

"An Act authorizing special temporary state financial assistance to the Eagle River-Chugiak Borough; and providing for an effective date."

COMMITTEE REPORT

3/5/75

HOUSE

Mr. Speaker:

Date

Mar 7, 1975

The Committee on Finance has had HB 263

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)

recommends it BE REPLACED WITH CS FOR HB 263 AND THAT

CS FOR HB 263 DO PASS

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____

Members NOT concurring in the Majority report:

<u>[Signature]</u>	recommends: <u>no rec</u>
<u>[Signature]</u>	recommends: <u>no rec</u>
_____	recommends:
_____	recommends:
_____	recommends:

[Signature] Chairman

Original sponsor: Finance Committee

IN THE HOUSE

BY THE FINANCE COMMITTEE

CS FOR HOUSE BILL NO. 263

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act authorizing special temporary state financial assistance to the Eagle River-Chugiak Borough; and providing for an effective date."

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

* Section 1. LEGISLATIVE FINDING. Because of the pendency of litigation challenging the incorporation of the Eagle River-Chugiak Borough, the borough has been restricted in its ability to secure revenues for the organization and conduct of borough functions as contemplated under ch. 145, SLA 1974. This Act is directed at that special circumstance affecting the Eagle River-Chugiak Borough and is intended to provide temporary financial assistance enabling the borough to proceed with organization, planning and preparation to assume the powers of a second class borough.

* Sec. 2. FINANCIAL ASSISTANCE TO EAGLE RIVER-CHUGIAK BOROUGH. (a) Other provisions of law notwithstanding, the Department of Community and Regional Affairs may provide financial assistance to the Eagle River-Chugiak Borough enabling the borough to proceed with organization, planning and preparation to assume the powers of a second class borough, and for that purpose including but not limited to assistance with costs of general administration, legal and financial costs, and costs related to planning, platting and zoning functions.

(b) Payments under (a) of this section may be made under agreements entered into by the department and the Eagle River-Chugiak Borough, and other necessary parties, and providing terms, conditions and limitations which the commissioner of community and regional affairs considers necessary to carry

1 out the purpose of this Act.

2 (c) No agreement encumbering money under this section may be made after
3 June 30, 1975.

4 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
5 070(c).

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Introduced: 3/5/75
Referred: Finance

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 HOUSE BILL NO. 263

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing special temporary state financial
7 assistance to the Eagle River-Chugiak Borough; and pro-
8 viding for an effective date."

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

10 * Section 1. LEGISLATIVE FINDING. Because of the pendency of litigation
11 challenging the incorporation of the Eagle River-Chugiak Borough, the borough
12 has been restricted in its ability to secure revenues for the organization and
13 conduct of borough functions as contemplated under ch. 145, SLA 1974. This
14 Act is directed at that special circumstance affecting the Eagle River-Chugiak
15 Borough and is intended to provide temporary financial assistance enabling the
16 borough to proceed with organization, planning and preparation to assume the
17 powers of a second class borough.

18 * Sec. 2. FINANCIAL ASSISTANCE TO EAGLE RIVER-CHUGIAK BOROUGH. (a) Other
19 provisions of law notwithstanding, the Department of Community and Regional
20 Affairs may use money in the special municipal services account (AS 43.18.020
21 which exceeds the amount required for allocations under AS 43.18.010 for the
22 fiscal year ending June 30, 1975, to provide financial assistance to the
23 Eagle River-Chugiak Borough enabling the borough to proceed with organization
24 planning and preparation to assume the powers of a second class borough, and
25 for that purpose including but not limited to assistance with costs of general
26 administration, legal and financial costs, and costs related to planning,
27 platting and zoning functions.

28 (b) Payments under (a) of this section shall be grants and shall be
29 made under agreements entered into by the department and the Eagle River-

1 Chugiak Borough, and other necessary parties, and providing terms, conditions
2 and limitations which the commissioner of community and regional affairs
3 considers necessary to carry out the purpose of this Act.

4 (c) No agreement encumbering money under this section may be made after
5 June 30, 1975.

6 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
7 070(c).

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. HE 263

Title: "Temporary State financial assistance to the Eagle River - Chugiak Borough"

Requested by: House Finance Date: March 5, 1975

Return Date Requested: March 6 1975

Agency: Community and Regional Affairs Program: Development

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Municipal Services Revenue Sharing

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	71.6					
TOTAL	71.6					

B. FUNDING: (Thousands of dollars)

GENERAL FUND	71.6					
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

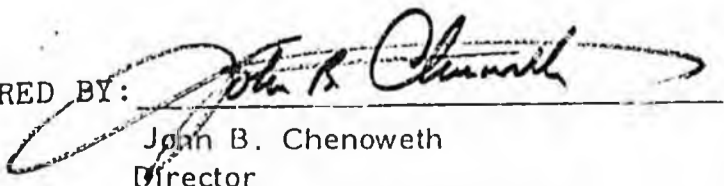
III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See attached

IV. ATTACHMENTS

V. DATE: March 6, 1975

PREPARED BY:


John B. Chenoweth
Director

Local Government Assistance

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

JAY S. HAMMOND, Governor

POUCH B-JUNEAU 99801

March 6, 1975

The Honorable Sam Cotten
Alaska State House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Mr. Cotten:

In your consideration of alternative approaches to secure interim financial assistance for the Chugiak-Eagle River Borough, you have asked for our comments with respect to the more significant expenses likely to be encountered by that municipality before July 1, 1975, that is, during the period of transition.

We are not familiar with specific elements or concerns of Borough officials and do not presume that our observations are in full accord with projected expenses that have been identified by Mayor Lee Jordan. From information which the Mayor has provided to you and to the several legislative committees in recent weeks, we suggest that the remaining months of the current fiscal year would see Borough officials principally involved with problems of transition and succession, including, especially, attending the development and adoption of an FY 76 budget, assumption of at least one mandatory areawide function, review and comment upon the projected division of assets and liabilities of the Greater Anchorage Area Borough affecting the municipality, and continued active participation in the legal challenge to the Borough's incorporation.

At your request, we have attempted to estimate the minimal costs of these several interim concerns.

Education is a mandatory function of all boroughs and has the greatest call upon locally-generated tax revenues. While current year school programs remain the responsibility of the GAAB and assumption of the function by the Chugiak-Eagle River Borough in advance of July 1 is unlikely, planning for full operation is essential. The Borough School District has indicated a willingness to retain, under contract, the services of a consultant, a former associate superintendent of the Anchorage school system, in order to respond to the principal problem of the School District's transition, the preparation of the District's FY 76 operating budget and timely submission of the document to the Borough Assembly. The projected cost of the consultant's services in budget preparation and submission for a fifteen week period (March 15 - June 30, 1975), based upon figures furnished by the Mayor is \$ 9,750., that is, \$ 650. per week.

Additionally, the Mayor cites the need to address related educational matters, including, notably, organization of the district, teacher employment and salary negotiations, retention of necessary support personnel, ordering of textbooks

and other supplies, and the like. His estimate of the cost of these services, provided under separate contract for the period, is \$ 10,000, an estimate which we suggest is not unreasonable.

Borough officials have identified the need for a permanent finance officer to establish basic bookkeeping and accounting systems, to develop a staff and work program, to prepare the FY 76 general government budget, and to coordinate fiscal problems attending transition and succession with officials of the Greater Anchorage Area Borough. An annual salary of \$ 30,000 for that individual has been suggested by Mayor Jordan. For the three-and-one-half month period to the end of the current fiscal year, \$ 8,750 would be required.

Costs of legal services, including especially representation in litigation challenging the Borough's incorporation and probable involvement in the review of suggested allocation of the assets and liabilities of the Greater Anchorage Area Borough must be considered. Mayor Jordan advises that legal fees have averaged \$ 3,000/month since the inception of the Borough. Projecting the average monthly cost, we suggest \$ 10,500 to meet attorney's expenses.

Borough officials have expressed interest in formal assumption of planning and related responsibilities not later than May 1, that pending subdivision approval requests and related matters involving land use may be timely handled. It is understood that GAAB officials will probably not concern themselves with matters involving land within the Chugiak-Eagle River Borough after that date, anticipating vesting of responsibility for such concerns in the latter not later than July 1. Staff of the Department's Division of Community Planning have suggested the following estimates of expenses for the planning responsibility during the interim period:

Planning director		
\$ 24,000/year	2 months	\$ 4,000
Clerical support		
\$ 10,320/year	2 months	1,720

The total is \$ 5,720. Significant tasks of the planning director during the transition period would include review of current ordinances and regulations of the GAAB, transfer and review of land related matters now, or hereafter, docketed or pending before the GAAB, implementation of initial mapping operations, and addressing the new municipality's comprehensive plan development.

It is suggested that, because of the imminent construction of roads and the necessity to undertake sewer extension construction in conjunction, Borough officials should consider employment of a public works director or superintendent. Foremost among this individual's several concerns would be implementation of a plan whereby the existing sewer system could be extended. He would of necessity also concern himself with operation of the current system upon termination of the GAAB's direct responsibilities. At an annual salary rate comparable to that of the planning director, for a like period, an additional \$ 4,000 would be required.

March 6, 1975

The Borough has employed a borough clerk at a salary of \$ 1000/month. The Mayor has advised of a need for funds to retain that position after March 31. For the three month period to June 30, the cost would be \$ 3,000.

Related clerical and bookkeeping services, not less than three anticipated positions, should be covered by CETA funds reallocated by the Greater Anchorage Area Borough from its entitlement.

Benefits for salaried employees for the period should approximate \$ 4,000.

Office space and utility requirements, 1500 square feet of working space at 75 cents per square foot per month for a three month period should claim an additional \$ 3,375.

Miscellaneous office expenses -- furniture, consumable supplies, reference materials, telephone -- may claim an additional \$ 6,000.

Provision should be made for a small travel budget -- \$ 750. is suggested -- to recognize that staff may be required to consult with state officials on one or more projects during the transition period. Additionally, there is a cost of recruiting and advertising for personnel, which we would estimate to be another \$ 750.

Consideration should be given, also, to a small contingency fund from which to meet costs not noted, or inaccurately estimated, herein. Examples might include assembly, school board or mayoral expenses, publishing costs, and other services the need for which becomes apparent only as the Borough becomes more involved in problems of transition. Five thousand dollars is suggested as a reserve for this purpose.

The sum of the estimates provided herein is \$ 71,595.

May I respectfully suggest that you confirm the information and estimates with Mayor Jordan.

Sincerely,

Lee McAnerney
Commissioner

by: _____
John B. Chenoweth
Director

CHUGIAK - EAGLE RIVER BOROUGH

BUDGET for the period March 6, to June 30, 1975.

ORGANIZATION OF THE SCHOOL DISTRICT

\$19,750

Consultant +

Includes administrative and accounting procedures.

BOROUGH OFFICIALS

Finance Director 8,750

Public Works Director 4,000

Planning Director 4,000

Borough Clerk 3,000 ✓

Clerical Support *Additional* 1,720

or to be reimb?

FEES

10,500

EXPENSES

Office Space 3,375 ✓

Office Equipment and Supplies 6,000 ✓

Employee Benefits 4,000 ✓

Travel and Per Diem 750 ✓

Recruitment and Advertising 750 ✓ *25*

contingency

5,000 ✓

TOTAL

\$71,595

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

JAY S. HAMMOND, Governor

POUCH B - JUNEAU 99891

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