

ALASKA STATE LEGISLATURE
SENATE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

January 31, 2023

1:30 p.m.

MEMBERS PRESENT

Senator Forrest Dunbar, Chair
Senator Donald Olson, Vice Chair
Senator Elvi Gray-Jackson
Senator Jesse Bjorkman
Senator Cathy Giessel

COMMITTEE CALENDAR

PRESENTATION(S): ALASKA MUNICIPAL LEAGUE OVERVIEW

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

NILS ANDREASSEN, Executive Director
Alaska Municipal League
Juneau, Alaska

POSITION STATEMENT: Presented an Alaskan Municipal League Overview.

ACTION NARRATIVE

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CHAIR FORREST DUNBAR called the Senate Community and Regional Affairs Standing Committee meeting to order at 1:30 p.m. Present at the call to order were Senators Bjorkman, Giessel, Gray-Jackson, Olson and Chair Dunbar.

PRESENTATION(S): ALASKA MUNICIPAL LEAGUE OVERVIEW

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CHAIR DUNBAR announced an overview of the Alaska Municipal League by Nils Andreassen and invited him to put himself on the record and begin his presentation.

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NILS ANDREASSEN, Executive Director, Alaska Municipal League, Juneau, Alaska, presented an Alaskan Municipal League (AML) Overview. He said the overview focuses on the ever-evolving role of AML, its work to support communities in Alaska, member priorities, and AML-adopted resolutions. He intends to touch on the work AML is doing for infrastructure development if there is time.

MR. ANDREASSEN advanced to slide 2, commenting that AML is a very different organization today than it was five years ago. In the past, AML held conferences to exchange best practices, learn from state and federal officials and each other, advocate on behalf of members, and produce a number of publications and items that complimented the work of local government. Now, AML is a member-service organization that delivers direct value and indirect benefit to members in ways not contemplated five years ago.

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MR. ANDREASSEN spoke to the mission, purpose, and objectives of AML which stem from its articles of incorporation. He said these are the best in the state and maybe the nation, allowing AML to actively support local governments and take on issues directly related to cities, boroughs, and residents. The articles of incorporation encourage AML to develop best practices and models of governance that can be implemented at the local level. Slide 3 relayed its mission, purpose, and objectives:

Mission * Purpose * Objectives

The purpose of the Alaska Municipal League is:

- To safeguard the interests, rights, and privileges of Alaskan municipalities as they may be affected by Federal and State governmental actions.
- To secure cooperation among municipalities of the State in a thorough study of local problems and in the application of efficient methods of local government.
- To provide means whereby municipal officials may interchange ideas, experiences, and obtain expert advice.

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The objectives of the Alaska Municipal League are:

- To perpetuate and develop the League as an agency for the cooperation of municipalities in the state of Alaska for the practical study of municipal affairs.
- To promote application of the best methods in all branches of municipal service by holding at least one conference annually for the discussion of problems of administration.
- To gather and circulate information and experience concerning the most approved methods of municipal administration.
- To secure general and municipal legislation at the state and federal levels which will be beneficial to the municipalities and inhabitants thereof, and to oppose legislation injurious thereto.
- To engage in the study and preparation of uniform ordinances, resolutions, and practices; and to do any and all other things necessary and proper for the benefit of the municipalities of Alaska.
- To develop appropriate membership services and programs that strengthen Alaskan local governments' ability to govern their own affairs and improve.

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MR. ANDREASSEN reviewed slide 4, stating this job allows him to do just about anything in support of local governance, including:

- cosponsoring the Alaska Broadband Summit with U.S. Senator Sullivan last year,
- infrastructure symposiums with U.S. Senator Murkowski,
- calculate changes in sales tax revenue across municipalities, and
- dive deep into data sets to understand governments' decisions about revenues. He said this analysis led AML to understand

better the effects of removing community assistance and how communities responded when that occurred.

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MR. ANDREASSEN said the subject of the retirement system has come up a few times this legislative session, and this is a priority for AML members. The role of AML is to look at national best practices to determine which states are doing retention and recruitment efforts right. He pointed out the success of Tennessee's public pension plan. Pew Charitable Trust and others have conducted evaluations of Tennessee's pension plan.

MR. ANDREASSEN said the AML is looking at services, short-term rentals, housing issues, and childcare solutions. AML is working with a short-term rental company that allowed the collection of remote sales tax for 45 jurisdictions, increasing revenues for local governments by about \$20 million this last year. This is a small amount compared to the total revenue collected by jurisdictions, but it is meaningful, especially in a downturn. He said that AML can do just about anything in support of its members and support of Alaska communities.

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MR. ANDREASSEN said the last five years were defined by alternating years of opportunity and crisis, as seen on slide 5:

2018 ARSSTC

[Alaska Remote Sellers Sales Tax Commission]

Supreme Court Wayfair case opens up opportunity for remote sales tax collection

2019 VBB

Fiscal crisis hits home with a drastic FY19 budget proposal

2020 COVID CARES

[Coronavirus Aid, Relief, and Economic Security]

Public health emergency and economic crisis

2021 ARPA [American Rescue Plan Act]

Federal relief packages - \$1 billion to local governments

2022 BIL [Bipartisan Infrastructure Law]

Infrastructure package results in five years of formula and competitive grant cycle

MR. ANDREASSEN said every year brought a new layer of challenge to Alaska's local governments and an opportunity for AML to support communities and participate in finding solutions. He noted that AML grew from a three-person crew five years ago to fourteen persons. AML's budget invests back into local governments. He said this is an impressive arc in many ways.

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CHAIR DUNBAR asked whether AML receives revenue to act as the remote sales tax contractor for local governments.

MR. ANDREASSEN answered yes. AML is a nonprofit, but more than that, AML is an interlocal organization that responds directly to the interest of members. AML has an administrative function to collect and administer those funds. He explained that AML collects the physical sales tax for four communities. AML has a health insurance program, a retirement program, and a deferred compensation program. It is beyond a nonprofit and really a member-support, shared-services organization.

MR. ANDREASSEN reviewed slide 6, Federal Funding Coordination. He said that AML helped organize a website under the American Rescue Plan Act (ARPA) two years ago. The website is a clearinghouse for information and resources to help Alaska organizations make the most of federal funding available under ARPA and BIL. It is a one-stop shop for local governments eligible for federal grant opportunities, and the website contains resources related to ARPA and BIL. With the passage of the Inflation Reduction Act and increased attention to pollution prevention, energy efficiency, and air quality, the website will continue developing. AML's team offers support for grant writing and technical assistance to local governments, tribes, nonprofits, and school districts. This effort has been supported with legislative funding and complemented by funds from the Rasmuson Foundation, the Denali Commission, contracts through state agencies, and others.

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MR. ANDREASSEN reviewed slide 7, the success of AML is only possible with partnerships. AML has two sister organizations, the AML Joint Insurance Association, and the AML Investment Pool, that provide property and workers' compensation insurance to most local governments in Alaska. The investment pool manages about \$700 million on behalf of local governments. AML is unique in the nation; it is the only organization that responds to county-equivalent interests and cities. It includes both boroughs and cities as part of its membership. Every state in

the nation has a county association and a municipal league; AML brought both under one body. AML works closely with the National Association of Counties and the National League of Cities. He sits on both boards in some capacity. AML directly interfaces with colleagues on the federal and national levels, benefiting Alaska and local governments with their advocacy. AML makes a valuable contribution. He spoke briefly about other partnerships and relationships listed on slide 7.

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MR. ANDREASSEN advanced to slide 8, Alaska's Local Governments. He emphasized that Alaska's local governments are different from one another. It is easy to believe that one decision impacts all equally. Often state and federal decisions affect local governments differently or not at all, depending on the issue. Not all local governments are created equal, not all have equal responsibilities, and not all have the same capacity. A larger local government might have many departments with hundreds of employees, but many of AML's members operate with half-time staff, trying to complete the same tasks as larger communities.

MR. ANDREASSEN reviewed slide 9, emphasizing how different local governments are from one another. Seventy local governments have police powers; arguably, they all have some degree of public safety responsibility. Forty of these have a combined budget that exceeds that of the Department of Public Safety (DPS) by \$75 million, noting DPS is not the only entity delivering public safety in the state. He said the partnership between state and local government is critical. Local governments:

- manage just as many road miles as the Department of Transportation and Public Facilities (DOTPF),
- are almost entirely responsible for Alaska's ports and harbors and for a fishing industry that is one of the most advanced economic sectors in the state,
- are almost completely responsible for water and wastewater systems in Alaska,
- run the majority of school districts in Alaska and have the responsibility for school construction and major maintenance,
- own 75 percent of all schools or school facilities,
- play the role of education funder, tax base, and
- are responsible for the quality of life in communities, including public libraries, swimming pools, parks, and recreation.

MR. ANDREASSEN said local governments in Alaska support keeping families, businesses, and the community whole and healthy. He

emphasized that it is not just infrastructure that people and businesses need but a community.

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SENATOR OLSON asked what role AML plays in communities that want improvements or to build a new harbor.

MR. ANDREASSEN answered AML supports the Alaska Association of Harbormasters and Port Administrators, which give direct technical assistance to municipalities and enterprises. AML conducted a survey last year to identify the ports and harbors infrastructure deficit. He identified about a \$300 to \$600 million annual infrastructure need, stating that probably does not include the Municipality of Anchorage. It is important to understand infrastructure needs, what they look like, and why improvements might be necessary. AML advocates for the municipal harbor match grant funds, noting they were not funded this year. He pointed out that a partnership with the state transferred many assets to local governments. Local governments are now in charge of maintaining and improving those assets based on their inherited condition. Local governments provide 50 percent of the funds for harbor improvements, and the state provides 50 percent when the program is running.

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SENATOR OLSON sought confirmation that AML's sister organization, AML Investment Pool (AMLIP), manages \$700 million. He asked how the interest is distributed.

MR. ANDREASSEN answered that AMLIP is managed separately from AML. He estimated the investment pool has 80 members with 160 accounts and a pretty sophisticated process for managing funds. It has a separate investment advisor, so it is a 3-party endeavor to ensure those funds are invested accurately and safely. Each fund is distinct and managed separately but as a pool. The market rates that accrue to the pool are pro rata, kept track of for each account.

SENATOR OLSON asked how the interest is distributed among the investors.

MR. ANDREASSEN replied the returns go back into the accounts.

SENATOR OLSON sought clarification that the returns are distributed to those communities.

MR. ANDREASSEN replied no. The funds are available to the communities. They have 24-hour, around-the-clock access to drawing down funds, but it is really a cash management tool just like the state might otherwise leverage. The rate of return is very similar to market rates.

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MR. ANDREASSEN advanced to slide 10 and explained the differences between the following borough classifications:

Non-unified Home Rule
Unified Home Rule
First Class Borough
Second Class Borough
Unorganized Borough

MR. ANDREASSEN said all boroughs have three primary responsibilities:

- They all have to tax.
- They all have planning and platting responsibilities.
- They all have school district responsibilities, contributing 2.65 mils or the equivalent.

[MR. ANDREASSEN moved through slides 11 through 24 quickly. Each slide illustrates whether the subject applies to a given city, depicted as a dot on the map.]

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MR. ANDREASSEN summarized slide 11, All Local Governments. One hundred sixty-five cities and boroughs across the state are in a home-rule, first-class, or second-class structure. At the city level, the same functionality occurs between home-rule and second-class cities. He explained that the legislature determines what must or is allowed to be done in second-class cities, whereas the voters decide it for home-rule cities. Unincorporated cities have a different governance model; the state or tribal government picks up responsibilities.

MR. ANDREASSEN summarized slide 12, Cities in Unorganized Borough. Home-rule and first-class cities in an unorganized borough bear some responsibility for their school district and contribute 2.65 mils or the equivalent. They have responsibilities for public education, whereas second-class cities do not.

MR. ANDREASSEN summarized slide 13, Cities in Borough. Cities within an organized borough come together in very different combinations and a lot of collaboration goes on within those regions.

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MR. ANDREASSEN advanced to slide 14, Sales Tax. Not all communities have a sales tax. Roughly 100 communities out of 165 boroughs and cities have a sales tax. Revenue collected from sales tax is much less than that collected from property tax; however, sales tax is significant to those communities that collect it.

MR. ANDREASSEN advanced to slide 15, Property Taxes. He expressed his belief that approximately 40 communities collect a property tax. Almost all boroughs have a property tax. If not, there is either a payment in lieu of taxes (PILT) or a fish tax which is basically the equivalent.

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SENATOR OLSON sought clarification of a first-class city on the Aleutian Chain.

MR. ANDREASSEN answered the city should be Unalaska. He said the dots shifted slightly. The dots approximate the location on the map.

MR. ANDREASSEN advanced to slide 16, Alaska Marine Highway System (AMHS) Ports. This map shows which local governments AMHS affects. These communities see a huge return on this investment. The investment is essential for coastal communities, travel tourism, and the economy of these local governments; it is important that AMHS stay in place.

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MR. ANDREASSEN advanced to slide 17 to discuss communities affected by Public Employee Retirement System (PERS) decisions. Not all local governments are part of PERS. Only 64 out of 165 local governments participate in PERS, making up 18 percent of the contributions, payroll, or pension liability, depending on how it is measured. He expressed his belief that it would take 77, not just local governments, but employers within PERS to make up one percent of the PERS contribution. He said it is important to know that even though 64 local governments participate, many of them are at the minuscule level in terms of the system as a whole.

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CHAIR DUNBAR asked about the typical benefit structure for communities not part of PERS.

MR. ANDREASSEN answered they do not have them.

CHAIR DUNBAR sought clarification on whether those communities have nothing or an alternative benefit structure.

MR. ANDREASSEN replied AML produces a salary survey that might capture the answer. He will send it to the committee. The communities that do not participate in PERS are very small with little capacity, where eighty percent of the budget might fund community assistance. These communities do not have a lot of resources to put into employee benefits; even health insurance is a stretch for some. Some have deferred compensation plans. It is not clear-cut that these communities would have benefits.

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SENATOR GIESSEL asked whether teachers in those communities would be eligible for Social Security.

MR. ANDREASSEN answered that all school districts have PERS and TRS. PERS employers would not be from those home-rule or first-class cities.

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MR. ANDREASSEN advanced to slide 18 to discuss Municipal Hospitals. Local governments have some rule, and healthcare decisions are important to them. Each of these communities had different roles during the public health emergency. It is worth knowing how these communities might have been affected.

MR. ANDREASSEN summarized slide 19, Petroleum Property Tax. He said petroleum property tax applies to local governments organized relative to oil and gas infrastructure assets.

MR. ANDREASSEN explained slide 20, Fisheries Tax. He said the fisheries tax is spread out statewide depending on the type of shared tax. The map shows the prevalence of fisheries in communities throughout Alaska. In some communities, the tax is 95 percent of their revenue base. For others, it is only one percent. There is considerable variation in the collection of fisheries taxes and what that revenue means to individual communities.

MR. ANDREASSEN advanced to slide 21, School Contribution. He said municipal school districts cover about half the state in some capacity. Together they make up about 26 percent of total public education contributions.

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CHAIR DUNBAR asked why Anchorage has no dot on slide 21.

MR. ANDREASSEN answered that on this map, Anchorage is depicted as a borough in a blue block, as is Juneau. He clarified that school contributions apply to those communities on the map in blue blocks and dots.

MR. ANDREASSEN described slide 22, School Bond Debt. Not all communities that make school contributions have school bond debt. He said that communities with school bond debt experience the debt very differently. The debt is a very significant portion of some local government budgets; it would be a pretty big lift if Kodiak Island School Borough had to pick up the entirety of its school bond debt.

MR. ANDREASSEN advanced to slide 23. He said this map shows the distribution of power cost equalization (PCE) across the state and which communities benefit from lower costs. There is a small amount of direct benefit to local governments. PCE plays a significant role in keeping communities healthy.

MR. ANDREASSEN advanced to slide 24, Police Power. Seventy local governments have some form of police, with 40 police departments and 30 village police officers. The AML salary survey shows that some communities can only offer the minimum wage to village police officers charged with public safety in their community.

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MR. ANDREASSEN advanced to slide 25. He said the next group of slides pertain to local government priorities and adopted resolutions. He intends to make high-level comments on adopted community resolutions but not delve deep into any one slide. He offered to prepare a packet to supplement today's presentation if members want to dive deeper into the resolutions.

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MR. ANDREASSEN reviewed slide 26, Cross-Cutting Impacts. Reports indicate grants for infrastructure projects awarded last year will increase in cost 140 percent this year. The rate of inflation is adversely affecting local governments. Infrastructure investments and decreasing purchasing power are

problems across the board. The August legislative conference identified housing and childcare as top priorities. They are increasingly challenging for residents. Supply chain issues will not affect all communities. Still, as federal investments start flowing, the implementation of projects will affect communities slated for public transportation, water, and wastewater projects. He said inflation, housing, and childcare affect population demographics and outmigration. Alaska does not attract people at the same rate they leave.

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MR. ANDREASSEN advanced to slide 27 and spoke to PERS. He reviewed slide 27, which contained these main points as well as a PERS financial table:

- Remove high interest rate on non-payment

He said employer contributions are capped at 22 percent and that the state contributes an additional 3.1 percent. He emphasized that 17 percent of that goes to the net pension liability. The pension system is a huge driver for municipal considerations, stressing the unfunded liability hinders the ability of local governments to contribute to and provide other types of benefits. He explained local governments could offer employees a much larger defined contribution plan if the pension liability did not exist.

- Evaluate and payoff arrearages

MR. ANDREASSEN said municipalities are interested in discussing areas that would improve the employer experience, potentially increase recruitment, and address retention challenges. Some require less of the state budget, and others require more. He expressed his belief that statutory provisions require employers to pay a 15 percent interest rate on nonpayment or late payment. That rate seems like a penalty, like a payday loan-type situation. He believes the rate could and should come down. A number of communities have arrearages that still haunt them and make it challenging to catch up. He said it would be useful to identify and pay them off, costing maybe \$10 million, possibly coming from DCRA or others.

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- Evaluate and remove salary floor

MR. ANDREASSEN said the salary floor from 15 years ago still requires local governments and others to contribute \$3 million

or so beyond the current employee base. He said addressing this issue and looking at the actuarial impact would be in the state's best interest. He said it would be interesting to discuss this, especially when considering government downsizing or a footprint reduction. The ability to operate more efficiently would be good and still hold local governments and the university to the 2008 salary floor.

- Increase State contributions to reduce non-State employer rate

MR. ANDREASSEN said this is where it gets more expensive. The state could buy down that 22 percent. Nothing requires 22 percent to be the floor of an additional state contribution. The state could determine the rate at which it gets down to 15 percent. This would free up 7 percent of a local government budget to offer employees an additional incentive program or benefit or to contribute differently to a deferred compensation plan. So, there are ways to increase employee benefits by working with employers.

- Evaluate opportunity for State to take over liability for employers who try to leave system

MR. ANDREASSEN said those local governments that tried to leave PERS still have a net pension liability. This is especially true for smaller local governments. It was supposed to last till 2039 but carries forward many years beyond that. It could last till 2099. It would benefit small, struggling local governments to opt out of the program without the lingering liability. This would require the state or system to absorb those costs. It would benefit employers and free up funds for recruitment and retention.

[2:08:55 PM](#)

MR. ANDREASSEN reviewed slide 28, stating AML made a number of resolutions related to public education. The following education recommendations are on slide 28, along with a chart depicting the growth of local government education contributions over the past ten years:

- Increase the BSA and adjust for inflation
- Evaluate statewide local contribution
- Replace school bond debt reimbursement program

- Implement base allocation for school construction and major maintenance
- Support ability for districts to consolidate schools without penalty

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CHAIR DUNBAR commented that the remaining slides in the slide deck contain meaty, big policy topics. He said any of these topics would be a fairly major policy accomplishment. He asked whether AML prioritizes these topics, choosing one and seeing it through to the conclusion.

MR. ANDREASSEN answered AML has priorities. The priorities are pension system fixes, school construction, and major maintenance. AML wants some of the fixes presented today incorporated into the legislative effort.

MR. ANDREASSEN indicated his intention to speed up through the remainder of this last group of slides.

[2:14:01 PM](#)

MR. ANDREASSEN spoke to slide 29, Economic Development:

Housing

- AML conducting statewide review of municipal code, fees, and processes to identify efficiencies
- Ensure State investment into access and utilities on developable State lands
- Review of intergovernmental regulatory alignment

MR. ANDREASSEN noted that AML has a housing task force that is coming out with recommendations this week. He can talk more about this if the committee is interested.

Child Care

- Evaluate public sector role in managing assets or employing workforce, thereby extending benefits and cost consolidation

- Ensure effective State-level distribution of resources
- Review of intergovernmental regulatory alignment

Slide 29 which had a chart showing how parent spent money on their children:

SPENDING BREAKDOWN FOR U.S. PARENTS

- 30 percent Housing
- 16 percent Food
- 14 percent Transportation
- 6 percent Clothing
- 8 percent Healthcare
- 18 percent Childcare and Education
- 8 percent Miscellaneous

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MR. ANDREASSEN reviewed slide 30, Transportation. He said AML has a good working relationship with DOTPF and continues to work through local government issues on these fronts:

1. Budget estimates higher than local planning
2. Transfer of ownership and maintenance
3. Contingency amounts required at the beginning of design and the construction
4. Municipal Harbor Facility Matching Grants
5. Amend statute to encourage RTPOs [Regional Transportation Planning Organizations]

Slide 30 has a chart that shows how local government spending falls into these categories:

- 30 percent public safety
police, fire, and emergency response
- 35 percent schools
required contribution, respond to district needs,
75 percent of schools
- 25 percent utilities
roads, landfills, water and sewer

- 10 percent quality of life
libraries, museums, rec centers, parks, playgrounds

[2:15:43 PM](#)

CHAIR DUNBAR asked whether the Anchorage Metropolitan Area Transportation Solutions (AMATS) is an RTPO.

MR. ANDREASSEN replied AMATS is a Metropolitan Planning Organization (MPO). AMATS and the Fairbanks Metropolitan Area Transportation System (FMATS) are MPOs. Mat-Su has an MPO underway. The value of MPOs is that they provide access to federal funding and planning dollars. He expressed his belief that MPO projects have other benefits as well. An RTPO has value at the regional level and some support for bringing regional priorities to the state list.

CHAIR DUNBAR asked whether the term regional could define an area larger than Anchorage, for example, the Mat-Su, Kenai, and Anchorage combined. He sought clarification about MPOs and their size in relation to AMATS.

MR. ANDREASSEN answered multi-jurisdictional, potentially. He clarified that it probably would not combine Mat-Su and Anchorage. He said Kenai, Southeast, and Northwest Arctic could add one consistent with the Alaska Regional Development Organization (ARDOR) boundaries. Copper River Valley just formed one, and Fairbanks just added one for the region beyond FMATS. He expressed his belief that the Bristol Bay Borough has one. So, there is room for greater regional collaboration. It could be multi-jurisdictional with multiple cities at the table, but that is a whole new level of state planning.

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MR. ANDREASSEN reviewed slide 31, Energy, which covered these topics:

1. Renewable Energy Fund
 - Ensure adequately funded for community level projects
2. PCE uses
 - Reimburse municipal investments that bring down cost below PCE subsidy threshold

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CHAIR DUNBAR commented that this seems like a reasonable bipartisan fix. He asked whether legislation on this is in the hopper.

MR. ANDREASSEN answered, not that he knows of.

3. Bulk Fuel Loan

- Increasing cap and lowering rates

MR. ANDREASSEN said AML has a resolution that supports increasing the cap and decreasing rates. DCRA is doing a great job of administering this program. Slide 31 has a map of Alaska showing communities with 2021 bulk fuel loans.

4. Grid Resilience

- State funding from IIJA [Infrastructure Investment and Jobs Act] to support local utilities

MR. ANDREASSEN said grid resilience is a new topic. The Department of Energy has funding for improving local grids statewide. AML supports efforts to improve utility operations.

Slide 31 displayed these Alaska Energy Authority Quick Facts:

Over 100 operational REF projects [Renewable Energy Fund]

REF Legislative Appropriations to Date: \$299 million

Projects Currently in Development: 44

Matching Funds: \$229 million

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MR. ANDREASSEN reviewed these topics related to fiscal policy on slide 32:

1. Mandatory Exemptions

- Reimbursement according to statute

2. Presumption Trust

- Unfunded mandate of State-level presumptions that apply mainly to local government workers compensation; provide State reimbursement fund

3. Ensure Sustainability of Community Assistance

- \$30 million shortfall for recapitalization minimum
- Allow Fund to accrue return on investments
- Provide for non-federal match access beyond formula

[2:23:00 PM](#)

MR. ANDREASSEN spoke to public health points, and the public health tracker pictured on slide 33:

Opioid Settlement

- Ensure ability to make both short-term investments, while maintaining sustainability of settlement funding
- Encourage multi-jurisdictional investments
- Envision infrastructure development as needed for support system

Public Health Dashboard

- Ensure continued use and maintenance of public health data for effective local decision-making

Increase capacity of local government role in public health, through health assessments and grant funding

[2:24:02 PM](#)

MR. ANDREASSEN advanced to slide 34, stating he could spend the remainder of his time on Title 29 [Municipal Government]. He drew attention to the Rural Utility Business Advisor (RUBA) best practices dashboard. RUBA applies to a majority of communities but not all. It is the state's way of gauging whether a community has the financial and governance capacity to administer utilities. He said the state seeks assurance that a community can effectively manage itself before investing; this is accomplished through a set of best practices scores.

MR. ANDREASSEN drew attention to the scorecard at the bottom right, stating little improvement in best practices scores has occurred since 2015. For ten years, the scores averaged roughly 60 out of 100 points. He wondered whether a different approach is needed to ramp up scores. AML wants to work with the state on better direct support for communities. He noted that best practices scores factor into whether unserved or underserved communities are eligible to receive some of the \$3 billion in infrastructure funding for water and sewer. Communities that do not rank high enough potentially reduce the state funding they

could have received. The AML priorities on slide 34 for Title 29 read:

1. Confidential disclosure of real estate transactions statewide
2. Removing audit requirement from Community Assistance
3. Amend AS 29.45.500 to reduce interest rates on overpayment of taxes
4. Reducing burden of commercial public records requests
5. Making flexible the number of required city council officials
6. Supporting authority to regulate activities that affect public safety
7. Accelerating transfer of State lands to municipal governments
8. Improve Best Practices direct support to communities
9. Local Boundary Commission oversight

[2:26:24 PM](#)

CHAIR DUNBAR commented that the [Division of Community and Regional Affairs (DCRA)] director spoke to the committee about the RUBA program. He asked whether AML and its members worked directly with the division director on these priorities.

MR. ANDREASSEN answered, to some extent, yes. AML had a long, negotiated discussion with DEC and DCRA about making improvements. The fact that not much has changed in the last ten years means a different approach is needed. Other Title 29 items could be addressed. If bills come up relative to other items, AML will flag them and notify members.

[2:27:32 PM](#)

MR. ANDREASSEN advanced to slide 35. He said AML is partnering with police chiefs to create a policy manual for all law agencies in Alaska. It could serve as a template. He expressed enthusiasm for this opportunity.

MR. ANDREASSEN spoke to the following points on slide 35:

Public Safety

1. Community Jails
 - Local governments providing detainee facilities for State
2. Village Police Officers
 - Basic levels of training, heavy responsibilities, little funding
3. Police Standards
 - Working with AACOP on a grant request to help fund statewide standards model
4. Local Emergency Planning Committees
 - Discontinued State support but still a helpful way to ensure communities are prepared
5. Capital Needs
 - Facilities and equipment needs for effective response

[2:28:54 PM](#)

MR. ANDREASSEN advanced to the final category in the slide deck, Strategic Infrastructure Development, slide 36. The AML board director said this is a once-in-a-lifetime opportunity. AML's job is to make the most of it and maximize the benefit. He said this applies to local governments, school districts, tribal governments, nonprofits, and businesses. AML must ask itself what difference it can make to bring funding to the state. He expressed his belief that AML has been effective this past year. He reminded members about AML's resource located at: akfederalfunding.org.

[2:29:38 PM](#)

MR. ANDREASSEN summarized slides 37 and 38, AML and Alaska DOTPF. He said AML has a memorandum of agreement (MOA) with DOTPF to support and act as a liaison with local governments around the state. It has been effective and a model for other agencies. He emphasized this is a different AML than five years ago; an MOA for these agencies to work this closely together did not exist. This kind of partnership benefits the state and local governments. It resulted in the Alaska Transportation Funding Opportunity Hub, where any local partner can submit a project through an intake form. AML knows there is aid and has a role in

working with local governments and others to strengthen their projects, and make them competitive at the federal level, while DOTPF works on state-eligible projects.

[2:31:13 PM](#)

MR. ANDREASSEN reviewed slide 39, stating AML contemplated how to make the most of the federal government's infrastructure investment in the state and came up with this Infrastructure Logic Model:

Goals	Inputs	Outputs
Maximize Benefit	Collaboration	Shared resources
Strengthen Capacity	Competency	Grant Assistance
Strategic Planning	Competitiveness	Events
		Outreach

Outcomes	Impacts
Informed membership	Partnerships
Competitive applications	Grant funding and management
Project development	Address infrastructure deficit

MR. ANDREASSEN said the Infrastructure Logic Model centers on collaboration and ensuring applications are competitive, emphasizing competitiveness relies on collaboration. He stated it would be easy to think local governments are competing with each other, but the competition is 20,000 other cities nationwide. The idea is to raise the tide for all of Alaska's communities. AML hosts weekly office hours, sends information about new grant opportunities and webinars twice weekly, and provides direct technical and grant-writing assistance to local governments and others.

MR. ANDREASSEN said that at the end of the day, AML hopes communities have local partners to support them. If a community is awarded a grant, hopefully, it is managed effectively, the project is implemented, and Alaska's infrastructure deficit is addressed. Last year Alaska had about \$30 billion in need between schools, water/wastewater, transportation, ports and harbors, and so on. He said AML estimated housing at about \$5 billion. This is an opportunity to address the infrastructure deficit; it is up to local, state, and tribal governments to make a difference.

[2:33:05 PM](#)

MR. ANDREASSEN reviewed slide 40, stating the [akfederalfunding.org](#) website is done in conjunction with the Alaska Infrastructure Coordinating Committee. This group meets

every other week, checks out different opportunities, catches up with each other on projects, avoids duplication conflicts, and looks for partnerships. This has been a good way to facilitate infrastructure collaboration informally. AML seeks opportunities for different entities to work together on digital equity, energy, and other investments. Slide 40 lists these organizations:

Infrastructure Collaboration

Alaska Municipal League	University of Alaska
AFN	Alaska Small Business
theforakergroup	Development Center
Alaska Chamber	Alaska Denali Commission
The State of Alaska	Rasmuson Foundation
Alaska Native Tribal	Alaska Telecom Association
Health Consortium	Alaska Power Association

[2:33:57 PM](#)

MR. ANDREASSEN advanced to slide 41, stating AML made huge progress this past year, year one of a five-year IIJA investment cycle. A lot of work remains. He said the scale of the project and implementation needs are pretty incredible. He expressed his belief that neither AML nor state agencies are ready to do all this work yet. He anticipates turning the corner into implementation, project management, and grant management this year. He summarized slide 41, Community Planning and Infrastructure Management.

Community Planning and Infrastructure Management

- Community Planning and Prioritization
- Grant Development and Response
- Grant Award, Partnerships, and Match
- Procurement and Workforce
- Project Management
- Grant Reporting and Outcomes
- Maintenance and Operations
- Asset Management and Sustainability

[2:35:25 PM](#)

CHAIR DUNBAR expressed concern about Mr. Andreassen's last point, asset management and sustainability. He said the DOTPF builds about three percent more lane miles in Anchorage every year but keeps its snow removal budget the same. The result is snow removal in Anchorage has degraded over time. He expressed concern over infrastructure money entering the state without

explicit conversations with DOTPF and local communities about new infrastructure maintenance. He suggested focusing on repairing and maintaining projects that are more integrated into the community and easier to maintain. He asked Mr. Andreassen to expound on this subject.

MR. ANDREASSEN answered AML hopes to have that conversation this year. The state has few asset management capabilities right now, so AML wants to do more asset management training. AML has discussions about inflation-proofing maintenance budgets, which are surprisingly flat when looking at three- and six-year planning efforts. The mantra last year was that communities are doing less with less. Even with the influx of new funding, communities will fall behind if maintenance is not keeping up. A silent approach to maintenance and operations needs to change. The conversation needs to be local-state, local-local, and local-tribal to leverage available partnerships and funding more effectively and allow for more intentional planning and discussions. RTPOs would be huge for the transportation effort.

MR. ANDREASSEN said AML held an infrastructure symposium last year. It focused on new money. This year the infrastructure symposium needs to focus on "the next steps" and how to maintain and sustain all the work getting done.

[2:38:21 PM](#)

CHAIR DUNBAR noted that political leaders are partially at fault. It is less fun to do a ribbon cutting in front of a repair than in front of new construction. He said what a lot of facilities really need are repairs and maintenance.

[2:38:42 PM](#)

SENATOR GIESSEL commented that building better is also needed.

[2:38:58 PM](#)

MR. ANDREASSEN said AML did a lot of work on this in ways that have not been done before. AML's ability to deliver shared services to members is part of the answer, but ultimately, augmenting the capacity of local control, local decision-making, and partnerships is vital.

[2:39:18 PM](#)

SENATOR GRAY-JACKSON asked about AML's relationship with the National League of Cities (NLC).

MR. ANDREASSEN replied that the National League of Cities is the national-level municipal association. All state leagues

participate in their activities and encourage cities to attend events. He expressed enthusiasm for NLC advocacy efforts. The work NLC did around ARPA and the CARES Act meant the world. AML was able to supply information to members, local governments, and the tribes, including information about implementation and federal regulation compliance. The help of NLC has been crucial these past few years. He said that he took Senator Gray-Jackson's words to heart and is on the Board of the National League of Cities and attends meeting conferences. He expressed how impressive and skillful the organization is. It has led to greater cooperation between the directors and Alaska, Washington, Oregon, Idaho, and Montana. He said learning how to support small communities better has added value to the relationship.

SENATOR GRAY-JACKSON thanked Mr. Andreassen for his involvement; NLC is an important organization.

[2:42:27 PM](#)

SENATOR BJORKMAN asked whether AML had a speaker from NLC at its annual conference.

MR. ANDREASSEN answered yes. Its previous president participated. NLC participated in early education and childcare. AML modeled a Cities of Opportunity (CoO) off of NLC, and a dozen emerging municipal officials participated.

[2:43:36 PM](#)

CHAIR DUNBAR commented that the presentation contains an extremely large portfolio of issues. He said that this committee has a similarly broad portfolio. He said that he expressed to the Senate President that as these legislative issues start to move, he would like some of them sent to this committee.

[2:44:34 PM](#)

There being no further business to come before the committee, Chair Dunbar adjourned the Senate Community and Regional Affairs Standing Committee meeting at 2:44 p.m.