

ALASKA STATE LEGISLATURE
HOUSE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

January 22, 2013

8:00 a.m.

MEMBERS PRESENT

Representative Gabrielle LeDoux, Co-Chair
Representative Benjamin Nageak, Co-Chair
Representative Neal Foster
Representative Lora Reinbold
Representative Harriet Drummond

MEMBERS ABSENT

Representative Bob Herron
Representative Kurt Olson

COMMITTEE CALENDAR

OVERVIEW(S): DIVISION OF COMMUNITY AND REGIONAL AFFAIRS,
DEPARTMENT OF COMMERCE, COMMUNITY & ECONOMIC DEVELOPMENT

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

SUSAN BELL, Commissioner
Department of Commerce, Community & Economic Development (DCCED)
Juneau, Alaska

POSITION STATEMENT: Provided an overview of the Division of
Community and Regional Affairs.

MELISSA TAYLOR, Deputy Director
Division of Community and Regional Affairs
Department of Commerce, Community & Economic Development
Anchorage, Alaska

POSITION STATEMENT: During overview, answered questions.

ACTION NARRATIVE

[8:00:58 AM](#)

CO-CHAIR GABRIELLE LEDOUX called the House Community and Regional Affairs Standing Committee meeting to order at 8:00 a.m. Representatives Drummond, Reinbold, Nageak, and LeDoux were present at the call to order. Representative Foster arrived as the meeting was in progress.

**OVERVIEW(S): DIVISION OF COMMUNITY AND REGIONAL AFFAIRS,
DEPARTMENT OF COMMERCE, COMMUNITY & ECONOMIC DEVELOPMENT**

[8:01:53 AM](#)

CO-CHAIR LEDOUX announced that the only order of business would be an overview of the Division of Community and Regional Affairs, Department of Commerce, Community & Economic Development.

[8:02:37 AM](#)

SUSAN BELL, Commissioner, Department of Commerce, Community & Economic Development (DCCED), began by directing the committee's attention to the PowerPoint presentation from the Division of Community and Regional Affairs (DCRA). She informed the committee that DCCED, which consists of 13 agencies, has an integral role with DCRA. She highlighted DCCED's overall mission to promote strong communities and healthy economies while protecting consumers in Alaska. Therefore, the DCCED has a very important role in strengthening communities. She then highlighted the importance of working toward strong communities and healthy economies concurrently. A prime example of the aforementioned interplay is the Red Dog Mine as many aspects of the department were involved in the formation of the Kotzebue Borough. In fact, the DeLong Transportation System was financed by the Alaska Industrial Development and Export Authority (AIDEA), another arm of DCCED. The aforementioned illustrates the various aspects of DCCED working together to stimulate private sector development and the formation of the borough ensuring that benefits, revenue, and employment opportunities flow to the borough. She also highlighted the strong relationship between the Alaska Energy Authority (AEA), the lead agency on energy development, which is working aggressively with many regions of the state and DCRA, which coordinates community planning. The Regulatory Commission of Alaska (RCA), AEA, and DCRA are involved in different aspects of power cost equalization (PCE). The RCA sets the rate for PCE and DCRA works with communities to ensure they are in compliance and remain eligible for PCE. Commissioner Bell then informed the

committee that the Alcoholic Beverage Control Board ("ABC Board"), with which DCRA has had a long relationship as communities worked through the local alcohol options, was moved to DCCED last year. She then explained that DCRA administers legislative grants and other grants to communities and other entities and the Division of Corporations, Business, & Professional Licensing ensures that the entities requesting grants are in good standing prior to issuance of the funds. Commissioner Bell reiterated that there are many ways DCRA works with other agencies as well as much hands-on work with the communities.

8:08:43 AM

COMMISSIONER BELL then turned the committee's attention to slide 2 entitled "Division Mission and Core Services," which highlights DCRA's mission of promoting strong communities and healthy economies as well as efficient, accountable, and effective local administration. She then pointed out that the map on slide 3 specifies the 7 locations through which the 66 DCRA staff is spread across the state, and noted that every community in the state is assigned a local government specialist. By having staff dispersed throughout the state, DCRA is poised to provide a lot of regional and in-community training. Moving on to slide 5, Commissioner Bell began an overview of local government assistance, which she considered to be DCRA's foundation. The local government assistance provides technical assistance to public administrators and sanitation utilities to ensure there is an understanding of the applicable statutes. Furthermore, local government assistance includes training and assistance with elections, Title 29 compliance, bulk fuel management, local option Title 4 requirements, personnel, administrative government, and financial management. Commissioner Bell then highlighted the legislative change of last year in which the two bulk fuel loan programs located in two different agencies were merged and the program administration placed in DCRA in order to have a simplified process in one location. The finance staff in the Division of Economic Development administers the loans.

8:12:17 AM

CO-CHAIR NAGEAK, referring to the map on slide 3, pointed out that there is no regional DCRA office in the North Slope. The community of Barrow has a population of 5,000 and includes Prudhoe Bay and seven other communities. He acknowledged that

there are problems related to fuel and the local option, but emphasized that there is no DCRA staff in the region to help.

COMMISSIONER BELL acknowledged that there is a difference between those staff located in a region and those who travel to a region. To a large degree, DCRA staff located in Fairbanks work with communities in the northern part of the state in order to gain efficiencies in travel costs and provide in region training when possible. She noted her appreciation of the notion that relationships are forged and necessary ongoing assistance is better the closer DCRA staff is to the services provided.

[8:14:46 AM](#)

CO-CHAIR LEDOUX inquired as to how the decision to have regional offices in the communities specified was made.

COMMISSIONER BELL, presuming that the decision evolved over time, offered to provide the committee an answer after consulting DCRA staff.

[8:15:18 AM](#)

REPRESENTATIVE FOSTER recalled that under the bulk fuel loan management program the population limit is 2,000 and the dollar limit is \$750,000. He then asked whether DCRA has considered raising those limits in order to address changes in the populations and the price of fuel.

COMMISSIONER BELL requested that DCRA staff confirm the upper population and dollar limits of the new program.

[8:16:48 AM](#)

MELISSA TAYLOR, Deputy Director, Division of Community and Regional Affairs, Department of Commerce, Community & Economic Development, offered to provide that information to the committee.

COMMISSIONER BELL acknowledged Representative Foster's concern that as prices have risen, the upper limit may need to be revisited. However, she recalled that some of the fuel assistance programs arose during the peak prices of 2008-2009.

[8:17:33 AM](#)

COMMISSIONER BELL, returning to her presentation, directed the committee's attention to slide 6 entitled "Rural Business Advisor (RUBA) Program." The RUBA program specifically targets communities receiving new or upgraded sanitation systems. Commissioner Bell noted that RUBA assistance and local government assistance are integrated such that many of the DCRA staff is able to deliver concurrent training. She then emphasized that a key foundation of the RUBA program is a sound and functioning local community. Therefore, RUBA program indicators, such as whether [local communities] are doing billings and holding local elections, are reviewed because if a local community is functioning soundly in one area, it often is in other areas. She reiterated that the RUBA program and the Local Government Assistance technical assistance are often delivered concurrently or by the same DCRA staff. The RUBA program is federally funded and targets sanitation systems and DCRA provides ongoing training to utility managers and municipal administrators. Commissioner Bell then highlighted the following accomplishments of RUBA: assistance to 208 communities, which resulted in 247 on-site trips to communities; presentation of 14 32-hour courses on utility management in seven different global hubs; and a total of 161 rural utility managers attended [RUBA] courses. She related that she has heard from DCRA staff and municipal clerks who have emphasized how critical the training and ongoing assistance is.

[8:19:57 AM](#)

CO-CHAIR LEDOUX relayed that Representative Herron observed that there appears to be a 30 percent reduction to the RUBA budget, and asked whether that is correct.

COMMISSIONER BELL confirmed that there will be a reduction of nearly \$600,000 in federal funds for the RUBA program. In order to makeup part of that reduction, a fund change has been requested. Therefore, at this time the RUBA program is facing the deletion of one position in Bethel and one position in Kotzebue. These cuts will have a direct impact on the staffing of the regional hubs.

[8:21:20 AM](#)

CO-CHAIR NAGEAK asked whether DCRA works closely with incorporated boroughs and communities that have their own regional governments.

COMMISSIONER BELL replied yes. The DCRA has a strong working relationship with all sizes of entities in the state, but she specified that the foundation of DCRA's work is with municipalities and helping them adhere to Title 29 statute. In further response, Commissioner Bell offered to provide information regarding whether DCRA works with co-ops because it may vary depending upon the services provided by the co-op.

[8:23:06 AM](#)

COMMISSIONER BELL, returning to the presentation, directed attention to slides 7-8 entitled "Planning and Land Management." She began by informing the committee that as the commissioner she also functions as the Municipal Lands Trustee (MLT), which holds title to more than 13,000 acres in 47 communities. She explained that this has a connection to the Alaska Native Claims Settlement Act (ANCSA) in that land needed to be set aside for municipal functions. Therefore, a lot of technical assistance and planning work from DCRA occurs. Other programs under Planning and Land Management include the National Flood Insurance program (NFIP), Alaska Coastal Community Impact Assistance, Community Coastal Impact, and Community Aerial photo mapping programs that are utilized by the Federal Emergency Management Agency (FEMA). The DCRA also works closely with the Department of Military & Veteran's Affairs and is responsible for safety and emergency response. Furthermore, Planning and Land Management is the point of contact for FEMA that is federal funding, coordination, and mapping. Commissioner Bell then highlighted the Planning and Land Management accomplishments, including the following: completion of land disposal transactions of existing trust land in nine different communities during fiscal year (FY) 2012; conveyance of 613 acres of municipal trust land to the Bristol Bay Borough in the Naknek/King Salmon area; conduction of regional and statewide ANCSA 14(c) and site control training sessions; preparation of digital orthophoto maps; provided community assistance to Valdez, Haines, and Delta Junction; submittal of 59 federal grant applications for the Coastal Impact Assistance Program (CIAP); and oversaw the execution of 15 new CIAP grant agreements to local governments, nonprofits, and postsecondary educational organizations. The aforementioned illustrates the importance of the local knowledge and relationships Planning and Land Management has as it works with federal agencies and other agencies in the state.

[8:26:45 AM](#)

MS. TAYLOR, in response to Co-Chair LeDoux, informed the committee that she began her career with DCRA as a local government specialist in Nome and thus has had the opportunity to work with many communities. In her current role as an operations manager, Ms. Taylor related that she primarily runs the office in order to ensure that nothing falls through the cracks and provides assistance to the director as needed.

[8:27:31 AM](#)

CO-CHAIR NAGEAK inquired as to how it is possible that Commissioner Bell manages ANCSA lands in some communities.

COMMISSIONER BELL explained a specific provision of ANCSA that set aside lands for future community needs, and thus the land itself is held in trust for the municipality. Commissioner Bell said that as a shareholder of Bering Strait Native Corporation and Sitnasuak Native Corporation she understands the importance of the land and the legal responsibilities to the shareholders. Commissioner Bell then offered to provide an outline of the transactions performed through this program, the process, the training, and how the lands are held in trust in the follow-up to the committee.

[8:29:38 AM](#)

COMMISSIONER BELL, returning to the presentation, moved on to slide 9 entitled "Grants Management", which she characterized as an area that reinforces DCRA's working relationship with communities and nonprofit entities throughout the state. The DCRA provides the grant administration and oversight for 13 different programs, including capital budget grants and statutory and federal grants. With the large capital grants in recent years, DCRA has had significant responsibility in terms of ensuring that the grants are administered as intended. The division also provides on-site monitoring and technical assistance to grantees. Typically, the process begins with a grant agreement in order to ensure that all parties are clear as to what is intended. She noted that many of the grants are reimbursable, and therefore the division seeks documentation to ensure the process has occurred as intended by the state or federal agency that administered the grant. Since there is the desire for sound grant records, there is a training and technical assistance component of the process. In FY12 the grants section administered 1,900 grants that totaled about \$1.4 billion. She then highlighted her appreciation to DCRA staff and its administrative services staff, and the legislature for

the streamlined process for grants under \$50,000, although there is paperwork and accountability. In FY12 of the 630 new legislative grants, 239 used the streamlined process. She relayed that in talking with communities and nonprofits around the state she has come to understand that this is an area in which the streamlined process provided relief in terms of the paperwork while maintaining accountability with the spending. Referring to slide 10 entitled "Community Aide and Accountability", informed the committee that the distribution of community revenue sharing funds, payment in lieu of taxes (PILT), National Forest receipts (NFR), and fisheries taxes are all administered by DCRA. She highlighted that in FY12 more than \$29 million was distributed to PILT, NFR, the Fisheries Business Tax, and the Fisheries Landing Tax program. In recognition of increased energy costs over the last few years there has been supplemental funding from the legislature for community revenue sharing.

[8:33:02 AM](#)

COMMISSIONER BELL, continuing her presentation, directed attention to slide 11 entitled "Research and Analysis." The Research and Analysis section provides a wide array of publications, many of which are on its web site and many of which are reported to the legislature. This section collects, analyzes, and publishes data on Alaska communities, including the report on "Fuel Prices Across Alaska" and "Lien Watch". She echoed her earlier comment regarding DCRA's holistic approach. The Research and Analysis section maintains DCRA's databases and web sites, including the Community Status Report (CSR) database, the Financial Document Delivery system, the Community Photo Library, and the Municipal Contact Directory. Moving to slide 12 entitled "State Assessor's Office," Commissioner Bell explained that the State Assessor's Office provides technical expertise to municipal assessors and agencies, monitors municipalities for compliance with international assessing standards, and prepares official full value assessments. Much of the information produced by the State Assessor's Office is published in the "Alaska Taxable" report. In performing its duties, the State Assessor's Office has made [five] trips to communities to provide on-site technical assistance and training, completed assessment audits of procedure and compliance in four municipalities, and completed full value determinations for 36 municipal governments. She then turned the committee's attention to slide 13 entitled "Local Boundary Commission." The DCRA provides support to the Local Boundary Commission (LBC), which is a governor-appointed body. The DCRA

provides information on procedures for incorporation, annexation, consolidation, detachment, dissolution, or change in status of municipalities. Many of the aforementioned procedures are outlined in Title 29. The [DCRA] reviews petitions, makes preliminary recommendations, provides public notice of proposed actions, takes public comments, and finalizes decisions of the LBC. She then highlighted the accomplishments of the LBC, including the finalization of the City of Fairbanks annexation of approximately 32 acres and the approval of a petition to dissolve the City of Petersburg and incorporate a Petersburg Borough. However, the LBC did amend the Petersburg petition to exclude the Tracy Arm watershed. Commissioner Bell explained that the LBC is trying to ensure that boroughs are cohesive units that reflect the socioeconomic and economic drivers in the community while also ensuring that boroughs have the financial and technical ability to operate. Again, it's a holistic approach.

[8:38:00 AM](#)

COMMISSIONER BELL moved on to slide 14 entitled "Alaska Native Language Preservation and Advisory Council." The Alaska Native Language Preservation and Advisory Council was established by the legislature last year, signed into law on May 28, 2012, and appointed members were announced during the Alaska Federation of Natives Conference. The council is staffed and supported by DCRA. Commissioner Bell noted that she had the pleasure of attending part of the council's first organizational meeting in December. She emphasized the desire to ensure the commission has the support necessary from DCRA to perform its work.

[8:39:29 AM](#)

CO-CHAIR LEDOUX asked if the language professionals on the commission include all languages spoken in the state.

COMMISSIONER BELL replied no. Although there are more languages than those represented by the language professionals on the council, the membership reflects a very good geographic representation, skill level, and commitment. She opined that each member is committed to the broader mission of the council.

CO-CHAIR LEDOUX then inquired as to the geographic residence of each appointed member.

COMMISSIONER BELL specified the following: Annette Evans-Smith is Alutiiq, Athabascan, Yupik - Anchorage; Bernadette Yaayuk

Alvanna-Stimpfle is Yupik - Nome; Delores Churchill is Haida - Ketchikan; April Laktonen Counciller is Alutiiq - Kodiak; and Walkie Charles is Yupik - Fairbanks. She then offered to provide the committee with each member's academic background.

[8:41:50 AM](#)

CO-CHAIR NAGEAK pointed out that the membership of the council doesn't include representation of Inupiaq and Siberian Yupik. He then informed the committee that in order to help further the preservation of his language he will be posting Inupiaq words of the day. He then related his pleasure in being bilingual as his first language was Inupiaq until he entered school at 6 years of age.

[8:43:38 AM](#)

COMMISSIONER BELL remarked that it takes a full complement of things to forward the importance of the language and culture in the state. She mentioned that some regions have Rosetta Stone language programs. The purpose of the council is to determine what recommendations to the legislature would be valuable in preserving Alaska Native languages.

[8:44:25 AM](#)

CO-CHAIR LEDOUX observed that the council membership includes a number of Yupik speakers, but is missing representation of a number of other languages in the state.

[8:44:46 AM](#)

COMMISSIONER BELL confirmed that she would provide the committee with the follow-up mentioned throughout the meeting. She then said she looked forward to working with the committee.

[8:45:23 AM](#)

REPRESENTATIVE DRUMMOND related her understanding that DCRA serves many of the major roles to many small communities, including the clerk, the planning department, the finance department, and other major roles. She noted that she is very impressed with the amount of services DCRA provides to the small communities in the state. Although she questioned how the Alaska Native Language Preservation and Advisory Council is housed under DCRA as she thought it should perhaps be housed under the University of Alaska system, Representative Drummond,

as a Greek American who speaks Greek, noted her appreciation for the preservation of language and culture.

COMMISSIONER BELL reviewed DCRA's constitutional mandate in Article 10 of the Alaska State Constitution: "An agency shall be established in law in the executive branch of state government to advise and assist local governments. It shall review their activities, collect and publish local government information, and perform other duties prescribed by law." The division, she emphasized, tries to ensure that the capacity for management, through the division's training and technical assistance, is held at the local community level.

[8:47:48 AM](#)

REPRESENTATIVE REINBOLD inquired as to whether DCRA has any interaction with the Native Charter School in Anchorage.

COMMISSIONER BELL responded that it's possible there are grants for it administered through the division. She offered to follow-up on that. With regard to all the follow-up, Commissioner Bell said that she would work with staff to have that to the committee within the next 24 hours.

[8:48:30 AM](#)

CO-CHAIR LEDOUX said she enjoyed the presentation and recalled that in the past when she represented several rural areas, her contact with DCRA was almost always pleasant.

[8:48:53 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Community and Regional Affairs Standing Committee meeting was adjourned at 8:50 p.m.