

ALASKA STATE LEGISLATURE
SENATE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

February 18, 2014

3:31 p.m.

MEMBERS PRESENT

Senator Peter Micciche, Chair
Senator Cathy Giessel, Vice Chair
Senator Dennis Egan
Senator Click Bishop
Senator Lyman Hoffman

MEMBERS ABSENT

All members present

OTHER LEGISLATORS PRESENT

Senator John Coghill

COMMITTEE CALENDAR

SENATE BILL NO. 157

"An Act relating to municipal fire protection service area boundary changes."

- HEARD & HELD

OVERVIEW: ALASKA CONFERENCE OF MAYORS

- HEARD

PREVIOUS COMMITTEE ACTION

BILL: SB 157

SHORT TITLE: FIRE PROTECTION SERVICE AREAS

SPONSOR(S): SENATOR(S) COGHILL

02/05/14	(S)	READ THE FIRST TIME - REFERRALS
02/05/14	(S)	CRA
02/18/14	(S)	CRA AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

SENATOR JOHN COGHILL
Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Sponsor for SB 157.

HANS RODVIK, Staff
Senator Coghill
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided an overview of SB 157.

DAVID GIBBS, Director
Emergency Operations
Fairbanks North Star Borough
Fairbanks, Alaska

POSITION STATEMENT: Supports SB 157.

MAYOR MIM MCCONNELL
City and Borough of Sitka
Sitka, Alaska

POSITION STATEMENT: Addressed Sitka's hydro-project.

MAYOR STEPHANIE SCOTT
Haines Borough
Haines, Alaska

POSITION STATEMENT: Called attention to the Haines Borough's energy issues.

ACTION NARRATIVE

[3:31:39 PM](#)

CHAIR PETER MICCICHE called the Senate Community and Regional Affairs Standing Committee meeting to order at 3:31 p.m. Present at the call to order were Senators Giessel, Bishop, Hoffman, and Chair Micciche.

[3:32:00 PM](#)

CHAIR MICCICHE welcomed Senator Coghill. He noted the committee meeting's agenda included hearing SB 157 and municipal overviews from the Alaska Conference of Mayors.

SB 157-FIRE PROTECTION SERVICE AREAS

[3:32:20 PM](#)

CHAIR MICCICHE introduced SB 157, an act sponsored by Senator John Coghill that relates to municipal fire protection service area boundary changes. He said SB 157 is being heard for the first time and the intent is not to pass the bill out at today's meeting. He set forth that SB 157 will be back before the

committee at the next meeting with the expectation to move the bill at that time.

[3:32:53 PM](#)

SENATOR JOHN COGHILL, Alaska State Legislature, Juneau, Alaska, SB 157 sponsor. He informed the committee that SB 157 was initiated by the Fairbanks North Star Borough. He explained that at times a fire engine will go right past a fire station to take care of their fire service area. He set forth that SB 157 will provide for additional boundary flexibility. He detailed that SB 157 will allow the Fairbanks North Star Borough to set their boundaries that best suits the equipment management. He pointed out that the tax rates are not intended to change and the fire service would end up being served better.

[3:34:50 PM](#)

HANS RODVIK, Staff for Senator Coghill, Alaska State Legislature, Juneau, Alaska, provided an overview of SB 157. He read the following statement:

Current state law, AS 29.35.450(c), allows a local assembly without a vote by the property owners in the fire service area to increase the number of parcels in a fire service area if the increase in parcels is not more than 6 percent, or would not add more than 1,000 residents to the area. SB 157 adds a corollary provision into statute that will allow an assembly, without a service areawide vote as is currently required, to remove a small number of parcels, or make some minor boundary changes to a service area, so long as the property owners request it and it meets the criteria set out by ordinance.

[3:35:46 PM](#)

SENATOR EGAN joined the committee meeting.

MR. RODVIK continued to provide an overview of SB 157 as follows:

Under current law, an election of the entire service area is necessary just to remove that one small parcel. As you can see in the maps provided, fire service areas in the Fairbanks North Star Borough have some off-boundaries. SB 157 will provide property owners and local governments a streamlined way to fix such ambiguous boundaries of fire service areas. Furthermore, the changes to statute we are purposing

will allow property owners to receive fire service from a fire department nearest to their residence. Fire service areas are constantly growing and even being created. SB 157 gives property owners the ability to quickly adjust boundary changes. Therefore, SB 157 is important because it gives property owners the ability to choose to be covered by closer service areas and thus receive faster emergency services when the time arises.

[3:36:48 PM](#)

CHAIR MICCICHE welcomed Senator Egan to committee meeting.

MR. RODVIK continued his overview as follows:

Likewise, we think that statute must be fixed because development patterns of roads have resulted in first responders traveling through different fire service areas to access land parcels that are within their service area. Like Senator Coghill said, we have fire trucks passing by other departments to reach a parcel of land that they are trying to go and serve. The maps provided show examples of this problem. In conclusion, the ability to establish a less cumbersome process for changing fire service boundaries will allow municipalities to define more natural boundaries, therefore making it easier for emergency responders to determine which parcels to serve. Lastly, SB 157 provides municipalities with the flexibility needed to adjust boundaries based on the service levels available.

[3:38:25 PM](#)

CHAIR MICCICHE announced that SB 157 will be kept open for public testimony. He said SB 157 will be held in committee until the next meeting.

[3:38:59 PM](#)

DAVID GIBBS, Director, Emergency Operations, Fairbanks North Star Borough, Fairbanks, Alaska; thanked Senator Coghill for bringing SB 157 forward and announced that the Fairbanks North Star Borough supports the passage of SB 157. He read the following statement:

In our borough, fire service areas were established in the early 1980s with a best-guessed eye towards future growth and development patterns. For the most part,

these growth estimates have held true and our residents enjoy high quality fire protection services. However, there are a few situations where development has not occurred as anticipated and service area residents owning parcels along the boundaries of fire service areas may be receiving substandard fire services response due to distances from service providers or very limited fire protection due to problems with accessibility. The Fairbanks North Star Borough believes that the only avenue currently available to us in statute to address these anomalies with fire service area boundaries is overly cumbersome as it requires the expense and effort of multiple elections to make even minor adjustments to the boundaries of existing fire service areas. SB 157 provides municipalities with much needed tools by giving a municipality the authority to decrease or transfer by ordinance a small number of parcels in a fire service area without holding an election. Decreasing or transferring parcels by ordinance provides property owners with an opportunity for a public hearing before any action is taken. Parcels along the boundary of a fire service area might be decreased at a property owner's request if, for example, they are not road accessible. In our borough, the Fairbanks North Star Borough, there are areas that were included in fire service areas where development was planned, roads were platted but never built. Residents will still pay fire protection taxes, but due to limited accessibility, cannot reasonably expect to receive a high level of quality fire services. Passage of this legislation and a companion ordinance by a municipality will allow a property owner in this situation to petition the municipality's legislative body to have his property removed from fire service area until better road access was developed. We do not have a mechanism currently to remove people from fire service areas who cannot receive the service. Parcels may be transferred to an adjacent fire service area when adjacent service area has a much closer fire station and therefore able to provide a much higher level of fire protection. I believe we have provided maps showing you a couple of examples that exist within our borough; these are not, I should add, the only examples within our borough. These are examples where a fire department may have to pass through one or more adjacent fire service areas before it can

provide services to its own area. In closing, the Fairbanks North Star Borough believes that SB 157 will greatly assist our ability to administer fire service areas by insuring service area boundary parcel owners receive the best possible fire protection and giving those residents who are paying for, but not receiving fire services, a simple and straight forward method to remove their property from a fire service area.

[3:42:38 PM](#)

SENATOR BISHOP announced his support for SB 157. He asked what does it cost the Fairbanks North Star Borough to run a service area election.

MR. GIBBS answered approximately \$9,000.

CHAIR MICCICHE thanked Mr. Gibbs. He noted a letter of support and passage of SB 157 from Mr. Jeff Tucker, 2nd Vice-President, Alaska Fire Chief's Association.

[3:43:56 PM](#)

CHAIR MICCICHE announced public testimony will be held open until the next committee meeting. He announced that SB 157 will be held until the next meeting.

[3:44:11 PM](#)

CHAIR MICCICHE announced that the committee will stand at ease.

[3:57:24 PM](#)

CHAIR MICCICHE called the committee meeting back to order.

OVERVIEW: ALASKA CONFERENCE OF MAYORS

[3:57:43 PM](#)

CHAIR MICCICHE noted that the Alaska Conference of Mayors is meeting in Juneau. He pointed out that the Community and Regional Affairs Committee deals with issues that primarily relate to local government and government services or functions in the unorganized borough and other matters relating to political subdivisions.

[3:58:10 PM](#)

MAYOR MIM MCCONNELL, City and Borough of Sitka, Sitka, Alaska; addressed funding for the Blue Lake Hydroelectric Dam expansion project. She read the following statement:

The method we are requesting for accomplishing this funding is not the usual grant request, though we would have of course preferred that, but a loan from the Alaska Energy Authority (AEA) Power Project Loan Fund. This fund was a great idea for Alaska, it showed great foresight because during a time of waning income and plans for a deficit budget, this is a good solution for continuing the important task of affordably, sustainably, powering our communities. It helps wean communities off of the grant cycle, something which is obviously unsustainable right now, and on to a process where communities participate in paying for their power improvements. Imagine what this state would be like over the coming decade of deficit spending if we couldn't continue to lower our power costs. Local economies would decline, economic development would falter, the people would leave in droves, meaning our children and grandchildren because they couldn't find work. I don't want this future for Sitka or any other Alaskan community. The legislature can do something about this. You can save Sitkans another rate increase; they have already had three since December 2012, a 48 percent increase. By appropriating money to the Power Project Loan Fund, you did this for Cordova last year and the Prince of Wales Island Community the year before. Thank you for listening and considering our request for \$18.6 million.

MAYOR MCCONNELL noted that she had language and documentation to present for inserting into the budget. She set forth that the Blue Lake Hydroelectric Dam is an amazing project and committee members were invited for a tour. She noted that the project has Alaska's largest crane in service.

[4:00:47 PM](#)

CHAIR MICCICHE asked to clarify that the dam has been working for many years.

MAYOR MCCONNELL answered that first dam went in about 100 years ago. She said the current dam has been in place since approximately 1959. She explained that the dam was a three phased project and the first two projects were done within the first few years. She noted that the intention has always been for a third phase. She remarked that original dam designers did not know that the third phase would entail adding an additional 83 feet, the plan was for a lesser amount. The third phase was a

now-or-never decision to go all out and go up as high as possible. She said the dam will end up at an elevation of 425 feet. Power will be increased from 7.5 megawatts to 17 megawatts. She summarized that the Blue Lake Dam will help Sitka for the next 15 to 20 years.

[4:01:48 PM](#)

CHAIR MICCICHE inquired if the dam only serves Sitka.

MAYOR MCCONNELL answered correct.

CHAIR MICCICHE asked if 17 megawatts will be the dam's average production.

MAYOR MCCONNELL replied that 17 megawatts is what Sitka needs and some extra power will be available. She reiterated that the power supplied by the Blue Lake Dam will provide Sitka with enough energy for 15 to 20 years.

CHAIR MICCICHE asked if Sitka is supplementing with diesel.

MAYOR MCCONNELL answered yes. She added that Sitka was in the process of looking at Takatz Lake which is on the other side of Baranof Island. She said Takatz Lake does have possibilities for an intertie. She noted that Sitka has started on the Federal Energy Regulatory Commission (FERC) permitting process. She revealed that the potential Takatz Lake project would be a lake-tap rather than a dam.

[4:02:48 PM](#)

CHAIR MICCICHE asked if the lake-tap was an instream generator.

MAYOR MCCONNELL answered yes.

SENATOR EGAN asked what was Sitka's kilowatt per hour rate for residential.

MAYOR MCCONNELL replied that when the Blue Lake Dam Project was first started, the kilowatt per hour rate was \$0.09. She explained that Sitka has an inclining rate and the current rate varies between \$0.12 and \$0.19 per kilowatt hour. She added that conservation has been built into Sitka's rate structure so residents can save if they conserve power. She specified that the \$0.19 is more on the heavy users, especially businesses and residents that use a lot of energy. She said Sitka was able to use a variable rate by helping residents get their rates down by reducing the monthly flat-fees.

[4:04:12 PM](#)

SENATOR BISHOP asked if Allen Marine and the Pioneer Home would come in the \$0.12 to \$0.19 per kilowatt range.

MAYOR MCCONNELL replied that Allen Marine and Pioneer Home would be on the higher end of the rate range, similar to Sitka's three seafood processing plants.

SENATOR EGAN asked if the \$30 flat-fee charged to residents was to pay off a bond.

MAYOR MCCONNELL answered that in order to get a bond there must be a promise that there is going to be enough money to pay the bill. She said Sitka has to increase its rates every time a bond is issued. She added that there are different ways to create the rate structure and one of them is to have the flat-fee be a particular amount and the per kilowatt hour rate is calculated after that. She revealed that the third bond rates go into effect July 1 and rate increases will occur.

CHAIR MICCICHE asked to see the language for the Blue Lake Dam and the committee members will discuss support for the project with other senators.

[4:07:00 PM](#)

MAYOR STEPHANIE SCOTT, Haines Borough, Haines, Alaska; explained that the Haines Borough has been guided by the Southeast Alaska Integrated Resource Plan (SEIRP). She noted that SEIRP has many recommendations for energy, one of which is to do some fuel-switching to use biomass for heat to conserve hydroelectric power. She said the Haines Borough has included in its AEA recommendation for a \$1.3 million grant to convert ten public buildings to pellet use.

MAYOR SCOTT revealed that the Haines Borough's other problem is derived from the borough's 2008 plan to conserve energy. She said the borough participated in every energy efficient and weatherization program the state offered. She detailed that the borough's private sector initiated energy conservation through alternative energy projects that included geothermal heat systems. She reported that the consequence from conserving energy has led to the borough's local private utility proposing to the Regulatory Commission of Alaska (RCA) for rates to be raised by 18.6 percent. She noted that one of the arguments by the local utility is that they should be compensated for the fact that the customers in their service district have conserved

so much that their revenues have been reduced. She said the increase affects Tok, Coffman Cove, Craig, Skagway, and Haines. She pointed out that all of the affected communities have filed to be interveners in the rate case. She set forth that the intervene filing is an expensive proposition primarily due to the follow up testimony and investigation. She informed the committee that the Haines Borough is confused because it seems to the borough that the state of Alaska has been promoting a policy of energy conservation and efficiency which has collided with the capacity of the for-profit utility to be guaranteed a certain rate of return. She asked the committee to think about the Haines Borough's contradictory situation. She added that heating rates are increasing due to revenue loss from the borough's pellet use.

[4:11:57 PM](#)

SENATOR EGAN asked if the utility being referred to is Alaska Power and Telephone Company (AP&T).

MAYOR SCOTT answered yes.

SENATOR EGAN asked if Haines is heating their school with pellets.

MAYOR SCOTT replied that Haines' school is being converted to use pellets. She noted that the vision is for a pellet mill to be located in the Haines area.

[4:13:39 PM](#)

SENATOR EGAN commended the Haines Borough for their pellet initiative. He noted that Juneau and the rest of Southeast could be served by pellet production. He called attention to a hydro plant that is on the drawing board for the Haines area. He asked if the council has come out against the hydro project.

MAYOR SCOTT answered no. She explained that AP&T was proposing to develop Connelly Lake, which is in a very rich watershed and there was quite a bit of community opposition. She specified that there was no opposition from elected officials. She detailed that AP&T dropped the Connelly Lake Project and the borough was very disappointed. She revealed that the Haines Borough is on 98 percent hydro power. She said the borough's issue with hydro power is that there is not much room for growth; therefore to conserve hydro power the borough has gone away from using hydro power for electric heat.

CHAIR MICCICHE noted the comprehensive evaluation of an energy balance in a community and Mayor Scott has outlined the perfect struggle where the borough is not using its hydro power to capacity, but the energy still has a cost per unit of generating kilowatts and someone has to make that up. He said it is a challenge where a community becomes too efficient for the size of its generation.

MAYOR SCOTT stated that she was interested in Mayor McConnell's structure where Sitka's rate is structured for people who are conserving in their community. She suggested that AP&T consider a similar plan for their lost revenue by considering a tariff revision for high electricity consumers.

[4:16:09 PM](#)

SENATOR BISHOP asked what the Haines Borough's hourly kilowatt rate is.

MAYOR SCOTT answered \$0.22 per kilowatt hour. She said the borough's comprehensive plan is to bring the rate down to \$0.15 per kilowatt hour. She said the Haines Borough agrees that their hourly kilowatt rate is the biggest barrier to economic development. She noted that despite the high rates, Aspen Hotel is building a new hotel in Haines and their facility will be heated with pellets.

SENATOR EGAN thanked Chair Micciche for inviting the mayors to testify.

CHAIR MICCICHE stated that it is always interesting to hear from constituents.

[4:17:42 PM](#)

There being no further business to come before the committee, Chair Micciche adjourned the Senate Community and Regional Affairs Committee at 4:17 p.m.