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HOUSE BILL 119

CONVENTION BUREAUS

The average conventioner spends between \$50 and \$60 per day on food, hotel accommodations, entertainment, etc. To illustrate the potential of convention spending: in October, 1970, 3900 people attended conventions in Anchorage, spent an average of 4 days in Anchorage, and thus contributed \$858,000 (excluding transportation costs) to the economy of Anchorage and the State of Alaska.

The potential for developing this market in Alaska is unlimited. The Travel Division's program to develop the convention trade is but a year old, but it has already proved that Alaska has tremendous appeal to organizations for sites of their conventions. To date we have received firm commitments from over 40 organizations to hold conventions in Alaska during the years 1971 through 1974. This should benefit the state in direct spending from \$8 to \$10 million. We expect commitments from twice this number of organizations in 1971.

Thus far, however, the Travel Division has been unable to tap the total resources that the "convention business" has to offer. The reason is that most communities in Alaska do not have the facilities necessary to service large groups. Our convention director is limited

to recruiting groups that meet in the off-season of tourism and groups that number less than 1500. Obviously, we are losing a good portion of the market before we start.

Conventions require only three essential ingredients: Enough first class bed space, adequate meeting rooms, and banquet facilities for the whole group. At present, there are some new hotels being built or planned for Alaska. However, there are no plans for expanding meeting and banquet facilities. Two of the three essentials are lacking.

The majority of the parts that make up the Alaska Travel Industry is growing and becoming more sophisticated. Air service, tour operation, and the number and quality of hotel rooms are examples of this maturation. There is a gap, however, in the growth of meeting and banquet facilities.

The growth rate of the Alaska convention trade is limited only by the state's willingness to participate financially with communities to develop facilities to handle this highly beneficial resource. The passage of House Bill 119 would help tremendously in solving the Travel Divisions's problems in selling the convention trade and benefitting Alaska's economy.

SUMMARY SHEET OF THE GROWTH OF ALASKA TOURISM

Tourism in Alaska is experiencing a healthy growth rate - as illustrated by the chart below:

NUMBER OF TOURISTS ENTERING ALASKA
BY
MODE OF TRANSPORTATION

Year	Cruise	Ferry	Airline	Highway	Total
1964	11,000	11,650	13,250	23,300	59,200
1965	11,700	14,400	15,100	28,400	69,600
1966	12,400	17,300	16,250	27,150	73,100
1967	13,200	18,950	20,600	33,950	86,700
1968	15,000	18,000	23,000	34,000	90,000
1969	21,000	20,000	26,000	40,000	107,000
1970	29,000	20,000	30,000	44,000	120,000

EXPENDITURES

The average tourist spends approximately \$35 per day - considerably less than the daily expenditure of the conventioner. Total tourist expenditures, however, are substantial amounts. The total figures for 1964, 1967, and 1970 are as follows:

<u>1964</u>	<u>1967</u>	<u>1970</u>
\$18,200,000	\$29,000,000	\$41,000,000

ALASKA TOURISM RELATED EMPLOYMENT

1970

NUMBER OF TOURISTS 120,000
PRIMARY EMPLOYMENT*. 2350
PRIMARY WAGES*. \$14,500,000

*Excludes wholesale and suppliers, etc., employees estimated at 1000 in 1970, which provided an additional 7 million dollars in wages in 1970.

TYPICAL TOURIST PROFILE

A typical visitor to Alaska would be a middle aged (about 50 years of age) physician with his wife, travelling from California. They might take a cruiseship coming and return by airplane, or perhaps drive one way and return via marine highway. They spend about two weeks in the state, visiting Juneau, Anchorage, and Fairbanks, plus numerous side trips - to Mt. McKinley National Park, the Arctic region, etc. Excluding transportation costs, they spend from \$500 to \$700 in Alaska.

In 1968, a rather discriminating study was accomplished, and published, concerning the tourist or visitor, potential for the State of Alaska. Among other things, it indicated that 1970 would see 125,000 tourists in Alaska.

According to all available figures, and some very conservative estimates, there were indeed close to 125,000 visitors in Alaska during 1970.

That same study indicated an anticipated 185,000 visitors to the state in 1975 -- the final year for projections.

At this point, it seems safe to say that the 1975 projection will be surpassed, and that the year 1980 will see 302,000 visitors in Alaska, and that they will spend in excess of 136 million dollars during their tours.

A number of factors now present or about to make their presence felt, contribute to the new projections:

- A comprehensive state program to secure convention traffic,
- Planned improvements to the Alaska Marine Highway ferry system,
- An increased effort to lure the foreign visitor, particularly the Japanese,
- The advent of sea/air cruises, giving the visitor more time in Alaska, as opposed to skirting the edges of the state,
- Canadian efforts to get their part of the Alaska Highway paved.

The convention program will have the greatest impact during the off-season period -- that nine month period of the year when tour operators have little business and many hotels either close down or go on limited operations.

A prime target in this market is the major insurance company. Several of these firms exist, and they hold upwards of 200 small conventions, or sales meetings each year. They require adequate accommodations, and prefer those located in a somewhat closed environment -- an area not over-loaded with outside attractions that would tend to reduce attendance.

Alaska Convention Coordinator R. A. "Dutch" Derr has already started to tap this vast potential, and his contributions will show major gains within three years.

At that same time Derr has not neglected other convention possibilities. The current log shows 14 conventions set for Alaska in 1971 with a total of 6,610 delegates....6 more sessions in 1972 with 1,860 delegates, and 2 conventions in 1973 with an anticipated attendance of 3,400. Since the effort has only been underway for the past 20 months, and bookings beyond 1973 are already firm, it is reasonable to expect that convention delegates by 1980 will increase the number of Alaska visitors by 15,000 each year. And, using current spending ratios, that amounts to more than three million dollars yearly.

And those figures do not reflect the conventions that are secured by the individual cities in Alaska -- only those secured through Mr. Derr's aid.

Improvements to the Marine Highway System, notably the lengthening of the three "Blue Canoe" sisterships and the construction of a new deep water ocean vessel, will add capacity and scheduling capabilities far beyond present limits. The addition of new craft for schedules off the main line will also help extend visitor activities away from the major population centers.

The Department of Economic Development is currently working out a program, with Federal participation, that will vastly increase the foreign tourists. Success in this area is almost assured, as the Japanese have shown increasingly strong interest in Alaska as a place to see. Skiers are appearing on our slopes in greater numbers, photographers are taking advantage of Alaska scenery and wildlife, and businessmen are stopping off in Alaska cities to relax and recharge before and/or after trips to Seattle, Los Angeles, Chicago, and New York.

With greater emphasis on promotion of Alaska in Japan, this small trickle can become a flood of visitors.

The sea/air cruise, one way by sea and the return trip by air, is becoming a popular item with travel agents around the nation. Alaskan tour operators are anxious to participate, because such a package usually means that the visitor has more time in Alaska, he spends more for food and lodging, and he has an opportunity to do some discriminating shopping for quality items. Such combination tours also open up the possibility of side trips to selected lodges for two or three days. Unlike a cruise ship tour, the combination sea/air trip can accommodate interruptions during the transitional phase. It is easy to catch a plane two days later, or two days earlier, while a cruise ship -- once departed -- isn't available for boarding for ten days or two weeks.

Perhaps the single most important possibility for increasing the number of visitors to Alaska is completion of paving on the Alaska Highway. Statistics have shown that more than 15% of the visitors checking through Tok have been to Alaska at least once before, and generally by way of that single road link to the South 48. A smooth all-weather highway from the Midwest to Fairbanks, Anchorage, and beyond would send our yearly visitor tallies skyrocketing.

These five factors, four of which are now in progress or in planning, were not considered during the study of 1967-68. In all probability they will, when combined with existing programs, send the real figures well over the projected numbers.

Beyond current planning, but certainly before 1980, are some innovations that will create an even greater flow of visitors through our state.

The tourist season can be logically extended, especially in the major population centers. The "Spring Up" and "September" campaigns can be, and will be, enlarged while winter offerings will be developed throughout the State.

Customized package tours will be developed for the independent traveller. The fishing enthusiast will join a planeload of ardent anglers and fly north to spend a week or two weeks in one, two, three, or more different lodges -- trying his luck against upwards of a half-dozen species of fish. The photographer will be able to join a tour specializing in scenic areas, or wildlife centers. Beachcombers, gem and mineral collectors, and even birdwatchers will probably have customized Alaska tour packages. It should be obvious that Alaska has more to offer in more specialized areas than just about any other state.

The most exciting innovation would be the creation of a bush visitor program, a network of travel patterns leading outward from each of the population centers to the various villages, resorts, lodges, and camps that are scattered through this Great Land. This network alone would increase our capacity to accommodate visitors. Imagine a summer day in Fairbanks, when every hotel and motel space is booked...the existing capacity has been achieved. The potential for additional tourism would be absolute zero under such conditions today. Consider that same situation with a bush network in operation. The same number of hotel or motel rooms would be filled, but perhaps 100 or even 200 additional visitors would be out in the bush spending two or three days at this lodge, that fishing camp, or a small village -- all as part of a tour. Such a concept would necessarily deal with a high-volume, fast turnover, package. But it can work, and depending upon the strength of the bush network, it could effectively increase visitor capacity by 20, 30, 50, or even 100 percent. And don't scoff, these are not figures plucked out of a hat. Ketchikan, for example, with the huge number of lodges in the area, could easily double the number of visitors now accommodated in every available hotel and motel space in the community. What's more, given a progressive operation, it would lead to a consistently high level of activity as opposed to the normal pattern of one week of feast and two weeks of famine.

An adjunct to this bush network might well be utilization of schools during the summer tour months. Boarding schools now exist in some communities, and they could easily be transformed into visitor accommodations during that three month period when school is out. New schools could be designed with such summer activity in mind, at an increased cost, of course, but one which would be repaid with interest over a comparatively short time. And, in the case of the smaller villages, the transformation of the schools to visitor centers during the summer would have the additional value of bringing the business to the source of craftsmanship, or bringing the Native into the mainstream of the visitor industry without requiring him to leave home.

Finally, we anticipate the creation of a more sophisticated and coordinated visitor information operation. Colorful, complete and clearly-marked Alaska Visitor Information booths should be established at every point of mainline departure; Seattle, Prince Rupert, Victoria, Vancouver, and at the Alaska-Canada border. Additional booths should also be set up at the international airports in Anchorage and Fairbanks. And every community should give serious thought to establishment of their own community information centers in their own airports -- at least those with a visitor industry worthy of the name. It is impossible to sell someone on the idea of going somewhere and doing something unless you first let him know where that somewhere is, and what it is he'll be doing.

The possibilities for expanding the visitor industry in Alaska are unlimited, contained only by the lack of imagination, working capital, and concrete. Imagination, applied now, can create the working capital in a few short years, followed by the pouring of concrete and the creation of a vibrant new future for the visitor industry.

There is a general feeling that oil is the big item in Alaska's economic future. Many of us feel this is not so, that the visitor will be the big item in the day-to-day economy of most Alaska communities. By 1980, the average visitor will be spending well above his current 50-dollar-per-day average. He will probably be staying for a period in excess of two weeks. And he, along with the other 301,999 visitors now projected, will be spending more than that \$136,000,000 we now predict.

We can't prove it. But check the figures at the end of 1979.

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BE IT ENACTED, etc.....

Section 1. AS 04.10 is amended by adding new sections to read:

ARTICLE 6. MUNICIPAL LIQUOR LICENSES

Sec. 04.10.500. CITY LIQUOR LICENSE. (a) A city which does not prohibit sale of intoxicating liquor under the local option election provisions of sec. 430 of this chapter or AS 29.25 380 - 29.25.410 may obtain any liquor license authorized to be issued under this chapter for the sale of intoxicating liquor within the city's boundaries.

(b) Before a license may be issued under this section, certification must be submitted to the board that at the last city election a majority of the qualified voters in the city voted affirmatively on the question, "Shall the incorporated city ofobtain.....(number and type or types of license) for the sale of intoxicating liquor?" The question shall be submitted to a vote within 30 days after the city council receives a petition signed by 25 per cent or more of the total number of qualified voters who voted at the last regular city election and request a vote on the question.

(c) Upon receipt of a petition, the council shall notify the board, which shall withhold issuance of an available license requested in the petition pending the election.

(d) The council shall conduct the election under this section in the same manner as other regular or special city elections and shall forward notice of the result of a vote on the question immediately to the board. Other provisions of law governing eligibility for licenses notwithstanding, if a majority of the qualified voters at the election favor the sale of intoxicating beverages by the city, the board shall issue the license ^{or licenses} and

thereafter for the term of the license or reissued license deny all applications from other parties for licenses to sell liquor within the city and within 10 miles of a boundary of the city, unless the council determines otherwise as to licenses available for issuance under secs. 210 or 400 of this chapter. This subsection shall not operate, however, to preclude the subsequent transfer of a license from a city to a corporation organized and certified under the Alaska Nonprofit Corporation Act (AS 10.20.005 - 10.20.725) to conduct and manage the sale of liquor on behalf of the council.

(e) A city obtaining a liquor license under this section may obtain reissuance of the license without presenting the question to the municipal voters, if a petition requesting the election is not presented to the council at least 40 days before the expiration date of the valid existing license. Otherwise, the election requirements of this section shall apply as in the case of the issuance of the license.

(f) After issuance or reissuance of a liquor license under this section, no petition for a vote on the question of the city license may be filed with the council until at least nine months have elapsed from the date the license was issued or renewed.

(g) A license for the sale of intoxicating liquor issued or reissued to a city before the effective date of this Act and in effect on the effective date of this Act shall be a valid license for the duration of the license term and thereafter may be renewed in accordance with the provisions of this section.

(h) No member of a city council or director or officer of a corporation organized under the Alaska Nonprofit Corporation Act to conduct and manage the sale of liquor in behalf of the

council may hold any interest in another operation licensed under this ^{chapter} ~~section~~, nor shall he receive any fee or remuneration for procuring or furnishing quarters, or supplying equipment, furnishings, stock, or inventory in order to conduct business under a license issued under the terms of this section.

Sec. 04.10.510. APPLICATION OF CERTAIN SECTIONS. Secs. 190(a)(5) and 270 of this chapter do not apply to licensure of a city under secs. 500 - 520 of this chapter.

Sec. 04.10.520. DEFINITIONS. In secs. 500 - 520 of this chapter

(1) "city" means a municipality ^{of the first, second, or fourth class not within an incorporated borough} with a population of ~~3500 or less~~ according to the most recent United States census or other reliable data;

(2) "council" means the council or other governing body of a city.

Section 2. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.



Walker's Package Store

FINE LIQUORS
P.O. BOX 57
KOTZEBUE, ALASKA 99753

February 22, 1971

Honorable M. Miller, Chairman
Local Government Committee
House of Representatives
State Of Alaska
Pouch V
Juneau, Alaska 99801

Dear Mr. Miller:

This letter is in reference to House Bill 130 giving small villages authority to operate a liquor store.

First of all I am not against village ownership and operating liquor stores, or the operating of a liquor store by the City of Kotzebue.

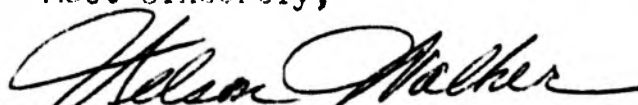
The part that I am protesting is that it would prohibit liquor stores from operating that have not been in business before January 1, 1970.

I was issued a liquor license in January of 1971, for a Retail Liquor store, my wife and I invested practically all of our life savings in this liquor store, if the present bill went thru as written it would leave us destitute.

I have been a bush Pilot in Northwest Alaska for over 22 years and have give this community faithful service, I am getting too old to fly. I have Eight children, am ~~married~~ to an Eskimo woman, our oldest daughter, Virginia Walker is Miss Alaska, she too has give the State of Alaska a year of faithful service by acting as Official hostess for the State, at present I am sending her thru college in Anchorage to become a nurse. The rest of my 7 children attend the local school here at Kotzebue.

Like I say I have put all my money into my Liquor store and expected to depend on it for my livelihood. Anything that you can do to help me stay in business would be greatly appreciated.

Most Sincerely,


Nelson Walker

CC - Committee Members

COMMUNITY LIQUOR SALES, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 1967

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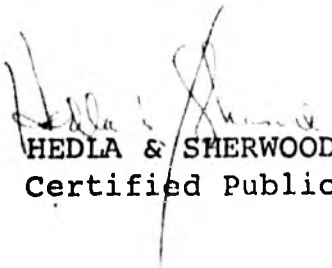
HEDLA & SHERWOOD
CERTIFIED PUBLIC ACCOUNTANTS
ANCHORAGE, ALASKA

The Board of Trustees
Community Liquor Sales, Inc.
Bethel, Alaska

We have examined the balance sheet of Community Liquor Sales, Inc. as of December 31, 1967, and the related statements of income and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances, except as noted in the following paragraph.

Due to the remote location of this store, we did not observe the physical inventory count as of December 31, 1967.

In our opinion, subject to the above exception, the accompanying balance sheet and statement of income and retained earnings present fairly the financial position of Community Liquor Sales, Inc. at December 31, 1967, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.


HEDLA & SHERWOOD
Certified Public Accountants

February 3, 1968

COMMUNITY LIQUOR SALES, INC.

BALANCE SHEET

DECEMBER 31, 1967

ASSETS

Current Assets:

Cash		\$ 53,238
Accounts receivable		630
Inventory		9,531
Prepaid expenses		1,733
Total current assets		<u>65,132</u>

Fixed Assets (at cost):

Leasehold improvements	\$ 575	
Store and office equipment	<u>1,594</u>	
	2,169	
Less - Accumulated depreciation	<u>733</u>	<u>1,436</u>
		<u>\$ 66,568</u>

LIABILITIES

Current Liabilities:

Accounts payable		11,574
Accrued payments to City of Bethel (Note A)		18,115
Taxes other than taxes on income		2,692
Federal and Alaska taxes on income		10,990
Total current liabilities		<u>43,371</u>

Equity:

Retained earnings		<u>23,197</u>
		<u>\$ 66,568</u>

The accompanying notes are an integral part of this statement.

COMMUNITY LIQUOR SALES, INC.

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1967

	<u>Amount</u>	<u>Percent to Sales</u>
Sales	\$465,574	100.00
Cost of sales:		
Inventory at beginning	\$ -0-	
Merchandise purchases	281,199	
Freight	31,284	
Salaries and wages	17,132	
Supplies	284	
	<u>329,899</u>	
Inventory at end	<u>9,053</u>	
	<u>320,846</u>	<u>68.91</u>
Gross profit	144,728	31.09
Administrative and general expenses		
Liquor license (Note A)	46,557	10.00
Rent (Note A)	46,557	10.00
Operating taxes and licenses	3,625	.79
Professional services	3,571	.77
Disposal (Note B.)	3,000	.64
Utilities	1,833	.39
Payroll taxes	1,258	.27
Insurance	1,128	.24
Depreciation	733	.16
Travel	252	.05
Donations (Note C)	1,800	.39
Cash variation	(61)	(.01)
Repairs and maintenance	46	.01
Other expenses	177	.04
	<u>110,476</u>	<u>23.74</u>
	34,252	7.35
Other expense:		
Interest	<u>65</u>	<u>.01</u>
Income before provision for taxes on income	34,187	7.34
Federal and Alaska taxes on income	<u>10,990</u>	<u>2.36</u>
Net income	<u>23,197</u>	<u>4.98</u>
<u>RETAINED EARNINGS</u>		
Balance at beginning of year	<u>-0-</u>	
Balance at end of year	<u>\$ 23,197</u>	

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

NOTE:

- A. Payments due the City of Bethel are in compliance with agreements for the sub-lease of the building in which business is conducted and for the permit to operate the liquor license within the boundaries of the City. These agreements call for payment of 10% of the gross sales for the sub-lease and 10% of the gross sales as a permit fee.
- B. Under an agreement with the City of Bethel the City disposes of all refuse for a fee of \$250 per month.
- C. Amount includes a donation to the City of Bethel of \$1,750.

ORGANIZATION AND OPERATIONS

Community Liquor Sales, Inc. was incorporated under Alaska law in December of 1966 and is a City controlled retail liquor distributor in Bethel, Alaska.

The corporation was organized without issuance of capital stock. The operations are controlled by a Board of Trustees. The Corporation has entered into a rental lease and permit fee arrangement with the City of Bethel for operation of the only liquor store in the area. The primary purpose of the corporation is to curtail bootlegging operations in the area by establishing a local retail outlet for the sale of alcoholic beverages.

The Board of Trustees, who serve without remuneration are as follows:

Kevin Murphy

John Snodgrass

Dave Swanson

CITY OF BETHEL

AUDIT REPORT

JUNE 30, 1970

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HEDLA, SHERWOOD & Co.
MERGED WITH
ARTHUR YOUNG & COMPANY

730 "I" STREET
ANCHORAGE, ALASKA 99501
(907) 277-7613

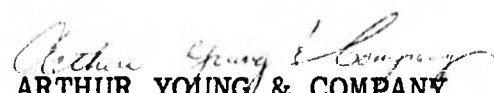
Honorable Mayor and
Members of Council
City of Bethel
Bethel, Alaska

We have examined the balance sheets of the various funds as of June 30, 1970, and the related statements of revenue and expenditures and fund balances for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances except that we did not independently confirm amounts due from the State of Alaska as to which we were able to satisfy ourselves by other procedures.

The City of Bethel has not established any continuing property records, therefore our examination relating to fixed assets was limited to expenditures during the current year.

The City of Bethel may be contingently liable for any deficiency which may be determined by the Internal Revenue Service as a result of a pending audit of Bethel Sales, Inc. as mentioned in Note A to the financial statement.

In our opinion, with the exceptions stated in the preceding paragraphs, the accompanying balance sheets, statements of revenue and expenditures and statement of fund balances present fairly the financial position of the various funds of the City of Bethel at June 30, 1970 and the results of operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with the preceding year.


ARTHUR YOUNG & COMPANY
Certified Public Accountant

October 2, 1970

CITY OF BETHEL
GENERAL FUND

BALANCE SHEET

JUNE 30, 1970

ASSETS

Cash:

Cash on hand		\$ 50
Cash in bank - checking		72,606
Cash in bank - certificates of deposit		145,000
Total cash		217,656

Receivables:

Sales tax receivable	\$23,720	
Community Liquor Sales, Inc.	57,858	
State of Alaska:		
Reimbursement of prisoner care	\$ 2,000	
Business license refund	10,186	12,186
Sanitation accounts receivable	10,519	
<u>Less:</u> Allowance for uncollectible accounts	4,446	6,073
Accrued interest receivable		2,544
Due from Capital Projects Fund		2,034
		104,415

Restricted Assets:

Cash - Rural Development Project - construction account		1,964
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Other Assets:

Deposit on fire truck lease	1,883	
Deposit	200	
Prepaid insurance	3,962	6,045
Total assets		\$330,080

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable		\$ 20,716
Accrued and withheld payroll taxes		7,969
		28,685

Contingent Liabilities (Note A)

<u>Fund Balance</u>		301,395
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Total liabilities and fund balance		\$330,080
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The accompanying notes to financial statements are an integral part of this statement.

CITY OF BETHEL
GENERAL FUND

STATEMENT OF CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 1970

Fund balance - July 1, 1969	\$269,470
<u>Add:</u> Excess of revenues over expenditures for the fiscal year ended June 30, 1970	<u>31,925</u>
Fund balance - June 30, 1970	<u>\$301,395</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF BETHEL
GENERAL FUND

STATEMENT OF REVENUE AND EXPENDITURES - BUDGETED AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 1970

600,000

	Budget	Actual	Over (Under) Budget
Revenues: - Operating			
Sales tax	\$ 70,000	\$ 92,627	\$ 22,627
Penalties and interest	1,500	126	(1,374)
Interest - savings	500	5,894	5,394
Fines	4,500	9,510	5,010
State prisoner care	15,000	24,938	9,938
Business license refund	9,000	11,112	2,112
Sanitation and garbage	20,000	28,393	8,393
City building rental	3,500	3,576	76
Prematernal home	2,000	1,552	(448)
Community liquor sales	75,000	<u>139,666</u>	64,666
Licenses and permits	250	172	(78)
State revenue sharing	11,000	24,150	13,150
Factory rental	13,800	-0-	(13,800)
Miscellaneous	500	559	59
Revenue from sale of equipment		604	604
Total operating revenues	226,550	342,879	116,329
 Other Revenues:			
Neighborhood facilities:			
Federal share	265,720	-0-	(265,720)
City savings account	95,000	-0-	(95,000)
Total other revenues	360,720	-0-	(360,720)
 Total revenues	\$587,270	\$342,879	(\$244,391)
 Operating Expenditures:			
General government:			
Office expense	\$ 3,000	\$ 4,716	\$ 1,716
Office supplies	1,500	1,887	387
Office salaries	30,000	33,221	3,221
Legal and audit	4,500	6,509	2,009
Insurance	4,000	5,303	1,303
Payroll taxes	7,500	11,094	3,594
Elections	100	157	57
Travel and entertainment	4,000	3,573	(427)
Legal and audit expenditures for capital projects	-0-	5,098	5,098
Total general government	54,600	71,558	16,958

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF BETHEL
GENERAL FUND**

**STATEMENT OF REVENUE AND EXPENDITURES - BUDGETED AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 1970**

(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Public Safety:			
Police salaries	\$ 17,800	\$ 26,437	\$ 8,637
State Police	7,200	5,400	(1,800)
Police operating costs	1,500	2,128	628
Jail salaries	36,000	38,551	2,551
Jail operating costs	5,700	4,840	(860)
Prisoner feeding	12,000	18,691	6,691
Fire Department	3,000	7,644	4,644
Total public safety	<u>83,200</u>	<u>103,691</u>	<u>20,491</u>
Community Projects:			
Library	1,000	678	(322)
City buildings	3,000	2,601	(399)
Museum	500	167	(333)
Artifacts	500	195	(305)
Prematernal home	2,500	2,079	(421)
Newspaper	6,300	6,068	(232)
Dog control	750	675	(75)
Mosquito control	1,000	-0-	(1,000)
City garage	3,000	2,665	(335)
Community Liquor	3,000	2,875	(125)
Community Center	5,000	-0-	(5,000)
Miscellaneous	3,600	2,285	(1,315)
Total community projects	<u>30,150</u>	<u>20,288</u>	<u>(9,862)</u>
Public Works:			
Sanitation salaries	34,000	28,323	(5,677)
Dump maintenance	1,500	1,424	(76)
Vehicle maintenance	5,000	1,427	(3,573)
Sanitation and garbage	4,000	15,871	11,871
Provision for uncollectible sanitation and garbage accounts		1,000	1,000
Road construction and repair	25,000	10,931	(14,069)
Street lights	5,000	1,581	(3,419)
Water front	12,000	149	(11,851)
Parks and recreation	22,000	5,736	(16,264)
Parks and recreation salaries		10,613	10,613
	<u>108,500</u>	<u>77,055</u>	<u>(31,445)</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF BETHEL
GENERAL FUND

STATEMENT OF REVENUE AND EXPENDITURES - BUDGETED AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 1970
(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Other Expenditures:			
Neighborhood facilities:			
Federal share	\$265,720	\$ -0-	(\$265,720)
City share	95,000	450	(94,550)
Total neighborhood facilities	<u>360,720</u>	<u>450</u>	<u>(360,270)</u>
Capital Outlays:			
Community projects	19,000		
Sanitation trucks and tank		23,516	
Police van		4,129	
Office equipment		1,950	
Jail improvements		989	
Playground equipment		1,571	
Library equipment		2,056	
Street lights		1,186	
City garage improvements		2,062	
City building improvements		453	
Total capital outlay	<u>19,000</u>	<u>37,912</u>	<u>18,912</u>
Total expenditures	<u>656,170</u>	<u>310,954</u>	<u>(345,216)</u>
Excess of revenues over expenditures	<u>(\$ 68,900)</u>	<u>\$ 31,925</u>	<u>\$100,825</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF BETHEL
GENERAL FUND

NOTES TO FINANCIAL STATEMENTS

Note:

1. An audit of Bethel Sales, Inc., a City controlled retail liquor outlet, is in progress by the Internal Revenue Service relating to certain payments made to the City covering a period of operations from March 1964 through December 1965. Should the findings of the Internal Revenue Service be unfavorable, the City may be required, as transferee, to assume the liability for any deficiency that may be determined.

CITY OF BETHEL
GENERAL FUND

SUPPLEMENTARY COMMENTS

Cash

\$217,656

Cash balances at June 30, 1970. were:

Cash in bank - general checking	\$ 72,606
Cash in bank - time savings certificates	145,000
Cash on hand	50
	<u>\$217,656</u>

Cash in bank was confirmed directly with the depository, Kuskokwim Branch, The First National Bank of Anchorage, at Bethel, Alaska and reconciled to the City's records. The time certificates bear interest at 4 to 5% per annum.

Sales Tax Receivable

\$ 23,720

This amount represents City sales taxes collected by local business entities and due the City at June 30, 1970.

State of Alaska - Prisoner Care

\$ 2,000

This amount is due from the State of Alaska for care of State prisoners in the Bethel City Jail through June 30, 1970.

State of Alaska - Business License Refund

\$ 10,186

Represents the share due the City of Bethel for business license taxes collected by the State of Alaska through June 30, 1970.

Sanitation Accounts Receivable

\$ 10,519

This amount is due from sanitation customers at June 30, 1970. The reserve for uncollectible accounts of \$4,446 was determined to be adequate.

Restricted Assets -- Rural Development Project

\$ 1,964

This amount is the unexpended balance of a \$5,000 grant from the State of Alaska. The grant is for the purpose of improvements to the river front.

CITY OF BETHEL
GENERAL FUND

SUPPLEMENTARY COMMENTS
(Continued)

Deposit on Fire Truck Lease

\$ 1,883

The City of Bethel has entered into a lease contract with option to purchase a fire truck. The \$1,883 deposit is for the fiscal year ended June 30, 1971. Subsequent year payments are due July 1, of each year from 1971 to 1974. If payments are made annually, the total amount paid will be \$12,698 for the full term of the lease.

Liabilities

All known liabilities have been accrued and made a part of this report.

GENERAL COMMENTS

The City carries standard workmen's compensation, public liability, and accident insurance on volunteer firemen.

A fidelity bond in the amount of \$50,000 is carried on the City Treasurer.

CITY OF BETHEL
CAPITAL PROJECTS FUND

MULTI-PURPOSE COMMUNITY CENTER

BALANCE SHEET

JUNE 30, 1970

ASSETS

Cash on hand	\$ 2,869
Receivable - Economic Development Administration	<u>6,150</u>
Total assets	<u>\$ 9,019</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Contract payable - retainage	16,736
Due - General Fund	<u>2,034</u>
	18,770
Fund balance	(<u>9,751</u>)
Total liabilities and fund balance	<u>\$ 9,019</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF BETHEL
CAPITAL PROJECTS FUND

STATEMENT OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 1970

Expenditures:	
Sinking Fund deposit	\$ 5,100
Interest expense	<u>6,486</u>
Total	<u>\$11,586</u>
Excess of expenditures over revenues	<u>\$11,586</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF BLTHEL
CAPITAL PROJECTS FUND

STATEMENT OF CHANGES IN FUND BALANCE
JUNE 30, 1970

Fund balance - June 30, 1969	\$ 1,835
<u>Less:</u>	
Excess of expenditures over revenues	<u>11,586</u>
Fund balance - June 30, 1970	<u>(\$ 9,751)</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF BETHEL
BOND SINKING FUND

BALANCE SHEET

JUNE 30, 1970

ASSETS

Cash in bank	\$ 5,283
Accounts receivable	<u>27,852</u>
	33,135
Amount to be provided in future years	<u>119,000</u>
Total assets	<u>\$152,135</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Interest payable	\$ 2,529
Bond payable	119,000
Fund balance	<u>30,606</u>
Total liabilities and fund balance	<u>\$152,135</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF BETHEL
BOND SINKING FUND

STATEMENT OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 1970

Revenues:	
Rental income	\$10,800
Royalty income	17,052
Contributions from Capital Projects Fund	<u>5,100</u>
	<u>32,952</u>
Expenditures:	
Interest	<u>2,346</u>
Excess of revenues over expenditures	<u>\$30,606</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF BETHEL
BOND SINKING FUND

NOTES TO BALANCE SHEET

Note:

1. The City of Bethel has entered into a loan and grant agreement with the Economic Development Administration of the United States Department of Commerce. Under the terms of this agreement, a multi-purpose community and training center was financed by an EDA grant in the amount of \$467,450 and a loan in the amount of \$119,000 to the City of Bethel. The loan was made by the purchase of City of Bethel revenue bonds. The Economic Development Administration has purchased these revenue bonds issued in denominations of \$1,000, with interest of 4-1/4% payable semi-annually. The revenue bonds have a maturity date of July 1, 1980; the City has reserved the right to redeem any or all of the bonds outstanding in whole or in part in inverse numerical order on any interest payment date. The City of Bethel is to receive an annual lease rental for the use of the project facilities of not less than \$5,400 and a royalty of \$84 on each pre-fabricated housing unit sold to the Alaska State Housing Authority. The lease agreement has been approved by the Economic Development Administration and all revenues from the project facility are pledged to the retirement of the revenue bonds.

2. Accounts Receivable		<u>\$27,852</u>
Equipment rent due from Braund, Inc.	\$10,800	
Royalties due from Braund, Inc.	<u>17,052</u>	
Total		<u>\$27,852</u>

The above accounts receivable have been accrued for the period ended June 30, 1970. The royalties due from Braund, Inc. for 203 houses at \$84 each is disputed by Braund, Inc. but legal counsel is of the opinion that the royalties are due the City of Bethel. The amounts receivable for rent and royalties are pledged to bond retirement. Legal counsel for the City of Bethel reports that efforts will be made to obtain satisfaction from the contractor's bonding company in the event of default by the contractor.

Bethel, Alaska is the economic, social, transportation and communication hub for approximately sixty villages spread over an area of 100,000 square miles.

Lacking a stable economic base, and strained by rapidly increasing demands for educational facilities, health care, law enforcement, sanitation, water supply, transportation, recreation and other imperative services, Bethel struggled to meet obligations far beyond the scope of its resources.

Relief came in the form of an unusual community enterprise. Bethel Community Liquor Sales a corporation with a "package" liquor retail license which produces half of Bethel's city income.

Bethel fully realizes it must develop a broader, sounder, more versatile economic base. Meanwhile, Community Liquor Sales Inc. provides the bridge between an outmoded subsistence economy and a mature community equipped to cope with 20th century problems and needs.

COMMUNITY LIQUOR SALES INC. WAS APPROVED BY BETHEL VOTERS IN 1966 AS A NON-PROFIT ENTERPRISE DESIGNED, IN GREAT PART, TO ELIMINATE UNCONTROLLED SALES OF BOOTLEG LIQUOR. THE ARTICLES OF INCORPORATION SPECIFY THAT THE CORPORATION OPERATE ON PREMISES RENTED FROM THE CITY, AND THAT ALL INCOME OVER OPERATING EXPENSES BE DONATED TO THE GENERAL FUND OF THE CITY OF BETHEL.

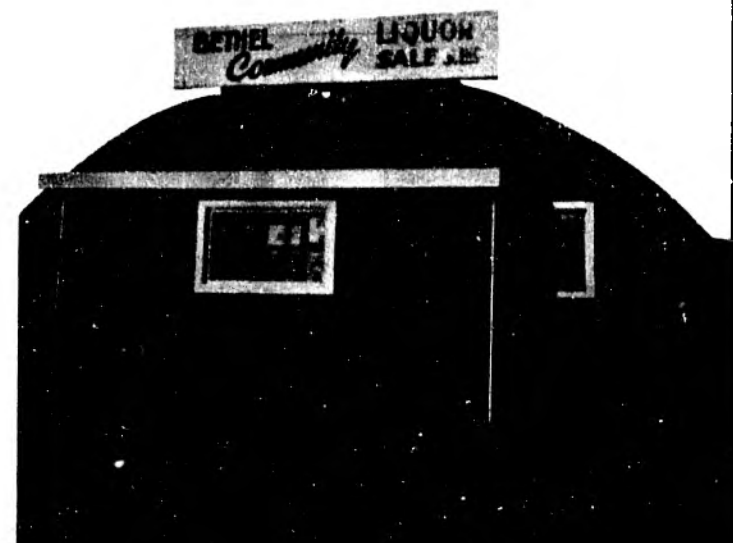
MEMBERSHIP IS STRICTLY LIMITED TO PERSONS APPOINTED ANNUALLY BY THE BETHEL CITY COUNCIL. THE BOARD OF TRUSTEES IS ELECTED BY ANNUAL MEMBERSHIP MEETINGS, AND VACANCIES ARE FILLED BETWEEN MEETINGS BY CITY COUNCIL APPOINTMENT.

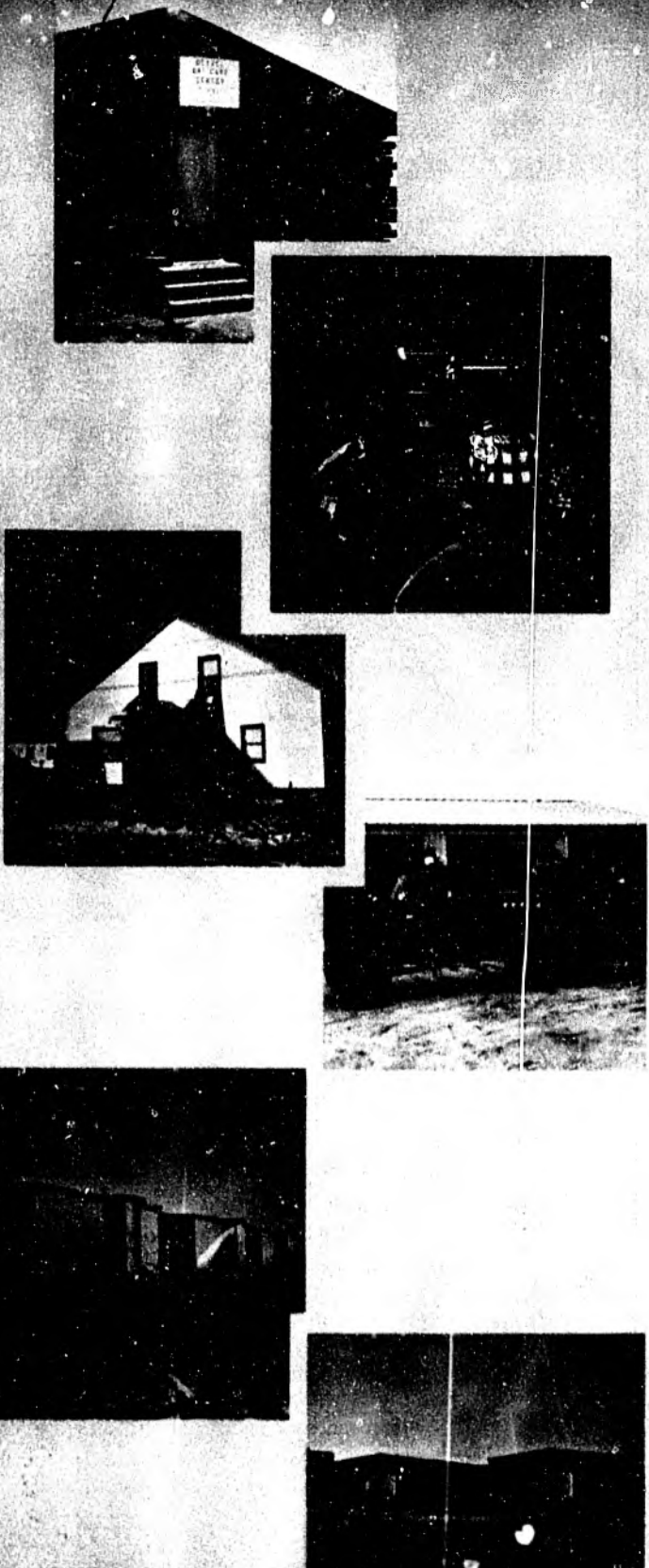
THE BY-LAWS REQUIRE AN ANNUAL AUDIT BY "THE SAME AUDITOR AS IS UTILIZED BY THE CITY OF BETHEL". THESE AUDIT REPORTS ARE, OF COURSE, AVAILABLE FOR INSPECTION BY BETHEL RESIDENTS OR BY ANY PARTIES OR AGENCIES WITH AN OFFICIAL INTEREST IN THE OPERATION OF THE CORPORATION.

 1 COLOR ART PRINTING

A BRIDGE TO THE FUTURE

The Story Of
COMMUNITY LIQUOR
SALES CORPORATION
Of Bethel





EDUCATION IS A BASIC AND URGENT NEED AMONG BETHEL'S PEOPLE — AND THEIR GREATEST HOPE. THE DAY CARE CENTER MAKES IT POSSIBLE FOR MOTHERS OF YOUNG CHILDREN TO ATTEND ADULT EDUCATION CLASSES, AND OFFERS A PRE-SCHOOL EDUCATIONAL PROGRAM WHICH AUGMENTS GENERAL HEALTH CARE AND RENDERS PROFESSIONAL GUIDANCE TO YOUNGSTERS WHO WOULD OTHERWISE BE WITHOUT PROPER SUPERVISION. MANNED BY A TRAINED STAFF, THE DAY CARE CENTER VIVIDLY ILLUSTRATES BETHEL'S PROGRESSIVE APPROACH TOWARD SOLVING ITS MONUMENTAL SOCIAL AND ECONOMIC PROBLEMS.

UNTIL ADVENT OF THIS PRE-MATERNAL HOME IN 1967, THE BETHEL AREA HAD HIGHEST MATERNAL MORTALITY RATE, AND HIGHEST INFANT MORTALITY RATE. ON THE NORTH AMERICAN CONTINENT, 70% OF BABIES WERE BORN IN THE "BUSH". NOW 90% ARE BORN IN BETHEL HOSPITAL, AND MORTALITY RATES HAVE BEEN SUBSTANTIALLY REDUCED.

BETHEL'S MUCH NEEDED NEW FIRE FIGHTING EQUIPMENT WAS MADE POSSIBLE BY COMMUNITY LIQUOR SALES INC. NEW SANITATION VEHICLES, ADEQUATE GARBAGE DISPOSAL AND ADDITIONS TO LAW ENFORCEMENT FACILITIES ARE OTHER IMPROVEMENTS BY WHICH BETHEL, THROUGH CLS, IS OVERCOMING SUBSTANDARD PUBLIC HEALTH AND SAFETY CONDITIONS OF THE PAST.

NEW RECREATIONAL FACILITIES STRUCTURES (BOTTOM LEFT) WILL PROVIDE A FOCAL POINT FOR A NUMBER OF SOCIAL, ECONOMIC, EDUCATIONAL AND RECREATIONAL PROGRAMS DEMANDED BY RAPIDLY EXPANDING POPULATION. BETHEL'S PROGRESSIVE PLANS ALSO INCLUDE ACQUISITION OF THIS WAREHOUSE (BOTTOM RIGHT) FOR DEVELOPMENT AS A MULTI-PURPOSE COMMUNITY CENTER. CURRENTLY ONE HALF OF THE BUILDING IS UTILIZED AS A TEMPORARY SCHOOL CLASSROOM WHICH ELIMINATES THE NEED FOR DOUBLE SHIFTING IN THE FORESEEABLE FUTURE.

As a 4th class city, Bethel's revenue sources are limited to a sales tax and to state or federal matching fund programs. It is Community Liquor Sales Inc. which has enabled Bethel to produce its share of matching funds for urgently needed projects. And without CLS the sales tax income, basically inadequate in itself, would shrink even further.

Community Liquor Sales Inc. has given Bethel a desperately needed toe-hold on the future. It enables the city to provide vital current services, and to develop an economic base capable of meeting the tremendous needs looming in the future.

Thanks to Community Liquor Sales, a small boat harbor has become feasible. Plans are in gear for a new library, a multi-purpose Community Center, and a public safety building and jail. Road construction and property surveys — essential keys to an expanded tax base, long blocked for lack of funding — are now within the scope of Bethel city planning.

Without Community Liquor Sales, all this forward motion would quickly die. And even the current level of minimum services — sanitation, fire protection, garbage disposal, police protection and recreational programs — would be drastically curtailed.

Bethel knows no practical alternative to Community Liquor Sales today. But it is CLS itself which provides hope for those alternatives tomorrow.

File

FEDERAL FIELD COMMITTEE FOR
DEVELOPMENT PLANNING IN ALASKA
SUITE 400, 632 SIXTH AVENUE
ANCHORAGE, ALASKA 99501

February 24, 1971

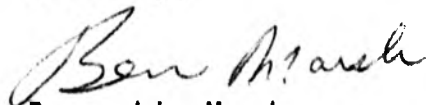
Honorable Mike Miller
Chairman, House Local Government Committee
Alaska State Legislature
Juneau, Alaska 99801

Dear Representative Miller:

I am writing to urge support for House Bill 130, which would permit fourth-class cities to form non-profit liquor sales corporations. In my work with the fourth-class cities, I am increasingly aware of the financial limitations of these communities caused by lack of tax base and inability to issue bonds. Many communities cannot take advantage of federal programs because they cannot furnish the local matching funds. Some have difficulty in providing minimum essential services. The community liquor sales approach has worked very well in Bethel, where it has permitted the city to provide many services it would otherwise be unable to do.

I am aware that the liquor industry fears HB 130 because they feel it may lead to publicly owned or state operated liquor stores. I can see no reason why the state or the larger cities would have any such interest, and I feel that the privilege should be logically confined to the fourth-class cities where the power to tax real property is absent.

Sincerely,



Bernard L. Marsh
Community Development Coordinator

cc: Mr. David Webb
City Manager
Bethel, Alaska

ALASKA JUDICIAL COUNCIL

OFFICE OF THE CLERK
JUDICIAL COUNCIL
ANCHORAGE, ALASKA



OFFICE OF THE CLERK
JUDICIAL COUNCIL
ANCHORAGE, ALASKA

JUSTICE.

quote

6. AS EACH COMMUNITY SHOULD HAVE BETTER CONTROL OF ITS AFFAIRS, LEGISLATION SHOULD BE ENACTED TO AUTHORIZE THE ISSUANCE OF PACKAGE AND BY-THE-DRINK LIQUOR LICENSES TO CORPORATIONS WHOLLY OWNED BY MUNICIPAL CORPORATIONS OR ORGANIZED COMMUNITIES.

no quote

7. THIS CONFERENCE RECOMMENDS THAT ANOTHER JUSTICE IN THE BUSH CONFERENCE BE HELD SOMEWHERE IN A RURAL COMMUNITY.