

HB

505

# COMMITTEE REPORT

729/91

HOUSE

FINANCE

Mr. Speaker:

Date 3-7-79

The Committee on Community and Regional Affairs has had RS 505

under consideration. A Majority of the members of the Committee

( ) recommends it DO PASS

( ) recommends it DO NOT PASS

( ) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(x) recommends it BE REPLACED WITH CS FOR RS 505 AND THAT

CS FOR RS 505 DO PASS

( ) "and" recommends it BE REFERRED TO THE \_\_\_\_\_

COMMITTEE

( ) reports it back WITHOUT RECOMMENDATION

( ) "other"

Members signing the Majority report:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____	recommends:	_____
_____	recommends:	_____
_____	recommends:	_____
_____	recommends:	_____
_____	recommends:	_____

\_\_\_\_\_ Chairman

It is the Committee's view that one department of state government shall have sole responsibility for coordinating and administering state programs for assistance to pipeline impact communities.

Although the Governor should be granted the discretion to assign this function and responsibility to any department he considers most appropriate, including the Office of the Governor, the Committee would recommend that this responsibility be assigned to the Department of Community and Regional Affairs and that sufficient funds be appropriated so that agency can administer the act. The Committee visualizes at least three additional state pipeline impact representatives being employed with at least one each being employed in Juneau, Anchorage and Fairbanks respectively.

HB505

**FAIRBANKS NORTH STAR BOROUGH**



February 19, 1974

Honorable Selwyn Carrol  
Alaska House of Representatives  
Pouch V  
Juneau, Alaska 99801

Dear Rep. *Carrol*

I enclose a copy of a summation of my comments before the House. While it is by no means a verbatim transcript, I think it fairly well covers the context of my testimony.

Yours very truly,

*John*  
John A. Carlson  
Borough Mayor

JAC:gcc

encl as stated

HOUSE BILL NO. 505

Sec. 2. Eligibility Standards

(a) (1) Population Growth

The 4% growth rate may not be a realistic growth figure for every community. I recommend that the average percentage of growth over the past four or five years be used as the base growth factor.

Fairbanks North Star Borough has realized an average of 2.7% growth and would feel an impact before the 4% factor is met.

Basically, any accelerated growth rate can be attributed to pipeline impact.

(a) (2) Grants to municipalities to meet expenditures beyond its capability to pay should be based on the communities' ability to pay and this ability to pay based upon the per capita valuation of a community. Therefore, a formula utilizing this as one of its factors should be included in this bill.

The Department of Community and Regional Affairs used a similar formula in its document "Distribution of Oil and Gas Property Tax Revenues", October 18, 1973, during the special session.

As a community's assessed valuation increases due to pipeline "impact" so will its ability to pay increase also.

Sec. 2 Eligibility Standards

(Source Document-  
Municipal Property Assessments,  
Department of Community and Regional Affairs, 1973  
Real and Personal Property, page 24) (*adjusted*)

$$\frac{\text{Assessed Values}}{\text{Population}} = \text{Per Capita Valuation}$$

City of Fairbanks

$$\frac{197,922,075}{18,685} = 10,593$$

Fairbanks North Star Borough

$$\frac{344,987,500}{32,714} = 10,546$$

City of Anchorage

$$\frac{861,668,560}{54,714} = 15,749$$

Greater Anchorage Area Borough

$$\frac{1,919,461,255}{115,418} = 16,631$$

City of Valdez

$$\frac{13,854,000}{1,106} = 12,526$$

City of North Pole

$$\frac{1,056,179}{278} = 3,799$$

(a) (3) The requirement in Sec. 1 (a) (3) "directly attributed to the impact of commencement of the trans-Alaska pipeline" should be removed. In no way could an administrator swear that the funds are so attributed. The mere fact that the line is being built, population growth exceeds the normal growth pattern would indicate public service requests are attributed to the construction of this line.

### Sec. 3 Essential Municipal Services

Categories should be deleted as all departments of local governments will feel an impact in varying degrees.

The first sentence should read:

"Grants made under this Act may be expended only for operating expenditures."

Should this approach not be acceptable, the categories for essential municipal services must be extended to include administration, parks and recreation, library and animal control.

All department of local governments will be impacted as an example in HB 505: In order to apply for funds, a grant application must be filed giving in detail the services for which the grant will be expended (Sec. 6(a)). Then fiscal accountability must be set up to ascertain funds have been expended properly, accounts audited and copies transmitted (Sec. 7(b)). Population estimates must be submitted quarterly (Sec. 9). These requests, justly asked for, will demand someone's time in administration to prepare and do bear a relation to impact needs.

Grants could be proposed on the same approach as used for state shared revenues. Therefore, each government entity would be entitled to funds based upon the services provided.

John A. Carlson  
Borough Mayor  
Fairbanks North Star Borough

LOCAL PROPERTY TAX AND REVENUE TRENDS: 1969-1973

	<u>ASSESSED VALUATION</u>	<u>MILL RATE</u>	<u>GENERAL PROPERTY TAX REVENUE</u>	<u>INTERGOV. REVENUE</u>
CITY OF ANCHORAGE	+ 81.1%	- 21.0%	+ 46.6%	+ 520.6%
CITY OF FAIRBANKS	+ 75.0%	+ 25.0%	+ 97.2%	+ 252.4% <sup>2</sup>
FAIRBANKS NORTH STAR BOR. <sup>1</sup>	+ 90.0%	- 61.4%	- 45.2%	+ 122.8% <sup>2</sup>
GREATER ANCHORAGE AREA BOR.	+109.5%	- 18.0%	+ 46.4%	+ 167.8%
CITY OF VALDEZ	+509.3%	no change	+ 78.8%	+1036.9%

<sup>1</sup>For the period 1969-1972.

<sup>2</sup>State intergovernmental revenues only.

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CITY OF  
ANCHORAGE



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December 17, 1973

Mr. Bernard E. Kelly, Chairman  
Northwest Federal Regional Council  
1321 Second Avenue  
Seattle, Washington 98101

Dear Mr. Kelly:

We appreciate this opportunity to present on behalf of the City of Anchorage the enclosed statement concerning the impact from the construction of the Trans-Alaska Oil Pipeline and related petroleum industry activities.

This statement contains an overview of the additional demands that we feel will be placed on the City of Anchorage for governmental and public utility services and facilities from pipeline and related construction based on the information and studies completed to date. There are many areas on which very little information has been developed or made available to us. For example, there could develop a grave shortage of professional and skilled personnel essential to the provision of additional services and facilities. No attempt to our knowledge has been made to measure the inflationary impact from such a large construction job or to develop counter measures to minimize it.

We urge the Northwest Federal Regional Council to use its considerable resources in providing financial and other assistance to the City of Anchorage and other impacted local governments in Alaska. We particularly urge the council to consider and favorably act at an early date on the following:

A. Criminal Justice - Approve adequate LEAA grants to fund the additional costs for law enforcement personnel shown in Attachment "D". In this connection, an LEAA application is being submitted in a few days. It is being coordinated with the District Attorney's Office and the Alaska Court System.

Mr. Bernard E. Kelly, Chairman  
Northwest Federal Regional Council

Page Two  
December 17, 1973

B. Water System - Approve a grant of \$5,562,500 for water source improvements to be made to the City of Anchorage Water Utility. This represents one-half of the estimated capital improvement costs listed in Attachment "F". The balance of the funding is planned from a twenty-five (25%) per cent State of Alaska grant and City of Anchorage Water Utility Revenue Bonds. We feel there is an urgent need to firm up this financing so engineering can be completed and initial construction contracts let in 1974.

C. Port of Anchorage - Approve a grant of \$2,894,000 for providing one-half the funding to complete the construction of the dock at Terminal No. 3, Port of Anchorage. The City of Anchorage will provide the other half of construction costs from approved General Obligation Bonds. It is essential that this construction be completed in 1974; and to do so requires a firm funding plan now.

We need financial assistance in all areas of operation and maintenance and capital improvement programs cited in this statement, but the foregoing are the most urgent.

We suggest the Council, and the State of Alaska, develop as soon as possible manpower data and take affirmative action to avoid shortages of professional and skilled personnel.

We feel that inflation is a real threat to the impacted communities and that counter measures must come from the Federal and State governments.

We appreciate that conventional grant and other programs may not be designed or funded to allow immediate approval of the requests for financial and other assistance contained herein. In that event we ask that authority and funding be immediately requested and obtained at the earliest practicable date.

Mr. Bernard E. Kelly, Chairman  
Northwest Federal Regional Council

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December 17, 1973

In view of the wide public interest in this matter copies of this letter and statement are being distributed as indicated below.

Again, we appreciate your having invited us to make this presentation and the interest of the council in providing assistance to local governments in Alaska.

Sincerely yours,

  
Robert E. Sharp,  
City Manager

RES:py

cc: Mayor and Council  
Governor of Alaska  
Washington, D. C. Delegation  
Anchorage Area Legislators  
All Anchorage Media

CITY OF ANCHORAGE, ALASKA

TRANS-ALASKA OIL PIPELINE IMPACT STATEMENT

GENERAL

The City of Anchorage, and the surrounding environs, has felt the impact from the petroleum industry development for the past decade, and more. This impact was generally well within manageable limits, but since 1969 the growth effect on both the private and public sectors has accelerated.

Following the State oil lease sale on September 10, 1969, the private sector economic activity showed a marked increase which inevitably increased the demand for governmental facilities and services in the City of Anchorage, and the surrounding area in which municipally-owned public utility services are provided. A few of the economic indicators listed below demonstrate this point:

<u>POPULATION</u>	<u>1970</u>	<u>1973</u>
City of Anchorage	65,973*	76,610**
Greater Anchorage Area Borough	126,333	154,610**

\*Includes Military Bases annexed in 1973.

\*\*Percent Increase - City 16.12%, GAAB 19.21%

<u>CITY BUILDING PERMITS ISSUED</u>	<u>(Values in Millions of Dollars)</u>				
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
Issued	\$34.8	\$52.2	\$55.2	\$70.2	\$78.0 (Est.)*

\*Percent increase in 1973 over 1969 - 124.16%

CITY OF ANCHORAGE TELEPHONE UTILITY

	<u>1970</u>	<u>1973</u>
Number of Telephones	56,607	79,000 (Est.)*

\*Percent Increase - 39.55%

CITY OF ANCHORAGE MUNICIPAL LIGHT AND POWER

	<u>1970</u>	<u>1973</u>
Peak Demand	56.472	80.000 MW (Est.)*
Kilowatt Hours Sold	267,756,305	417,188,507 (Est.)*
*Percent increase - Peak Demand	41.7%	KW Hours 55.8%

CITY OF ANCHORAGE WATER UTILITY

	<u>1969</u>	<u>1973</u>
Millions of gallons of water delivered	4,525	5,560 (Est.)*
*Percent increase		23%

CITY OF ANCHORAGE COMBINED  
GOVERNMENT AND UTILITY EXPENDITURES  
(In Millions of Dollars)

	<u>1969</u>	<u>1972</u>
Operating	\$29.2	\$50.8
Capital	<u>11.5</u>	<u>18.8</u>
Totals	\$40.7	\$69.6
*Percent increase - Operating		Capital

These economic indicators are cited to show what has already happened before the recent Congressional action allowing the issuance of the Trans-Alaska Oil Pipeline permit by the Secretary of Interior and before the construction of this multi-billion dollar project is commenced. They are impressive, and have already caused a strain on the governmental and utility financial capability of the City of Anchorage. However, with the issuance of the permit and commencing of construction of this project, the impact in the next few years will be many times greater. It is the purpose of this statement to discuss this future impact and the need for federal and state financial assistance.

The City of Anchorage and environs is the transportation, financial, cultural and population center of the state. The pipeline construction will not come through this vicinity, but because of existing facilities and services and climate, it is and will remain the headquarters for oil firms and

petroleum related operations. It will also serve as the major rest and recreation center for pipeline employees, and the residence of their dependents. The economic impact on municipal services will come almost immediately, and will be felt primarily in the people-oriented services and facilities, such as police, fire, street and road maintenance, traffic, parking, housing and public utilities. These types of services (except utilities) are generally tax supported, and as such, the expansion created by the pipeline activity will impose a definite hardship on permanent residents unless assistance is provided by the Federal and State governments.

#### EMPLOYMENT AND POPULATION

The key to an analysis of the impact lies in the employment and population generated from the pipeline construction. The City of Anchorage has used the Anchorage Area estimates prepared by the Department of Interior and published in the Pipeline Environmental Impact Statement in December of 1971. Attachment "A" summarizes this data which we feel is still valid for general planning purposes. It should be noted that we have also assumed a gas pipeline will be under construction by the third year of oil pipeline construction. This data includes direct, associated, and indirect employment, which ranges from 4,400 in the build-up year to 7,200 at the peak in the second year of construction, and down to 2,800 after the first year of operation of the oil pipeline. Alyeska Pipeline Company has recently increased the peak year estimate to 10-20,000. Similarly, the population will increase by 13,400 in the build-up year to 24,000 in the second year of construction, and down to 15,700 after the first year of operations of the oil pipeline.

The Anchorage area has approximately 125,000 people residing off of the two military installations. The increase of 24,000 by the second year of construction means a population growth of almost 20 percent in two years time. Obviously, this tremendous growth will create many problems for both

the government and private sectors. To compound the problem, we see little, if any, slacking in the previous annual growth pattern of about four percent. Combined, then, the annual rate will be in the magnitude of 12 to 14 percent per year in each of years 1974 and 1975. This is an increase of about 12,000 people a year, which is greater than the population of all but two or three communities in the state. To provide the facilities and services for this number of people poses a great challenge to all levels of government.

#### HOUSING

The City of Anchorage, earlier this year, analyzed the existing and projected housing needs based on the population assumptions in Attachment "A", and the results are summarized in Attachment "B". This forecast of housing requirements was made on the further assumption that 4,000 to 6,000 units were vacant in mid-1973. 1974 is the year of peak demand, requiring almost 6,000 new starts to meet the increased cumulative population growth of over 30,000 people in the area by the first year of construction (22,700 pipeline and 10,000 normal growth at end of first year of construction as reflected in attachment "A"). The prime responsibility to meet this need rests with the private sector, particularly lending institutions, but the FHA insurance program will be required to play a key roll. The housing construction industry is capable of meeting this demand for housing if the subdivision and utility improvements are provided by the responsible governmental and public utility agencies. There are sizeable areas in the City of Anchorage either vacant or occupied by single family residences that are improved with streets and public utilities on which multi-family units could be constructed with a minimum of capital outlay for public and utility improvements.

### GOVERNMENTAL OPERATIONS AND MAINTENANCE

The impact will affect all City governmental services and capital improvement programs, with the public safety and public works areas receiving the greatest initial impact. In fact, this impact has already started, and it is particularly noticeable in police activity (See Attachment "C" - Police Statistics 1970 - 1973).

Attachment "D" is a summary of the impact on operations and maintenance activities of the City of Anchorage in 1974. A total of 111 additional employees and an annual expenditure of \$2.2 million is required to maintain a reasonable level of governmental services.

### POLICE SERVICES

During the pipeline construction, a "boom" situation in Anchorage is inevitable. With it will come criminal elements looking for a fast buck. The size of this boom will make potential vice operations big enough to attract the professional criminal capable of organizing these operations. We must provide adequate manning for the Police Department (as well as the District Attorney's Office and the Trial Courts) if the people of the City of Anchorage are to be safe in their persons and property. This impact, coupled with the already heavy crime rate, causes us a great deal of concern. Attachment "C" demonstrates the great increase in Part I crimes already experienced in 1973. Forty-one (41) commissioned and support personnel should be hired early in 1974 by the City of Anchorage. This will bring the total force to 186, which is over two police personnel per thousand of population. An additional sixteen commissioned and support personnel are needed in the Spenard Service Area of the Greater Anchorage Area Borough which has a population of about 28,000 and is policed by the City of Anchorage under contract. This will bring the Spenard Force up to a total of fifty-five commissioned and support personnel. This increase in police manpower will not be fully effective

unless the presently understaffed State District Attorney's Office and Trial Courts are also adequately manned. It does little good for the police to make an arrest unless there is vigorous prosecution and a trial court that can hear the cases. Otherwise, violators of the law that otherwise would be convicted will continue to prey on society.

#### FIRE SERVICES

Two additional engine companies and twenty-five men are needed for fire prevention and suppression. These engine companies would be housed in existing fire stations, and they are needed to protect additional residential, commercial and industrial properties. The Port of Anchorage and adjacent industrial park with its petroleum tank farms is a critical area requiring increased protection. Early funding of these two fire engines and hiring and training of personnel is ranked high in our priorities.

#### TRAFFIC SERVICES

The population growth, coupled with the increased industrial and commercial activity to provide logistical support for the pipeline construction companies, will bring a rapid increase in motor vehicle traffic requiring increased traffic engineering services. The present street system, and the signal system, is inadequate with considerable traffic congestion already evident. Substandard streets, particularly intersections, cannot accommodate the increased traffic without immediate improvement. The accident rate is already among the highest in the country. The need for immediate improvement of high accident intersections will be further discussed in the capital improvement section.

#### PARKS AND RECREATION AND LIBRARY SERVICES

Anchorage will be the principal rest and recreation center for oil pipeline construction workers and workers in related activities.

This will cause a great increase in the useage and need for parks and recreation, library and related facilities. An additional nineteen employees are needed for operation and maintenance of these facilities. The need for new facilities will be discussed later in this statement.

#### OTHER SERVICES

Other operations and maintenance personnel needs include one in street maintenance and six in support activities.

#### EXISTING SERVICE LEVELS

For statistical purposes Attachment "E" has been prepared to show the existing financing and expenditures for governmental services of the City of Anchorage. The City has 927 employees and a budget of \$18.6 million to provide a broad, comprehensive range of governmental services. Per capital expenditure for governmental services will amount to \$296 during 1973.

#### CAPITAL IMPROVEMENT PROGRAMS

The City of Anchorage's regular capital improvement program for 1974 totals about \$45 million for governmental and public utility improvements. The impact from the projected population will increase the demand for all types of capital improvements. The impact can be absorbed initially in some cases without financial assistance, and in others it cannot. The impact also has the effect of advancing the need for capital facilities from one to seven years. We have selected the capital improvements of greatest concern at this time and which require the early provision of funding and construction. There will be other capital improvements

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requirements developed in 1974 and 1975 which will be addressed at a later date. Attachment "F" summarizes the selected capital improvement program needs related to the impact of the oil pipeline construction.

#### HIGH ACCIDENT STREET INTERSECTIONS

Increased population brings more motor vehicles which will add to the problem on those streets that are already congested. We are not going into the overall problem at this time except to point out a critical problem at over fifty high accident street intersections. These intersections involve City, State, and Borough streets and highways. We feel it is mandatory to start construction in 1974 to improve these substandard intersections. To do so the engineering, right of way, and other work to let this important work to contract cannot be handled in a routine manner. All agencies will have to give special handling to these projects. An estimated \$1.2 million in funding is required, with most of it needed in 1974. The amount is not too great but the expeditious handling may pose a challenge to the agencies concerned.

#### SUBDIVISION IMPROVEMENTS

Subdivision improvements will require an additional \$3,070,000 during 1974 and 1975 if the housing needs are to be met. These improvements include street and storm drainage facilities. This additional engineering and contract administration can be accomplished by the Department of Public Works if its present professional staff can be retained. Public agencies do not have the flexibility when competing for salaries and other benefits offered by the private sector. This may be a serious problem area.

#### PORT OF ANCHORAGE

The Port of Anchorage has one petroleum terminal, one combination petroleum and general cargo terminal, and one general cargo terminal, and a third general cargo terminal under partial construction. There is an immediate need to complete the dock at Terminal No. 3 at an estimated cost of just under \$6 million. The City has funding approved for one-half this amount but must obtain financial assistance for the balance. Another POL terminal is needed, and it is estimated to cost about \$6.2 million. No funding is available and it should be built no later than 1975. We feel

the Port of Anchorage is an essential facility for the logistical support of the oil pipeline construction. The Port of Anchorage serves South-central Alaska and the North Slope. The new Anchorage area population must be served along with the Interior Alaska areas served through the Port of Anchorage. These latter areas will place an increased demand on the marine trade and port facilities at Anchorage. The largest tank farm capacity is at Anchorage and served through the Port's facilities. We must have federal and/or state financial assistance during the next two years.

#### LIBRARY

The City of Anchorage operates a headquarters library and two major branches. The headquarters library also serves the three GAAB libraries. The headquarters library should be expanded immediately if this important service is to be maintained at a reasonable level. It is estimated \$4.5 million will be required to build the needed space for this facility and it should be built no later than 1975. No local funding has been approved.

#### ADMINISTRATIVE OFFICE SPACE

The added personnel that must be hired to handle the impact will require at least \$300,000 in expansion of administrative office space in 1974. No funding has been approved for this project.

#### CITY OF ANCHORAGE WATER UTILITY

The Water Utility has consistently been concerned with the ability to meet the projected demands that would be placed upon its system and water source studies have periodically been made to insure an adequate supply for our citizens. A comprehensive study made by the U. S. Geological Survey, begun in 1965 and completed in 1972, indicated the Anchorage Bowl area would need a source of water around the 1980's, depending upon the

demands that new industry would place upon the system. Upon the completion of the U.S.G.S. report, a local engineering firm was commissioned to prepare a more detailed report leading to definite recommendations for development of Anchorage's future water source, and to prepare cost estimates of the capital expenditures necessary with associated time tables to adequately meet this need.

As a result of the impact created by the pipeline, we now find ourselves unable to enjoy a comfortable lead time to plan, finance, and develop a new source, but instead suddenly find ourselves in the position of having to accelerate this time table to 1974, some six years ahead of the original U.S.G.S. prediction.

Attachment "G" depicts the demands placed upon our system on a normal peak day and indicates the projected water needs based on a normal growth pattern, and also shows the effect of the pipeline impact in accelerating the development of new sources of water. As is shown on the graph, under normal conditions the Water Utility would have needed to provide a 30 MGD supply around 1980. Because of the demand created by the pipeline, this 30 MGD supply will have to be on line in 1975. In addition, another 10 MGD will have to be provided to meet fire protection requirements.

Our consulting engineer's report is presently being drafted in final form and is due within several weeks. Even though this information is not presently published, sufficient data has been developed and furnished to us to determine the course of action recommended to supply this additional water. To meet this demand will require the capital expenditures of \$4,625,000 in 1974, \$1,000,000 in 1975, and \$5,500,000 in 1976. A detail of these requirements is shown in Attachment "H" enumerating the need to immediately begin a well exploration program in logical areas to determine the amount of ground water available, followed by the installation and development of a minimum of six wells capable of producing at least one million gallons of water per day. This must be followed by an expansion of the water treatment plant, construction of a second main water transmission line and installation of a 5-million gallon storage tank for

treated water. In 1975 work on off-stream storage would have to begin and also modification of an existing diversion structure to permit additional water withdrawal. Construction of an addition to the Water Treatment Plant to increase its capacity to 30 MGD along with more treated water storage and additional off-stream storage reservoirs would have to commence in 1976.

Because of the magnitude of these expenditures, the Water Utility cannot absorb the financial impact of such a construction program at this time. In addition, we have the added problem, even without pipeline impact, of trying to recover from the recent loss of funding by deletion of Department of Housing and Urban Development's program for Basic Water and Sewer Grants. It was our original planning, even prior to pipeline impact, to finance any new water development source expenditures by receiving assistance in the form of 25% from the State from authorized bonds for this purpose, and 50% from D.H.U.D.

The sudden demise of that grant program has in itself left us in a precarious financial position. In most cities of the Lower 48 which incorporated a sanitary sewer program within their scope of services the sudden termination of the Basic Water and Sewer Grant program was not as significant because at about the same time the Environmental Protection Agency increased its participation in the cost of providing sanitary sewer facilities from approximately 30% to approximately 75% within a relatively short period of time. Since most of these cities operated water and sewer programs from the same department the loss of the water grant program was absorbed through the increase in the sanitary sewer grant program. Unfortunately here in the City of Anchorage the sanitary sewer system is not operated by the City but rather is a function of the Borough and the loss of the water grant program has had significant impact on our water utility operations.

Because of these facts we feel that there is merit in the Federal Government considering a restoration of either the Basic Water and Sewer

Grant program or some other special program of Federal grant for Alaska in meeting the impact of the proposed construction of the Alaska oil pipeline. This is considered the most critical funding problem confronting the City because there is no question an adequate supply of water for domestic and fire requirements is mandatory.

#### MUNICIPAL LIGHT AND POWER

The Municipal Light and Power Department operates four gas-fired turbines, with 80 MW firm capacity and 92 MW peak capacity. A fifth unit is under construction and a waste heat boiler and turbine on order which will add approximately 75 MW in additional firm capacity by 1975. However, demand projections indicate another unit will have to be placed under contract in 1976. The lead time for manufacture and construction is some 18 months before added revenue results from the capital outlay. This utility may require financial assistance for this accelerated construction program, particularly in the light of increased labor and material costs.

#### C. I. P. SUMMARY

In summary, the selected capital governmental needs for 1974-76 total \$21.8 million; and the utility needs total \$16.3 million. Combined, over \$38 million will be needed, and this figure could increase considerably from inflation.

#### INFLATION COSTS

There is no doubt that the rapid growth expected will cause additional inflation in Anchorage and elsewhere in the State. This, coupled with the spiral already experienced this year, poses a serious threat to the economy of the Anchorage area. We have seen no forecasts of what the inflationary impact will be. To demonstrate the effect of assumed ten per cent impact, Attachment "I" has been prepared. This shows over \$4.2 million in 1974 in regular capital and operating budgets, and rising to \$8.6 million in 1975; \$10.7 in 1976; and \$13.2 million in 1977. We hope the impact is not this high but this is obviously a cost factor that must be considered in federal and state financial assistance programs.

### REVENUES

For statistical purposes Attachment "J" has been prepared to show the 1973 General Fund Revenue sources. This indicates total revenues of just over \$18.5 million, or approximately \$296 per capita.

We have closely analyzed new revenues likely to be generated by the added impact population. (See Attachment "K") It will be noted that 1974 will produce very little in new revenues because of the lag in new construction becoming taxable. In 1975 just under \$1 million will be generated; in 1976, \$1.5 million, and in 1977 about \$1.8 million. These new revenues will help but they will not begin to finance the impact costs.

### CONCLUSION

We believe this statement demonstrates the very substantial challenges and problems confronting the City of Anchorage on what we believe is the eve of construction of the trans-Alaska pipeline. We believe the development of the petroleum reserves in Alaska is in the national interest as stated many times by the President of the United States, Congressional leaders, and the Governor of Alaska. This development has become even more critical as the energy crisis unfolds day by day.

This is the largest private construction job ever undertaken. Any multi-billion dollar job to be accomplished in four short years in a relatively isolated, small population area will have an abnormal impact on local government, particularly since it supplies so many services directly to people. Local government in Alaska must have financial and other assistance if this project is built on a timely basis and if Alaska citizens are not to be left in financial chaos.

This statement does not cover many services and facilities (for example, health and social services) provided by other units of local or State government. It does not cover all City services affected but only those which we believe require immediate attention. New problems come to light daily as new information or more studies are completed. Our staff is already burdened with a heavy workload which made this analysis difficult and it will no doubt be modified many times in the next few years.

CITY OF ANCHORAGE

EMPLOYMENT AND POPULATION PROJECTIONS

The following assumptions were made based on oil pipeline impact studies by the State of Alaska and the Department of Interior:

Employment in the Anchorage Area

	<u>Build Up Year</u>	<u>First Year Constr.</u>	<u>Second Year Constr.</u>	<u>Third Year Constr.</u>	<u>Final Year Constr.</u>	<u>First Year Operation</u>	<u>Then</u>
Direct	2,200	3,300	3,300	3,300	2,200	1,200	700
Associated	200	400	400	400	200	100	100
Indirect	<u>2,000</u>	<u>3,000</u>	<u>3,500</u>	<u>3,000</u>	<u>2,100</u>	<u>2,100</u>	<u>2,000</u>
TOTALS	4,400	6,700	7,200	6,700	4,500	3,400	2,800

Direct - Attributed to Arctic Slope oil in mining, construction, transportation, communications, public utilities, finance, insurance, real estate, services, trade, self-employed; and Federal, State, and local government employees.

Indirect - Additional employment can be expected due to new areas being opened up for mining and mineral exploration, etc. This also includes the effect of the Native income from North Slope oil.

Effects on Population in the Anchorage Area

	<u>Build Up Year</u>	<u>First Year Constr.</u>	<u>Second Year Constr.</u>	<u>Third Year Constr.</u>	<u>Final Year Constr.</u>	<u>First Year Operation</u>	<u>Then</u>
Direct Employees	2,200	3,300	3,300	3,300	2,200	1,200	700
Dependents	3,100	4,600	4,600	4,600	3,100	2,200	1,600
North Slope Dependents	1,200	3,800	3,800	3,800	2,500	1,200	400
Workers on Leave from North Slope	300	500	500	400	400	300	200
Unemployed	200	400	400	400	400	100	100
Families Unemployed	300	700	700	700	700	200	200
Associated Employees	200	400	400	400	200	100	100
Families of Associated	400	700	700	700	400	200	200
Indirect Employees	2,000	3,000	3,500	3,000	2,100	2,100	2,000
Families of Indirect	<u>3,500</u>	<u>5,300</u>	<u>6,100</u>	<u>5,300</u>	<u>3,700</u>	<u>3,700</u>	<u>3,500</u>
TOTALS	13,400	22,700	24,000	22,600	15,700	11,300	9,000
Alaska Gas Pipeline Adjustment*				1,400	8,300	11,300	6,700
				<u>24,000</u>	<u>24,000</u>	<u>22,600</u>	<u>15,700</u>

\* The assumption is that the gas pipeline will utilize the proposed oil pipeline right-of-way. If the gas pipeline is routed through Anchorage, the impact would be greater.

CITY OF ANCHORAGE

HOUSING UNIT STARTS NEEDED\*

<u>Year</u>	<u>City</u>	<u>Outside City</u>	<u>Total GAA Borough</u>
1974	1,725	4,025	5,750
1975	1,325	1,325	2,650
1976	1,230	820	2,050
1977	440	110	550
1978	875	375	1,250
1979	1,175	1,175	2,350

\* Assumes 4,000 to 6,000 units were vacant in mid-1973.

Revised December 18, 1973.

ATTACHMENT "B"

CITY OF ANCHORAGE  
 FIVE YEAR STUDY  
 ANCHORAGE POLICE DEPARTMENT REPORTED PART ONE CRIMES

	1969		1970		1971		1972		1973 (Projected)		1973 Compared To 1969 Per Cent Variation
	Number Offenses Reported	Per Cent Variation From Previous Year	Number Offenses Reported	Per Cent Variation From Previous Year	Number Offenses Reported	Per Cent Variation From Previous Year	Number Offenses Reported	Per Cent Variation From Previous Year	Number Offenses Reported	Per Cent Variation From Previous Year	
Murder	7	0.0%	7	0.0%	5	(-28.6%)	9	80.0%	7	(-22.2%)	0.0%
Manslaughter	3	50.0%	4	33.3%	1	(-75.0%)	7	600.0%	0	(-100.0%)	(-100.0%)
Forcible Rape	35	59.1%	26	(-25.7%)	53	103.8%	40	(-24.5%)	69	72.5%	97.1%
Robbery	100	11.1%	150	50.0%	105	(-30.0%)	98	(-6.7%)	109	11.2%	9.0%
Aggravated Assault	116	52.7%	146	25.9%	191	30.8%	158	(-17.3%)	191	20.9%	64.7%
Burglary	707	1.0%	688	(-2.7%)	643	(-6.5%)	698	8.6%	1,072	53.6%	51.6%
Larceny	2,337	9.8%	2,648	13.3%	2,640	(-0.3%)	2,827	7.1%	3,077	8.8%	31.7%
Auto Theft	511	23.0%	513	0.4%	565	10.1%	539	(-4.6%)	554	2.9%	8.4%
Total Part One	3,816	9.7%	4,182	9.6%	4,203	0.5%	4,376	4.1%	5,079	16.1%	33.1%
Traffic Accidents Investigated	2,991	13.9%	3,429	14.6%	4,023	17.3%	4,340	7.9%	4,471	3.0%	49.5%
Total Calls & Requests for Service	20,183	10.7%	23,257	15.2%	32,461	39.6%	34,231	5.5%	36,701	7.2%	81.8%

CITY OF ANCHORAGE -- OPERATION AND MAINTENANCE PIPELINE IMPACT REQUIREMENTS - 1974

	1 9 7 3			1 9 7 4		1 9 7 4		
	<u>Revised Budget</u>			<u>Pipeline Impact</u>		<u>Required Budget</u>		
	<u>Personnel</u>	<u>Budget</u>	<u>Per Cent of Total</u>	<u>Personnel</u>	<u>Budget</u>	<u>Personnel</u>	<u>Budget</u>	<u>Per Cent of Total</u>
<u>Public Safety</u>								
Police-City	160	2,768,932	14.9	41	793,160	201	3,562,092	17.2
Police-Spenard (1)	41	920,240	4.9	16	312,900	57	1,233,140	5.9
Fire-City	78	2,114,490	11.4	25	511,200	103	2,625,690	12.6
Civil Defense	3	56,560	.3	0	-0-	3	56,560	.3
Traffic Engineering	19	792,910	4.3	1	23,723	20	816,633	3.9
Building Safety (2)	22	440,920	2.4	2	39,087	24	480,007	2.3
	<u>323</u>	<u>7,094,052</u>	<u>38.2</u>	<u>85</u>	<u>1,680,070</u>	<u>408</u>	<u>8,774,122</u>	<u>42.2</u>
<u>Parks &amp; Recreation</u>	120	1,574,985	8.5	16	217,080	136	1,792,065	8.6
<u>Library</u>								
City	29	464,380	2.5	1	56,050	30	520,430	2.5
GAAB (3)	23	277,768	1.5	2	65,800	25	343,568	1.7
	52	742,148	4.0	3	121,850	55	863,998	4.2
<u>Public Works-Street Mtce.</u>	53	2,186,810	11.8	1	44,620	54	2,231,430	10.7
<u>Other City</u>	379	6,996,618	37.5	6	121,090	385	7,117,708	34.3
<b>TOTALS</b>	<u>927</u>	<u>18,594,613</u>	<u>100.0</u>	<u>111</u>	<u>2,184,710</u>	<u>1,038</u>	<u>20,779,323</u>	<u>100.0</u>
Per Capita Cost (4)		296.26			29.29		311.46	

	<u>Population: July 1, 1973</u>		<u>Population: Jan. 1, 1974</u>		<u>Population: Jan. 1, 1975</u>	
	<u>City</u>		<u>Borough</u>	<u>City</u>	<u>Borough</u>	<u>City</u>
Normal Civilian Population	48,350		122,500	48,350	128,100	50,700
Military	24,500		24,500	24,500	24,500	24,500
Pipeline Impact	3,760		13,400	6,700	22,700	11,350
<b>TOTALS</b>	<u>76,610</u>		<u>160,400</u>	<u>79,550</u>	<u>175,300</u>	<u>86,550</u>

- (1) Funded by Spenard Service District.
- (2) The 1973 budget for Building Safety is funded with \$85,843 Pipeline Impact.
- (3) Funded by Greater Anchorage Area Borough - Non-Areawide Service Library.
- (4) Per Capita costs exclude the 17,892 military annexed in 1973 and Spenard Police and GAAB Library.

Revised December 18, 1973.

CITY OF ANCHORAGE  
 REVISED APPROPRIATIONS 1973 AS OF SEPTEMBER 30, 1973

	Employees	Amount	Per Cent Total Budget	Per Capita Costs (1)
<u>Mayor and Council</u>	<u>1</u>	\$ <u>78,660</u>	<u>.4</u>	\$ 1.34
<u>City Manager</u>				
Administration	12	145,125	.8	
Personnel	7	98,900	.5	
Internal Audit	4	40,405	.2	
Community Promotion		99,579	.5	
Human Relations	4	62,590	.4	
Data Processing	39	-0-		
	<u>66</u>	<u>446,599</u>	<u>2.4</u>	7.61
<u>City Clerk</u>	<u>10</u>	<u>127,552</u>	<u>.7</u>	2.17
<u>Law</u>				
City Attorney	15	249,870	1.3	
Property Management	7	31,060	.2	
	<u>22</u>	<u>280,930</u>	<u>1.5</u>	4.78
<u>District Court</u>	<u>12</u>	<u>160,334</u>	<u>.9</u>	2.73
<u>Finance</u>	<u>114</u>	<u>451,030</u>	<u>2.4</u>	7.68
<u>Public Safety</u>				
Police-City	160	2,768,932	14.9	
Police-Spenard	41	920,240	4.9	
Fire	78	2,114,490	11.4	
Civil Defense	3	56,560	.3	
Traffic Engineering	19	792,910	4.2	
Building Safety	22	440,920	2.4	
	<u>323</u>	<u>7,094,052</u>	<u>38.1</u>	105.14
<u>Public Works</u>				
Administration	5	32,850	.2	
Engineering	15	148,290	.8	
Engineering Projects	70	1,305,690		
Engineering Projects		(1,305,690)		
Building Maintenance	52	211,940	1.1	
Street Maintenance	53	2,186,810	11.8	
Merrill Field	6	99,060	.5	
	<u>201</u>	<u>2,678,950</u>	<u>14.4</u>	45.62
<u>Library</u>				
City	29	464,380	2.5	
GAAB	23	277,768	1.5	
	<u>52</u>	<u>742,148</u>	<u>4.0</u>	
<u>Parks &amp; Recreation</u>	<u>120</u>	<u>1,574,985</u>	<u>8.5</u>	26.82
<u>Museum</u>	<u>6</u>	<u>177,728</u>	<u>1.0</u>	3.03
<u>Miscellaneous</u>	<u>0</u>	<u>511,348</u>	<u>2.7</u>	8.71
<u>Debt Service</u>	<u>0</u>	<u>4,144,574</u>	<u>22.3</u>	70.58
<u>Cash Match Federal &amp; State Grants</u>		<u>125,723</u>	<u>.7</u>	<u>2.14</u>
<b>TOTALS</b>	<b><u>927</u></b>	<b><u>\$18,594,613</u></b>	<b><u>100.0</u></b>	<b><u>\$296.26</u></b>
<u>Federal &amp; State Grants</u>		<u>1,580,996</u>		
		<u>\$20,175,609</u>		

(1) Per Capita Costs are based on a population of 58,718 and do not include military annexation of 17,892. The costs for Spenard Police and Greater Anchorage Area Borough Library Services are not included.

Revised December 18, 1973.

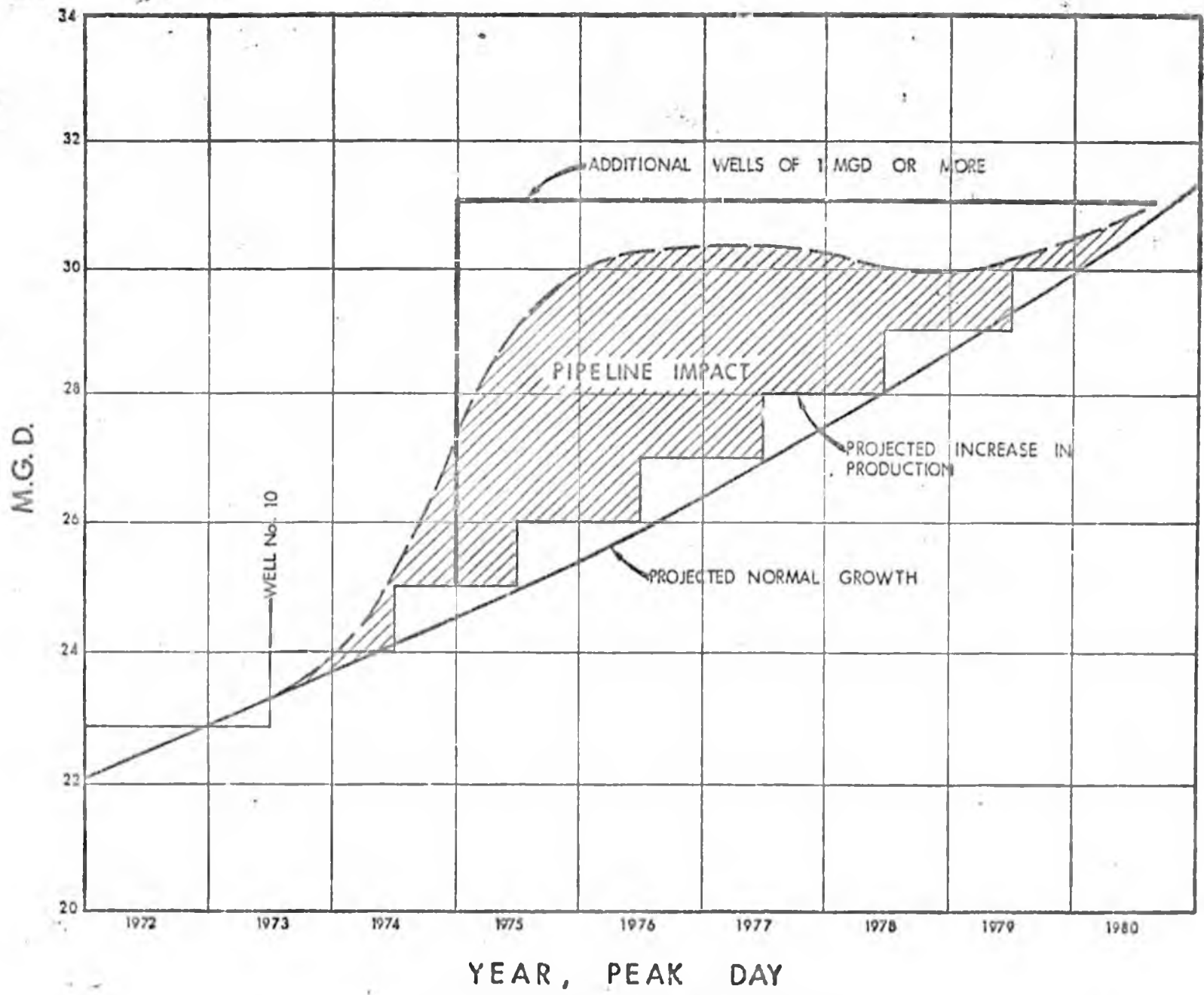
ATTACHMENT "E"

CITY OF ANCHORAGE

IMPACT OF OIL PIPELINE ON SELECTED CAPITAL IMPROVEMENT PROGRAMS

	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>Total</u>
High Accident Street Intersections	\$ 740,000	\$ 250,000	\$ 200,000	\$ 1,190,000
Subdivision Paving	2,092,500	187,500	-0-	2,280,000
Storm Sewer System	727,500	62,500	-0-	790,000
Port	5,788,000	6,245,000	553,000	12,586,000
Headquarters Library		4,500,000		4,500,000
Administrative Office Space	300,000			300,000
Fire Apparatus	<u>150,000</u>			<u>150,000</u>
TOTAL GENERAL FUND	\$9,798,000	\$11,245,000	\$ 753,000	\$21,796,000
Water Utility	4,625,000	1,000,000	5,500,000	11,125,000
Municipal Light & Power			<u>5,200,000</u>	<u>5,200,000</u>
	\$ 4,625,000	\$ 1,000,000	\$10,700,000	\$16,325,000
GRAND TOTAL IMPACT	\$14,423,000	\$12,245,000	\$11,453,000	\$38,121,000

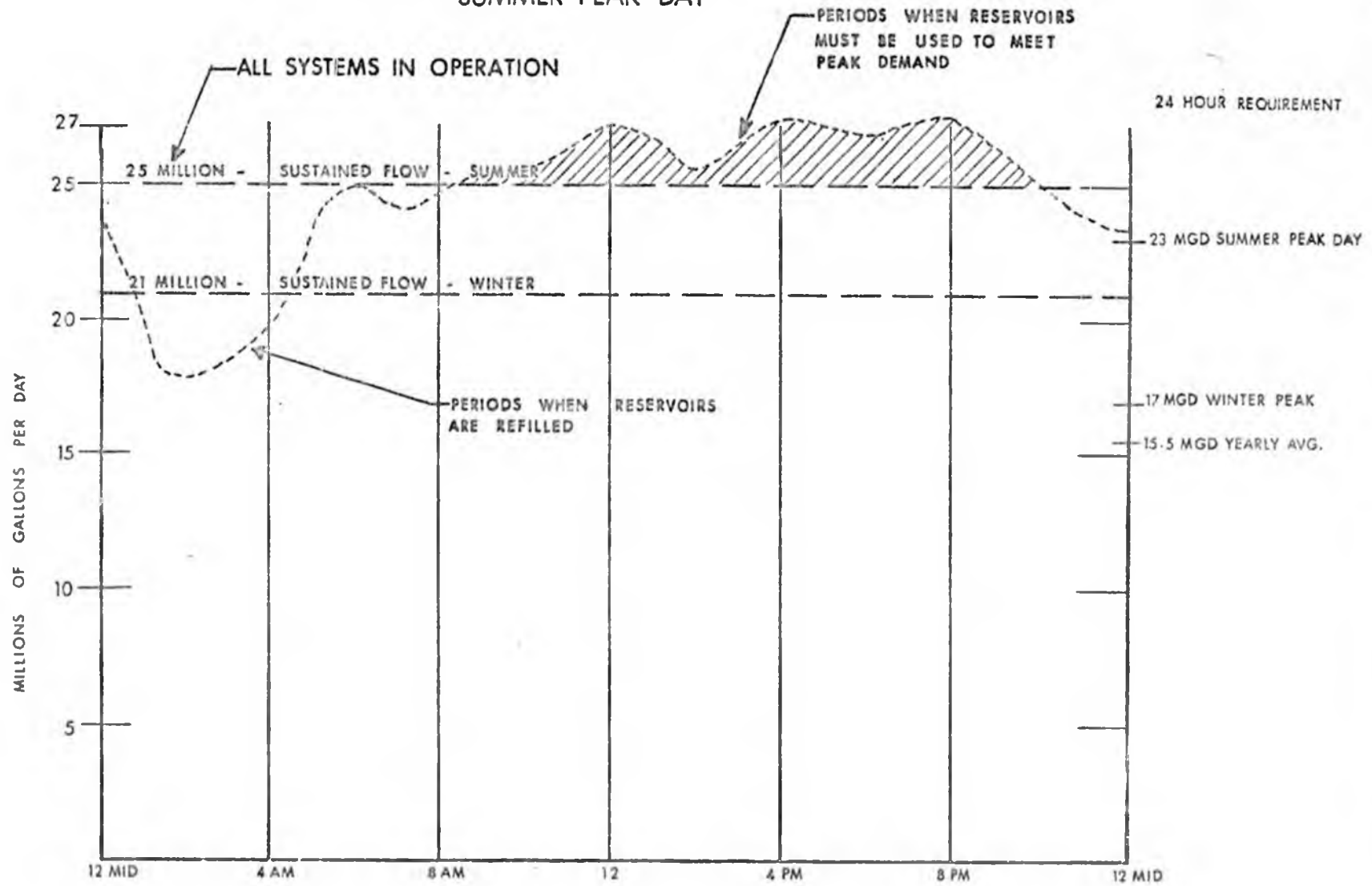
Revised December 18, 1973.



(DOES NOT INCLUDE FIREFLOW REQUIREMENTS)

ATTACHMENT "G-1"

# 24 HOUR DEMAND CURVE SUMMER PEAK DAY



FIRST PHASE - 1974

Drill 6 or 7 Exploratory Wells		\$ 90,000
Drill and Develop Production Wells and Connect to System		
2 on North Fork of Campbell	220,000	
2 on South Fork of Campbell	525,000	
1 on Old Seward Highway	190,000	
1 Near Recharge Pit	350,000	
1 East of Muldoon	250,000	
		1,535,000
Modification to Water Treatment Plant New Influent Setup Including Controls, Trashrock Chemical Feeds and Rapid Mix - Increase Capacity to 20MGD		1,000,000
New Line to Diversion Dam 36"		1,250,000
Additional 5 MG Treated Water Storage		750,000
		<hr/>
		\$ 4,625,000

SECOND PHASE - 1975

Modify Diversion Dam for Additional Outlets		500,000
Construct Offstream Storage Pit with Pump and Piping		500,000
		<hr/>
		\$ 1,000,000

THIRD PHASE - 1976

Additional Supply Line to T.P.		1,000,000
Construct Offstream Storage Pit with Pump and Piping		1,000,000
Construct Additional Storage (treated)		1,000,000
Modify Water Treatment Plant to 30MGD Add Additional Filters		250,000
		<hr/>
		\$ 5,500,000

FUTURE

Add Additional Offstream Storage as Required  
Double Existing T.P. to 60MGD - 8 million

General Government Capital and Operating Budgets  
Inflation Increase 10% Per Year

	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>Total</u>
Population*	61,650	68,150	70,570	72,110	272,480
GIP	21,529,600	19,470,400	8,519,780	5,192,560	54,712,340
Inflation	2,152,960	4,088,784	2,820,046	2,409,867	11,471,657
Per Capita Increase	35	60	40	33	42
Operations	20,779,323	21,558,495	22,420,834	23,317,667	88,076,319
Inflation	2,077,932	4,527,283	7,421,294	10,821,727	24,848,236
Per Capita Increase	34	66	105	150	91
Total Inflation	4,230,892	8,616,067	10,241,340	13,231,594	36,319,893
Per Capita Increase	69	126	145	183	133

\*Population excludes 17,892 military annexed in 1973.

CITY OF ANCHORAGE  
Revised Revenues 1973 As Of 9/30/73

	Amount	Per Cent	Per Capita Value (1)
<u>Taxes - Real &amp; Personal</u>			
Real	\$ 5,398,360	29.0	
Personal	1,467,580	7.9	
Penalty & Int. Delinquent Taxes	50,000	.3	
	<u>6,915,940</u>	<u>37.2</u>	\$117.78
<u>Taxes - Other</u>			
Payment in Lieu City Utilities	1,398,826	7.6	
Franchise Tax - Gas	135,743	.7	
Franchise Tax - Electric	40,757	.2	
	<u>1,575,326</u>	<u>8.5</u>	26.83
<u>Licenses and Permits</u>	350,860	1.9	5.98
<u>Fines and Forfeitures</u>	861,100	4.6	14.67
<u>Intergovernmental Revenues</u>			
State of Alaska Business License	1,191,213	6.4	
State of Alaska Liquor License	105,000	.6	
State of Alaska Aviation Fuel	19,680	.1	
State of Alaska Cannery Tax	4,351		
State of Alaska Shared Revenues	1,478,323	8.0	
Federal Civil Defense	28,280	.1	
Federal Revenue Sharing	1,337,529	7.2	
	<u>4,164,376</u>	<u>22.4</u>	70.92
<u>Contributions from City Utilities</u>	1,240,173	6.7	21.12
<u>Charges for Services</u>			
State Highway Maintenance	250,000	1.3	
GAAB Libraries	312,240	1.7	
Spenard Police	1,034,890	5.6	
School Crossing Guards	53,820	.3	
Emergency Communication 911 State	9,030	.1	
Emergency Communication 911 GAAB	53,060	.3	
Recreational Activities	222,720	1.2	
Traffic Electronics	52,210	.3	
Public Works-Misc. Work Orders	59,690	.3	
Other Misc. Receipts	101,050	.5	
	<u>2,148,710</u>	<u>11.6</u>	16.18
<u>Cost Recoveries</u>			
Bond Principal	409,775	2.2	
Bond Interest	254,567	1.3	
Port Crane Insurance	14,100	.1	
	<u>678,442</u>	<u>3.6</u>	11.55
<u>Miscellaneous Revenues</u>			
Interest	38,000	.2	
Rental Revenues	263,200	1.4	
Loussac Foundation	25,000	.1	
Other Misc. Revenues	305,882	1.7	
	<u>632,082</u>	<u>3.4</u>	10.76
<u>Appropriation Year End Surplus</u>	27,604	.1	.47
	18,594,613	100.0	<u>\$296.26</u>
<u>Federal &amp; State Grants</u>	1,580,996		
	<u>\$20,175,609</u>		

(1) Per Capita value is based on a population of 58,718 and does not include military annexation of 17,892. The costs for Spenard Police and GAA Borough Library Services are not included.

CITY OF ANCHORAGE  
New Revenues Generated by Pipeline

	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>Total</u>
<u>Property Taxes (7.9 mills)</u>					
Real		408,825	762,350	1,093,360	2,264,535
Personal (25%)		102,206	190,588	273,340	566,134
<u>Taxes - Other</u>					
Gas & Elec. (% incr. Prop. Tax)		13,500	25,000	36,500	75,000
<u>Licenses &amp; Permits</u> <u>(% Incr. Population)</u>	13,500	45,500	40,000	15,000	114,000
<u>Fines &amp; Forfeitures</u> <u>(% Population)</u>	33,000	11,500	98,000	36,500	279,000
<u>Business Licenses</u> <u>(% Population)</u>		6,000	154,500	136,000	336,500
<u>Aviation Fuel Tax</u>		2,000	2,500	2,500	7,000
<u>State Shared Revenue</u>	73,500	189,750	206,000	188,500	657,750
<u>Federal Shared Revenue</u>					
<u>Recreational</u>	8,500	29,000	25,000	9,500	72,000
Totals	128,500	948,281	1,503,938	1,791,200	4,371,919
Population	2,940	7,590	8,240	7,540	26,310
Per Capita	44	125	182	238	166

THE PRECEDING PAGES WERE TREATED AS  
A UNIT IN THE ORIGINAL FILE.

Sec. 44.19.583 PIPELINE IMPACT OFFICE. The Governor shall designate an existing department of state government as the Pipeline Impact Office.

HOUSE BILL 505  
MUNICIPAL ASSISTANCE FUND  
ESTIMATED ELIGIBILITY

	Population Estimates		1973 General Fund Expenditure	1973 Per Capita General Fund Expenditure	Estimated Municipal Assistance Eligibility	
	1/1/74	6/30/75			4 Percent Threshold	1970-1973 Growth Trend Threshold
Anchorage City	55,050	63,920	\$13,101,268	\$238	\$1,325,000	\$ 873,000
Delta Junction	703	1,100	33,510	48	17,700	19,000
Fairbanks City	18,685	25,833	4,789,000	256	1,507,000	1,262,000
Fairbanks North Star Borough	35,240	53,110	2,200,000 (est.)	62	975,000	1,042,000
Greater Anchorage Area Borough	125,500	150,800	15,414,192	123	2,186,000	1,815,000
North Pole	265	500	66,444 (1972)	250	56,000	59,000
North Slope Borough	3,384	4,570	790,124	233	245,000	276,000
Valdez	1,174	5,500	520,871	444	1,702,400	1,709,000
				Sub Total:	\$8,014,100	\$7,055,000

When available, population estimates were taken from or interpolated from estimates presented in local government impact statements. Fiscal data is calculated from the financial reports of the municipalities.

Department of Community and Regional Affairs

Section 2. ELIGIBILITY STANDARDS: (a) Grants to carry out the purposes of this Act may be made to a municipality demonstrating

(1) a ~~minimum~~ population growth rate in excess of the average population growth of a municipality for the last three years from the effective date of this Act;

(2) municipal operating expenditures beyond its capability to reasonably meet due to pipeline impact

Sec 3. ESSENTIAL MUNICIPAL SERVICES. Grants made under this Act may be expended only for operating expenditures for essential municipal services.

Sec. 4. GRANT COMPUTATION AND PAYMENT. (a) A municipality is eligible for a grant amount under this Act equal to its average population growth for the last three years multiplied by its average per capita general fund expenditures over the last 3 years previous to the effective date of this Act.

(b) Total grants under this Act to a municipality with, as of the construction date of the trans-Alaskan pipeline, a population of 10,000 persons or more may not exceed \$250 per capita of the ~~population~~ <sup>growth</sup> of the last three years. Total grants under this Act to a municipality with, as of the construction commencement date of the trans-Alaska pipeline, a population under 10,000 persons may not exceed \$400 per capita of the average population growth for the last three years.

(c) The base population for measuring per capita general fund expenditures for the purposes of this section is the population of the municipality on the first day of the quarter of the calendar year during which the construction commencement date of the trans-Alaska pipeline occurs.

(d) Grants may be made quarterly based upon quarterly population estimates with final adjustment to be made on June 30, 1975. Final grant payments shall be withheld until after final adjustments of amounts are made on June 30, 1975.

Sec 5. PREPAYMENTS. (a) A municipality may receive, as a prepayment, up to 50 per cent of the amount it will be entitled to under this act upon certification by the Department of Community and Regional Affairs that the municipality will more likely than not meet the eligibility standards set forth in sec. 2 of this Act.

(b) Total prepayments to municipalities made under this section may not exceed \$5,000,000.

Sec. 6. APPLICATION. (a) Grants under this Act may be made only upon application by a municipality to the Department of Community and Regional Affairs. A prepayment grant application may be submitted at any time after the effective date of this Act.

(b) No grant may be expended for purposes other than those specified in the application.

Sec. 7. ACCOUNTABILITY FOR GRANTS. (a) A municipality shall submit a financial report covering the expenditures of any grant already received under this Act to the Department of Community and Regional Affairs before another grant may be received under this Act.

(b) A municipality receiving grants under this Act shall

(1) maintain a separate account for the grants received under this Act;

(2) provide for an annual independent audit of the separate account for the grants received under this Act; and

(3) submit a copy of the independent audit report to the Department of Community and Regional Affairs.

Sec. 8. APPROVAL. Grants under this Act shall be made by the Department of Community and Regional Affairs at the direction of the governor subject to the approval of the Special Legislative Pipeline Impact Review Committee (as provided for in secs. )

Sec 9. POPULATION. A municipality shall submit estimated population and population growth figures to the Department of Community and Regional Affairs. These population and population growth figures are subject to review and approval by the Department of Community and Regional Affairs. The decisions of the Department of Community and Regional Affairs are final as to

(1) population growth figures for the purpose of establishing eligibility under sec 2 of this Act;

(2) population figures for computing grant amounts under sec 4. of this Act; or

(3) population figures for computing prepayment amounts under sec 5. of this Act.

Sec. 10. LOANS. The Department of Community and Regional Affairs at the direction of the governor subject to the approval of the Special Legislative Impact Review Committee may

(1) make loans and purchase evidences of indebtedness with funds from the pipeline impact fund to municipalities economically or socially adversely affected by pipeline construction;

(2) guarantee municipal bonds when a municipality needs to

undertake a capital improvement program on an accelerated basis; and

(3) pay (for not more than three years) from the pipeline impact fund a portion of the debt service or interest or both incurred by a municipality for undertaking capital improvements made necessary by pipeline construction.

Sec 11. ADMINISTRATION OF THIS ACT. (a) The Department of Community and Regional Affairs at the direction of the governor subject to the approval of the Special Legislative Impact Review Committee shall administer and adopt the necessary regulations to carry out the purpose of this Act and shall

(1) advise and assist the governor in developing planning assumptions and a broad preparedness plan with respect to the economic and social impact that will accompany pipeline construction;

(2) advise and assist the governor in developing policies, programs and control systems designed to alleviate the economic and social impact resulting from pipeline construction; and

(3) advise and assist the governor with respect to resolving issues related to pipeline construction impact preparedness responsibilities of state agencies which arise concerning two or more of those agencies.

(b) A grant shall be allotted according to an agreement made between the Department on behalf of the state and the municipality receiving the grant. The agreement may include any provision agreed upon by the parties and shall include in substance the following provisions:

(1) a schedule of grant disbursements, if, as determined by the director, a grant is to be disbursed other than in one sum;

(2) agreement by the municipality to

(A) proceed with and complete the proposed project or program expeditiously;

(B) not discontinue operation or dispose of all or part of the project or program for which it receives a grant without the approval of the department;

(C) apply for, and make reasonable efforts to secure, federal assistance which may be available for the project or program, subject to any conditions the department may require in order to maximize the amounts of that assistance received or to be received for all projects or programs in the state;

(3) agreement by the municipality that, if federal assistance for a project or program becomes available to the municipality which was not included in the calculation of the amount of a grant authorized and disbursed under this Act, the value of the federal assistance shall be ascertained and subtracted from the total value of the project or program and the balance shall be proportionately divided between the state and municipality.

(4) Provision for alteration or modification of an approved project or program and for remedies in case of failure to perform the agreement between the parties or noncompliance with regulations promulgated by the department under this section.

(c) If funds appropriated by the legislature to provide loans and grants and purchase evidences of indebtedness under this Act are not adequate to satisfy amounts required by approved grant applications, funds shall be allocated on the basis of priority established by the department by regulations promulgated to carry out the provisions of this section.

(d) The department shall provide a quarterly report to the legislature with respect to grants made under this section.

(e) The department at the direction of the governor subject to the approval of the Special Legislative Impact Review Committee shall determine the terms and conditions for making a loan and purchasing an evidence of indebtedness under this section.

#### Sec. 12. AUTHORITY TO ACCEPT SERVICE, GIFTS, GRANTS AND LOANS.

When the federal government or an agency or officer of the federal government offers to the state, or through the state to a municipality services, equipment, supplies, materials, or funds by way of gift, grant, or loan, for the purpose of alleviating the social or economic impact resulting from pipeline construction, the state acting through the department, or the municipality acting through its executive officer or governing body, may accept the offer subject to the terms of the offer and the rules and regulations of the agency making the offer.

Sec. 13. PIPELINE IMPACT FUND. There is the pipeling impact fund created for the purpose of carrying out the provisions of sec of this chapter. The fund consists of all money made available by appropriations of the state legislature, and from other appropriated funds, all contributions from whatever source, and income and interest derived from the investment of money.

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Sec. 44.19.595. SPECIAL LEGISLATIVE PIPELINE IMPACT REVIEW COMMITTEE. There is established the Special Legislative Pipeline Impact Review Committee composed of three members of the senate appointed by the president of the senate and three members of the house of representatives appointed by the speaker of the house. The committee shall select its own chairman.

Sec. 44.19.597. TERM OF MEMBERSHIP. The committee shall be organized within 15 days after the organization of each legislature. Members serve for the duration of the legislature during which they are appointed. If they are reelected or their term of office extends

1 into the next succeeding legislature, they continue to serve until  
2 reappointed or the appointment of their successor.

3 Sec. 44.19.599. VACANCIES. When a vacancy occurs in the member-  
4 ship of the committee, the presiding officer of the house incurring  
5 the vacancy shall choose a successor. If the office of the president  
6 of the senate or speaker of the house of representatives becomes  
7 vacant and a vacancy from the affected house occurs among the member-  
8 ship of the committee, the remaining committee members from the house  
9 incurring the vacancy shall appoint a new member.

10 Sec. 44.19.601. MEETINGS. (a) The committee may meet during  
11 sessions of the legislature and during the interim between sessions at  
12 such times and places in the state as the chairman may determine.  
13 Members may receive, for the minimum time required to get to and from  
14 meetings and for the period while attending meetings, the same travel  
15 and per diem allowances provided by law for members of the legislature  
16 when attending sessions, except that members of the committee receive  
17 no per diem during legislative sessions other than the per diem allow-  
18 ance paid to other members of the legislature.

19 (b) The members of the committee can validly conduct a meeting  
20 and vote by communicating simultaneously with each other by means of  
21 conference telephones or similar communications equipment.

22 (c) A majority of the members of the committee constitute a  
23 quorum for the purpose of carrying out its duties under sec. 603 of  
24 this chapter.

25 Sec. 44.19.603. DUTIES OF COMMITTEE. The committee shall review  
26 and approve or disapprove, in whole or in part, the decisions made  
27 by the Pipeline Impact Agency under sec. 589(b) of this chapter.

28 Sec. 44.19.605. DIVISION OF LEGISLATIVE FINANCE ASSISTANCE. The  
29 division of legislative finance shall cooperate with the committee and

*This is OK*

1 shall furnish technical assistance and personnel, if available, upon  
2 request.

3 \* Sec. 10. DEFINITIONS. For purposes of this Act

4 (1) "construction commencement date" means the date the  
5 following occur:

6 (A) there has been issued to the owner or his agent  
7 right-of-way permits, leases, and title and other rights in lands,  
8 and other approvals, permits, licenses and certificates, by federal,  
9 state and local agencies that a reasonable and prudent person would  
10 consider adequate to commence construction of the facilities in  
11 the expectation that all other approvals, permits, licenses and  
12 certificates necessary for the completion of facilities will be  
13 obtained;  
14

15 (B) all approvals, permits, licenses and certificates  
16 are in full force and effect, unrevoked and without any modification,  
17 which might jeopardize the completion or continued construction of  
18 the facilities; and

19 (C) no order, judgment, decree, determination or  
20 award of a federal, state or local court or administrative or regu-  
21 latory agency enjoining, either temporarily or permanently, the con-  
22 struction or the continuation of construction of the facilities is

23 HB 505

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# STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

## DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B-JUNEAU 99801

March 1, 1974

The Honorable Selwyn Carrol  
Chairman, House Community and  
Regional Affairs Committee  
House of Representatives  
Juneau, Alaska 99801

Dear Representative Carrol:

As requested, I am submitting for the consideration of the Community and Regional Affairs Committee an analysis we have prepared of the individual local governmental "pipeline impact statements" that have been submitted to this Department and other State and federal agencies in recent months. These impact statements and the concerns expressed to State representatives in local public meetings by concerned local officials established the basic issues addressed in the Administration's legislative package for financial assistance to local governments and communities.

Recognizing that the accelerated growth of pipeline impact has already stimulated some population increases and expansion of public services and facilities, we attempted in our impact analyses to discern whether there were trends evident that might serve as a portent for projecting the ongoing effect of "pipeline impact" on the financial capabilities of municipalities to meet impact needs.

The data we have assembled indicates that there has indeed been a substantial change in the fiscal capacity of the major local governments since 1969 and that the change has been remarkably beneficial. While the full details drawn from the annual financial reports of these municipalities are contained in the analysis, we would like to direct the attention of the Committee to the following outstanding conclusions:

1. In the four-year period 1969-1973, real and personal property valuations in the five major municipalities increased from a minimum of 75 percent in the City of Fairbanks to a maximum of 509 percent in Valdez.
2. Over the same period, three jurisdictions significantly reduced property tax mill rates by 18 percent, 21 percent, and 61 percent, respectively; one (Valdez) remained unchanged; and one (Fairbanks) showed an increase of 25 percent in its mill rate.

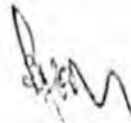
March 1, 1974

3. Over the same period, despite the mill rate reductions, general property tax revenues in these five jurisdictions increased by 38 percent from \$24,559,895 to \$33,955,802.
4. Intergovernmental revenues rose by 173 percent from \$24,007,139 to \$65,556,584. This rise was almost wholly the result of new and expanded State aid programs to local government, funded by the 1969 North Slope lease sale revenues.

We believe that this fiscal data convincingly demonstrates that impact-related growth has to date brought substantial benefits as well as some burdens to the affected communities. We hope that the analyses of which it is a part will provide a balanced picture for the Committee in its efforts to determine an appropriate legislative course of action to meet municipal impact needs.

We will be glad to respond to any questions regarding this matter that the Committee may wish to pursue further.

Sincerely,



Byron I. Mallott  
Commissioner

BIM: KW:me

Enclosures

## LOCAL GOVERNMENTAL REVENUE TRENDS

A study of recent trends (1969-1973) in the major revenue sources of these local governments highlights two facts:

1. There has been healthy growth in the local property tax and sales tax bases.
2. There has been a tremendous increase in intergovernmental revenues to the local governments from State sources.

The attached tables illustrate the revenue trends drawn from the most recent financial reports of the municipalities for the individual cases. Collectively, the data for the five municipalities as a whole reveals that during the recent period:

1. Local property tax revenues grew by 38.3% from \$24,559,895 to \$33,955,802.
2. Local sales tax revenues in these jurisdictions levying sales taxes grew by 38.3% from \$3,927,134 to \$5,432,668.
3. Local property tax mill rates declined in three jurisdictions (by 18.0%, 21.0%, and 61.4%, respectively), remained unchanged in Valdez, and increased by 25.0% in Fairbanks city.
4. Intergovernmental revenues, almost wholly from State source, grew by 173.1% from \$24,007,139 to \$65,556,584.

The growth in intergovernmental revenues is due to expanded programs of State aid to local governments, funded for the most part from 1969 oil lease sale revenues. This additional State revenue to local governments is, among other things, itself a very real instance of pipeline impact being experienced by local governments in advance of pipeline construction.

TRENDS IN MAJOR LOCAL GOVERNMENT REVENUE SOURCES, 1969-1973

Local Tax Revenues

	<u>General Property Tax Revenues</u>	<u>Sales Tax Revenues</u>	<u>Intergovernmental Revenues</u>
<u>City of Anchorage</u>			
1969	\$ 4,748,378	No	\$ 936,053
1973	6,865,940	Sales	5,809,078
Change:	+\$ 2,117,562 or + 44.6%	Tax	+\$ 4,873,025 or + 520.6%
<u>City of Fairbanks</u>			
1969	\$ 1,137,380	\$2,165,821	\$ 263,414
1973 (est.)	2,242,694	2,949,495	928,200
Change:	+\$ 1,105,314 or + 97.2%	+\$ 783,674 or + 36.2%	+\$ 664,786 or + 252.4%
<u>Fairbanks North Star Borough</u>			
1969	\$ 2,747,000	\$1,679,000	\$ 5,304,000
1972	1,504,000	2,360,000	11,817,000
Change:	-\$ 1,243,000 or - 45.2%	+\$ 681,000 or + 40.6%	+\$ 6,513,000 or + 122.8%
<u>Greater Anchorage Area Bor.</u>			
1969	\$15,830,776	No	\$17,489,311
1973	23,170,894	Sales	46,839,037
Change:	+\$ 7,340,118 or + 46.4%	Tax	+\$29,349,726 or + 167.8%
<u>City of Valdez</u>			
1969	\$ 96,361	\$ 82,313	\$ 14,361
1973	172,274	123,173	163,269
Change:	+\$ 75,913 or + 78.8%	\$ 40,860 or + 66.8%	+\$ 148,905 or + 1306.9%

LOCAL PROPERTY TAX AND REVENUE TRENDS: 1969-1973

	<u>ASSESSED VALUATION</u>	<u>MILL RATE</u>	<u>GENERAL PROPERTY TAX REVENUE</u>	<u>INTERCOV. REVENUE</u>
CITY OF ANCHORAGE	+ 81.1%	- 21.0%	+ 46.6%	+ 520.6%
CITY OF FAIRBANKS	+ 75.0%	+ 25.0%	+ 97.2%	+ 252.4% <sup>2</sup>
FAIRBANKS NORTH STAR BOR. <sup>1</sup>	+ 90.0%	- 61.4%	- 45.2%	+ 122.8% <sup>2</sup>
GREATER ANCHORAGE AREA BOR.	+109.5%	- 18.0%	+ 46.4%	+ 167.8%
CITY OF VALDEZ	+509.3%	no change	+ 78.8%	+1036.9%

<sup>1</sup>For the period 1969-1972.

<sup>2</sup>State intergovernmental revenues only.

## "LAG" IN PROPERTY TAX REVENUES

A key assumption offered to justify the local government requests for State impact funds is the supposition that the expenditure burden of providing impact services occurs well in advance of revenue increases from property tax base expansion. Plausible as this assumption seems, it is contradicted in every case by the facts available in the municipal financial reports.

The evidence of the last four years demonstrates a trend of substantial expansion in local property tax bases in anticipation of the pipeline construction phase of North Slope petroleum development. Part of this expansion is due to inflation, other wise known as increasing property values, but most can be traced to new construction or new personal property tax resources.

The comparison below of growth rates in assessed valuation and population clearly illustrate that the visible pipeline impact to date has been to strengthen the financial base of local governments in excess of population growth. In fact, three jurisdictions have substantially reduced property tax rates during this period.

### TRENDS IN PROPERTY TAX BASE AND POPULATION GROWTH, 1969-1973

	Full Value Assess- ment Changes <u>1969-1973</u>	Population Changes <u>1969-1973</u>
City of Anchorage	+ 81.1%	+15.4%
City of Fairbanks	+ 75.0%	- 4.0%
Fairbanks North Star Borough	+ 90.0%	+ 6.8%
Greater Anchorage Area Borough	+109.5%	+22.9%
City of Valdez	+509.3%	+ 6.1%

Additional evidence confirming this trend of property tax base expansion in advance of population growth in the particular case of the City of Anchorage is presented in that City's own impact statement. In that report, a sharp rise in the value of building permits issued is cited as proof of the economic impact that the City has been experiencing as a result of the proposed pipeline. All of this new construction represents, of course, additions to the City's real property tax base and is already a source of increased impact revenues.

CITY OF ANCHORAGE BUILDING PERMITS ISSUED  
(VALUES IN MILLIONS OF DOLLARS)

<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	
\$34.8	\$52.2	\$55.2	\$70.2	\$78.0	(t.)*

\*Percent increase in 1973 over 1969: +124.2%

The construction boom of the past four years has, indeed, thoroughly outstripped the growth in demand for residences, despite rapid population growth. As was noted by both the City of Anchorage and the Greater Anchorage Area Borough, there are now about 6,000 vacant housing units available in the Anchorage area compared to a negligible number in 1969. These unoccupied units are on the tax rolls and yielding property tax revenues even though requiring little in the way of municipal services. This situation is a clear and startling instance of the expansion in property tax base in advance of population growth and related demands for additional services.

## INFLATION

Inflation caused by pipeline impact has been cited as a major contributor to the cost of providing public facilities and service in Anchorage and other areas.

The economic facts demonstrate the opposite effect, in some instances. For example, the Anchorage Metropolitan Area, which is the only area for which comparative data is available, has in recent years experienced far less inflation than most regions of the country.

Based on 1967 pre-impact prices, the Consumer Price Index has increased 60% faster in the nation as a whole than in the Anchorage Metropolitan Area.

Pipeline impact is, of course, largely responsible for this advantageous trend. The prospect of the pipeline has boosted confidence in Anchorage's economic future. It has promoted business expansion and commercial competition and thereby served to bring Anchorage costs more in line with costs throughout the rest of the country.

As far as inflation is concerned, pipeline impact has been relatively beneficial rather than harmful to Anchorage's economy.

	Consumer's Price Index Percent Increase <u>July 1967 to July 1973</u>
United States	+32.7%
Anchorage Metropolitan Area	+20.4%

Source: U. S. Department of Labor, Bureau of Labor Statistics.

On a related issue, a number of local governments have stated that they foresee accelerated inflation as well as accelerated capital improvement needs due to impact needs. The prospect of a 10% or more annual increase in costs has been raised.

It should also be noted that if such inflation does occur, accelerated construction schedules will have the counterbalancing effect of significantly reducing to total cost of improvements. Accelerated construction will allow municipalities to build at lower pre-inflation prices, thereby reducing project costs and debt service by a substantial margin.

#### FOUR PERCENT GROWTH RATE ELIGIBILITY STANDARD

The four percent growth rate standard for grant eligibility under House Bill 505 has been opposed as arbitrary and excessively high.

In the preparation of the HB 505, this standard was chosen as a fair measure of the population increase a growing and prospering community can reasonably absorb within its expanding economy without extraordinary assistance.

Four percent is exactly the statewide growth rate for the past three years. It is well below the recent growth rate in the Anchorage, Matanuska-Susitna, Juneau, Haines, and Valdez areas, which those areas have welcomed and absorbed without fiscal disaster. Detailed fiscal analysis of local governmental budgets and taxes for the period shows that those areas have actually prospered by their recent growth.

#### CIVILIAN POPULATION ESTIMATES

<u>Census Division</u>	<u>April 1970 (Census)</u>	<u>July 1973</u>	<u>Net Change-1970 to 1973</u>	
			<u>Number</u>	<u>Percent</u>
Anchorage	113,449	135,391	21,942	19.3
Haines	1,495	1,902	407	27.2
Juneau	13,351	16,387	3,036	22.7
Matanuska- Susitna	6,503	8,586	2,083	32.0
Valdez-Chitina- Whittier	3,098	3,568	470	15.2
TOTAL STATE	270,936	302,912	31,976	11.8

Source: Research and Analysis, Alaska Department of Labor.

## City of Anchorage

The City of Anchorage's Trans-Alaska Oil Pipeline Impact Statement presents the City's picture of its impact needs for the calendar year 1974.

The Impact Statement was initially prepared for and addressed to the Federal Region Council. It includes programs and costs that are eligible for federal program assistance.

The Impact Statement projects a population change from 79,550 persons on January 1, 1974, to 86,550 as of January 1, 1975. Of the total population growth of 7,000 projected for the year, 2,350 is attributed to "normal" growth and 4,650 is attributed to pipeline impact.

The City submitted separate estimated budget impacts for its operating budget and its capital improvements program:

### Operating Budget

The major impacts identified in the City's impact budget for operations relate to police protection, fire protection, and parks and recreation, as follows:

#### CITY OF ANCHORAGE OPERATION & MAINTENANCE 1974 PIPELINE IMPACT REQUIREMENTS

<u>Category</u>	<u>Amount</u>	<u>Percent</u>
Public Safety (Police and Fire)	\$1,680,070	76.9%
Parks and Recreation	217,080	9.9
Library	121,850	5.6
Public Works	44,620	2.0
Other City	121,090	5.6
TOTAL	<u>\$2,184,710</u>	<u>100.0%</u>

Source: Trans-Alaska Oil Pipeline Impact Statement, City of Anchorage, December 18, 1973.

N.B. The City of Anchorage is currently seeking \$1,819,720 in special grant funds from the Federal Law Enforcement Assistance Administration for a two-year program of expanded police services specifically to meet impact problems.

The City of Anchorage cites an operating budget impact need of \$2,184,710 for an impact population increase, by its own estimate, of 4,650 or \$470 per capita. This compares with a 1973 citywide per capita expenditure of \$296, including debt service.

The City's 1974 impact budget plans an expansion of 28% in police personnel, 32% in fire protection, and 13% in parks and recreation for an impact growth of 8.4% (City's own figures).

It is noteworthy that the City also projects a "normal" growth of 2,350 persons during 1974, for which it plans no such extraordinary expenditures. In fact, the City's 1974 Annual Budget foresees a budgetary increase barely proportionate to the "normal" population increase.

On the impact income side, the City anticipates a total revenue increase of \$128,500 due to impact. No revenue increase is allowed for increased real and personal property taxes, despite increased assessments attributable to new construction and inflation. In this regard, it should be noted that the City also estimates building permits of \$78 million for 1973 and in excess of \$80 million for 1974. (Assessed values rose altogether by \$122 million in 1972-73.) New construction of \$78 million, taxed at the City's 7.9 mill rate, yields revenues of \$616,200.

The City has also submitted an application for a LEAA grant of \$864,200 for 1974 (plus \$955,440 for 1975) to fund extraordinary police services required by pipeline impact.

Some general data about the City's recent financial history may be useful for assessing the City's present fiscal circumstances.

	<u>Building Permits Issued</u>	<u>Full Value Determination</u>	<u>Percent Change</u>	<u>Mill Rate</u>	<u>Percent Change</u>
1969	\$34,800,000	\$500,155,441		10.0	
1970	52,200,000	536,256,995	+ 7.2%	9.5	- 5.0%
1971	55,200,000	663,436,066	23.7	9.3	- 2.1
1972	70,200,000	784,171,395	18.2	8.9	- 4.3
1973	78,000,000	905,742,805	15.5	7.9	-11.2
	Cumulative	+\$405,587,364	+81.1%	-2.1	-21.0%

Apropos of the above, the opening paragraph of the Impact Statement is quoted:

"The City of Anchorage, and the surrounding environs, has felt the impact from the petroleum industry development for the past decade, and more. This impact was generally well within manageable limits, but since 1969 the growth effect on both private and public sectors has accelerated."

The impact that is evident in the data shown above indicates that there has already been impact indeed in the City of Anchorage, that the impact has

been entirely beneficial, and has aided the City to upgrade and expand public services while reducing property tax rates. To quote the City's 1974 Annual Budget:

"The proposed ad valorem tax rate of 7.9 mills is the same as this year, and compares with 8.9 mills in 1972; 9.3 mills in 1971; 9.5 mills in 1970; and 10 mills in 1968 and 1969.

The Budget is in balance. It represents an improved level of governmental and utility services at reasonable tax and utility rates. The City Administration recommends its adoption by the Council."

#### Capital Improvements Program

The City's Impact Statement also included a three-year 1974-1976 CIP for facilities needed to accommodate impact growth. The CIP is more complex to analyze, inasmuch as it lumps together projects funded by special assessments and enterprise funds as well as general property tax revenues.

Special assessment projects such as subdivision paving and storm sewer installation are ordinarily financed through special assessments to recapture the cost of improvements from the developers or property owners whose property values are benefited.

Enterprise utilities such as telephone, power, and water utilities, conventionally finance capital improvements through sale of revenue bonds. Both public and private utilities use revenue bonds rather than general obligation bonds for debt finance. Debt is then retired out the revenues collected from service charged to users rather than by taxation of any sort.

The CIP analysis is also complicated because most of these improvements have a useful life that will long outlast pipeline impact. It hardly seems fair to saddle the whole cost on impact.

The analysis below addresses the 1974 and 1975 proposed CIP items in the City's Impact Statement.

High Accident Street Intersections. It is questionable whether impact residents alone are wholly responsible for congestion in Anchorage, to the tune of \$990,000, just for intersection improvements.

Subdivision Paving. This is ordinarily an assessable cost, recouped from the developers or property owners whose property values are enhanced.

Storm Sewer System. This, too, is an assessable improvement.

Port. According to the City's budget, half of the capital cost of 1974 port expansion is already planned for coverage by G.O. Bonds. (Also, the budget for the Port of Anchorage shows net earnings of \$537,720 for 1974, up from \$242,260. This illustrates the Port's revenue producing capacity.) The other half is budgeted for federal funding.

The 1975 costs are for another P.O.L. terminal, again a revenue producer that should be easily bonded.

Library. The Impact Statement proposes \$4,500,000 in library expansion for impact residents.

Administrative Office Space. This additional office space might possibly be leased, even for all 111 planned new personnel, for less than \$2,700 per person.

Fire Apparatus. The Impact Statement does not make clear whether this includes costs chargeable to operating budget.

Water Utility. The City's 1974 budget includes a CIP of \$4,400,000 to be financed as follows:

Water Revenue Bonds	\$2,950,000
Contribution in Aid	300,000
Construction Reserve	600,000
State Funds	550,000
	<u>\$4,400,000</u>

The water utility has generally been a profit-making enterprise.

In sum, the impact CIP's for 1974 and 1975, as presented in the City's Impact Statement, includes some items that are self-amortizing through special assessments or enterprise revenues, and some items debatably attributed to impact (i.e., library, intersection improvements).

By way of a fiscal footnote, a previous impact assessment, prepared by the City last August and which thereafter vanished from discussion, presented the following projections of additional enterprise fund revenues due to impact available for debt service for 1974 and 1975:

	Additional Revenue Available for Debt Service	
	<u>1974</u>	<u>1975</u>
Electric Utility	\$409,000	\$412,000
Telephone	732,000	902,000
Water	295,000	336,000
Port of Anchorage	91,000	116,000

## Greater Anchorage Area Borough

In preparing its report on the "Anticipated Impact of the Trans-Alaska Pipeline," the GAAB addressed the total areawide impact for the period 1974 through 1978. The report actually addresses only operating expenditures.

However, it does construct impact costs on an areawide basis, including the City of Anchorage, even for services and costs handled by the City. Therefore, it duplicates and double counts many costs already accounted for in the City's impact budget, e.g., for police and fire protection and parks and recreation.

Apart from this duplication, because it covers only operating expenditures, the GAAB report can be more briefly evaluated. Although the GAAB budgets by fiscal year, the impact statement is built upon a calendar year base. This report was also prepared to determine what assistance should be requested from the State and federal governments. The following analysis covers only the two calendar years 1974-1975.

As a general observation, it can be noted that no particular justifications in terms of new population served or specific service increments are offered in the GAAB report. However, apart from the above-noted duplication of City of Anchorage costs, and the items questioned below, the GAAB impact cost projections seem to be within fairly reasonable bounds and in line with established cost ratios.

Comments with regard to specific service categories treated in the GAAB impact statement follow.

Fire. Most of the cost cited is due to the City of Anchorage. For example, in 1974, additional fire protection costs of \$646,200 are divided into \$512,200 for City of Anchorage and \$134,000 for GAAB.

Police. The cost impact adduced again includes costs to be picked up by City of Anchorage and Spenard Service District too. Remaining cost (Balance of Borough) is more than adequately accounted for in Department of Public Safety's Impact Budget. In short, there is no real impact on GAAB's budget.

Library. A minor cost split between the City and Borough.

Parks and Recreation. Again, fully half of the cost cited is included in City of Anchorage's impact budget.

Public Works. For miscellaneous services, 57% of which are actually to be provided by City of Anchorage during 1974 and 1975.

Sewers. No significant cost.

Roads and Drainage. No significant cost.

Building Safety. Again, 50% of the cost impact here cited is for City of Anchorage rather than GAAB. Furthermore, revenue from inspection fees makes building safety function largely self-supporting. This item has been reduced by two-thirds by including revenues.

Emergency Medical. This is an areawide service. The costs projected appear to be reasonable.

Health Services. This is another areawide service. It accounts for the greater bulk of the legitimate impact costs presented by the GAAB. Since the explanation does not include any base data for comparison, it is hard to evaluate this claim. It does appear to include new and expanded services, but this is a function that the GAAB has been steadily upgrading. This category also includes some environmental protection services. Lacking data for comparison, the GAAB's cost estimate is accepted as presented.

Summarizing the above comments results in the following revised accounting of pipeline impact costs to GAAB for 1974 and 1975.

<u>Category</u>	<u>1974</u>	<u>1975</u>
Fire	\$ 134,000	\$ 228,000
Police	--	--
Library	28,025	17,150
Parks	217,080	367,740
Public Works	13,625	36,530
Sewers	2,500	8,165
Roads and Drainage	0	22,500
Building Safety	42,500	42,000
Emergency Medical	125,000	52,000
Health Services	899,860	1,502,600
TOTAL	\$1,462,590	\$2,276,685

If these costs were prorated from January 1, 1974, through June 30, 1975, the total would be \$2,503,505.

Some mention should be made of the total omission in the GAAB report of a realistic account of increased property tax and other revenues generated by impact economic expansion. As in the case of Anchorage City, early impact has been adding to assessed values and to property tax collections in GAAB. For example, whereas there was a severe housing shortage in the Anchorage area in 1969, it is reported that there are now 6,000 vacant housing units, despite the rapid growth since 1969. These unoccupied units are on the tax rolls and yielding property tax revenues, even though requiring little in the

way of municipal services. The impact of this new construction is evident in the complimentary trends of rising assessed values and declining or stable mill rates illustrated below. For the sake of reference, assessed valuation, revenue and debt trends in GAAB for the pre-pipeline construction period 1969-1973 are charted below.

<u>GAAB</u>	<u>Full Value Determination</u>	<u>Percent Change</u>	<u>Mill Rate*</u>	<u>Percent Change</u>
1969	\$ 959,652,422		14.18	
1970	1,105,576,900	+ 15.2%	12.96	- 9%
1971	1,399,334,905	+ 26.6	12.77	- 1
1972	1,660,976,670	+ 18.7	10.18	-20
1973	2,010,035,810	+ 21.0	11.56	+14
Cumulative	+\$1,050,383,388	+109.4%	-2.62	-18%

\*GAAB areawide.

Also of particular fiscal significance has been the growth in the intergovernmental, largely State, revenues to the Borough from \$17,489,311 in 1969 to \$46,839,037 by 1973, an increase of 168% in four years. Intergovernmental revenues were more than double the locally supported general property tax revenues.

	<u>Intergovernmental Revenues</u>	<u>General Property Tax Revenues</u>	<u>Net Bonded Debt</u>	<u>Debt Per Capita</u>
1969	\$17,489,311	\$15,830,776	\$ 34,877,000	\$287
1970	24,225,339	14,033,485	39,202,000	315
1971	38,626,937	11,677,267	86,507,000	656
1972	44,740,791	16,594,282	131,883,000	914
1973	46,839,037	23,170,894	137,711,000	890

## Fairbanks North Star Borough

The Fairbanks North Star Borough has developed an Oil Pipeline Impact Statement, January 15, 1974, in which it addresses local, State, and federal officials with its envisioned impact needs.

The statement treats in two parts impacts (a) on the Borough's operating budgets from January 1, 1974, through FY 1978 and (b) on the Borough School District's operating budget and capital facilities needs.

Before going into the particulars treated in the impact statement, a brief aside on matters not treated in the statement may be in order.

The statement attempts to debunk the notion that the Borough might be able to meet some of its service needs without outside aid with the observation that "Estimated increased revenues have been projected and clearly indicate that these sources cannot and will not meet the impact needs." Regardless of this disclaimer, a review of fiscal data demonstrates that the Borough exhibited a phenomenal improvement in its financial position over the post-1969 period. Some of the phenomena:

1. A 90% increase in assessed property values between 1969-1973, including untaxed personal property.
2. A 123% increase in State intergovernmental revenues from \$5,304,000 in 1969 to \$11,817,000 by 1972.
3. A 45% reduction in general property tax revenues from \$2,747,000 in 1969 (\$3,331,000 in 1970) to \$1,504,000 by 1972.
4. A 30% reduction in net bonded indebtedness from \$8,183,627 in 1969 to \$5,741,984 in 1972.
5. A reduction in the Borough mill rate from 16.5 in 1969 to 10.0 in 1970 to 5.0 in 1971 to 5.8 in 1972 to 6.5 in 1973 (6.7 in 1974).

If Fairbanks North Star Borough restored its property tax mill rate to the 1969 pre-impact level of 16.5 mills, that step alone would generate in FY 1974 additional revenues of nearly \$5,000,000.

Finally, the Fairbanks North Star Borough impact statement does not project any additional revenue from ad valorem taxes on pipeline property improvements, as permitted by FSS SLA 73, Chapter 1.

Ironically, the Borough's greatly improved fiscal standing of late can by and large be traced to pipeline impact by way of an increased tax base and increased State outlays to local governments from oil lease revenues. The following tables illustrate recent fiscal trends in the Borough.

FAIRBANKS NORTH STAR BOROUGH  
PROPERTY TAX BASE AND MILL RATE TRENDS  
1969-1973

	<u>Full Value Determination</u>	<u>Percent Change</u>	<u>Mill Rate</u>	<u>Percent Change</u>
1969	\$250,464,505		16.5	
1970	304,480,940	+21.6%	10.0	-39%
1971	340,566,102	+11.9	5.0	-50
1972	390,583,440	+14.7	5.8	+16
1973	475,802,270	+21.8	6.5	+12
Cumulative 1969-1973	+\$225,337,765	+90%	-10.0	-61%

REVENUE AND DEBT TRENDS, 1969-1972

	<u>State Intergovt Revenue</u>	<u>General Property Tax Rev.</u>	<u>Net Bonded Debt</u>	<u>Debt Per Capita</u>
1969	\$ 5,304,000	\$2,747,000	\$8,183,627	\$227
1970	7,113,000	3,331,000	7,448,097	169
1971	10,909,000	2,448,000	6,546,940	143
1972	11,817,000	1,504,000	5,741,984	125

To return to the Borough's impact statement, the Borough's projected budgetary impact was constructed by a methodology very similar to the approach of HB 505, without the 4% growth rate threshold but with a substantial allowance for inflation, approximate 10% annually, all of which is attributed to pipeline impact. The Impact Statement explains:

"Needs for supplementary revenue are computed on a per capita rate attributable to pipeline construction impact, with inflation factor. Base data are the 1973-74 fiscal year operating budgets, and the average between the 1973 population estimate and the 1974 projection."

Operating Budget

The Borough's operating budget analysis lists 19 assumptions about impact growth, all of which can be accommodated within the framework of HB 505. That is, the funding formula in HB 505 incorporates or will respond to the assumptions as they prove true.

Essentially, the Borough's impact operating budget is the product of a projected growth factor, identified as impact growth, times the normal per capita operating expenditures for all Borough general government activities. In FY 1974, the major budgeted expenditure categories were: Finance--\$844,320, Environmental Services--\$336,767, Planning and Zoning--\$195,000, Library--\$190,000, Parks and Recreation--\$185,340, and miscellaneous other--\$647,996, for a FY 1974 base total of \$2,399,423.

It is emphatically worth noting that the Borough has cranked into its impact budget an inflation factor of 2 1/2% for FY 1974 plus an additional 10% for FY 1975, etc., for its entire budget, and attributed it all to impact.

The Borough identifies an impact need of \$276,500 for FY 1974 and \$951,336 for FY 1975 for its operating budget, for a total of \$1,227,836 through FY 1975.

The Borough's statement also identified non-school capital requirements totally \$305,000 for parks and recreation facilities, sanitary landfill/equipment and environmental services/equipment.

#### Fairbanks North Star School District

The educational impact statement submitted by the School District projected educational impact needs as follows:

FY 1974	(\$22,513)
1975	1,509,310
1976	4,118,863
1977	6,202,369
1978	8,395,404
1979	10,964,100

In calculating these needs, Foundation Program revenues have already been taken into account, excepting additional revenue for student population growth.

The method used to project School District impact costs is debatable. Again, all future inflationary costs through 1979 for the entire education budget are attributed to impact. No reference is made to the significant fact that the non-impact ADM assumed for FY 1975 (8,087) is well below the actual FY 1971 ADM (8,453).

Particular attention needs to be directed to the following assumption of the School District impact:

"Local effort revenues for this presentation have been held constant in order to identify the total revenue shortfall as the direct result of the pipeline."

In other words, the School District impact budget does not include any additional revenues above the current level to be raised locally for educational programs for the next five years.

The School District also requests the State to purchase \$12,475,000 in school bonds from the Borough by June 30, 1975.

City of Fairbanks

The City of Fairbanks has not submitted any comprehensive assessment of its anticipated pipeline impact needs.

Furthermore, the Report on Impact of Trans-Alaska Pipeline Construction on Governmental Services and Facilities prepared by the Special Petroleum Impact Committee reported that:

"It should be noted that the City of Fairbanks estimates of operational impact costs are less than the projected revenues. After review and analysis of their estimates, it appears that the City has underestimated the operational costs attributable to the population increase."

The table below shows recent property tax base and tax rate trends in the City of Fairbanks.

	<u>Full Value Determination</u>	<u>Percent Change</u>	<u>Mill Rate</u>
1969	\$150,979,956		9.6
1970	166,777,300	+10.5%	10.0
1971	212,013,846	+27.1	10.0
1972	226,554,000	+ 6.9	12.0
1973	264,219,295	+16.6	12.0
Cumulative 1969-1973	\$113,239,339	+75%	+25%

However, at the joint meeting held in Fairbanks on December 11, 1973, with City, Borough, School District, and other local officials, Wallis Droz, City Manager, did cite certain impact stresses that faced the City.

With regard to operating budget expenditures, Mr. Droz stated a preference for a State approach that would allow the City to provide such additional services as were needed to meet impact and then be reimbursed afterwards by the State for actual expenditures justified as due to impact. Droz envisioned a procedure whereby the City would review its books after the fact to sort out impact expenses. However, he also stressed the need of local governments for the speediest possible distribution of State assistance was emphasized.

In general, Mr. Droz put most emphasis on the capital program needs of Fairbanks Municipal Utilities System, according to the following priorities:

1. Telephone system expansion
2. Electrification facilities

3. Water treatment facilities
4. Steam heating system

The first three items were also cited in an impact statement submitted in letter form by MUS on September 14, 1973. That letter summarized utility needs as follows:

The foregoing is our best estimate of our minimal needs for capital improvements to serve the present and developing demands for utility service. The cash or credit support requirements are summarized as follows:

Electric Generating Plant	\$ 6,500,000
Water Treatment Plant	4,100,000
Telephone Plant	1,156,000
	<u>\$11,756,000</u>

At the Fairbanks meeting, it was reported that a coal-fired unit for generation costing in excess of \$15,000,000 might have to be substituted for the cheaper generating plant originally proposed.

In any case, the MUS letter does not present these projects as additional facilities merely to serve pipeline impact, narrowly conceived. They are needed for impact due to, among other things, increased exploration activities, gas pipeline construction, and other related economic developments, so says the MUS letter.

## City of Valdez

The City of Valdez, on December 3, 1973, submitted an outline of its impact needs in the form of a municipal budget. The City requested impact funding assistance of \$1,500,000 for the fiscal year ending June 30, 1974, of which about \$500,000 was for school support.

This request incorporated all municipal operating expenses for all of fiscal year 1974, even though the fiscal year was half completed. The City had, of course, already received substantial State-shared revenue to support many of the same services. The impact request included all expenses for the operation of the municipal dock facility, even though the dock had earned sufficient income to cover expenses and leave a profit the previous year.

Regardless, the bulk of assistance requested by City of Valdez in its impact statement was for categories of services supported under House Bill 505: police protection, fire protection, water and sewer system maintenance, etc.

Evaluation of any request for impact assistance for the City of Valdez must consider the special circumstances of the City's fiscal situation:

1. The City of Valdez now has, and has had for the last four years, \$25,000,000 to \$50,000,000 in personal property, mainly pipeline related equipment and supplies, which it has chosen not to tax (see table below). By adoption of a personal property tax, the City could derive substantial income from this untapped revenue base. For example, a personal property tax of 15 mills on \$40,000,000 of personal property would yield \$600,000 annually.
2. The City has virtually no bonded debt. This is largely because State and federal governments funded with outright grants reconstruction of new Valdez after the 1964 earthquake.

Attached are tables summarizing recent property tax base and tax rate trends and the impact budget needs submitted by the City.

CITY OF VALDEZ

	<u>Assessed Value of Taxable Property</u>	<u>Full Value Determination</u>	<u>Percent Change</u>	<u>Mill Rate</u>
1969	\$ 5,820,815	\$ 8,155,578		15.0
1970	7,440,100	34,890,930	+328%	15.0
1971	11,411,960	60,789,590	+ 74%	15.0
1977	12,259,150	46,604,740	- 23%	15.0
1973	13,862,650	49,689,705	+ 7%	15.0
Cumulative 1969-1973		+\$41,534,127	+409%	

CITY OF VALDEZ  
PIPELINE IMPACT OPERATIONAL NEEDS

<u>Category</u>	FY 1974		FY 1975	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Police	\$174,250	17.5%	\$ 264,700	23.8%
Fire	260,000	26.2	212,000	19.9
Public Works	204,000	20.5	276,000	24.9
Docks & Small Boat Harbor <sup>1</sup>	(86,000)	--	(100,000)	--
Administration	177,000	17.8	186,400	16.8
Finance	116,000	11.7	120,900	10.9
Bldg. Insp. & Camp Grounds	62,000	6.2	50,300	4.5
<b>TOTAL</b>	<u>\$993,850</u>	<u>100.0%</u>	<u>\$1,110,300</u>	<u>100.0%</u>

Source: Pipeline Operation Impact, City of Valdez, December 3, 1973.

<sup>1</sup>This category was deducted, since the municipal dock operation earned sufficient income to cover expenses and leave a net income of \$13,281 in FY 1973.

N.B. The City of Valdez's impact budget request included all municipal operating expenses for all of fiscal year 1974, even though the fiscal year was half completed.

# Alaska State Legislature



REPRESENTATIVE  
RICHARD L. McVEIGH  
400 NOTTINGHAM WAY  
ANCHORAGE, ALASKA 99503

WHILE IN JUNEAU  
POUCH V  
JUNEAU, ALASKA 99801

COMMITTEES:  
CHAIRMAN, PUBLIC COMMITTEE  
CHAIRMAN, LEGISLATIVE COUNCIL  
MEMBER, JUDICIARY COMMITTEE

## House of Representatives

February 8, 1974

To: Ronald Rettig  
Chairman of Petroleum Impact Committee

From: R. L. McVeigh

To provide aid to Pipeline "impact" areas of the State, Governor Egan has proposed five bills for legislative consideration. The bills H.B. 505, H.B. 506, H.B. 507, H.B. 508, and H.B. 509 deal, for the most part, with providing money to municipalities needing financial assistance to meet extra-ordinary expenses attributable to the Pipeline.

H.B. 505 makes provisions for the Department of Community and Regional Affairs to provide grants to municipalities needing financial assistance in meeting Pipeline impact expenses. To qualify for the grant the municipality must demonstrate to the Department of Community and Regional Affairs:

- (1) a municipal annual growth rate in excess of 4%
- (2) extra-ordinary municipal operating expenditures beyond its capability to reasonably meet and
- (3) these factors (1) and (2) are directly attributable to the

Feb. 8, 1974

Trans-Alaska Pipeline. Sec. 2(b) of the bill provides that the population base is to be computed from the "population of the municipality on the first day of the quarter of the calendar year during which the construction commencement date of the Trans-Alaska Pipeline occurs".

The grants are limited to operating expenses for municipal services involving:

- (1) police protection
- (2) fire protection
- (3) solid waste collection and disposal
- (4) water supply and sewage disposal systems
- (5) health care services; and
- (6) land use and environmental planning and regulations.

To be eligible for a grant, in addition to establishing a demonstrable need in the areas specifically enumerated above, the municipality must experience a growth rate in excess of 4% per year. Sec. 4 of the bill provides for a grant to impacted municipalities which experience population growth directly attributed to the Alaska Pipeline. Computation of the grant is based on the excess of the 4% annual growth figure. To compute the grant, multiply the population growth during the period of the bill (in excess of 4%) computed from the first day of the first quarter

of the calendar year during which construction begins, times the per capita general fund expenditures (subtracting education, capital outlay and debt service) for the complete fiscal year preceeding the effective date of this Act, through June 30, 1975.

Grants may be made quarterly based upon quarterly population estimates with final adjustment to be made on June 30, 1975.

There will be a ceiling on the total grant to which a community is entitled. The figure is computed by multiplying the population growth in excess of 4% over the life of the bill, times the per capita limit. This limit will be \$250 for municipalities with total populations in excess of 10,000, and \$400 for municipality populations under 10,000.

For example assume a municipality has a population of 1,106 (Valdez) people on the first day of the quarter of the calendar year during which construction started. Since the Act expires June 30, 1975 the probability exists that construction will start in early spring of 1974 (April 1), leaving five quarters before expiration of the Act. A municipality of 1,106 would compute its potential grant by multiplying its population by 1.04 (the 4% increase) times the number of years computed over the 5 quarter period, 1.25, i.e.,  $1,106 \times 1.04 \times 1.25 = 1438$ .

The 1,438 represents what normal "unimpacted" growth would be as of June 30, 1975. Assume the actual population on that date was 2000 persons; there would be a difference of 562 between the anticipated normal growth and impacted growth. The 562 would then be multiplied by the per capita general fund expenditure for that community (less education, capital outlay and debt service expenditures). Assuming, as in the case of Valdez, the per capita expenditures for the preceeding complete fiscal year was \$471 per person, the maximum amount of the grant would equal \$471 times 562 or \$264,702. However, since Valdez is under 10,000 population, subsection (6) of Sec. 4 limits the multiplicand to \$400 per person, hence you would multiply 562 times \$400 and arrive at the figure of \$224,800.

Section 5 allows a municipality to receive prepayments not to exceed 50% of maximum eligible grant providing certification is obtained from the Department of Community and Regional Affairs. Subsection (b) of Sec. 5 limits the amount of prepayments for all municipalities to \$5,000,000 or 1/2 the total amount of the fund.

Section 6 provides that grants may be made only upon application to the Department of Community and Regional Affairs and that the applications for a grant specifically state the purpose for which the grant is to be used, and limits the use of grant monies to those purposes.

Section 7 requires that municipalities have separate accounts for grant monies and requires an annual independent audit to be submitted to Community and Regional Affairs.

Section 8 provides that grants are to be made by the Department of Community and Regional Affairs at the direction of the Government and subject to approval of the Legislative Budget and Audit Committee.

Section 9 deals with the population computation and provides that the Department of Community and Regional Affairs will make the final decisions in the area.

Sections 10-12 provide definitions, regulatory authority and an effective date.

H.B. 506 provides a ten million dollar appropriation to the Department of Community and Regional Affairs to provide grants to qualified municipalities needing financial assistance in meeting Pipeline impact expenses.

H.B. 503 establishes a Municipal Planning Revolving Loan Fund to be administered by the State Treasury Division of the Revenue Department.

The Fund would make loans available to Alaska municipalities for capital improvement planning in the form of pre-engineering studies, engineering design, and architectural design. If the municipality can demonstrate a population growth rate in excess of its normal growth rate attributable to the construction of the Trans-Alaska Pipeline, it will be given priority in the distribution of the loans.

The amount of the loan is limited to \$100 per capita or \$150,000, whichever ever is the lesser amount. Loans may not be made for the purpose of conducting a feasibility study of a municipal capital improvement.

Reliable population figures are to be submitted by the municipalities, preferably the latest United States Bureau of the Census figures. However, the State will be the final judge as to the reliability and acceptance of the figures.

A loan is to be repaid into the Municipal Planning Revolving Loan Fund, plus interest not to exceed six percent, at the time financing for the capital improvement is secured. If such financing is not secured, the municipality has five years from the date of the loan to repay the loan, plus interest.

Page 7

Feb. 8, 1974

Loans may be made only upon application by the municipality to the department. Each loan application shall state the purposes for which the loan will be spent. No loan may be spent for purposes other than those specified in the application.

The last section of the Act defines the word municipality as it is to apply to this Bill.

A handwritten signature in cursive script, appearing to read "R. L. McVeigh".

R. L. McVeigh

McV:af

# STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

## DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF COMMUNITY  
PLANNING

POUCH B-JUNEAU 99801

March 6, 1974

The Honorable Selwyn Carrol  
Chairman, House Community and  
Regional Affairs Committee  
House of Representatives  
Juneau, Alaska 99801

Dear Representative Carrol:

You have requested us to prepare an estimate of municipal assistance eligibility amounts authorized by the House Community and Regional Affairs committee substitute for House Bill 505.

The two revisions in CSHB 505 affecting the municipal eligibility amounts are:

- a) the reduction of the annual growth rate threshold to 2.9 percent; and
- b) the broadening of eligibility standards to encompass municipalities experiencing accelerated population growth in general rather than population growth directly attributable to pipeline construction.

In the brief time available, we have not been able to assemble the municipal budget data needed to calculate eligibility amounts for the additional local jurisdictions that might qualify for assistance under the broadened eligibility standard.

However, we would offer the following information for the consideration of the Committee.

Applying the 2.9 percent growth rate threshold to the eight major pipeline-impacted jurisdictions for which municipal budget data is readily available, we estimate the following municipal assistance eligibility amounts under CSHB 505:

City of Anchorage	\$1,541,050
Delta Junction	17,568
City of Fairbanks	1,583,750
Fairbanks North Star Borough	1,012,894
Greater Anchorage Area Borough	2,440,443
North Pole	55,750

The Honorable Selwyn Carrol

-2-

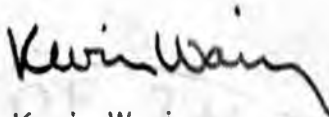
March 6, 1974

North Slope Borough	242,087
Valdez	<u>1,710,000</u>
Subtotal	\$8,603,542

We would also note that the above jurisdictions account for more than 50 percent of the State's present population, and will account for the great bulk of population growth in the State in the next sixteen months. Subject to an opportunity to calculate in full detail the fiscal effect of the CSHB 505's revisions, we would offer a "guesstimate" that the maximum estimated municipal assistance eligibility under CSHB 505 would be in the vicinity of \$10,000,000.

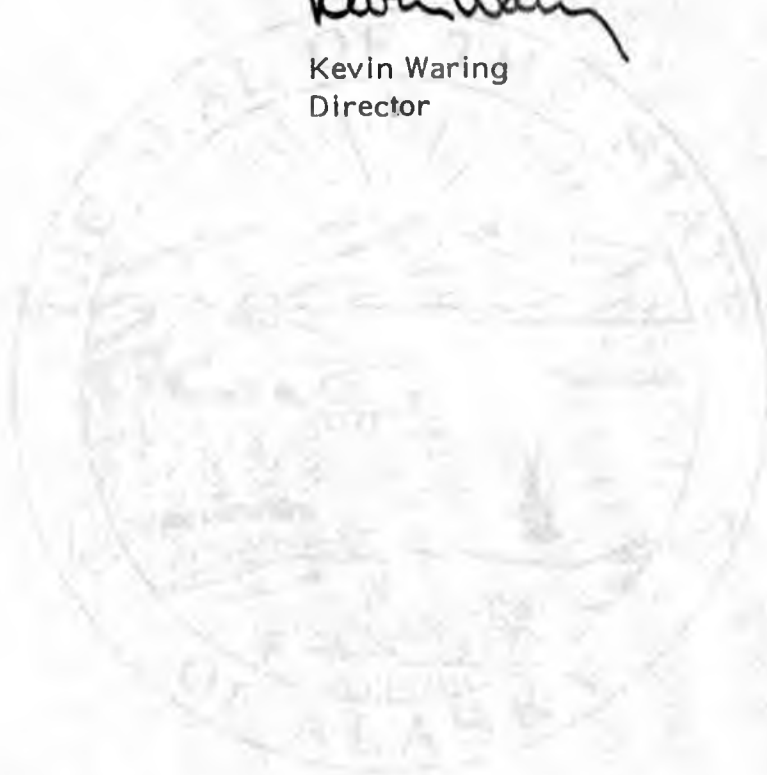
We hope this information is useful for the immediate purposes of the Committee. We will be pleased to respond in greater detail in the near future, if the Committee desires.

Sincerely,



Kevin Waring  
Director

KW: me



Introduced: 2/15/74  
Referred: Community and  
Regional Affairs and  
Finance

BY THE RULES COMMITTEE  
BY REQUEST OF THE  
SPECIAL PETROLEUM  
IMPACT COMMITTEE

IN THE HOUSE

CS FOR HB 505

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to assisting municipalities creating a pipeline/impact office; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

\*Section 1. AS 44.19 is amended by adding new sections to read:

ARTICLE 8. PIPELINE IMPACT AGENCY.

Sec. 44.19.581. PURPOSE. The legislature finds that construction of the trans-Alaska pipeline, from its commencement to completion over a period of approximately three years, will impose severe to mild strains on local and state governmental services and facilities. While the pipeline construction indubitably will, in the long run, mean immense growth and development to the communities and areas along the pipeline route, and to those areas coming under direct pipeline construction influence, the legislature further finds that localities most affected will be unable to cope with the probable impact on facilities and services brought about by the anticipated overwhelming and sudden increases in numbers of citizens to be served. The legislature finds, also, that communities while likely to be impacted are willing and ready via local taxation to do all possible themselves to meet impact requirements, even to the full limits of local taxation tolerance, nevertheless, recognizing the state will be the prime beneficiary of pipeline construction via realization of enormous oil development revenues for the total state, the legislature finds that local impact financial burdens logically should be borne by the state as its investment in those future revenues. It is, therefore, the intent of the legislature, in this measure, to provide a means of quickly and decisively determining specific impact problems and, additionally, for moving quickly and decisively to provide funds, facilities, personnel or other means for quick solutions. Finally, the legislature intends via this legislation to meet local

and state pipeline construction impact problems as quickly and efficiently as possible in manners similar to the handling of disaster impact problems.

Sec. 44.19.583. PIPELINE IMPACT AGENCY. There is created in the office of the governor the Pipeline Impact Agency.

Sec. 44.19.585. DIRECTOR. The Pipeline Impact Agency is administered by a director of pipeline impact. The director is appointed by the governor and serves at the pleasure of the governor.

Sec. 44.19.587. PROGRAM TO ASSIST MUNICIPALITIES DURING PIPELINE CONSTRUCTION. The Pipeline Impact Office shall administer a state program to provide assistance to municipalities which are adversely affected, economically and socially, by pipeline construction.

Sec. 44.19.589. POWERS AND DUTIES. (a) The director shall

(1) advise and assist the governor in developing planning assumptions and a broad preparedness plan with respect to the economic and social impact that will accompany pipeline construction;

(2) advise and assist the governor in developing policies, programs and control systems designed to alleviate the economic and social impact resulting from pipeline construction; and

(3) advise and assist the governor with respect to resolving issues related to pipeline construction impact preparedness responsibilities of state agencies which arise concerning two or more of those agencies.

(b) The director, with the approval of the Legislative Audit Committee may

(1) make loans and grants and purchase evidences of indebtedness with funds from the pipeline impact fund to municipalities economically or socially adversely affected by pipeline construction;

(2) guarantee municipal bonds when a municipality needs to undertake a capital improvement program on an accelerated basis; and

(3) pay (for not more than three years) from the pipeline impact fund a portion of the debt service or interest or both incurred by a municipality for undertaking capital improvements made necessary by pipeline construction.

(c) Grants under (b) (1) of this section shall be made and shall be made only for extraordinary municipal operations expenditures beyond a municipality's capacity to reasonably meet in considering population growth shall be given greater weight than per capita increase in population. Applications for grants

shall be made in a form prescribed by the director. A grant shall be allotted according to an agreement made between the director on behalf of the state and the municipality receiving the grant. The agreement may include any provision agreed upon by the parties and shall include in substance the following provisions:

(1) a schedule of grant disbursements, if, as determined by the director, a grant is to be disbursed other than in one sum;

(2) agreement by the municipality to

(A) proceed with and complete the proposed project or program expeditiously;

(B) not discontinue operation or dispose of all or part of the project or program for which it receives a grant without the approval of the director;

(C) apply for, and make reasonable efforts to secure, federal assistance which may be available for the project or program, subject to any conditions the agency may require in order to maximize the amounts of that assistance received or to be received for all projects or programs in the state;

(3) agreement by the municipality that, if federal assistance for a project or program becomes available to the municipality which was not included in the calculation of the amount of a grant authorized and disbursed under this section, the value of the federal assistance shall be ascertained and subtracted from the total of the project or program and the balance shall be proportionately divided between the state and municipality;

(4) provision for alteration or modification of an approved project or program and for remedies in case of failure to perform the agreement between the parties or noncompliance with regulations promulgated by the director under this section.

(d) If funds appropriated by the legislature to provide loans and grants and purchase evidences of indebtedness under this section are not adequate to satisfy amounts required by approved grant applications, funds shall be allocated on the basis of priority established by the director by regulations promulgated to carry out the provisions of this section.

(e) The director shall provide a quarterly report to the legislature with respect to applications and grants made under this section.

(f) The director shall determine the terms and conditions for making a loan and purchasing an evidence of indebtedness under this section.

g ~~h~~ The director shall defer action on all applications which do not require immediate action until the Ninth State Legislature at which time the director shall submit to the legislature a listing of applications together with his evaluation of the priority and urgency of each request.

Sec. 44.19.591 AUTHORITY TO ACCEPT SERVICE, GIFTS, GRANTS, AND LOANS. When the federal government or an agency or officer of the federal government offers to the state, or through the state to a municipality, services, equipment, supplies, materials, or funds by way of gift, grant, or loan, for the purpose of alleviating the social or economic impact resulting from pipeline construction, the state acting through the director, or the municipality acting through its executive officer or governing body, may accept the offer subject to the terms of the offer and the rules and regulations of the agency making the offer.

Sec. 44.19.592 INITIAL GRANTS TO IMPACT COMMUNITIES. (a) Eligibility Standards.

(1) Grants to carry out the purposes of this Act shall be made to a municipality demonstrating an annual population growth rate in excess of ~~2.9~~ four percent;

(2) The base population for measuring the annual population growth rate for purposes of this section is the population of the municipality on the first day of the quarter of the calendar year during which the construction date of the trans-Alaska pipeline occurs.

(b) Grant Computation and Payment.

? (1) A municipality is eligible for a grant amount under this Act equal to its population growth by June 30, 1975 in excess of the 2.9 percent annual population growth rate standard established under Sec. 2 of this Act multiplied by that percentage which population growth of the municipality in excess of 219 percent bears to total population growth in excess of four percent for all Alaska municipalities multiplied by the sum or \$10,000,000.

(2) Grants may be made quarterly based upon quarterly population estimates with final adjustment to be made on June 30, 1975. Final grant payments shall be withheld until after final adjustments of amounts are made on June 30, 1975.

(c) Prepayments.

(1) A municipality may receive, as a prepayment, up to 50 percent of the amount it will be entitled to under this Act upon certification by the Pipeline Impact Office that the municipality will more likely than not meet the eligibility standards set forth in Subsection (a).

(2) Total prepayments to municipalities made under this section may not exceed \$5,000,000.

(d) Application. Grants under this Act may be made only upon application by a municipality to the Pipeline Impact Office. Each grant application shall state the projected population increase in excess of four percent for the period of July 1, 1974 through June 30, 1975 together with the data upon which the projections are based.

(e) Approval. Grants under this Act shall be made by the Pipeline Impact Office at the direction of the governor subject to approval of the Legislative Budget and Audit Committee.

(f) Population. A municipality shall submit estimated population and population growth figures to the Pipeline Impact Office. These population and population growth figures are subject to review and approval by the Pipeline Impact Office. The decisions of the Pipeline Impact Offices are final as to

(1) population growth figures for the purpose of establishing eligibility under Subsection (a);

(2) population figures for computing grant amounts under Subsection (c) of this Act; or

(3) population figures for computing prepayment amounts under subsection (d).

Sec. 44.19.593. PIPELINE IMPACT FUND. There is the pipeline impact fund created for the purpose of carrying out the provisions of sec. 587(b) of this chapter. The fund consists of all money made available by appropriations of the state legislature, and from other appropriated funds, all contributions from whatever source, and income and interest derived from the investment of money.

Sec. 44.19.595. DEFINITIONS. For purposes of this Act

(1) "construction commencement date" means the date the following occur:

(A) There has been issued to the owner of his agen right-of permits, leases, and title and other rights in lands, and other approvals, permits, licenses and certificates, by federal, state and local agencies that a reasonable and prudent person would consider adeuqate to commence construction of the facilities in the expectation that all other approvals permits, licenses and certificates necessary for the completion of facilities will be obtained;

(B) all approvals, permits licenses and certificates are in full force and effect, unrevoked and without any modification, which might jeopardize the completion or continued construction of the facilities; and

(C) no order, judgement, decree, determination or award of a federal, state or local court or administrative or regulatory agency enjoining, either temporarily or permanently, the construction of the continuation of construction of the facilities is in effect.

2. (2) "municipality" means a general law municipal corporation and political subdivision, which is a first or second class borough or city incorporated under the laws of the state;

(3) "operating expenditures" means personal services, contractual services, travel, commodities and up to \$20,000 per item of equipment except that it does not include any of these items if part of a capital improvement expenditure;

(4) "quarter of a calendar year" means a period beginning January 1, April 1, July 1, and October 1 of a calendar year.

Sec. 44.19.597. REGULATIONS. The Pipeline Impact Office may adopt regulations necessary to carry out the purpose of this Act.

Sec. 44.19.599. EFFECTIVE DATE. This Act takes effect on the day after its passage and approval or on the day it becomes law without approval.

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

Introduced: 2/15/74  
Referred: Community and  
Regional Affairs and  
Finance

BY THE RULES COMMITTEE  
BY REQUEST OF THE  
SPECIAL PETROLEUM  
IMPACT COMMITTEE

1 IN THE SENATE

2 CS for SENATE BILL NO. 382

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act creating the Pipeline Impact Agency; and  
7 providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 44.19 is amended by adding new sections to read:

10 ARTICLE 8. PIPELINE IMPACT AGENCY.

11 Sec. 44.19.581. PURPOSE. The legislature finds that construction  
12 of the trans-Alaska pipeline, from its commencement to completion over  
13 a period of approximately three years, will impose severe to mild  
14 strains on local and state governmental services and facilities. While  
15 the pipeline construction indubitably will, in the long run, mean  
16 immense growth and development to the communities and areas along the  
17 pipeline route, and to those areas coming under direct pipeline con-  
18 struction influence, the legislature further finds that localities most  
19 affected will be unable to cope with the probable impact on facilities  
20 and services brought about by the anticipated overwhelming and sudden  
21 increases in numbers of citizens to be served. The legislature finds,  
22 also, that communities while likely to be impacted are willing and  
23 ready via local taxation to do all possible themselves to meet impact  
24 requirements, even to the full limits of local taxation tolerance,  
25 nevertheless, recognizing the state will be the prime beneficiary of  
26 pipeline construction via realization of enormous oil development  
27 revenues for the total state, the legislature finds that local impact  
28 financial burdens logically should be borne by the state as its invest-  
29 ment in those future revenues. It is, therefore, the intent of the

1 legislature, in this measure, to provide a means of quickly and deci-  
2 sively determining specific impact problems and, additionally, for  
3 moving quickly and decisively to provide funds, facilities, personnel  
4 or other means for quick solutions. Finally, the legislature intends  
5 via this legislation to meet local and state pipeline construction impact  
6 problems as quickly and efficiently as possible in manners similar to  
7 the handling of disaster impact problems. ~~the legislature finds, too,~~  
8 ~~that revenue-sharing formulas on per capita or percentage per capita~~  
9 ~~increase basis are less desirable, less effective, and more costly than~~  
10 ~~the case-by-case approach intended in the legislation. Under the~~  
11 ~~formula approach, provision would have to be made for all probable as~~  
12 ~~well as all possible impact contingencies, some of which may never~~  
13 ~~develop.~~

14 Sec. 44.19.583. PIPELINE IMPACT AGENCY. There is created in the  
15 ~~Department of Community and Regional Affairs~~  
16 ~~office of the governor~~ the Pipeline Impact Agency.

17 Sec. 44.19.585. DIRECTOR. The Pipeline Impact Agency is adminis-  
18 tered by a director of pipeline impact. The director is appointed by  
19 the governor and serves at the pleasure of the governor. The appoint-  
20 ment of the director is subject to confirmation by a majority of the  
21 members of the legislature in joint session.

22 Sec. 44.19.587. PROGRAM TO ASSIST MUNICIPALITIES DURING PIPELINE  
23 CONSTRUCTION. The Pipeline Impact Agency shall administer a state  
24 program to provide assistance to municipalities which are adversely  
25 affected, economically and socially, by pipeline construction.

26 Sec. 44.19.589. POWERS AND DUTIES. (a) The director shall

27 (1) advise and assist the governor in developing planning  
28 assumptions and a broad preparedness plan with respect to the economic  
29 and social impact that will accompany pipeline construction;

(2) advise and assist the governor in developing policies,

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programs and control systems designed to alleviate the economic and social impact resulting from pipeline construction; and

(3) advise and assist the governor with respect to resolving issues related to pipeline construction impact preparedness responsibilities of state agencies which arise concerning two or more of those agencies.

(b) The director, with the approval of the Special Legislative Pipeline Impact Review Committee ~~(as provided for in secs. 595-605 of this chapter)~~, may

(1) make loans and grants and purchase evidences of indebtedness with funds from the pipeline impact fund to municipalities economically or socially adversely affected by pipeline construction;

(2) guarantee municipal bonds when a municipality needs to undertake a capital improvement program on an accelerated basis; and

(3) pay (for not more than three years) from the pipeline impact fund a portion of the debt service or interest or both incurred by a municipality for undertaking capital improvements made necessary by pipeline construction.

(c) <sup>(4)</sup> Grants under (b)(1) of this section shall be made ~~on the~~

~~basis of percentage increase in population and not on the basis of per capita increase in population~~ Applications for grants shall be made in a form prescribed by the director. A grant shall be allotted according to an agreement made between the director on behalf of the state and the municipality receiving the grant. The agreement may include any provision agreed upon by the parties and shall include in substance the following provisions:

(1) a schedule of grant disbursements, if, as determined by the director, a grant is to be disbursed other than in one sum;

(2) agreement by the municipality to

*Insert #1*  
*Insert #2*

1 (A) proceed with and complete the proposed project  
2 or program expeditiously;

3 (B) not discontinue operation or dispose of all or  
4 part of the project or program for which it receives a grant with-  
5 out the approval of the director;

6 (C) apply for, and make reasonable efforts to secure,  
7 federal assistance which may be available for the project or  
8 program, subject to any conditions the agency may require in  
9 order to maximize the amounts of that assistance received or to  
10 be received for all projects or programs in the state;

11 (3) agreement by the municipality that, if federal assistance  
12 for a project or program becomes available to the municipality which  
13 was not included in the calculation of the amount of a grant authorized  
14 and disbursed under this section, the value of the federal assistance  
15 shall be ascertained and subtracted from the total value of the project  
16 or program and the balance shall be proportionately divided between  
17 the state and municipality;

18 (4) provision for alteration or modification of an approved  
19 project or program and for remedies in case of failure to perform the  
20 agreement between the parties or noncompliance with regulations promul-  
21 gated by the director under this section.

22 (d) If funds appropriated by the legislature to provide loans and  
23 grants and purchase evidences of indebtedness under this section are  
24 not adequate to satisfy amounts required by approved grant applications,  
25 funds shall be allocated on the basis of priority established by the  
26 director by regulations promulgated to carry out the provisions of this  
27 section.

28 (e) The director shall provide a quarterly report to the legisla-  
29 ture with respect to grants made under this section.

1 (f) The director shall determine the terms and conditions for  
2 making a loan and purchasing an evidence of indebtedness under this  
3 section.

4 *607*  
5 Sec. 44.19.~~599~~. AUTHORITY TO ACCEPT SERVICE, GIFTS, GRANTS, AND  
6 LOANS. When the federal government or an agency or officer of the  
7 federal government offers to the state, or through the state to a  
8 municipality, services, equipment, supplies, materials, or funds by  
9 way of gift, grant, or loan, for the purpose of alleviating the social  
10 or economic impact resulting from pipeline construction, the state  
11 acting through the director, or the municipality acting through its  
12 executive officer or governing body, may accept the offer subject to  
13 the terms of the offer and the rules and regulations of the agency  
14 making the offer.

15 *607*  
16 Sec. 44.19.~~599~~. PIPELINE IMPACT FUND. There is the pipeline  
17 impact fund created for the purpose of carrying out the provisions of  
18 sec. 587(b) of this chapter. The fund consists of all money made  
19 available by appropriations of the state legislature, and from other  
20 appropriated funds, all contributions from whatever source, and income  
21 and interest derived from the investment of money.

22 *701*  
23 Sec. 44.19.~~599~~. SPECIAL LEGISLATIVE PIPELINE IMPACT REVIEW COM-  
24 MITTEE. There is established the Special Legislative Pipeline Impact  
25 Review Committee composed of three members of the senate appointed by  
26 the president of the senate and three members of the house of represen-  
27 tatives appointed by the speaker of the house. The committee shall  
28 select its own chairman.

29 *703*  
30 Sec. 44.19.~~599~~. TERM OF MEMBERSHIP. The committee shall be  
organized within 15 days after the organization of each legislature.  
Members serve for the duration of the legislature during which they  
are appointed. If they are reelected or their term of office extends

Insert  
# 3

1 into the next succeeding legislature, they continue to serve until  
2 reappointed or the appointment of their successor.

3 Sec. 44.19.<sup>705</sup>~~599~~. VACANCIES. When a vacancy occurs in the member-  
4 ship of the committee, the presiding officer of the house incurring  
5 the vacancy shall choose a successor. If the office of the president  
6 of the senate or speaker of the house of representatives becomes  
7 vacant and a vacancy from the affected house occurs among the member-  
8 ship of the committee, the remaining committee members from the house  
9 incurring the vacancy shall appoint a new member.

10 Sec. 44.19.<sup>707</sup>~~601~~. MEETINGS. (a) The committee may meet during  
11 sessions of the legislature and during the interim between sessions at  
12 such times and places in the state as the chairman may determine.  
13 Members may receive, for the minimum time required to get to and from  
14 meetings and for the period while attending meetings, the same travel  
15 and per diem allowances provided by law for members of the legislature  
16 when attending sessions, except that members of the committee receive  
17 no per diem during legislative sessions other than the per diem allow-  
18 ance paid to other members of the legislature.

19 (b) The members of the committee can validly conduct a meeting  
20 and vote by communicating simultaneously with each other by means of  
21 conference telephones or similar communications equipment.

22 (c) A majority of the members of the committee constitute a  
23 quorum for the purpose of carrying out its duties under sec. <sup>707</sup>~~608~~ of  
24 this chapter.

25 Sec. 44.19.<sup>707</sup>~~603~~. DUTIES OF COMMITTEE. The committee shall review  
26 and approve or disapprove, in whole or in part, the decisions made  
27 by the Pipeline Impact Agency ~~under sec. 589(b) of this chapter.~~

28 Sec. 44.19.<sup>801</sup>~~609~~. DIVISION OF LEGISLATIVE FINANCE ASSISTANCE. The  
29 division of legislative finance shall cooperate with the committee and

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shall furnish technical assistance and personnel, if available, upon request.

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

*Insert  
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1  
2 (4) allow <sup>to</sup> A community may  
3 borrow from the fund to cover immediate impact needs in antici-  
4 pation of tax revenues, grants under this act, federal grants, or  
5 other revenue sources;

6 (b) <sup>paragraph</sup> Loans under this ~~section~~ may be granted upon application  
7 and the passage by the local governing body of an ordinance author-  
8 izing the borrowing. The ordinance shall specify the anticipated  
9 revenue sources and provide for a pledge of the revenues to the  
10 repayment of the loans;

11 (c) <sup>paragraph</sup> Loans under this section shall require concurrence of  
12 the Special Legislative Pipeline Impact Review Committee and shall  
13 include the following terms:

14 (1) <sup>A</sup> The loan shall bear interest at a rate not to  
15 exceed six per cent a year.

16 (2) <sup>B</sup> No interest may be charged for the first three  
17 years of the loan or until January 1, 1978, whichever is sooner.

18 (3) <sup>C</sup> If the loan or any part of it is not repaid or  
19 otherwise extinguished before the date of commencement of interest,  
20 repayment shall be made in equal semi-annual installments, including  
21 interest, starting six months following the commencement of inter-  
22 est. The payments schedule shall provide for full payment of the  
23 loan over a period of not more than 20 years.

1        INSERT # 2

2        ~~ONLY FOR EXTRA~~ only for extraordinary municipal operations expendi-  
3        tures ~~XXXX~~ beyond a municipality's capacity to reasonably meet in  
4        considering population growth shall be given greater weight than per  
5        capita increase in population.

*Insert # 3*

*((forget underlining))*

*44.19.591*

\* Sec. 2. ELIGIBILITY STANDARDS. (a) Grants to carry out the

purposes of this <sup>*Chapter*</sup> Act may be made to a municipality demonstrating

(1) an annual population growth rate in excess of its average annual growth rate for the period April 1, 1970, through July 1, 1973;

(2) extraordinary municipal operating expenditures beyond its capability to reasonably meet from growth in receipts from present municipal revenue sources; and

(3) that both (1) and (2) of this subsection can be directly attributed to the impact of construction of the trans-Alaska pipeline.

(b) The base population for measuring the annual population growth rate for purposes of this section is the population of the municipality on the first day of the quarter in which the effective

*44.19.593*

\* Sec. 3. GRANT COMPUTATION AND PAYMENT. (a) A municipality is

eligible for a grant amount under this <sup>*Chapter*</sup> Act equal to its population growth by June 30, 1975 in excess of the average annual population growth rate standard established under sec. <sup>*591*</sup> 2 of this <sup>*Chapter*</sup> Act multiplied by its per capita general fund expenditures, excluding expenditures for education, capital outlay and debt service, for the last complete fiscal year preceding the effective date of this Act.

(b) A municipality incorporated after the effective date of this Act is eligible for a grant amount under this <sup>*Chapter*</sup> Act equal to its population growth by June 30, 1975 in excess of the average annual population growth rate standard established under sec. <sup>*591*</sup> 3 of this <sup>*Chapter*</sup> Act multiplied by its per capita general fund expenditures, excluding expenditures for education, capital outlay and debt service, for its fiscal year budget.

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 2 (c) Total grants under this ~~Act~~ <sup>Chapter</sup> to a municipality with a  
 3 population of 10,000 persons or more on the first day of the quarter  
 4 in which ~~the effective date of this Act falls~~ <sup>this Act takes effect</sup> may not exceed \$250  
 5 per capita of the population growth in excess of the average annual

6  
 7 population growth rate standard established under sec. ~~2~~ <sup>591</sup> of this ~~Act~~ <sup>Chapter</sup>.  
 8 Total grants under this Act to a municipality with a population  
 9 under 10,000 persons on the first day of the quarter in which ~~the~~ <sup>this Act takes effect</sup>  
 10 ~~effective date of this Act falls~~ may not exceed \$400 per capita of  
 11 the population growth in excess of the average annual population  
 12 growth rate standard established under sec. ~~2~~ <sup>591</sup> of this ~~Act~~ <sup>Chapter</sup>.

13 (d) The base population for measuring the per capita general  
 14 fund expenditures for purposes of this section is the population  
 15 of the municipality on the first day of the quarter in which ~~the~~ <sup>Act</sup> ~~effective date of this Act falls~~ <sup>this takes effect</sup>.  
 16 ~~effective date of this Act falls~~.

17 (e) Grants may be made quarterly based upon quarterly population  
 18 estimates with final adjustment to be made on June 30, 1975. Final  
 19 grant payments shall be withheld until after final adjustments of  
 20 amounts are made on June 30, 1975.

21 \* <sup>44.19.</sup> Sec. ~~595~~ PREPAYMENTS. (a) A municipality may receive, as a pre-  
 22 payment, up to 50 per cent of the amount it will be entitled to  
 23 under this ~~Act~~ <sup>Chapter</sup> upon certification by the ~~Department of Community and~~ <sup>Agency</sup>  
 24 ~~Regional Affairs~~ that the municipality will more likely than not meet  
 25 the eligibility standards set forth in sec. ~~2~~ <sup>591</sup> of this ~~Act~~ <sup>Chapter</sup>.

26 (b) Total prepayments to municipalities made under this section  
 27 may not exceed \$5,000,000.  
 28  
 29

44.19.597

\* Sec. 5. APPLICATION. (a) Grants under this Act may be made only

upon application by a municipality to the ~~Department of Community and Regional Affairs~~ <sup>agency</sup>. Each grant application shall state the essential/municipal services for which the grant will be expended. A prepayment grant application may be submitted at any time after the effective date of this Act.

(b) No grant may be expended for purposes other than those specified in the application.

44.19.599

\* Sec. 7. ACCOUNTABILITY FOR GRANTS. (a) A municipality shall submit

a financial report covering the expenditure of any grant already received under this ~~Act~~ <sup>chapter</sup> to the ~~Department of Community and Regional Affairs~~ <sup>agency</sup> before another grant may be received under this ~~Act~~ <sup>chapter</sup>.

(b) A municipality receiving grants under this Act shall

(1) maintain a separate account for the grants received under this ~~Act~~ <sup>chapter</sup>;

(2) provide for an annual independent audit of the separate account for the grants received under this ~~Act~~ <sup>chapter</sup>; and

(3) submit a copy of the independent audit report to the ~~Department of Community and Regional Affairs~~ <sup>agency</sup>.

44.19.601

\* Sec. 8. APPROVAL. Grants under this ~~Act~~ <sup>chapter</sup> shall be made by the ~~Department of Community and Regional Affairs~~ <sup>Director</sup>

~~at the direction of the governor~~ <sup>Special Legislative Topics Impact Review</sup> subject to approval of the ~~Legislative Budget and Audit Committee~~.

44.19.603

\* Sec. 9. POPULATION. A municipality shall submit estimated population

and population growth figures to the ~~Department of Community and Regional Affairs~~ <sup>agency</sup>. These population and population growth figures are subject to review and approval by the ~~Department of Community and Regional Affairs~~ <sup>agency</sup>. The decisions of the ~~Department of Community and Regional Affairs~~ <sup>agency</sup> are final as to

1 (1) population growth figures for the purpose of estab-  
2 lishing eligibility under sec. <sup>591</sup> of this <sup>chapter</sup> Act;

3 (2) population figures for computing grant amounts under  
4 sec. <sup>593</sup> of this <sup>chapter</sup> Act; and

5 (3) population figures for computing prepayment amounts  
6 under sec. <sup>595</sup> of this <sup>chapter</sup> Act.

7  
8 # Sec. <sup>44,19,605</sup> REGULATIONS. The <sup>agency</sup> Department of Community and Regional  
9 Affairs may adopt regulations necessary to carry out the purpose of  
10 this Act.

11  
12 *Insert # 4*

13 \* Sec. 44,19,803. Definitions. In this chapter

14 (1) "agency" means the Triplicane Ins-  
15 pection Agency;

16 (2) "population" means non-milita. population;

17 (3) "municipality" means a home rule municipality or a  
18 general law municipal corporation and political subdivision, which  
19 is a first or second class borough or city incorporated under the  
20 laws of the state;

21 (4) "operating expenditures" means personal services, con-  
22 tractual services, travel, commodities and up to \$20,000 per item of  
23 equipment except that it does not include any of these items if part  
24 of a capital improvement expenditure;

25 (5) "quarter" means a period beginning January 1, April 1,  
26 July 1 and October 1 of a calendar year.

TRENDS IN MAJOR LOCAL GOVERNMENT REVENUE SOURCES, 1969-1973

<u>CITY OF ANCHORAGE</u>	<u>GENERAL PROPERTY TAX REVENUES</u>	<u>INTERGOVERNMENTAL REVENUES</u>
1969	\$ 4,748,378	\$ 936,053
1973	6,865,940	5,809,078
CHANGE:	+ \$ 2,117,562	+ \$ 4,873,025
	or + <u>44.6%</u>	or + <u>520.6%</u>

<u>CITY OF FAIRBANKS</u>	<u>GENERAL PROPERTY TAX REVENUES</u>	<u>INTERGOVERNMENTAL REVENUES (STATE)</u>
1969	\$ 1,137,380	\$ 263,414
1973(est.)	2,242,694	928,200
CHANGE:	+ \$ 1,105,314	+ \$ 664,786
	or + <u>97.2%</u>	or + <u>252.4%</u>

<u>FAIRBANKS NORTH STAR BOROUGH</u>	<u>GENERAL PROPERTY TAX REVENUES</u>	<u>INTERGOVERNMENTAL REVENUES (STATE)</u>
1969	\$ 2,747,000	\$ 5,304,000
1972	1,504,000	11,817,000
CHANGE:	- \$ 1,243,000	+ \$ 6,513,000
	or - <u>45.2%</u>	or + <u>122.8%</u>

<u>GREATER ANCHORAGE AREA BOR.</u>	<u>GENERAL PROPERTY TAX REVENUES</u>	<u>INTERGOVERNMENTAL REVENUES</u>
1969	\$15,830,776	\$17,489,311
1973	23,170,894	46,839,037
CHANGE:	+ \$ 7,340,118	+ \$29,349,726
	or + <u>46.4%</u>	or + <u>167.8%</u>

<u>CITY OF VALDEZ</u>	<u>REAL PROPERTY TAX REVENUES</u>	<u>INTERGOVERNMENTAL REVENUES</u>
1969	\$ 96,361	\$ 14,361
1973	172,274	163,269
CHANGE:	+ \$ 75,913	+ \$ 148,905
	or + <u>78.8%</u>	or + <u>1036.9%</u>

LOCAL PROPERTY TAX AND REVENUE TRENDS: 1969-1973

	<u>ASSESSED VALUATION</u>	<u>MILL RATE</u>	<u>GENERAL PROPERTY TAX REVENUE</u>	<u>INTERGOV. REVENUE</u>
CITY OF ANCHORAGE	+ 81.1%	- 21.0%	+ 46.6%	+ 520.6%
CITY OF FAIRBANKS	+ 75.0%	+ 25.0%	+ 97.2%	+ 252.4% <sup>2</sup>
FAIRBANKS NORTH STAR BOR. <sup>1</sup>	+ 90.0%	- 61.4%	- 45.2%	+ 122.8% <sup>2</sup>
GREATER ANCHORAGE AREA BOR.	+109.5%	- 18.0%	+ 46.4%	+ 167.8%
CITY OF VALDEZ	+509.3%	no change	+ 78.8%	+1036.9%

<sup>1</sup>For the period 1969-1972.

<sup>2</sup>State intergovernmental revenues only.

HOUSE BILL 505  
MUNICIPAL ASSISTANCE FUND  
ESTIMATED ELIGIBILITY

	Population Estimates		1973 General Fund Expenditure	1973 Per Capita General Fund Expenditure	Estimated Municipal Assistance
	1/1/74	6/30/75			
Anchorage City	55,050	63,920	\$13,101,268	\$238	\$1,325,000
Delta Junction	703	1,100	33,510	48	17,700
Fairbanks City	18,685	25,833	4,789,000	256	1,507,000
Fairbanks North Star Borough	35,240	53,110	2,200,000 (est.)	62	975,000
Greater Anchorage Area Borough	125,500	150,800	15,414,192	123	2,186,000
North Pole	265	500	66,444 (1972)	250	56,000
North Slope Borough	3,384	4,570	790,124	233	245,000
Valdez	1,174	5,500	520,871	444	1,702,400

When available, population estimates were taken from or interpolated from estimates presented in local government impact statements. Fiscal data is calculated from the financial reports of the municipalities.

Department of Community and Regional Affairs

# STATE OF ALASKA

**DEPT. OF COMMUNITY & REGIONAL AFFAIRS**

DIVISION OF COMMUNITY  
PLANNING

WILLIAM A. EGAN, GOVERNOR

POUCH B-JUNEAU 99801

March 6, 1974

The Honorable Selwyn Carrol  
Chairman, House Community and  
Regional Affairs Committee  
House of Representatives  
Juneau, Alaska 99801

Dear Representative Carrol:

You have requested us to prepare an estimate of municipal assistance eligibility amounts authorized by the House Community and Regional Affairs committee substitute for House Bill 505.

The two revisions in CSHB 505 affecting the municipal eligibility amounts are:

- a) the reduction of the annual growth rate threshold to 2.9 percent; and
- b) the broadening of eligibility standards to encompass municipalities experiencing accelerated population growth in general rather than population growth directly attributable to pipeline construction.

In the brief time available, we have not been able to assemble the municipal budget data needed to calculate eligibility amounts for the additional local jurisdictions that might qualify for assistance under the broadened eligibility standard.

However, we would offer the following information for the consideration of the Committee.

Applying the 2.9 percent growth rate threshold to the eight major pipeline-impacted jurisdictions for which municipal budget data is readily available, we estimate the following municipal assistance eligibility amounts under CSHB 505:

City of Anchorage	\$1,541,050
Delta Junction	17,568
City of Fairbanks	1,583,750
Fairbanks North Star Borough	1,012,894
Greater Anchorage Area Borough	2,440,443
North Pole	55,750

The Honorable Selwyn Carrol

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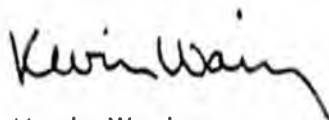
March 6, 1974

North Slope Borough	242,087
Valdez	<u>1,710,000</u>
Subtotal	\$1,952,087

We would also note that the above jurisdictions account for more than 50 percent of the State's present population, and will account for the great bulk of population growth in the State in the next sixteen months. Subject to an opportunity to calculate in full detail the fiscal effect of the CSHB 505's revisions, we would offer a "guesstimate" that the maximum estimated municipal assistance eligibility under CSHB 505 would be in the vicinity of \$10,000,000.

We hope this information is useful for the immediate purposes of the Committee. We will be pleased to respond in greater detail in the near future, if the Committee desires.

Sincerely,



Kevin Waring  
Director

KW: me

Selected Small Communities

POPULATION CHANGE

1970 - 1973

	<u>1970 Census</u>	<u>July 1, 1973</u>	<u>% Change</u>
Anaktuvak Pass	99	125	+26%
Barrow	2,104	2,307	+10%
Copper Center*	206	206	-
Delta Junction	703	703	-
Fort Yukon	448	637	+42%
Gakona*	88	88	-
Glennallen*	363	407	+12%
Gulkana*	53	53	-
Haines City	463	1,093	+136%
Haines Borough	1,351	1,758	+30%
Mentasta Lake*	68	68	-
North Pole	265	265	-
Stevens Village*	74	73	-1%
Tok*	214	214	-
Valdez	1,005	1,106	+10%

\*These communities are unincorporated and do not, as of January 1974, provide any municipal services except fire protection.

DEPARTMENT OF COMMUNITY  
AND REGIONAL AFFAIRS

February 14, 1974