creation and create opportunities for business development. Mr. Stevens noted that the Chamber is interested in some of the items that [are in the committee's queue], including municipal property tax exemptions. The aforementioned is of concern because when a municipality exempts property from certain payers and the budget isn't reduced in the corresponding amount, the cost is then merely shifted to businesses. Therefore, it adds to the cost of doing business in the state. Mr. Stevens, recalling the committee's discussion of the need for a strategic economic development plan, related that the Chamber has long advocated that the state develop a strategic economic development plan. The legislature, the administration, and the private sector, in partnership, needs to develop an overarching economic development plan. He highlighted that the states of Washington and Oregon have written business plans and their legislature, administration, and congressional delegation all signed off on those plans. He then related that a strategic economic development plan should be fiscally predictable, stable, include

workforce development, and identify deficits in essential services and education for those skills necessary for recruitment. The foundation, he opined, for economic success should have leadership, ensure policies in investments in transportation, energy, communication, and other infrastructure that supports economic development. He indicated that such a plan should illustrate that the state is open for business and that it's easier, less expensive, and more streamlined to operate business in Alaska.

[8:23:42 AM](#)

REPRESENTATIVE GARDNER commented that there is no end to the wonderful things in which the state could invest and work toward while saving. However, the state can't fund everything and have robust savings. She noted that one of the 2009 positions of the Chamber is "savings - the first step to a fiscal plan."

MR. STEVENS said Representative Gardner had identified the difficulty. He then pointed out that Alaska is a teenager in terms of development as a state and is still trying to develop its infrastructure, systems, a plan, and a vision. The state needs to be able to articulate the vision, a shared vision, but the [state] isn't at that point. He related that from the Chamber's perspective, just throwing money at things doesn't move toward the goal. [Those in the] state need to work together to develop a vision for the future, he opined.

[8:26:42 AM](#)

REPRESENTATIVE GARDNER inquired as to when the development plans of Oregon and Washington went into effect.

MR. STEVENS recalled that the Oregon business plan has been in place for about 10-15 years while the Washington business plan has been in place a few years less than that. Both states' plans identified critical areas to focus on to attract business development in their state. He echoed Representative Cissna's earlier comments that Alaska doesn't have the type of development that provides a broad economic base because Alaska is a young state that lacks infrastructure and systems. Furthermore, the primary focus of the state has been resource extraction. Alaska is blessed with resources and needs to find a way to use those. Forming these plans brings all viewpoints to the table and compromise occurs in order to move the state forward.

[8:29:36 AM](#)

REPRESENTATIVE GARDNER stated that of particular interest to her is that any economic development includes policies that promote Alaskans doing the development.

MR. STEVENS noted his agreement, but pointed out that capitol is the issue. Economic development can't be done in a vacuum or alone; it must be done in a manner that brings the greatest benefit to all residents of the state. The aforementioned requires assistance, he said.

[8:30:43 AM](#)

REPRESENTATIVE CISSNA opined that the state has one of the largest savings plans in the nation, the permanent fund. Therefore, she said she didn't believe money is the problem but rather how it's being spent. Representative Cissna then recalled Mr. Stevens' comment about the need for everyone to be at the table, which seems to be the problem. She surmised that the Chamber must discuss this issue [of people coming together].

MR. STEVENS pointed out that there are many organizations, such as the Southeast Conference, Southwest Conference, and the Alaska Regional Development Organization (ARDOR) program, that have regional economic development discussions. Although Anchorage has the benefit of being easy to transit around and through and is a great service center, the production of resources comes from rural Alaska. There needs to be an acknowledgement of the aforementioned, he opined. He related that upon completion of an economic geography study in the Southwest region, it was determined that Southwest Alaska sends to Anchorage annually \$350-\$450 million, albeit a transaction at a time. Due to the traditional ties between Southwest Alaska and the Pacific Northwest, an equivalent amount goes to the Pacific Northwest. Mr. Stevens, therefore, expressed the need to bring that dollar flow into Alaska. Furthermore, folks need to acknowledge the huge economic impact that the rest of Alaska brings into the Anchorage bowl area. He pointed out that those who move to Anchorage don't bring their job but do bring their social service demands. Mr. Stevens expressed the need to understand that economic development is about from where the dollars come and how each [location] benefits from those dollars.

[8:35:17 AM](#)

CO-CHAIR MUNOZ commented that the resource wealth of Alaska is in rural Alaska. She then related that the coastal business community is very concerned with regard to the new point of discharge standards for the cruise ship industry. She inquired as to the Chamber's involvement with the legislature to craft legislation that addresses the aforementioned issue.

MR. STEVENS related that the Chamber is working closely with the cruise industry, the Alaska Cruise Association, the Alaska Travel Industry Association, and other like-minded organizations. He then related his understanding that the requirements for the cruise industry point of discharge specify that the requirements must be met at the location where the two-inch pipe leaves the ship. When communities discharge the same kinds of materials, there is a mixing zone from where the measurements are taken. This new requirement is a rigorous standard that has the potential to drive industry away from the state and the loss of passengers would have an impact on [the entire state]. Conversely, if this requirement is placed on communities, it would be costly.

[8:38:19 AM](#)

CO-CHAIR MUNOZ related her understanding that a glass of municipal water in Juneau discharged at the point of pipe wouldn't meet the new cruise ship discharge standards.

MR. STEVENS said that's his understanding as well, although he noted that he isn't a scientist. Therefore, if one were to pour a gallon of drinking water out of the discharge, it would be in violation of the standard at that point of discharge. He characterized the requirement as a bit onerous.

[8:39:21 AM](#)

CO-CHAIR MUNOZ requested a further presentation on the new cruise ship wastewater discharge requirements.

[8:39:59 AM](#)

MR. STEVENS, in response to Co-Chair Herron, explained that his title is President/CEO of the Alaska State Chamber of Commerce, and the elected leader of the executive committee [of the Chamber] holds the title of chair. In fact, a past chair, Mr. Richards, is in the room today. In further response to Co-Chair Herron, Mr. Stevens specified that anyone can be a member of the [Chamber]. As in any organization, individuals who volunteer

tend to rise in the hierarchy of the organization. He noted that many companies encourage their employees to participate in the board. Active participation in the board often leads to an executive committee position. He highlighted that these are all nonpaid volunteers who believe what the Chamber stands for and advocates for. The next full meeting of the Chamber will be February 23-25 and legislators will be invited to a reception during that time.

MR. STEVENS, in further response to Co-Chair Herron, identified the biggest surprise he has experienced during his time with Chamber as the willingness of people to step forward and serve, particularly in positions of leadership. He identified his biggest disappointment as the Chamber's inability to convey to the general population the importance of having a voice to interface with the legislature.

[8:46:06 AM](#)

CO-CHAIR HERRON inquired as to who the Chamber would consider an ally that helps the Chamber bring its message forward.

MR. STEVENS said the Chamber works with many organizations throughout the state on various issues, including the Cruise Association, ATIA, the Alaska Municipal League, the Resource Development Council, and the Alaska Alliance. Mr. Stevens related his philosophy that no one organization can be all things to all people. Therefore, the organizations need to work together. He characterized the Chamber as a portal of entry for people to find information and connect people with those who hold the information being sought.

[8:48:00 AM](#)

CO-CHAIR HERRON asked if the Chamber has discussed the stimulus package and whether funds from it could turn into real dollars and jobs.

MR. STEVENS answered that such will be discussed at the February meeting.

[8:48:32 AM](#)

REPRESENTATIVE GARDNER opined that the key to the creation of wealth is not only the production of the state's resources, but also finding opportunities to add value to the state's raw

materials/resources and being part of all possible life cycles of the resource. Otherwise, the state is somewhat of a colony.

MR. STEVENS noted his agreement. The challenge, because of Alaska's geographic location, is to bring in raw materials to perform things like fish processing and add value. However, he acknowledged that there are many small companies throughout the state that have been successful with small niche markets in which they package their own products on a small scale.

[8:51:26 AM](#)

REPRESENTATIVE GARDNER suggested imagining if the state succeeds in its efforts to bring gas to South Central, part of which could be used in the petrochemical industry to create plastics.

MR. STEVENS agreed that there's huge potential.

The committee took an at-ease from 8:51 a.m. to 8:57 a.m.

#### Alaska Municipal League

[8:57:16 AM](#)

CO-CHAIR HERRON announced that the committee would now turn its attention to a presentation from the Alaska Municipal League (AML).

[8:57:38 AM](#)

KATHIE WASSERMAN, Executive Director, Alaska Municipal League (AML), began by explaining that AML is a nonprofit membership organization that operates through dues collected from municipalities. Presently, 150 cities and boroughs, most of which are very active, are members of AML. The 13 municipalities that don't belong to AML are very small communities. The mission of AML is to lobby on the state, federal level regarding legislation that impacts municipalities throughout the state. She pointed out that AML takes great interest in all issues that impact its members, such as the Public Employees' Retirement System (PERS) issue. The AML is also responsible for local government training as much of the state's training budget has dwindled. However, as a nonprofit it's difficult to obtain funds to travel to locations for training. In fact, AML is currently looking for grants to travel to smaller communities [for training]. She then informed the committee that AML offers services/support for the Alaska

Conference of Mayors, the Alaska Association of Municipal Clerks, the Alaska Municipal Managers Association, the Alaska Municipal Attorneys Association, the Alaska Government Finance Officers Association, and the Alaska Assessors Association. The AML holds seats on the Board of the National Association of Counties, the National League of Cities, and the Western Interstate Region. The AML board consists of 26 individuals who are very active and easy to work with. The board consists of one of each member from 11 different districts in the state as well as representatives from the aforementioned associations. She noted that AML's office is in Juneau. She then highlighted that over the last couple of years AML has tried to improve its relationship with industry as a healthy community can't survive without good jobs. In fact, AML has reached out to the Chamber and the oil, mining, and cruise ship industries in an attempt to work together to determine what works best for the municipalities in the state. The AML attempts to provide members with the information they need to run their government wisely and the ability to participate in helpful meetings throughout the state. Furthermore, AML tries to have AML representatives at [local meetings] on behalf of AML. The aforementioned serves to keep AML informed and inform all other factions in the state that AML is interested and addresses more than just municipal issues. Ms. Wasserman highlighted that AML provides the opportunity for its members to join its insurance pool, the Alaska Municipal League Joint Insurance Association, which has approximately 160 members. The association has more members than AML because it accepts school districts, which saves them money. The majority of the smaller communities in the state are insured through AML as are the Rural Education Attendance Areas (REAAs) and the first class school districts. She pointed out that AML also has an investment pool, which allows municipalities to invest short-term money. The AML Investment Pool has just reached investments above \$600 million, she related. The pool allows placement of funds that can be withdrawn quickly while receiving better returns.

MS. WASSERMAN pointed out that AML publishes a quarterly magazine in which it reports on matters occurring throughout the state, legislation during session, as well as congressional information. The quarterly magazine also has a classified job section in which an AML member can advertise municipal employment opportunities for free. The AML provides an opportunity for state agencies to get information out to all municipalities as well as others. She then opined that AML can be a great ally to the legislature, but emphasized that AML doesn't lobby for capital projects and not very often for

regional issues. The AML stays out of situations in which communities are pitted against each other. She informed the committee that AML holds three conferences each year, with the first here in Juneau this week. She related that AML's priorities this year are transportation and energy. She reviewed the various conferences and the general agendas of each. Ms. Wasserman informed the committee that AML publishes the municipal officials directory, which is provided to the legislature. This publication, which includes every elected official in every city and borough, will be available next week. She noted that AML partners with DCCED to put that directory together. The AML also publishes a municipal salary survey. During session AML publishes a weekly e-bulletin.

9:13:40 AM

MS. WASSERMAN specified that AML's two priorities revolve around energy and transportation. However, there hasn't been much mention of transportation either in legislation submitted or from the administration. She then reminded the committee that the federal trust fund will be out of money in another year. Therefore, the looming question is what to do about that. She informed the committee that AML has contracted with a firm and is almost ready to produce the final document, which was a study of other states regarding how they funded transportation without federal government funds. A gasline is forthcoming, but keeping the roads and transportation links open is important, she said. An influx of people to the state could be problematic, she remarked. At this point, although AML doesn't have any suggestions or solutions, it wants to be involved in the answer. With regard to energy concerns, AML will likely address power cost equalization (PCE). In fact, this week AML will decide whether to request a geographic expansion of PCE such that more communities in the state are included or whether to request a program expansion to businesses and schools.

9:16:37 AM

CO-CHAIR MUNOZ indicated interest in AML's resolution regarding the point of discharge requirements as well as the possible recommendation to extend PCE to businesses.

9:17:16 AM

REPRESENTATIVE CISSNA, recalling a number of years ago when AML made a report regarding what was happening to communities, particularly those small communities that were facing

bankruptcy, said she has found enormous value in AML. She then opined that this year seems much worse [in regard to the difficulties that communities face] and asked how that has impacted membership in AML.

MS. WASSERMAN pointed out that last year revenue sharing was a huge help, and luckily AML kept its members. The members of AML realized that their dues were what enabled AML to lobby on their behalf. She then mentioned that she has been impressed that most of the larger communities have been supportive of the smaller communities. The aforementioned, she opined, seems to reflect the realization that all the communities are in this together for the good of the state. Ms. Wasserman echoed comments of Mr. Stevens regarding the importance of all communities in the state, not just Anchorage.

[9:20:33 AM](#)

REPRESENTATIVE CISSNA inquired as to whether any work is being done with the university, which performs workforce development pieces. She related that she has tried to get the university involved with her local school district more than it is. She then questioned whether [a partnering with] AML and the public administration [program at the university] would be beneficial.

MS. WASSERMAN said that although AML has worked with the university, it probably could do more. Ms. Wasserman informed the committee that as a commissioner with the Denali Commission she has worked with the university and been able to bring some of that to AML. She then noted that AML has been involved with the public administration program. However, most of the [public administration] training has been with state workers, and therefore AML doesn't want to put resources into training for state workers over municipal workers. Furthermore, most of the municipal training that's necessary is different [than what's offered in the public administration training]. Part of the issue, she identified, is obtaining funds for travel because the university doesn't have funds to fly [trainers] to the communities or transport students to a hub community. She mentioned that she is averse to having all the training in Anchorage, and would like to have some of the training in Bethel or locations a bit closer to [the students]. Therefore, she noted she has been working with U.S. Senator Lisa Murkowski to accomplish the aforementioned.

[9:24:22 AM](#)

CO-CHAIR HERRON inquired as to the agenda of the Conference of Mayors.

MS. WASSERMAN explained that the Southwest Alaska Municipal Conference (SWAMC) is meeting this week. The president of the Conference of Mayors is a board member of SWAMC and will be at the SWAMC meeting. Furthermore, the vice president of the Conference of Mayors will also be in attendance at SWAMC. Ms. Wasserman related her assumption that [the Conference of Mayors] will discuss energy issues.

CO-CHAIR HERRON then inquired as to why AML supports returning to a separate Department of Community & Regional Affairs (DCRA).

MS. WASSERMAN related her understanding that DCCED has branched off into more commerce than community, which is still necessary. She recalled when she was mayor and there were many local government specialists who helped municipalities. However, as the funding decreased and more funding was placed in the commerce side, there are now only two local government specialists who can travel throughout the state. She related her understanding that the remaining local government specialists are with the Rural Utility Business Advisor Program (RUBA). Although RUBA [local government specialists] do a great job with rural utilities, they can't address local government help to the degree it once occurred. Therefore, a lot of AML's members would like for the reinstatement of DCRA as it provided more of an emphasis on community help.

CO-CHAIR HERRON recalled the testimony of DCCED's Deputy Commissioner Black who said his heart was with DCRA because of its focus. However, Deputy Commissioner Black also shared that [the joining of the departments] is all about economics. To protect DCRA, Deputy Commissioner Black had said that it's probably good DCRA was joined with the Department of Commerce. Many would question how the state could afford to have a separate DCRA, Co-Chair Herron remarked.

MS. WASSERMAN acknowledged Co-Chair Herron's comments as good points. She then informed the committee that throughout the session AML will try to have conversations with the legislature and people such as Deputy Commissioner Black.

[9:28:28 AM](#)

MS. WASSERMAN, in further response to Co-Chair Herron, said that AML's resolution regarding revenue sharing was written at the

beginning of November and the extra \$15 million from the governor's budget didn't materialize. Although Ms. Wasserman said she couldn't predict what the board would do, it would definitely be part of the discussion as it will discuss which priorities to press. She emphasized that AML watches the issues carefully.

[9:30:17 AM](#)

CO-CHAIR HERRON addressed the disclosure form required by the Alaska Public Offices Commission (APOC), which he characterized as overly onerous when required for municipal officials. He asked if AML has concern with the disclosure requirements.

MS. WASSERMAN responded that AML understands the need for the APOC rules and AML supports those. However, to require folks on the volunteer boards to state their own financials as well as those of their partner/spouse and dependent children with the possibility of the information being placed on line has caused folks not to volunteer. She expressed the need to have a scale for reporting.

[9:32:35 AM](#)

CO-CHAIR HERRON announced the intent of the co-chairs to schedule a hearing to discuss the cruise ship wastewater reporting requirements. He then turned to the census and suggested [AML] review what Association of Village Council Presidents (AVCP) is seeking from the federal government.

[9:33:57 AM](#)

MS. WASSERMAN, in response to Co-Chair Herron, identified her biggest surprise as not needing to worry about keeping AML members enthused about what they're doing. She then indentified her biggest disappointment as having to work so hard to ensure people understand that AML isn't a special interest group.

[9:36:00 AM](#)

CO-CHAIR HERRON emphasized that each legislator is interested in how the national stimulus package will help his/her constituency, particularly in terms of jobs.

MS. WASSERMAN reminded the committee that U.S. Senator Mark Begich was a very active member of AML prior to becoming a senator and U.S. Senator Murkowski is a strong supporter of AML.

In fact, U.S. Senator Begich has provided AML forms to give to communities to submit their projects to U.S. Senator Begich. She agreed to request from U.S. Senator Begich that those forms be shared appropriately with legislators.

[9:37:58 AM](#)

**ADJOURNMENT**

There being no further business before the committee, the House Community and Regional Affairs Standing Committee meeting was adjourned at 9:37 a.m.