

HB

857



Alaska State Legislature

House of Representatives

Committee on State Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

M E M O R A N D U M

March 20, 1978

SUBJECT: March 2nd teleconference with the New Capital
Site Planning Commission

TO: Senator Ed Willis, Chairman
and Senate State Affairs Committee

FROM: Representative Bob Bradley, Chairman
House State Affairs Committee *RB*

Attached you will find the transcript from the March 2, 1978 teleconference with Anchorage, Ketchikan, Fairbanks, Nome and Bethel.

Some very good questions arose in the testimony, so I had the proceedings transcribed to help all of us in critiquing the legislation over the next couple of weeks.

Hope you will find this helpful.



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TRANSCRIPT OF TELECONFERENCE HEARING CAPITAL RELOCATION FINANCIAL PLAN

HOUSE BILL 857

March 2, 1978
Juneau, Alaska

COORDINATOR:

I am Peter Frometh teleconference network coordinator. I want to welcome you to the second video conference of this legislative session. The subject of today's video conference will be a hearing before the House State Affairs Committee on the subject of the Capital Relocation Financial Plan. During these hearings remote site participants will have the opportunity to address questions or enter discussion or bring testimony before the committee and before the Capital Planning Site Commission on the subject of the Capital Relocation Financing Plan and the accompanying legislation, House Bill -- the empowering legislation, House Bill 857. Before we begin I'd like to remind all those of you who are participating that a teleconference is designed to serve the ends and accommodate the conventions of a traditional committee hearing. That is to say all discussion whether testimony or question and answer or discussion between committee members, members of the commission and remote participants shall be initiated at the discretion of Chairman Bradley. Any questions subsequent to testimony, once again, will follow Chairman Bradley's recognition of a committee member or a remote site participant. We have, I understand, 10 to 20 people who are interested in testifying today. Because the subject at hand is rather a cumbersome one, we ask you to confine testimony to approximately 5 minutes and confine your remarks as much as possible to the issue at hand. Chairman Bradley's indicated he's ready to begin so I'll turn the mike over to Chairman Bradley now.

CHAIRMAN BRADLEY:

Thank you. On behalf of the Alaska State Legislature, specifically the House of Representatives, this committee and the Capital Site Planning Commission welcomes you and thanks you for your attention. I'd like to introduce the Capital Site Planning Commission Chairman, Vice-Chairman and designee for the Mayor of Juneau at this time and then introduce the committee members, then we'll go back to the Capital Planning Commission itself -- for all of you, House Bill 857, any subsequent remarks of the individuals from the Capital Planning Commission wish to make. At this time I'd like to introduce the

Chairman of the Capital Planning Commission, Chuck Behlke; the Vice-Chairman, Arliss Sturgulewski and the commission member who is the designee of the mayor of the municipality of Juneau, Bill Corbus. Mr. Corbus is from Juneau, Chuck Behlke's from Fairbanks, Arliss Sturgulewski's from Anchorage. And following on down the members of the committee -- to my left is the Vice-Chairman of the House State Affairs Committee, the only member on the House State Affairs Committee not from the community of Anchorage, the jurisdiction of Anchorage, Al Nakak, Representative from Nome; following on down, Representative Joe McKinnon from Anchorage; Representative Bill Miles from Anchorage; Representative Kris Lethin from Anchorage; Representative Tim Kelly from Anchorage. And at this time we'll turn approximately 20 minutes over to the Capital Site Planning Commission, Commissioners, to explain an overview of the process in designing and planning for the new capital city at Willow. Chairman Behlke.

MR. BEHLKE:

Thank you. Prior to looking at and discussing the financial plan, I'll spend several minutes giving you an overview of what the commission has done here so that you can understand where we're coming from and what we've attempted to achieve. I want to point out first, that there were 9 voting members of the Capital Site Planning Commission and there were several ex officio members from State Government and 2 ex officio members from the State Legislature, Senator Ed Willis and Senator Bradley, who's the Chairman of this meeting today. These people have sat in on Capital Planning Commission meetings, they've worked with the Capital Planning Commission, they've served on subcommittees and so on and have except for the vote worked virtually as hard as any of us have. And I can assure you that we've all worked very hard.

At the beginning of the process and this began for us on June 23rd of last year, the Commission determined that it did not wish to turn the job of planning the new capital over to a single consultant firm. We felt that this would not give us the options and so on that we desired. We each wanted to be involved in the process. We wanted to have options to consider, to be able to debate, to work through and to choose from. We recognized that to do this it would be absolutely necessary that we have an Executive Director with new town design and development experience. None of us knew anything about new towns. We had heard of a few but we really didn't know the workings of new towns. By the end of July, after a good deal of homework, we came down to one name whom we felt would be the best person in the entire nation to head this project and that was Mr. Morton Hoppenfeld. We got him interested in our project and it was not very difficult to do so because it is an extremely exciting project and Mr. Hoppenfeld came to Alaska, visited with us and with a little more arm twisting, he determined that he

would like to come with us as an Executive Director for the time period roughly September 1st to about the 1st of May. He took leave from a university position at the University of New Mexico and did come with us. And we've been nothing but pleased with Mr. Hoppenfeld from the first moment he arrived. There are several important points which have surfaced during our studies which the commission desires that you and the public be made aware of prior to Mrs. Sturgulewski's presentation of the details of the financial plan. First, the commission is the New Capital Site Planning Commission. It's not a move the capital committee, nor a don't move the capital commission. The Legislature and the State's electorate have to make those types of policy decisions. We're not in business to do that. We are definitely nothing but a planning commission. We're not selling anything except perhaps planning. We've, I'm sure, all come to the point where we really believe in planning. In all of our work, however, we have had to operate under the assumption that the capital will indeed move to Willow. Without planting that assumption firmly in our minds and keeping it there throughout this process regardless of possible personal pain in doing so, and there's considerable pain in making that assumption on the part of a few of the members of the commission, we could not have developed a realistic plan. The financial plan that Mrs. Sturgulewski will give you an overview of in a few moments is one which has been developed principally by our consultants in a good deal of debate with the commission and these consultants are experts in new town design. They have designed, planned and developed the city of Columbia, Maryland and this has been a successful new town to this point. We hired these consultants specifically for that reason. We wanted new town consultants to consult for us on our proposed new town. All of the consultant's recommendations to us have, however, been brought to the commission. They've been debated, discussed, reviewed and finally voted upon in the commission. And if there's something that the commission felt it could not buy that the consultants were presenting to us, we didn't buy it. We said, no, we just simply can't buy that. So the commission has indeed made the policy decisions with regard to virtually all aspects of new capital design.

All the planning documents which we will present to the Legislature and to the public should certainly be tools for discussion of alternatives for beginning the project and for assessment of change. They should be adjusted whenever future events indicate that this commission and its consultants did not foresee all. We have no allusions that we have foreseen all. We feel our results to be as good as a hard working, and we hope reasonable, group of citizens of Alaska could arrive at today. They should not, however, be regarded as forever fixed and unchallengeable. As a matter of fact we'll probably be challenging some of these results we've arrived at thus far in the ensuing months.

The legislation establishing this commission suggested that we plan for a new capital city to accommodate in 1990, 30,000 people. However, during the course of our studies we found that there were additional State employees, central State employees, that had

not been foreseen in the previous studies who are in existence in Alaska and we determined that it would be impossible to reasonably get the capital completely moved and all the central governments moved to Willow by 1990. We also found that there would be, probably a two year minimum, minimum of two year delay, because of environmental factors. So we have projected that the capital, according to our plan would be completely moved by 1994 and at that time the city would house 37,500 people. In making our estimates of central State employees, which, and the number would have grown to 8,650 by 1994, we have assumed a 6% per annum increase rate in State employees. It must be very clearly understood that this financial plan, as the legislation directed for the development of the new city, which will accommodate not only the present level of State employment and population associated with it, but will also accommodate an additional 2 employees, roughly 2 employees, for everyone holding a central State job today, plus the population associated with that growth rate in central government. Thus this financial plan should not be confused with that of simply relocating today's capital to Willow. The actual cost of relocating today's capital represents approximately 50% of the total cumulative cost presented in the plan. Care must also be taken and Mrs. Sturgelewski will point this out to you in a few minutes, the difference between the financial implications to the State and the financial implications to the private sector that would be developed from this capital relocation. The new capital city which we've planned for and estimated the cost for, would attract new residents and would be a very attractive city in which to live. If it were less than attractive, the potential residents would not wish to live there and the proposed business community could not survive. Conversely, without the presence of businesses, people would not want to move into this community. So it's necessary that this city have amenities available to the first residents of the city, otherwise they will live somewhere else. The actual amount of amenities which we put into this, planned for in this city, is relatively small in comparison to the overall cost of the total city. We do have some swimming pools. We do have some tennis courts. We have a racquet club and so on, but these costs are not tremendously high and they should indeed create additional land values which the State will realize with the development of that land and the sale of that land. The commissioners felt that the new city should fit into the existing State organizational patterns for municipalities, hence early on it would become a second class city and then very quickly a first class city as it developed. We proposed that a public corporation, the Alaska Capital City Development Corporation be created because of the entire job of seeing that the new city be developed and that the development progress on schedule. We feel a capital development corporation could do its job only if it were exempted from any elements of the State's Procedures Act. Planning delays associated with the following of those codes for a job of this nature would be prohibitive. Because of cost escalations which are simply inflation, delays, according to our projections, cost the State today approximately \$400,000 per day or 160 million per year. By 1986, delays would cost \$600,000 a day or approximately 240 million dollars per year. Hence the job must progress with an absolute minimum of hinderances.

We feel we have provided adequate controls, however, on the capital development corporation to avoid abuses of its imposed special status. The commission's enabling legislation completely omitted the possibility of our planning for and costing a no move scenario, that is leaving the capital in Juneau. Some no move cost estimates were suggested by our Juneau indemnification study and from the Willow site study. These are, however, on an incomparable basis and are not, however, on a comparable basis with the Willow study and are very approximate. Thus, they should not be used with a high level of confidence. A no move study would provide a true basis for comparing the costs of the move versus no move, which is, of course, a burning question across Alaska and we have sought additional funding and additional authorization in order to study this, because we very definitely feel that this is important to the people of Alaska. But it was omitted from our initial charge and this is why we have not thus far done that job.

We have also found the possibility of what we have referred to as a split move. This is the possibility of leaving some of central State government in Juneau and moving the remainder to Willow. We have not gotten into this very far. It's something that cropped up rather late in our studies and we don't know whether it would work or not. We do not however have the funding for this and will be seeking probably, or possibly, more funding from the Legislature to study this possibility. There's an indication, however, that a cost of perhaps 25% could be saved in the overall cost of moving the capital while saving the Juneau community, if indeed the capital is moved to Willow. One of the very effective techniques that we've used through our planning process has been that of receiving early reports from consultants. The commission has used these planning reports, mulled them, tossed them back to the consultants and changed them, so during the course of all this we've found that (indisc.) there are two or three different sets of numbers which have come out to the public. The numbers you see today are the ones we're going to hang in with, at least for the present. With those remarks, I'm going to turn this over to Mrs. Sturgulewski who will present the financial plan quickly to you and then Mr. Corbus will talk just briefly about the physical plan.

MRS. STURGULEWSKI:

Mr. Chairman. Thank you Mr. Behlke. I wonder if you might help me at the graph. We might be mentioning a few of the things that Chairman Behlke has done over. But there's a very complex and comprehensive plan and so perhaps it won't hurt to touch on a few of the points briefly.

Just a few remarks before we get some graphs that we have prepared on the wall -- we're again now envisioning that the new capital city would have some 30,000 people by 1980 and 37,500 by 1994. Construction would begin, as pointed out earlier, in 1980, with the first homes and offices and services available by July of 1982.

The growth of the Matanuska-Susitna region, looking somewhere in the population of 120,000 people by the period of 1990 to 1995, that coupled with the capital move, we're looking toward seeing a doubling of the projected size of the capital city possibly after 1994 and that is included in our planning. Mr. Corbus will be talking about that a bit more. We're talking in total cost for this population of 37,500 of 1.6 billion expressed in 1978 dollars. However, we have escalated our cost, all costs, at 8% so we result with a 3.5 billion dollar figure by the time the move is completed of the central positions that would be in 1994. It was mentioned a bit about the structure we're talking about. The omnibus bill that has been presented to the Legislature and will be under their review and scrutiny in the forthcoming week calls for setting up of this public development corporation that would basically have the overall responsibility for the planning and supervising of the development of the new capital city, including the government center and related facilities. We would be setting up a new municipality. We were very careful to try and work it out so that it would fit within the existing kind of municipalities we have throughout the state. We don't want a strange new creature here that would take special laws and concerns. They would, of course, have the responsibility, like municipalities do in other areas, of providing services within the capital city.

To get into some of the costs, again, we're talking about 966 million in Alaska State Obligation Bonds that would be sold in the period between 1980 and 1994. And a 1.327 million would be authorized from the State's general fund. And again we're assuming in this an 8% cost escalation. We'll get into some details of how those are used in just a moment. But on the overall financial impact, I think it's important to note that the preliminary analysis that we have suggests that requirements for the State general fund could be met without significant impact on the State. But that new State capital could represent a significant call on State bonding capacity over the next 15 to 20 years. We did have a financial consultant assist us in this area but in a sense we have to fit our plan into what the State is doing and there are many factors and information we don't have obviously under the control of the Capital Site Planning Commission. So that is just a very general statement of how it might impact. One thing I think it's important to keep in mind when we're talking about the figures, is the very significant impact of inflation. We picked the figure of 8%. That seemed to be about the best information we had available, but it means that a dollar cost today could be a three seventeenth in 15 years.

Very briefly, on the chart the total investment, again, in escalated dollars, is 3.5 billion. Of that the State portion is approximately 35% and 65% would be the private share. That would be basically the housing, commercial industrial types of things. The State share would get into many different things. We'll go into some

more detail office facilities, special facilities and so on. The Federal share, approximately 3%. We're talking there in terms of sewer, water, airport grants. The impact on the Matanuska-Susitna Borough is deemed to be zero, in other words, minimal. The new municipality, 5% and then the 65% for various private costs. Take a look at the G-O Bonding and we are proposing in the legislation that this total amount go to the voters. It's a part of the omnibus bill. It would be 966 million dollars, that's escalated 1994 dollars. We're talking here a total average although there's a development plan that carries differing amounts and differing years. However, the average would be 64 million dollars a year. The impact on the general fund would be 1 billion 328 million over the figure. That includes amortization of bonds and we'll talk about that in some detail. Your total requirement, that is G-O Bonds and general fund, again in escalated dollars, would be 2.006 million. That includes both bonds and general fund. Talk about the State requirements from the general fund. We have a number of components in that and I'll just mention those briefly since we're running short on time. We're talking here about debt service on bonds, about the indemnification to Juneau and related costs. That figure, and I'm sure of some interest, is 435 million. It talks about State/municipal revenue sharing. The provision of some 500 units of elderly and low cost housing, some special aids to the Alaska Housing Finance Corporation so that they can provide lower cost loans and some middle income housing. Under G-O Bonds, the figure again, the 966 million -- I've learned to rattle those off here with great alacrity of late. The State office complex, some 62%, 604 million; highways, 7%; University of Alaska facilities, 1% and schools, and this includes the total cost of building of schools, 27%; airport, water, sewer grants -- they would be matched by some federal funding at 3%. I think we're short of time, did not get into funding basically of the development corporation. That would be handled mainly with a loan from the general fund and through the use of land sales and so on. The dollars would be repaid back to the State over a period of time and we can get into the specifics of that. Thank you, Mr. Chairman. Mr. Chairman, would you like Mr. Corbus to go ahead to give a bit on the development city itself, or the city itself?

CHAIRMAN BRADLEY:

Yes, please.

MR. CORBUS:

Mr. Chairman, I'm going to have Mr. Behlke go up to the map so he can point out things as I go here. As you're probably all aware, the Willow site is located approximately 30 miles north of Anchorage. It is on the southwest side of the site the Parks Highway goes along. That highway connects Anchorage and Fairbanks and to the north of the site we have Hatcher Pass Highway. The city itself will be

located in the southwestern portion of the 100 square mile area. It is located to the southwest of Deception Creek, which is sort of a natural riding line between different types of topography. The site itself is located on gently rolling countryside that has a few small lakes intermixed with it. We have selected a linear type design for the city layout. The capital or the downtown portion of the city is the large area in orange and we have three neighborhoods or residential districts, each of which has a small town center. The transportation system, road system, winds within the neighborhood leading to the downtown area. Turning to the downtown area itself we have the capitol complex located right in the center of the town and to the south of that would be the Governor's Mansion. The main street of the town will be closed to all automobile traffic. But it will be open to buses. The idea is that we're going to try to discourage the use of automobile transportation within the town. The office complexes that the government workers will be in to the east of the capitol complex and would look something like the drawings over on the other side there Mr. Chairman -- over there on the wall there to the left of the 100 square mile map. The transportation system is one that will tend to encourage people to take the bus to go to work or to walk to work, rather than to drive their automobile as exemplified by the fact that the parking area for the automobiles will not be in the downtown area. The last feature that we should keep in mind about the new city is that we have built it so that it can be expanded ultimately to a population of 75,000 or larger. In light green on the center map there you see areas where future neighborhoods could be developed in the future. That's a brief overview of what the new city will be like, Mr. Chairman.

CHAIRMAN BRADLEY:

Thank you very much Bill. We appreciate those remarks from Chairman Behlke and Vice-Chairman Sturgulewski and Commission Member Corbus. I know people have been very patient, those people who want to comment, but I'd like to make just a brief personal observation. As you all know, this is a sensitive matter and a timely matter and I'd like to personally point out that I've worked with the 9 commission members since the middle of June. It's my feeling that they're just fine Alaskans and they've done an outstanding job. There's no question that there's controversy regarding this question. But notwithstanding that, certainly good Alaskans, basically the best and the brightest, I believe, and certainly planning patriots. Enough backslapping, I guess, from that point and there are some personal friends. I like them all. So without any further adieu, I will go to the community of Ketchikan, Sandy, are you there?

SANDY:

Mr. Bradley, we are here and ready?

CHAIRMAN BRADLEY:

Okay, if you would bring the first witness up please. The procedure

is to -- for the witness to state his or her name; pause for a second so that I can acknowledge them, for the record; and then we're approximately limiting the testimony to five minutes, but possibly we can expand that and so hopefully all communities that are going to participate can hear me. If we can be absent the acrimony regarding the no move or do move, it will be greatly appreciated, thank you.

MS. FINNEY:

Yes, thank you. This is Helen Finney, (indisc. -- address).

CHAIRMAN BRADLEY:

Okay, thank you very much Helen Finney from Ketchikan. You're recognized and may proceed.

MS. FINNEY:

In my usual way I'll give 10 minutes of testimony in 5 minutes. I'll try to talk more slowly. I have some general concerns about this bill and one of them is the tremendous power of the Governor in the development corporation. The corporation is all appointed except the mayor and there's no provision that I could find for the people to have an influence on their selection or even (indisc.) or give a confidence vote later on (indisc.). My second general concern is of the effect on the rest of the State finances and public improvement schedules. With so much going into one project, the rest will be spread even thinner across the state. Third, I question the (indisc.), let me explain that it is necessary to accomplish the construction, but I question the exemption from the rules and regulations that the rest of us have to live by. A long project could benefit from shortcuts (indisc.). With some citizens waiting as long as 4 years for a permit from the State, the only fair way to speed up the capital construction would be to speed up the process for the rest of us.

Another concern in the cost package that's presented. We need to be given facts on the total cost, all the debt service should be included. You could go even further, if it were possible, which it's not. But an additional cost to the taxpayers around the state is the escalating cost of other projects which will have to be postponed while the capital gets the major part. Built into the Bill seems to be an assumption that 50% of the costs relating to the projected expense of a central State government, that somebody is wisely planning an expense of that magnitude in spite of a citizen outcry against it. It's frankly frightening.

On some specifics Sec. 44.62.015, I don't feel it's fair to change Alaska Housing Finance regulations to accommodate people regardless of income in one instance. Either it's fair for us all or it is not fair. Also the ASHA provision -- when there are other low income people who've been waiting for years to get housing help, why give priority to a new capital except to encourage some to live there. Using money from a special reserve account of the Alaska

Municipal Bond Bank Authority has got to mean less for the other established communities in the state and their needs (indisc.).

Sec. 44.60.020 gives the governor power beyond belief. The directors serve at the pleasure of the governor with no provisions for succeeding or non succeeding terms by one director. I also feel that the term shall when used as the terms of the directors which were originally staggered (indisc.) conflicts with the phrase "the pleasure of the governor". Also there are exemptions from State law in this section that need justification before I could agree. Sec. 36.010.010. Definite language someplace about recording all telephone meetings of the corporation should be included and the tapes of the proceedings kept on file until some years after the corporation self destructs. I agree that the directors should be well enough paid for their services hopefully to keep any of them from turning a private deal at any point. I don't see safeguards, however, is there an exposure provision implicit in the setup? Should not conflict of interest be a big enough issue to be addressed specifically? It seems to me that would be a major concern, depending on which side you're on. Will it be possible to serve as a director and still do the job on another full time job? (Indisc.) If so, would the person get double paid for those days he holds each job? Why is the corporation exempted from parts of the Administrative Procedures Act?

Sec. 46.63.020. I would ask that notice appear in the Ketchikan Newspaper, as well as the Juneau paper. This would serve to cover the southern part of southeast in much the way Fairbanks covers the central part of the state. The Juneau paper is not widely (indisc.). And I wondered how the (indisc.) figure of a population of 37,500 was set. That seems pretty high considering that the other areas (indisc.). I note that the members of the advisory board are not slated for compensation beyond expenses and they will have to meet at least five times a year. I question whether this balances with the dollars that the corporation itself receives.

Sec 44. (indisc.), the number of acres was not listed in the copy of the Bill I had and it needs to be set before comments are made. Except that it has been reported elsewhere that the state business was slated for nearly five times the square footage now enjoyed in Juneau. I would assume this means growth again, or does it mean also moving all the Anchorage offices. I think you answered that question, (indisc.) combination.

Sec. 44.63.040. The capital construction seems to be given priority on permits here again and I feel this is very unfair. The government should be (indisc.) even more, subject and subjected to the permit system as the rest of us. A lot of the private sector would like to take their appeals directly to the governor and have the governor have things move along faster.

Sec. 44.63.050. I would be interested in provisions of the Alaska

Land Act and why real property in the capital should be exempt from that but I didn't have time to investigate and find out what it was about.

The money in the appropriations, a couple of sections down, isn't it the usual practice for the Legislative Budget and Audit Committee to examine accounts "from time to time" to avoid (indisc.) or should the frequency be designated (indisc.) considering the (indisc.) of this project?

Sec. 44.63.175. I don't see how this loan and this corporation and the powers granted in this loan can be in all respects for the benefit of the people. (indisc.) I think I should say in this section though, the corporation shall, not may, make payments to the capital city in lieu of taxes, unless you change the whole setup and allow the corporation to be taxed.

The Reserve Fund Section. Again this has to be (indisc.) to the rest of us. (indisc.)

And 44.63.110. I do not think we should approve a measure or even a minor move for the University of Alaska in this particular package. Let them get their own act cleaned up and the reputation of the University built by good administration. More new buildings aren't the answer there and the growth rate simply does not justify it.

The bonding proposition, because of the enormosity of the issue, should be written in native language. By that I mean somehow the amount of dollars must be made relevant to the voter's level. Once you break the billion dollar barrier, or even break a twenty dollar bill, the rest goes equally.

On into the latter part of the Bill, Sec. 29.18.540 on the Boundaries. No change in boundaries is effective without the approval of the legislature and the governor. I wonder about annexation and I also wonder if this isn't keeping away from the capital city rights that they would rightfully want once it is a reality?

In the transition provision, I question that a council will find it large enough considering the size of the community projections. I wonder if it was a misprint when the lieutenant governor designated only 25 when the first city election would be held, because if the first 25 elect five of their numbers, the first 25 residents, it seems to me they should have very short terms or the first council will have an enormous power advantage.

Finally I would state again my really deep concerns that money aside, our State government and employees should be set up in a near perfect (indisc.) city in the north, living in an environment removed from the reality of the rest of the state. One thing that government and many of its environs seem to be amused at the economic reality. (Indisc.) the rest of us, the employers of government, if you will, on the (indisc.) outside (indisc.) of a fairness

and democracy we hoped for. How about (indisc.) city for all of us. Think what the money could do if expended with that idea in mind. Although I realize that the commission is doing the task and I appreciate the enormity of the task, but I think that material sent out so far is (indisc.) and I understand the position we're in. I'm just trying to tell you mine. (Indisc.)

CHAIRMAN BRADLEY:

Mrs. Finney, thank you very much for your remarks. Your homework was appreciated and substantive and the committee thanks you I'm sure as well as the commission. Is there anyone who would like to respond at this time to Mrs. Finney's questions?

MR. BEHLKE:

There were so many questions that I'm not sure we can respond to all of them but I would certainly have to say it's gratifying to see that someone in the State of Alaska has read that Bill by golly.

MRS. STURGULEWSKI:

Mr. Chairman, I just might say to my good friend Helen that we're among the few women serving in local elected positions, so we do have some empathy going there. But we will be down to Ketchikan for a public hearing and we will get a copy of this so we can personally hopefully respond to some of the people in Ketchikan on the issues that were raised.

CHAIRMAN BRADLEY:

Thank you Mrs. Sturgulewski. The first speaker was Chairman Behlke. For the purposes of notification, I'd like to state that the House State Affairs Committee will transcribe all the testimony and make it available to the members on the House Committee and carry it over to the Senate State Affairs Committee and to the commission itself. Mrs. Finney, on behalf of the committee and commission, I thank you very much for your cogent remarks and we appreciate it, thank you. The next witness please. Next witness please.

MR. WENDTE:

Yes, Mr. Chairman, my name is Ron Wendte, (indisc.) as President of the Ketchikan Chamber of Commerce.

MR. BRADLEY:

Mr. Wendte, go ahead, please.

MR. WENDTE:

Thank you, Mr. Chairman. I would first of all like to compliment

the Capital Site Planning Commission on their work. I have worked with Chairman Behlke in the past and I think he has lived up to his fine reputation. However, with that general statement, I would like to address one part that I think the commission did fail to thoroughly document and that would be the effect on the other communities of Alaska once this capital move process begins. The commission has done a fine job on studying the effects on Willow and Juneau. However, the rest of us feel kind of left out in the cold. The commission does acknowledge a shortcoming in their report in stating that it is unlikely the state could maintain the current level of capital expenditures in areas outside of Willow and Juneau. However, they fail to assess the impact of that situation. Those of us outside of Willow in Ketchikan have grave concerns and will be looking at a very tight situation, I'm sure, in the area of general obligation bonding from the state. We here in Ketchikan are faced with a difficult circumstance. The d-2 and the attitude of Washington for the Tongass Forest will certainly result in loss of jobs here in Ketchikan. When they talk of the loss of 1,800 jobs in Southeast Alaska if that legislation should pass, they're talking about Ketchikan. So the result of that is that Ketchikan has to look to other economic areas, we have to look to improving our fishing situation, looking to tourism, of course mining and the Borax situation is under discussion also. All of this will result in a demand from the people in Ketchikan as far as general obligation bond projects. Port development, possible participation in the Borax project and various areas of improvement on our highways, improvements in our airports, the result of the capital move and the State's inability to maintain even the current level of bonding, general obligation bonding, with the same inflation factors that the commission has documented (indisc.) \$1.00 today will be \$3.17 fifteen years from now, I can only assume that for now we should maintain the level of bonding that we have now and we're only going to get a third more fifteen years from now. And so while we are paying the people of Juneau for the damage done by the capital move and while we are creating a very pristine atmosphere for the people of Willow for the government employees, the rest of us are going to get caught holding the bag. The improvements we need are not going to be done. I notice that there is provisions for all kinds of amenities that the other communities of the state, including Anchorage, are currently trying to get through the legislature either through a State support of municipalities or direct State (indisc.). Recreational facilities, libraries, police and fire protection, offices, a museum, (indisc.), transportation, (indisc.). These are things that other communities in this state are seeking to get assistance from the State of Alaska and now because of this desire to create a pristine city, the rest of the state is going to have to sit back. I think that's a deplorable situation and I certainly think that the Legislature and the commission should expand to a great degree this particular aspect that it is unable to address.

I think everyone on that committee must recognize that the people in this state are concerned about the benefit and the extra conditions that State employees are now receiving, both in terms of salary that

private industries are having trouble keeping up with, the other benefits that the private sector cannot begin to match in many levels of State employment sector. Yet when you move these State employees to Willow, you are handing them over many, many additional benefits (indisc.) facilities. I'm sure going to have to agree with Chairman Behlke that it is absolutely necessary to attract people to that town, they're going to have to give them that, but you're giving the State employees that while the rest of us wait and the whole impact of that is the biggest shortcoming, I think, of this entire move. The pitiful situation, I think once the capital moves is also that in looking at Southeast Alaska, the people of Juneau are going to have every right to make significant claims on the State of Alaska for the damages caused by that move and they'll have every right to do so but then the (indisc.) of the situation is that as the rest of the State balances off, particularly the funding in Southeast Alaska, Juneau, I'm sure, is going to end up with the lion's share of that while Ketchikan, Sitka, Petersburg and Wrangell have to sit and wait while the State pays off Juneau. That's just a difficult situation. We certainly support the efforts of our sister city in Southeast as far as the damages that Juneau will incur. I think we're also going to be jealous of the situation that the State is going to place them in and that also is going to compound the impact on the areas of Southeast, outside of Juneau. With that, Mr. Chairman, I think my time is up. I thank you for this opportunity and for this type of conference, that we can contact you in this manner.

CHAIRMAN BRADLEY:

Mr. Wendte on behalf of the committee and the commission, let me thank you for your candor and your timely remarks and your provocative observations. It's appreciated. Let's go now -- I believe there's one other person in Ketchikan -- I'd like to hold that individual. I was informed that the prior two speakers had a time deadline. I'd like to move, if I might, to Fairbanks to April. April, are you there in Fairbanks?

APRIL:

Yes, Mr. Chairman, we're here and our first witness will introduce herself to you at this time.

CHAIRMAN BRADLEY:

Thank you.

MS. NORDALE:

Thank you, Mr. Chairman, my name is Mary Nordale. I'm a resident of Fairbanks and I'm a member of the FRANK Committee, (indisc.).

The concerns that the FRANK Committee have concerning the (indisc.) have begun to be more identified and I've listened to the testimony of Mrs. Finney and Mr. Wendte of Ketchikan (indisc.) many of our concerns as well and I shant go over the material that's been presented by them but I do want them to know that we endorse their concerns and request that the Legislature address themselves to the matters that they have brought to your attention.

As you know the FRANK Committee has sponsored an initiative to require that all of the costs be placed on the ballot. We have reviewed the financial plan that has been presented by the commission and we have some very deep questions about it. (Indisc.) to review the report. First of all, we do not have an assessment of State needs. I think that Mr. Wendte brought this up. Nowhere has the State developed an overall assessment of State needs. Neither have the communities, the municipalities and boroughs had an opportunity to assess their needs as well. As a consequence, we are in a very poor position to judge the effect of the bonding package for the capital city vis-a-vis the needs throughout the rest of the State and I think it would be irresponsible if we do not make an effort at this time to do so. After all, the State (indisc.) if they are not met at the time of the decision on construction of the capital, we will still be in a deficit position (indisc.) throughout the state. We are particularly concerned about the ability of the smaller communities lying outside the major municipal areas of Fairbanks, Anchorage, Juneau and Ketchikan to meet their needs as their growth (indisc.). (Indisc.) in the areas of the bush, we simply do not know what's going to happen to them and we need to know the impact on them. We have some concerns that the General Obligation bond package may be (indisc.) because there are so many subsidies automatically provided within the financial plan developed by the commission without explanation and without an ultimate determination of how they may be paid. I'm particularly concerned about the total costs to residents in the capital city. If the (indisc.) are to be funded at a higher rate (indisc.), we must be aware of what the ultimate rate to the consumer will be. And there is no ultimate cost to the consumer provided in any of the financing plans -- in other words, we don't know what the average State employee living in Willow is going to have to have in order to pay for shelter, facilities and the other costs to live in Alaska. (Indisc.). As to the Capital Development Corporation Bill, I was really shocked by it. It seems to create a Bill within a Bill contrary to the Constitution of the State of Alaska. It creates a (indisc.) city with advantages that no other community in the State of Alaska has. It provides a corporation to build this, a corporation which has no constraints on its activities. There is no legislative (indisc.) on the activities of the corporation. They are free from every legal constraint that other municipalities must abide by. The constraints that are now on Juneau are necessary constraints to ensure (indisc.) and without those constraints, it's difficult to project what the activities of the corporation will be. I think it's extremely important that we know what this corporation is going to do and I think that legitimately other communities in the State of Alaska

might also ask for this kind of legislation (indisc.) Assuredly, it's nice to (indisc.) and sometimes we can even save money by doing so, but the cost, the social and political and emotional cost to the people of Alaska is going to be hard to pay. I think that all of the boroughs and cities within the unorganized boroughs should be told to determine what their estimates of the effect on them will be and I think that we need to know what the ultimate cost to the consumer will be.

A brief review of the costs that have been developed on the land, for instance, residential land, homesites, indicate that the average cost of homesites for land only, will exceed \$50,000. Then when you build a house on that land you have ultimately averaged 120 to 130 thousand dollars. And that is absolutely out of the question for most people. (Indisc.) And when you get to a home of that cost (indisc. -- concerning the effect on the mortgage). Overall, the Bill is a disaster and it betrays a real lack of skill in its drafting. There are some provisions in there that are totally inexplicable. One is that it requires all the municipalities and boroughs in the state to cooperate and the term is shall that is used. It doesn't say what areas the other (indisc.) are going to have to cooperate with the Capital Development Corporation but I think it's pretty easy to assume that if there is a balancing between one community and the other community, the capital community, in terms of State aid of any kind or a municipal bond issue (indisc.) it would seem that the inherent language of this statute would require the other municipality, not the capital, to bow out and withdraw whatever request that they have.

In summary therefore, we would like to have an opportunity to put specific questions dealing with the issues to the committee in written form as the committee's deliberations proceed. But right now we would like to be sure that the Legislature itself will carefully analyze the Bill and the financing plan and as to the cost of the move and the cost of keeping the capital in Juneau, we think (indisc.) issues that the Legislature desires to address. We suggest to you that you have independent review of (indisc.) Capital Development Corporation or the Planning Commission simply to insure objectivity (indisc.). There are sections that I have concern, the financial plan (indisc.) determining what the people will be willing to pay, rather than what the cost will be. And I think that therefore an independent assessment of the (indisc.) question is going to ensure -- will assure the people of Alaska that the (indisc.) will be addressed. Thank you Mr. Chairman.

CHAIRMAN BRADLEY:

Mrs. Nordale, thank you very much for your remarks and of course they will be taken under advisement. For purposes of establishing (indisc.) on Constitutional matters, I believe, and this is sort of a leading question but, if my memory serves me correct, Mrs.

Nordale, you are a practicing attorney in the State of Alaska, is that not so?

MRS. NORDALE:

That's correct.

CHAIRMAN BRADLEY:

Thank you very much. Representative Miles has a question, Mrs. Nordale.

REPRESENTATIVE MILES:

Mrs. Nordale, this is Bill Miles, a member of the House State Affairs Committee. You raised a number of interesting questions in your statement. You also indicated that there are a number of questions that some of the FRANK committee members had yet to be raised. As it's fairly obvious we're going to be out of here in a 90 day session, when do you think you'll have all of those questions and points you'd like brought to light prepared for legislative consideration?

MRS. NORDALE:

I'd like to have about 10 days if I may Mr. Miles.

REPRESENTATIVE MILES:

It's not within the jurisdiction, obviously, of a committee member to say yes, you have 10 days or no you don't but we're just trying to get an idea of when they might be forthcoming. Thank you very much.

CHAIRMAN BRADLEY:

Mrs. Sturgulewski, Vice-Chairman of the Capital Planning Commission has a responsive question, Mrs. Nordale.

MRS. STURGULEWSKI:

I just wonder, Mr. Chairman, for my edification, would you prefer some comment on some of the issues that have been raised or is it more important that we hear from the public. As you know, we have worked with your --

CHAIRMAN BRADLEY:

Arliss, (indisc.)

UNIDENTIFIED SPEAKER:

I think that mike is working, Mr. Chairman.

MRS. STURGULEWSKI:

Mr. Chairman, just a question for information, would you care to

have some committee response or would it better, since we have a program where we're going to be coming down and really working step by step through this whole thing, would that be a more appropriate time to get into the details? Because we can talk to a lot of the issues but I would assume it's more important for you to hear from people at this point. Would you prefer we held off or what's your feeling?

CHAIRMAN BRADLEY:

Well to the point of cutting off response from any of the commission members or the committee, it's not my intention to do so, but I think if the responses or questions back to the witnesses can be brief, then so do it. And I don't think in many cases they can be.

MRS. STURGULEWSKI:

No, I think it goes really to the heart and the very complexity of this legislation the issues that are raised and I guess I only would like to make the statement that we can respond to everyone that has been raised. They're good questions, but the one thing that I think we need to talk about that's come up time and time again is what's this going to do to the other municipalities? I think it's important to note that they're not to hide behind anything, that we were very specifically charged and in certain cases directed by the Attorney General to carry out the legislation that was passed by this Legislature last year. It did not speak to the issue of the overall State financing and bonding and that is a prime concern. It was one of the difficulties that our financial consultant had is to really look at what's happening throughout the state and the long-range financial planning. Many times that information was not available so we look to that as an overall executive, legislative responsibility, the total dollars. Only we can't tell you what this is going to cost and how it will fit into the big picture, we don't know because we don't have control over that big picture.

CHAIRMAN BRADLEY:

Thank you Mrs. Sturglewski. Your remarks are well taken and it should be remembered by those viewing and hearing that the Capital Site Planning Commission was ordered under law, the color of statute, to proceed and accomplish certain narrow goals and that the Attorney General told them that they had to do that first and foremost and specifically. If there was any money left over they could branch out and be more liberal and more expansive. And, of course, money being (indisc,), appropriations being set why in many cases the dollars were just not there to expand on the allusive problems. At this time for the benefit at least of Representative Nakak, if not for everybody -- I'm trying to give a little dig to Al, well I'd like to go to Nome before the T.V. terminates. So Nome, Myrtle, are you there? Let me do it again. Myrtle in Nome, are you there?

MYRTLE:

Roger, Mr. Chairman, we are here and ready.

CHAIRMAN BRADLEY:

Okay, if you would have the first witness come forward, state ---.

MYRTLE:

But we do not have T.V. here, if you think that we're connected to television.

CHAIRMAN BRADLEY:

Okay, Myrtle, Al just kicked me under the table so I've been duly notified, proceed please.

MYRTLE:

Okay, Mr. Chairman, I have Mr. Bob Blodgett from Teller to testify for you.

CHAIRMAN BRADLEY:

Okay, if Mr. Blodgett would state his name for the record and then proceed in the confines of approximately five minutes, it would be appreciated, thank you.

MR. BLODGETT:

Mr. Chairman, My name is Bob Blodgett from Teller, Alaska.

CHAIRMAN BRADLEY:

Go ahead Mr. Blodgett.

MR. BLODGETT:

Mr. Chairman, my thoughts are as standard as a clay pigeon in a shooting gallery as I browse through Senate Bill 519. It is a dilemma and I view it as permitting a city development corporation to establish an autonomous coalition (indisc.). I must be very candid with you, Mr. Chairman, members of the committee and the planning commission that I have not had an opportunity to thoroughly study Senate Bill 519 as I only got it in hand last night at 9 o'clock. I am therefore respectfully requesting the courtesy of an opportunity to present written testimony to the committee within 10 days. Now then, we're 18 years down the road from the time when the first capital move initiative was defeated by a 5% vote by the voters of the State of Alaska. Since that time, the cost of such a move has escalated appreciably and that is conservative. I view this Senate Bill 519 as one of the steps that I would take in stopping planning to build a new home and I therefore analyze the cost benefit ratio as opposed to keeping and maintaining my existing home. The bonded indebtedness is a very important factor which I feel has been too lightly touched upon in Senate Bill 519. I have serious reservations about the proposed bond figure of 966 billion dollars. I'd like to make it clear that from the very beginning I was a State

capital move general -- in the move -- in the effort, moving the capital. I still believe that there must be (indisc.) to do so I believe we have become (indisc.) delusions of grandeur. I see no reason we cannot move our seat of state government and establish it in a pristine city in a little pentagon, so to speak and operate state government (indisc.). I don't see why we need to stereotype every other state in the nation with grandiose governor's mansions and the whole nine yards, all the gingerbread that goes along with it. Let's run our state government like a business. Like New York Life Insurance runs their business or the oils companies or Sears Roebuck or any other business. The financial wizards that projected the costs, the initial cost projections for the trans-Alaska pipeline was most certainly shot down with the completed costs ending up at some 9 billion dollars. Likewise our financial wizards, the consultants that they engaged to project costs for the capital site construction, capital city, projections can very well be shot down equally as well. They don't have any better crystal ball than the trans-Alaska pipeline economists had. I'm convinced of that. (Indisc.) we are benefiting throughout Alaska with improved communications, including television. I feel that we're coming closer to our state capital in Juneau through telecommunications and television. There is a long ways to go in improving the long line telecommunications service to the state. The Legislature is aware of that. But still I feel that we as Alaskans are closer to our state government than we've been at any time in history. Now, as a prudent man, in shopping for a new home, I just hope that also a legislative body and the people of Alaska likewise assume the stance of a prudent man and give very serious consideration to the oftentimes used legislative parliamentary (indisc. -- cough). Mr. Chairman, I move that we rescind our action on the referendum to move our state capital (indisc.) on our referendum to the people for reconsideration or what we then therefore in effect as Alaskans if the action if not rescinded well we as Alaskans then therefore rescind the capital move by rejecting the bonding proposition at the polls -- if we as Alaskans reject the bonding proposition we then therefore reject the capital move. I am not at all anti-Anchorage. Please understand this. Anchorage is the commercial transportation, financial center of the State of Alaska and a substantial center of government in the State of Alaska. Just as Chicago is. Just as San Francisco is. (Indisc.) If we move the capital of the State of Alaska now, the way the costs are, why not move the United States Capital, Washington, D. C. to Denver? I have severe reservations about it. I do not mean to deviate from Senate Bill 519, but as I stated earlier, my thoughts are as standard as a clay pigeon in a shooting gallery. Another thing that I have very real concerns with is the (indisc.) fish and game habitat in the glacial bay mining area of the Susitna, the Willow area. They think because the Fish and Game Department, Environmental Affairs, who do not have any hard and fast regulatory procedures in controlling the lakes, rivers, streams in that area -- the lakes there that should be confined to sail boating or canoeing or row boats, they're not. They are loaded with speed boats. They're loaded with trash. They're loaded with (indisc.) debris and oil cans. Development of the new state capital in the Willow area is going to put (indisc.) pressure on the fish and wildlife habitat in that area. We have (indisc.) responsibility to do that and cope with it before any construction

begins. I thank you for your courtesy and your time and I hope that you will afford me an opportunity to reply in writing to Senate Bill 519.

CHAIRMAN BRADLEY:

Mr. Blodgett, thank you for your remarks. We appreciate them. And yes, the committee will accept your questions and written comments, hopefully within 10 days. That's of course not a hard and fast date, Mr. Blodgett, but of course one that would be convenient in our deliberations and so again we thank you and we'll sign off with Nome right now and go to the community of Anchorage. Charity, are you there?

CHARITY:

Yes, Mr. Chairman, and we have a witness for you, Jerry McCutchen (ph).

CHAIRMAN BRADLEY:

If Mr. McCutchen would state his name for the record, then he has the floor for approximately five minutes, thank you.

MR. MCCUTCHEN:

For the record, my name is Jerry McCutchen. (Indisc.) couple of billion dollars for a capital move. I don't think two billion dollars for a capital move (indisc.) then we just ask the Royalty Oil and Gas Board for a contract with some 10 billion dollars deliberating for three days. (indisc.) ramifications of their actions. Regarding the capital move, I was for the capital move way back in 1954 before most of you were here in Alaska. There was a beautiful site over at Lake Loraine, opposite Anchorage, which was owned by the Territory of Alaska at that time. Since then I've been turned off of the capital move because it (indisc.) land grab and I suppose the last straw for me was when the State of Alaska changed its land leasing policy and went to long term (indisc.) leasing rather than (indisc.) leasing. I think the only way the State of Alaska can see any value on the land, so called 100 square miles is by (indisc.). I'd like to call to your attention the example of Valdez where they built a new city and new restrictions came down and a lot sold for \$800 apiece. Those lots had water, sewer, paved streets, buried power lines, the city was furnished with a municipal building, boat harbor and a new dock. I think we're going to see the same thing happen right here. We put in all the amenities on the lots, you will not be able to recover your costs. I think the only way you can do it is with a leasing program and with a leasing program not just a long term lease, a leasing program based upon five year (indisc.). (Indisc.) or capital move many years before most of you ever were in this country, before we ever had statehood I'm opposed to it now. I don't think it's going to work. I think we're (indisc.). Another thing I see, unless somewhere along the line the Legislature's going to raise the taxes on the oil industry

come to grips with it realistically rather than running around from place to place. (Indisc.) start looking at (indisc.), (indisc.) how much does Saudi Arabia get, we're not going to get anywhere because the kind of money we're going to take to build a new capital is going to have to come from oil revenues, that's it. Thank you.

CHAIRMAN BRADLEY:

Thank you very much Mr. McCutchen -- our next witness please.

CHARITY:

(Indisc.)

CHAIRMAN BRADLEY:

Okay, thank you Charity, we'll move back to the community of Ketchikan and check in with Sandy to see if there are any witnesses left there. Sandy?

SANDY:

Mr. Chairman, we had one other witness scheduled but he hasn't appeared yet so at this time we're through.

CHAIRMAN BRADLEY:

Okay, thank you Sandy and thank you Ketchikan. April in Fairbanks, is there anybody who wishes to approach the committee on the subject?

APRIL:

Yes, Mr. Chairman, we have one other witness who wishes to talk to you at this time.

CHAIRMAN BRADLEY:

Thank you.

MR. BETTISWORTH:

My name is Charles Bettisworth and I'm a Fairbanks resident and a member of the FRANK Committee.

CHAIRMAN BRADLEY:

Go ahead Mr. Bettisworth.

MR. BETTISWORTH:

I too would like to compliment the commission on the amount of work that they've done. I think the commission and it's staff have been

very diligent and very dedicated and have worked very hard in a very short time span to accomplish the work that's before the Legislature now. The purpose of the FRANK Committee was to assure that the voters of this state (indisc.) in decision making on the capital move financing process. I think it's imperative that this information on financing of the capital move be made very clear to the voters of the state. I think it's going to be incumbent upon the Legislature because none of us have the ability or the time to dig through the financial plan that was presented by the commission. We have had an opportunity to go through it partly and there are some questions that we'd like to raise. I'm going to speak specifically to the financial plan that was presented by the commission. While the commission indicated that there would be a 956 million dollar bond package and a 1.362 billion dollar general fund package, it is also a requirement that 520 million dollars in Municipal Bond Bank and Alaska Housing Finance Corporation bonds. And further, in addition, it seems that there is 200 million in special development corporation bonds. These bonds do not (indisc.) to be state bonds. However, both the Municipal Bond Bank and the Alaska Housing Finance Corporation bonds are optional decisions by those entities. If those entities do not decide to take on those obligations, the State would have to provide those dollars. (indisc.) the Alaska State Housing Finance Corp., those extra dollars for the cost of housing would accrue to the land owners, (indisc.) residents of the city.

With respect to the 200 million in C.D.C. bonding, those monies we will assume will pass to the municipality at the time the C.D.C. would self destruct. (Indisc.) would accept those bonds is by referendum. If they did not, then the State would be obligated to pick up those bonds.

With respect to the land revenue predictions by the planning commission points out that they will generate 502 million dollars. Which means by our calculations here, that lots would cost for quarter acre lots, \$60,000 each, that's the appraised value, and it's difficult to (indisc.) back to 1975 because the factor (indisc.) over a number of years. The half acre lots are \$78,000, material is \$35,000. (Indisc.) seems it might be more like (indisc.) \$30,000 for a quarter acre lot, \$40,000 for a half acre lot and something like \$17,500 for trailers. The question I have is can citizens of the city afford these costs and if they cannot, will the State raise the salaries of these people to pay for these additional costs and if so, isn't that also a cost to the State? Basically I think we're talking about a subsidy to Alaska State Housing Finance Corporation to the residents of Willow, a special subsidy which others of us in the State are not, is not available to the others of us in the State. Basically the Alaska Housing Finance Corporation is using the public financing to finance private development.

The Capital Planning Commission financial report also makes a point of indicating that at the end of the development period in 1994, there will be 245 million dollars worth of land remaining. I think it's also worthwhile to point out that there will also be 624 million dollars in debts of which an additional 420 million dollars in interest must be paid on that debt. Chairman Behlke indicated there and also here in Fairbanks earlier this week, that they expect the people of Mat-Su, the Mat-Su Borough, that there would be no impact on that borough by the movement of 37,500 people to that area by 1994. The Capital Planning Commission statistics show that, or indicate, that 80% of the new residents will live in Willow and 20% will live elsewhere, but presumably in the Mat-Su Borough. Their calculations, the Capital Planning's calculations, estimate that \$10,850 of intra-structure costs per person are required. In the Mat-Su Borough then, we are talking about an impact to the Mat-Su Borough of 200 million dollars. With respect to the issue of 80% (indisc.) of new residents to the Willow area, I personally think that that's a very optimistic estimate and given Alaskan's penchant for free living, or living free, I think that the expectations could be more on the order of 50%. I don't think that the Alaskan life style is such that you will be able to capture that kind of market. The final thing I'd like to bring up is in the paper tonight --- I have not had the opportunity to look at this in the financing plan -- the estimate to keep the capital in Juneau is 971 million dollars. The estimate to build the new capital in Willow is 966 million dollars. I find it very hard to believe it's going to cost 5 million dollars more to keep the capital in Juneau than it is to build a brand new city in Willow. I guess with these questions that we've found in a very short review of the financial plan, it is incumbent upon the legislature to do a very careful job in scrutinizing the numbers that are defective in the financial plan. I thank you, Mr. Chairman and the committee and the commission.

CHAIRMAN BRADLEY:

Mr. Bettisworth, thank you for your remarks and your time. Let me just go through the communities and see if there's anybody else who wishes to testify. Sandy has anybody shown up in Ketchikan who wants to address the committee? [No response] Well I guess not. Charity, is there anybody in Anchorage who wishes to address the committee?

CHARITY:

We have no more witnesses at this time, Mr. Chairman.

CHAIRMAN BRADLEY:

Okay, thank you Charity, then we'll sign off for Anchorage.

Peter in Bethel, has anybody arrived to testify? Peter in Bethel, are you there? Peter's gone home. April in Fairbanks, sounds like a song. April, are you there?

APRIL:

I have no further witnesses.

CHAIRMAN BRADLEY:

Okay, thank you very much for your time. Myrtle in Nome, is there anybody else who wishes to address the committee?

MYRTLE:

Mr. Chairman, I don't have anyone else here to address the committee but I would like to say thank you, thank you. This is something really wonderful for us up here and I hope it spreads through the bush area here, or the Nome area and we can have more participants in the future. This is Nome clear.

CHAIRMAN BRADLEY:

Okay, Myrtle, is this the Myrtle Johnson that used to be on the CDC Board?

MYRTLE:

Roger Bob, hi.

CHAIRMAN BRADLEY:

Okay, hello, how are you?

MYRTLE:

I'm still on it.

CHAIRMAN BRADLEY:

Alright. Chairman Behlke of the Capital Site Planning Commission has some concluding remarks.

MR. BEHLKE:

Well I don't have concluding remarks but we will have a small contingency of commissioners in Nome the evening of the 9th of March and Kotzebue the evening of the 10th of March to discuss the capital plan and we'd like to have anyone who desires to hear anything more about this come out to see us.

CHAIRMAN BRADLEY:

Myrtle did you copy that, the 9th in the evening -- Myrtle, did you copy that -- Chairman Behlke said that members of the commission

will be in Nome the evening of the 9th?

MYRTLE:

Yes, Mr. Chairman, I copied and I haven't heard any of this on the radio. Do they have someone that's going to be airing this over our radio station so that the people will be aware of it and where they're going to be meeting?

MR. BEHLKE:

I don't have those details at this point.

CHAIRMAN BRADLEY:

Myrtle, we will make sure that it's P.R'd, the commission will, and thank you. Here's your Representative Al Nakak.

MR. NAKAK:

Yeah Myrtle, this is Nakak. I've got coming out in the paper today, I believe, announcements of this and I also will be travelling up to Nome and perhaps a couple other communities to visit and meet also with the planning commission and I believe I also go up to Kotzebue with them. Thank you Myrtle.

MYRTLE:

Okay, thank you Al. I've heard your messages on the radio concerning your trip up here and going to the different villages but I haven't heard that the commission was coming up to do anything on the 9th of March. But I'll appreciate any news about this and I'll gladly pass the news on. And if nothing further, this will be Myrtle in Nome clear with Juneau.

CHAIRMAN BRADLEY:

Okay, the Chair would like to make some concluding remarks. We'd like to thank everybody that participated for their time and effort and studying into this matter. I want to take this opportunity now to read a letter which I have just passed out to the committee of those who are still present and to the three commission members, an act on my part based on the controversy that surrounds not only the submission but possible constitutional affirmities regarding the Senate Bill on the capital financing plan and the House Bill that I am in receipt of, House B.11 857, I'd like to read that letter and then give a very terse and brief explanation. It's addressed to the Governor of the State of Alaska, Jay Hammond.

"Dear Governor Hammond:

In light of the controversy surrounding Senate Bill 519, I am returning its twin, House Bill 857, to your office for thorough review and any necessary modifications. It is my position that notwithstanding the Senate action in this matter, all deficits should be cured by the Department of Law and not by the Legislative Council. This situation involving extremely sensitive and complex issues represents a classic and unprecedented separation of powers problem. The Capital Site Planning Commission is by statute a creature of the Governor's Office. Consequently, it is essential that errors made pursuant to initial legislative drafting and discovered prior to any substantive committee consideration, be corrected by your legal staff in the Department of Law working in conjunction with the Planning Commission. We would hope to receive a sponsor substitute for House Bill 857 from your office in time to meet the Capital Planning Commission's March 15, final plan deadline, at which time the House State Affairs Committee intends to at that time undergo the substantive review of this legislation until we are finished and it passes out of our committee.

I thank you for your consideration in this matter."

Signed by me. I think it's important to take this act. The Senate, based on a memorandum from our legal counsel, Bill Berrier in Legislative Affairs, gave us the opinion dated February 27th, 1978, found possible constitutional affirmities and some other things, probably not as important but Senator Ziegler in the Senate sees it in a different way. He concludes that the Bill, since it was read across the desk, is our Bill. To quote him from a letter that he sent to the Governor of the State on March 1. I disagree with that and want to keep the process at least honest so one body's going to have it looked over by the legislative attorneys, this committee will have it looked over by the administration's attorneys and there's no games intended on this, it's simply an important procedural, legal issue that we shouldn't lose sight of so I personally have no big agenda but I simply want to keep the process objective and honest. So on behalf of the committee, on behalf of the commission, I'd like to thank all of you for participating and thank you very much.

COORDINATOR:

If the committee's finished, I'd like to make one announcement concerning the next video conference. On March 16th, there will be a two way video tape conference between Juneau, Anchorage, and Fairbanks. That means that the committee here in Juneau -- in that case the House Rules Committee, taking in House Bill 150, closed primaries, will see and speak with witnesses giving testimony

in Anchorage and Fairbanks in sequence. That's on Thursday, March 16th at approximately 12:30 to 3:25 Pacific time, 10:30 to 1:25 Alaska standard time and 9:30 to 12:25 Bering time. This concludes our audio and video broadcast for our second teleconference.

CHAIRMAN BRADLEY:

Okay, thank you very much.

(Off Record)

(On Record)

MRS. BERG:

My name is Carolyn Berg and the date is March 6th, 1978. And although I did not attend the telecommunications, I wish to make a statement as to House Bill No. 857, by the Rules Committee by request of the Governor, by request of the new Capital Site Planning Commission, "an Act relating to the new Alaska Capital and in connection therewith: establishing an Alaska Capital City Development Corporation and providing for its powers; authorizing the question of issuance of general obligation bonds in the amount of \$966,000,000 over the period extending from 1979 through 1994, for the purpose of paying capital costs of the new Alaska capital to be placed before the voters; authorizing state loans to the development corporation; amending the Alaska Housing Finance Corporation Act and the Alaska Municipal Bond Bank Authority Act; authorizing loans to the Alaska State Housing Authority for housing for lower income persons; establishing a new capital city and providing for its powers; and providing for an effective date."

This has a long title and we do not believe it comes within the one (indisc.) limit to a Bill and we are saying that this legislation is completely unconstitutional and void. As you may remember, we have been appearing before the State Affairs Committee every meeting that they had last year on the capitals legislation, not voluntarily but involuntarily to hold the rights for Juneau. We are here today involuntarily only to hold the rights for Juneau. We are alleging that the capital initiatives, all of them, and all of the laws associated with them through the years and all of the committees and commissions and this particular Alaska Capital City Development Corporation are all unconstitutional and void inasmuch as we have a capital in the law. Now most people feel that when a territory becomes a state all territorial laws drop off and the state has to bring in order to the territory. This is not necessarily correct. We have an authority called (Indisc.), 265 Pacific 945, in which Mr. Justice Field sets out that there are three ways in which the United States can acquire or hold land within the limits of the state. The first of these ways is in accordance with Article 1, Section 8 of the Constitution where a section is made by the state of the land for governmental purposes defined in that section.

The second is by purchase or condemnation of land belonging to a private party and the third is by having public land at the time of the admission of the state into the union. Now this part of this opinion is extremely important. This opinion requires that the manner of acquiring the land has controlling effect upon the political control and the sovereign jurisdiction of the government. The rule is that if (indisc.) made under the above provision of the Constitution, the jurisdiction of the United States is exclusive. If the land is acquired and held in any other way, the United States (indisc.) and jurisdiction of the state is complete, except that it cannot interfere with the use of the land for governmental purposes. And we would like that underlined, starting with except.

Now going back in history, how we happened to get into this is the fact that Alaska was -- or Juneau has been the capital of Alaska for 72 years so we felt that was a big start. But we asked an old timer here (indisc.) whether he remembered when the capital was Skagway and he said yes, he remembered, he was just a boy but he remembered. He said that a whole group of people got together and gave, solicited money, (indisc.) people who owned property under this capital site so that they (indisc. -- people are talking in the room where the recording is being done overlapping on Mrs. Berg). (Indisc.) We went over to the land division and in the land division there's a folder called (indisc.) No. 78, and in it (indisc.) deeds that (indisc.) at the time this land was sold to the United States. and these deeds -- I have one of them here I'll read -- all look alike, but I have one of them here called the Nelson lot which was lot number 3 in block number 19 (indisc. -- people talking) in the new court building in Juneau, Alaska in the Recorder's Office and I'm going to record this deed except for the description of it, it's rather lengthy, but I'm going to record the (indisc.) [Whereupon Mrs. Berg reads from the document attached hereto as Exhibit A]

Now we disagree with these initiatives to take our capital away because we are alleging we have a capital under federal eminent domain, under these deeds. How can the Alaska Statehood Act (indisc.) Public Law 85-508, 85th Congress, H.R. 7999, July 7th, 1958, 72 Stat. 339 As Amended (indisc.) lot 32, which is the Governor's mansion and lot 19, which is the capitol to the state when these deeds distinctly state that there shall be no molestation on this property for this use. This authority that I stated here before People v. (indisc.), supra, also states on page 945 and I have this also (indisc.) that they cannot interfere with the use of the land for governmental purposes. The fact that the deed to the property on which our capitol stands is to the granting public corporation is of no significance as to said (indisc.) corporation is a governmental agency brought into being for the purpose of maintaining a governmental institution. (Indisc.) that this is a complete erasure under (indisc.) of our contract with the United States and is a secured transaction and therefore comes under the

Uniform Commercial Code, AS 45.05.782, 45.05.791, 45.05.786 U.C.C. Section 9-50129-5079-503. Because we did put money into this property, it is open to the Division of Lands to diminish areas of vagueness and uncertainty inherent in the present wording of AS 38.05.305 through the rule making power or by seeking a mandatory legislation. Now we have a townsite trustee who is responsible for determining through the Department of the Interior whether or not our capital has its title in the United States and we are now working with the trustee to determine this question.

Thank you for allowing me to give my statement. Juneau was made the, preserved as the capital by Congress under Alaska's Organic Act 37-512 dated August 24th, 1912, Section 2 which states Capital and seat of government: that the capital of the territory of Alaska shall be at the city of Juneau, Alaska and the seat of government shall be maintained there. The powers of a corporation like its corporate existence are derived from grant by the state all other sovereignty creating it and please underline all other sovereignty creating it. (Indisc.) 138 U.S. 19 S.Ct. 409, 32 L.ed. 837, this principle was well established in the civil law and adopted in corporate institutions from then on (indisc.-- people talking). The capital 77 program public broadcast about the legislative doings throughout the state brings the capital to all parts of Alaska. The dates are shown in the Senate and the House and the committees and are sent out to people in the state. By this very telecommunication that was broadcast (indisc.) -- 92nd broadcast about the Congress reserving the capital for Juneau on about March 10th, 1977 and another one in 1978 (indisc. -- people talking). There's no problem keeping in touch with people all over the state. The precedent has been set. Thank you for allowing me to give my statement and until the title of this capital is settled, we wish no more money to be expended (indisc.) because every cent is a tax against Juneau and I believe I have a few minutes left -- I have some figures here. So far \$807,500 was spent in fiscal year 1976; 398,500 in 1977 and in 1978 there was appropriated one million, four hundred fifty eight thousand, four hundred dollars, making a total of two million, six hundred forty-four thousand, four hundred dollars of our tax dollars for moving the capital and it's titled in the United States and cannot be moved. We do not agree with this. Thank you very much.

[End of Proceedings]

The FRANK Committee

514 second ave.
suite 106
Fairbanks, ak
ph. 452-1036

Board of Directors

Carolyn Bushey
C. B. Bettisworth
Mary Nordale

March 14, 1978

Representative Bob Bradley
Chairman, State Affairs Committee
House of Representatives
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

RE: FRANK Committee - H.B. 857
Our File No. 122.2

Dear Mr. Chairman:

When C.B. Bettisworth and I testified via satellite (a positively thrilling experience for me) before the House State Affairs Committee on H.B. 857, you were kind enough to give us an opportunity to list in writing some of the questions and areas of concern that we, as members of the FRANK Committee, have. Regrettably, neither C.B. nor I can take the time from our occupations to give the bill the kind of attention it and you deserve. However, we do not think it fair to you and the other members of the committee, as well as the supporters of FRANK, not to set forth some of our thoughts on the subject.

The people of Alaska have been most fortunate in having at their service the men and women who are serving on the Capital Site Planning Commission. They are people of obvious dedication and integrity. They were charged with an immense task with too little time in which to do it and the fact that their plan is as complete and thoughtful as it is should hearten Alaskans in the knowledge that we do have in our midst people who are willing to make the sacrifices the members of the Commission have had to make in order to serve our best interests.

My remarks should not be taken as criticism of their efforts or as an attempt to impugn their motives. That we have something to discuss at all is evidence of their devotion, hard work and belief that only by their doing the best job possible would the rest of us have the information we need. If every municipality in Alaska could have a planning commission of such high standard as the Capital Site Planning Commission, this state could shortly begin to offer its people community environments which would make urban living a year-round pleasure.

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Regardless of how it is approached or the assumptions on which it is based, a project the size of a new city of 37,500 must provoke discussion, criticism in the proper sense, and argument, also in the proper sense. Disagreements are inevitable, but only by an airing of them can we arrive at points of agreement or compromise. The building of a new city, when all other cities in the state are barely out of infancy, indeed when the state is barely out of infancy, can only provoke questions which the CPSC was not charged with answering. Those questions were reserved to the Legislature and it is in that forum that the policy question must be debated. It is a difficult duty and one highly charged with emotion.

I hope this letter serves somewhat to dispel emotion and to direct our attention to the legislative proposal on a more analytical plane.

First of all, I have a number of questions as to the constitutionality of the bill in its present form and concept. It appears to violate the one-subject rule in at least four major areas. It sets up the Capital Development Corporation, authorizes bonding referenda, makes appropriations and incorporates the capital city. In addition, it appears to violate the special and local legislation prohibition by limiting the CDC to the capital city and in incorporating the city as it does. I am not in a position to render an opinion which would be useful to the committee on these questions, but it would appear that opinions should be obtained to insure that no challenge in the courts would be required on these points.

I understand that the Senate counterpart of H.B. 857 has been referred to Legislative Affairs for redrafting and I am assuming that some of the language problems contained in the House version will be eliminated. The draft appears not to have been prepared by professional drafters or under the supervision of professional drafters and, as a consequence, contains language not usually found in statutes. Since the language of the bill in several spots is unusual, one would have to suppose that the bill would be challenged in the courts just to obtain an interpretation of the language, let alone the intent.

On a point-by-point basis, I should like to address the following as they appear in the H.B. 857 version:

Representative Bob Bradley
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Page 3, Sec. 44.62.016(b): Expresses a legislative finding that the Alaska Housing Finance Corporation should make lower interest loans to all residents of the capital city without regard to income. Aside from the obvious constitutional question, this is patently unfair to the rest of Alaska's prospective homeowners.

Page 4, Sec. 44.63.020(a): Would create the development corporation as a public corporation and instrumentality of the state. This is inconsistent, not only as to the remainder of the subsection, but with a number of the rest of the provisions of the bill. For example, the corporation's powers are taken from the Alaska Business Corporation Act, with some add-ons for public corporations, but the corporation would not be subject to legislative oversight, except for the audit function. Any attempt to invade the powers of the corporation after an audit exception might very likely impair contracts.

Page 5, Sec. 44.63.020(b): Provides for appointment of the board of directors, but no legislative confirmation. Since there are no provisions to cover conflicts of interest except to prohibit a director from voting on a question in a board meeting, some safeguard should be included.

Page 7, Sec. 44.63.020(d): Permits telephonic board meetings. There is always a problem in meeting the "public meeting" requirement when telephonic board meetings are permitted. This is especially true when the board has emergency rule-making powers. I am not sure what "rule-making powers" mean in the context of this corporation, but apparently they could have long-range effect on the municipality which would ultimately be formed.

Page 7, Sec. 44.63.020(e): Permits the board to fix compensation for employees without regard to the state pay scales. While it may very well be true that no one in his right mind would take on the job of executive director of the corporation without substantially more compensation than permitted by the state merit system, some control over compensation should be required.

Page 7, Sec. 44.63.020(h)(1): Removes the corporation from the purview of the Administrative Procedures Act. It has been my experience that all agencies of the state which are not required to comply with the

Representative Bob Bradley
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APA violate consistently the due process and equal protection provisions of our constitution. Insofar as the corporation is concerned, since it has rule-making powers, removal from coverage of the APA is very dangerous. The remaining sections of (h) make a bow in the direction of public comment, but basically provide no meaningful response to the public when it sees itself damaged. That section alone would eventually become an "attorney-full-employment" provision.

Page 9, Sec. 44.63.020(i): Permits the corporation to die when it decides to. No one can require the citizens of the capital city to assume powers they refuse to vote for and if the corporation ceases to exist, the state would have to take over. In view of the very real probability that the corporation will be indebted for more than it has in assets or income when the 37,500 population figure is reached, the state could well be stuck with an immense debt. This must also be related to the requirement that the city commence its formal existence when it has 25 souls in permanent residence. The two provisions are wholly inconsistent.

Page 11, Sec. 44.63.025(6): Permits corporation to acquire property by condemnation. While it is true that private corporations can condemn property for specific purposes, no apparent limitation is imposed on the CDC. The CDC can condemn the property of a municipality. No other corporation in the state appears at this time to have such power.

Page 14, Sec. 44.63.025(19): Exempts the CDC from the usuary laws. While there may be good reason for this, none appears to me.

In overall, Sec. 44.63.025 contains all of the powers of both a private and a public corporation, none of the constraints, and, it would seem, has more power than the state itself. Each provision should be reviewed carefully.

Page 16, Sec. 44.62.030: Preparation of development plan. While it makes some sense to require the corporation to prepare a more detailed plan than that presented by the Capital Site Planning Commission, considering the powers of the CDC, there could be developed a plan which did not conform to the CSPPC plan and there is no mechanism for legislative review or additional voter approval. The CDC is free to do what it wants without adherence to the plan funded by the voters.

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As an aside, the section numbers do not seem to have consistency. Codification might yield a strange order for the various sections if this problem is not dealt with.

Page 20, Sec. 44.63.040: Provides for cooperation of other entities. The CDC has the power to require other municipalities to render it aid even though such assistance may be detrimental to the people of those other entities. Even if such a provision could be found to be constitutional, I doubt seriously that it could be enforced.

Page 21, Sec. 44.63.040(e): Exempts CDC from the Environmental Procedures Coordination Act. Even if this could be found to be constitutional, the policy is not sound. We have learned in the construction of the pipeline that constant oversight by the environmental agencies is necessary.

Page 22, Sec. 44.63.045: Expands on condemnation authority. Note that on Page 23, line 9, the language "any purpose." In view of the fact that the condemnation authority given to the CDC seems to extend throughout the state, one can speculate too easily as to the possible purposes for which such authority can be used. The declaration of taking is an extraordinary weapon in the hands of the state, let alone in the hands of a private corporation, and its use should be limited to specific projects.

Page 23, Sec. 44.63.050: Loans to CDC. This section is very loosely drafted. It appears that the CDC could leave this loan to the end of the project, never repay it and leave the capital city with this additional debt load. This section should be clarified.

Page 24, Sec. 44.63.055: Property disposition. The CDC is exempted from the state land laws and disposition by sale or otherwise need not conform to any law applicable to other municipalities. Once the land is transferred to the CDC, it apparently can deal with it as if it were privately owned, not even subject to zoning requirements except as contained in the plan. In view of the projections contained in the financial plan about revenues derived from land sales, this would seem inconsistent. The argument can be made that normal, sound business practices would govern, but the debts of the CDC will eventually be debts of the state and the capital city, and more control should be had over land dispositions.

Representative Bob Bradley
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Page 25, Sec. 44.63.060: Land transfer to CDC. Since no apparent limitation is contained in the bill, it would seem that sub-surface rights may be conveyed. Even if this section could be deemed constitutional, it is bad policy and should be cleaned up.

Page 25, Sec. 44.63.065: Construction contracts. The CDC is exempted from state bidding procedures and all construction could be on a negotiated basis. While it is perfectly permissible for a private corporation to negotiate its construction contracts, the CDC claims to be a public corporation and instrumentality of the state. Even if found constitutional, some standards should be incorporated to protect the people who ultimately will have to pay for the project. Also, please note that the mechanics' and materialmen's lien statute would not be permitted to be used. Since the CDC is neither the state nor a municipality, the state's Little Miller Act, A.S. 36.25.020, also would not be available. Contractors, subcontractors, and suppliers are left to a contract action only to recover sums due. This seems patently unfair.

Page 27, Sec. 44.63.070: Handling of money. Even though the Legislative Budget and Audit Committee can review the books, no sanctions can be applied against the corporation, other than the withholding of funds, I suppose, to enforce proper accounting and spending standards. If funds are withheld, of course, the project could die. The effect is no control at all.

Page 27, Sec. 44.63.175: Exempts CDC from taxation. On its face, this would make sense, at least in the early stages, but one can easily foresee the situation in which the capital city or the Mat-Su Borough needs additional revenue to function because of the CDC and cannot tax. I am not sure that the way in which this tax exemption is granted complies with state law and is certainly bad policy, without more limitation than exists in the bill. Also, the section seems to have been drafted by at least two people without checking for consistency.

Page 28, Article 4: Financing plan. This entire article is borrowed in pieces from existing statutes. Comparison with existing law should be made carefully to determine whether or not the changes are proper. It appears to attempt to incorporate into law those provisions which would be in aid of bond sales, but to leave the CDC free to manipulate its funds in a way which could lead to disaster.

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Also, the article appears to create the situation of making the state the guarantor of the CDC bonds, despite the earlier disclaimer. If enacted in its present form, I see no way for the state to escape paying if the CDC does not, whether or not it can.

Since the entire thrust of the bill is to free the CDC from all constraints to the extent seen by its drafters, the overall effect is to leave the state ultimately liable for the debts of the CDC with no way to protect itself by controlling the CDC's actions.

Page 43, Sec. 44.63.130: Conflicts of interest. This section would not serve to protect the public from real conflicts of interest. Just prohibiting a board member from voting on an issue in which he may have a financial interest hardly is sufficient to prevent very substantial abuses of the powers granted to the CDC. This relates to my earlier comments about legislative confirmation of appointees to the board of directors.

As I indicated in my oral testimony, I regarded the incorporation portion of the bill with horror. I am not a skilled municipal attorney who could give you real expertise in this area. I would recommend that this portion of the bill be referred to one or more municipal attorneys in the state for their comments. The Alaska Municipal League could give you a list of names of people who are experienced in this area of the law.

This letter has assumed extraordinary length and for that I wish to apologize. It has been difficult, however, to keep my remarks as "brief" as they are. I hope that they will be of some service to the committee in dealing with H.B. 857 or its successors.

Sincerely yours,


Mary A. Nordale

cc: C.B. Bettisworth
Carolyn Bushey
MAN:dn

March 20, 1978

Joint State Affairs Meeting

7:10 PM

Senator Willis, Chairman
Members present

Representative Miles
Representative McKinnon
Representative Kelly
Representative Nakak
Representative Bradley
Senator Huber
Senator Bradley

Commission members

Chuck Belke
Morton Hoppenfeld
Arlis Sturguluwski
George Morrison
Lee Kaufman
Lee McInerny
Bill Corbus

Morton Hoppenfeld made the general presentation. His outline is included with this summary.

Representative Nakak: What were the outer figures for getting water in the new city:

Morton: 2 million - 20 million

Senator Huber: On transportation. Did you ask the people who want the capital move if they wanted a public transportation system as opposed to private:

Morton: With the plan the way it is, you can use either mode.

Senator: Is the quality of air able to handle private vehicles?

Arliss S.: There isn't enough data, but the quality would be better than in Anchorage.

Senator Huber: When someone comes to visit you, will they be able to park in the street. Will there a place to park in town?

Morton: The plan does not require that you use the bus.

Chuck Belke: You can drive to within 1,500 feet of the capitol building.

Representative Bradley: Senator Huber's question will come up again. Were the people polled? 69 people have made all the decisions as agents of the people.

Senator Huber: We ought to be able to poll them for every question.

Morton Hoppenfeld continues to explain the publications that were sent to members of the State Affairs Committee.

Representative Dankworth: Is the 75% overbuilding for expansion going to be immediate?

Morton: No, gradual.

Representative Dankworth: Is each section filled up before land is opened.

Morton: Each section is almost filled up.

Representative Dankworth: Is there any income coming from the land not being used?

Morton: It's just there.

Senator Huber: What if you want to live where it's not open yet?

Arliss S.: 80% will want to live in town, because of the facilities. 20% will want to live somewhere else.

Morton: There are many different types of housing.

8:20 Recess

8:32 Convened

Morton Hoppenfeld continues his explanation.

Senator Huber:will the city need special legislation for taxes?

Morton: No.

Senator Huber raises questions regarding the charts the commission has prepared. The charts would be necessary to understand the questions. He did ask if they looked upon the government as an industry and they said they did.

Representative Dankworth: Did you consult HFC?

Morton: Yes.

Senator Huber: We are "imposing" a new economy on someplace that doesn't exist right now. It takes away from some place that does exist.

Representative Kelly: Is the city based mostly on government?

Morton: Yes...no other basic industry

Representative Kelly: When do you market the city industrially?

Morton: Before it's built.

General discussion

Representative Kelly: Are there figures on a split move?

Morton: There are some assumed figures.

Arliss S.: We are asking for an appropriation for a feasible study on a split move and a no move.

Representative Kelly: Can you build the capital cheaper?

Morton: Yes, there are many different ways, for example: develop more quickly, change the plans, reduce the size.....

Senator Huber: Where does the new capital city sit between tents and trailers and alabaster?

Chuck Belke: Not a posh city.

Meeting adjourned 9:45

April 4, 1978 Joint State Affairs Meeting in Governor's
Conference Room

Members present

Willis, Bob Bradley, Miles, McKinnon, Kelly, Lethin

Two attorneys were present, Bill Berrier and Herb Berkowitz.
They went through the bill section by section.

Joint State Affairs Meeting with Senator Willis and Rep Bradley
Chairmen April 10, 1978

Members present

Senator Willis, Reps. Bradley, Kelly, Lethin, McKinnon, Miles

Lt. Governor Lowell Thomas passed out a small stack of memos from department heads reviewing their thoughts on the bills. He said he invited every dept. to attend except Military Affairs.

10 minute recess

Bill Allen, Commissioner of Administration entertained questions

Rep Bradley asks if Mr. Allen knew that the Governor that morning had said that the Commissioners were at the disposal of the State Affairs Committee to rewrite the bill.

Kelly wanted to know what his objection to the split move was.

Mr. Allen said leaving data processing in Juneau would be bad because that's the information distribution center and it just wouldn't be very efficient to have it separate. If the legislature says to leave it, it could be done.

Rep Kelly wants to know if telecommunications would help.

Commissioner Allen said that they wouldn't help right now, because they're not advanced enough. If an appropriation went through it would help them alot.

Rep Bradley asked how much of an appropriation.

Com. Allen replied 3.5 million.

Sterling Gallagher, Commissioner of Revenue was next to testify. He first stated that bonding the capital move would use up all of the state's bonding capacity. He said he is opposed to the CDC selling revenue bonds. His attached memo explains his position more thoroughly. He thinks that a phased operation is a good idea, because it would help keep track of progress.

Rep Miles asks if the liquid surplus going down?

Mr. Gallagher answered yes.

Miles wanted to know how CDC is supposed to borrow money if there isn't any in the treasury. Wants to know how much the state will loan.

Mr. Gallagher answered 117 million.

Mr. Morton Hoppenfeld explains why the CDC has power to sell bonds. Its because when the sewer is built, they can use it as collateral in case the community does not want to buy it.

Rep McKinnon asks what other agencies sell bonds.

Mr. Gallagher replies that the airport is the only unit selling bonds through the state.

Rep Lethin asks if you can use a 30 million lid.

Mr. Gallagher says yes, it's possible.

Rep Lethin wants to know if that means he would like to see a lid on all other municipalities.

Mr. Gallagher says he didn't say that.

David Rogers Asks if he (Mr. Gallagher) had seen the White Weld report.

Mr. Gallagher says that the capital move would have a huge impact on state's ability to bond other projects.

Dick Echin was present for the Alaska Housing Authority, but there were no questions.

5 minutes recess

Ms. Janice Gate from the Department of HESS says that they encourage the use of updated planning facilities for the health and social services aspects of the new capital.

Rep Bradley asks how would the planning agency respond to building a hospital in 5 years.

Janice Gate said that they would have to go through extensive needs requirements list.

Ed Kaiser, Deputy Commissioner of Fish and Game pledged their support in helping to manage the environment, etc.

Rep Miles asks his about a "color mosaic" costing 1/2 million \$ that "Trenton" is asking for.

Mr. Kaiser explained that it is a very useful tool telling what animals use what land, etc.

There were no representatives from the Department of Education of Transportation.

Mr. Glen Akins from the Department of Environmental Conservation stated that getting state permits wouldn't be much of a problem, but that getting federal permits would be.

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Deputy Commissioner Carl Gonger from C & RA said that they didn't want the local boundary commission to have the last say.

David Rogers said it was changed to no local boundary decisions without the approval of legislature and governor.

Mayor Overstreet testified on Juneau's behalf.

Representative Kelly mentioned that his population estimate of how many people would be left in Juneau was a gross exaggeration.

Mayor Overstreet calmly stood his ground and said that sound government would not be found in the split move. Sooner or later everything would be moved to Willow. The split move concept is just a sop. There is no reason to believe this community would survive.

Rep Miles said that the national tv broadcast was a distortion and very embarrassing.

Carolyn Berg gave her usual testimony, but kept it to 2 minutes.

Recess to call of the chair



STATE OF ALASKA
LIEUTENANT GOVERNOR
JUNEAU

April 10, 1978

Members of House/Senate State Affairs
Committees

Gentlemen:

At your request the various departments of the executive branch of government were asked to review capital city legislation and consultants' reports and submit their comments for your consideration. Governor Hammond requested my office to gather up these comments and coordinate our testimony.

Five departments have no comments to make at this time; one of them, the Department of Law, is awaiting the redrafting of legislation and may wish to comment then. Nine departments have responded with recommendations, questions and comments, all of which are contained in the attached memoranda.

I have asked those departments with concerns over legislation before you to be represented here this afternoon, preferably in the person of the Commissioner, in order to answer your questions or to testify further if you so desire.

The executive branch of government stands ready to help in any way it can during your deliberations over capital city legislation.

Thank you.

Sincerely,

Lowell Thomas, Jr.
Lowell Thomas, Jr.
Lieutenant Governor

STATE
of ALASKA

MEMORANDUM

Revenue

TO: Lowell Thomas, Jr.
Lieutenant Governor
State of Alaska

APR 4 1978

DATE : April 4, 1978

FROM: Sterling Gallagher
Commissioner
Department of Revenue

SUBJECT:

I do not feel that the Community Development Corporation should be allowed to sell bonds. They should only be authorized to borrow from the State Treasury and then the loans should be appropriated by the Legislature because of the illiquid nature of the balance.

If they must borrow through the sale of bonds, they should be sold through the State Bond Committee. I agree with the method by which the general obligation bonds are sold, where they have a phased authorization on the bond sale.

One of the things I would like to insist upon is that in conjunction with the phased authorization of the bonds the Legislature shall each year review the funding status of the project to make sure that it lives within the amount of bonds authorized. The Legislature shall be responsible for insuring the total dollar figure is spent and properly managed so that there are no cost overruns. If there are cost overruns greater than expected the Legislature shall decide what the Community Development Corporation should delete.

All lands should be disposed of in a manner that reflects its full market value.

TO: Keith Specking
Legislative Assistant
Office of the Governor

DATE: March 31, 1978

FILE NO:

TELEPHONE NO:

FROM: Commissioner B. B. Allen *BA*
Department of Administration

SUBJECT: Department of Administration
Capital Relocation Critique

As requested, my staff and I reviewed the Capital Relocation materials (primarily the Rivkin and Leonard Lane Reports), conducted a personal review of each Division and the following observations and comments are submitted.

I, as do my staff, feel that the Department of Administration should be one of the first agencies in Willow in the event of a move. This decision is predicated on the Governor and Legislature moving at the same time and the obvious need to establish services.

However, in contradiction to the Lane Report, this entire Department could not move at one time. Some Divisions such as Data Processing, General Services & Supply and Personnel & Labor Relations would have to leave certain central positions in Juneau indefinitely. In the case of the Division of Data Processing, this entire Division would have to be moved in phases which correspond with the moves of the various other agencies, due to the direct support afforded each. The Division of Personnel & Labor Relations and the Division of General Services & Supply also have unique and direct support service requirements and substantial personnel would have to remain in Juneau to support the remaining agencies until such time as the move was completed in 1994 which would create a need for staff increase. All other Divisions and offices in this Department could and would move in total when my office moved.

Without going into specific detail in this report, there are also various additional requirements and changes we would have to have in Willow. For example, the Division of Data Processing and Division of Communications should be housed in a separate Communications Center with special security and physical requirements, which should be adjacent to the Central Offices Complex. The Division of General Services & Supply can and should be housed in one location, inclusive of the Archives & Records Center. There are other minor changes which can be incorporated into a final design of the respective facilities.

Relative to the Rivkin Report and the Split Move Concept, the primary objection that we have is the recommendation that the Division of Data Processing remain in Juneau. This is totally unacceptable and could not be done. As noted above, this Division

March 31, 1978

directly supports various agencies and must remain with those agencies whether in Juneau or in Willow, however the Directors and other key administrative personnel would have to leave when my office leaves. It is not crucial that the physical computer facility and attendant staff personnel leave, however there would be considerable inefficiencies and additional costs if this were the case. Also, under no circumstances could the Division of Retirement & Benefits remain in Juneau. This office should be in as close a proximity to the legislature as possible, therefore it would have to be moved first also, in total.

Other than the above objections and some minor transportation and space requirements, we have no other conflicts with these two reports. However, the following comments are submitted as basic and fundamental concerns in the event the Capital is moved.

1. I feel all State agencies must review at least the two preceding reports to ascertain their validity and make their respective determinations as we have (if they haven't already), as to when and who they move.

2. A central agency with adequate staff must be organized under the supervision of this Department to organize and coordinate the move to Willow and manage and allocate space in the new facilities as well as the old. Presently these functions are handled by the Division of General Services & Supply in this Department, however the present staff is insufficient. We have some experience in large moves and, of course, are statutorily responsible for management of space in State buildings.

3. The exact agencies and their respective move dates must be coordinated through this Department as we must review all leases and their respective expiration dates to lessen the extent of any default payments and possible court action resulting from premature cancellation of leased space. Presently in Juneau alone the State has in excess of 140,000 square feet of leased space.

4. At this point I also feel that we should consider the consolidation of all State laboratory facilities in Willow. Presently the Departments of Environmental Conservation, Health & Social Services and Fish & Game have separate facilities which represent duplication of effort and facilities.

These are some of the obvious problem areas which will have a definite impact on State government and are submitted for review and consideration. They are not the only concerns we have, but they are primary in importance at this time.

I and my staff will be willing to discuss this with you, or whomever, at your convenience.

cc: General Services & Supply

Commerce!
Econ Develop.

Alaska STATE HOUSING AUTHORITY

March 23, 1978

The Honorable H. Phillip Hubbard
Commissioner, Department of Commerce
and Economic Development
Pouch D
Juneau, Alaska 99811

Re: ASHA Involvement in the Proposed
Capital Move

Dear Phil:

I have followed with interest the proposed ASHA involvement in the capital move, both in the legislation introduced concerning the capital move and in the newspapers. It is a requisite that some basic facts concerning public housing be conveyed to those members of State Government that are involved in the planning of the capital relocation.

Various figures ranging from \$60 million to approximately \$95 million have been postulated as the amount of funds necessary to provide public housing in the new capital city. These funds are projected to be loaned by the Department of Revenue to ASHA for the provision of low income public housing. However, as I stated in the bill analysis that I submitted concerning the Alaska Capital City Development Corporation legislation (SB 519 and HB 857), ASHA can provide low income public housing only through the utilization of a partial or total grant of the construction money, or a loan of the construction monies coupled with an ongoing rent subsidy in an amount sufficient to allow ASHA to amortize the construction debt burden.

For example, if we assume that a unit of housing provided for a low income family shall cost \$60,000 and ASHA obtains a 40 year loan from the Department of Revenue at 7%, the monthly payment to amortize the loan shall be \$372.86. Once administrative, maintenance and repair costs are added, the monthly cost to ASHA for providing this \$60,000 house or apartment unit shall easily exceed \$400 a month. Also assuming that a low income person will be incapable of paying more than 25% of his or her gross adjusted

The Honorable H. Phillip Hubbard -2-

March 23, 1978

family income per year, and extrapolating from our experience in existing low income rental housing in the Anchorage area, the average rent per housing unit per month that a low income family can pay shall be approximately \$90 to \$100.

There is a substantial shortfall between \$90 to \$100 and \$400+ per month per housing unit. Thus, absent a federal or state subsidy or grant, if 1000 housing units are provided by ASHA at the cost of approximately \$60,000 per housing unit, ASHA shall accrue a deficit in excess of \$300 per housing unit per month for a total of more than \$300,000 per month.

ASHA has encountered the same type of deficit problem in the Marine View Apartments project in Juneau--there, ASHA attempted to provide low and moderate income housing without the aid of a grant or subsidy. The State of Alaska loaned ASHA \$3.9 million at 3% interest (a very low interest rate), and the project has never been financially viable. Thus, it is difficult to conceive that, under similar conditions and absent a miracle, ASHA can undertake low income housing programs without the aid of a grant or subsidy.

Assuming that adequate notice for planning shall be available, it is reasonable to believe that low income housing in an adequate amount can be provided by utilizing federal funding and subsidies available through the United States Department of Housing and Urban Development (HUD):

If you have any questions or comments concerning this matter, please contact me at your convenience.

Best regards,

ALASKA STATE HOUSING AUTHORITY


Harry D. Goldbar
Executive Director

HPG:mm

cc: Members of the Board
Pam Knode

The Alaska State Housing Authority (ASHA) presently provides housing in urban areas for lower income persons. SB 519 and HB 857, as they affect ASHA, authorize loans to the Alaska State Housing Authority for housing for lower income persons. This authorization is referred to in the title of the bills, and under section 44.62.015, entitled LEGISLATIVE FINDINGS AS TO CORPORATION AND OTHER PROVISIONS, Sub-paragraph (a) (2). And more specifically in AS 44.58.270 section 4.

However, based upon ASHA's past experience, in order to provide housing for low income persons, money for site acquisition, development and construction of the housing must be received in the form of a grant, or alternatively, an on-going rent subsidy must be provided for the entire life of any loan received for construction in order to allow ASHA to amortize the debt load and still provide housing that is economically accessible to low income persons.

ASHA is primarily dependent upon the United States Department of Housing and Urban Development (HUD) for its construction funding and rent subsidy receipts necessary to provide low income housing. ASHA's experience indicates that its ability to provide low income housing is only marginal, even at a very low interest rate, in the absence of a total or partial grant for the construction funding and/or a long term rent subsidy. The mere availability of loan funds does not insure the feasibility of the construction and on-going maintenance of a low income housing facility.

I suggest that the bill be revised to allow for grants for construction. Alternatively, ASHA can utilize low interest loans if a long term (for the life of the debt) rent subsidy is made available in an amount to insure the feasibility of a project or projects.

(6) Comments

1. Section 44.63.010(5) Legislative Findings, places the development corporation within the Department of Community and Regional Affairs, while Section 44.63.020(a) Alaska Capital City Development Corporation, places the development corporation within the Department of Commerce & Economic Development. This conflict will need to be resolved.
2. Section 44.63.040(e) Relationship of Corporation, the State and Municipalities. This subsection appears to abrogate due process especially in procedure and by placing ultimate permit responsibility on the hands of the Governor and not the courts.
3. Section 44.63.080, Bonds and Notes of the Corporation. This section provides the corporation with the power to issue its own bonds and notes without a debt ceiling restriction.
4. Section 44.63.090, Reserve Funds. Even though the permissive "may" is used, this section strongly suggests that the corporation will be relying heavily on State grants to the reserve funds set-up to retire the bonds and notes issued by the corporation. In addition, subsection (e) may be in conflict with Section 44.63.050.

10.

The Honorable Lowell Thomas, Jr.
Lieutenant Governor

DATE: April 7, 1978

FILE NO:

TELEPHONE NO:

FROM:

Helen D. Beirne
Helen D. Beirne, Commissioner
Department of Health and Social Services

SUBJECT:

Response to Capital Site
Planning Commission Reports
and Legislation

The Department of Health and Social Services commends the Capital Site Planning Commission for preparing a comprehensive report within a stringent time frame.

One of the Department of Health and Social Services' primary goals is the prevention of health and social problems, and we are pleased to see that this goal is mentioned (Vol. 3, p. 33) in the Capital Site Planning Commission report. Careful planning for open spaces and outdoor and indoor recreation areas and facilities can help prevent behavioral health problems; and careful environmental planning, specifically a good water supply and adequate sewage treatment facilities, can go far toward preventing both mental and physical health problems.

The Department of Health and Social Services is concerned to know whether the Matanuska-Susitna Borough will accept health powers. One of the principles guiding the legislative recommendations of the Capital Site Planning Commission reads: "To maximize local government responsibility for providing governmental services as early as is feasible, consistent with assuring orderly development of the new capital city." The Department agrees with this principle; it is our belief that local government can best plan for, design and provide those health services needed by a particular community. The State's role should only be one of monitoring to assure that standards are met, that quality is maintained and that equal access is assured. Indeed, the Administration currently has a bill in the Legislature supporting the voluntary assumption of health powers by local entities (HB 206).

Such local government responsibility assumes, of course, that a city or borough has a population base adequate to generate revenues to support the services deemed necessary. We support the Commission's "pre-servicing" policy--the recognition that "adequate levels of municipal, community, and recreational services must be in place when people arrive to avoid a 'rawness' of living often present in other new communities." (Vol. 3, p. 8). The Commission has recognized that "an adequate level of such facilities will be in place for the first and subsequent stages of population growth. It is important that early development at Willow have good support facilities and services and not be a white collar variant on a pipeline construction site." (Vol. 3, pp. 21-22).

This realization that a variety of health and social services will be needed immediately suggests that some transitional mechanism should be devised to permit State support for the services pending the local entity's capability of assuming control and financial support. Although the Capital Site Planning Report speaks somewhat specifically to the areas of financing utilities, government buildings, schools, roads and housing, little attention is given the financing of health and social programs. (Vol. 13, pp. 13-16).

The costs of providing health and social services to any community are high. The Capital Site Plan suggests that the public development corporation would charge fees to the owners of developed land to assist in defraying its costs for providing services to property owners (Vol. 13, p. 2). But even though low-interest loans would presumably be available from the State to augment the funding of such services initially, the costs for the property owners themselves could be substantial. Following the precedent which has been established in many other parts of Alaska, the tendency may be for the State to assume total financial responsibility for providing services on a continuing basis. But when financial dominance prevails, the design, scope and very flavor of services provided most often follow. If the intent is to develop a community with control of its own destiny, then careful attention should be given to the assumption of health powers either by the new capital community or by the Matanuska-Susitna Borough. In addition, the recommendation of the Capital Site Planning Commission advocating the creation of a new reserve fund under the Bond Bank Authority Act is commendable (Vol. 13, p. 37). Unless such precautions are taken, other equally needy communities in the State could witness a potential source of funds, such as bonding revenues, slipping from their grasp.

The Capital Site Planning Commission has recognized that the Capital City Development Corporation (CDC) will of necessity be forced to address the health and social needs of those involved in the early settling of the community. But the answers may not be readily available through the examination of the structures of government, as the Capital Planning proposal appears to suggest.

In response to the admitted complexities of health and social planning, Congress established in 1974 the National Health Planning and Resources Development Act. In some ways, the regional health planning system established under that Act (PL 93-641) resembles land-use planning, with Regional Health Systems Agencies (HSA's) taking the role played by local planning commissions. Just as planning commissions develop master plans outlining how land is to be used, HSA's are now preparing comprehensive plans describing how a community's health needs can best be met. A planning commission hears a developer's proposal, compares it to the master plan, listens to citizens and recommends to the local governing body whether it should rezone a tract of land. In a similar way, an HSA hears hospitals or others who propose to spend \$150,000 or more on a health facility or service change, compares it to the comprehensive plan, listens to the citizens and recommends to the state

health commissioner whether he should grant a permit--called a Certificate of Need. Presumably all health facilities or services costing \$150,000 or more built in the new capital city will be required to obtain this type of certification.

The State Health Planning and Development Agency has been developing detailed and comprehensive studies on the extremely complicated health care delivery system in Alaska. Some of the facets to be considered in addressing any health problem include prevention, diagnosis and treatment, rehabilitation, research, facilities and equipment, manpower, economics, and target population. The State Health Planning and Development Agency (SHPDA) continues to work on standards for future health services delivery as well as the concepts involved in coordinating and designing a health care system for Alaska. And the Health Systems Agencies (HSA's), as one component of an integrated statewide health planning effort, can provide valuable assistance to the new capital city. The Health Systems Agencies are consumer-oriented, but involve broad provider representation as well. The Southcentral HSA, whose region incorporates the Willow area, has expressed interest in participating in the capital planning process at an early stage. The Department of Health and Social Services hopes that this will be done.

In short, the Department of Health and Social Services, while recognizing the thorough work carried out by the Capital Site Planning Commission, does have some concerns about more detailed planning for health and social services delivery as the city develops. We have largely addressed health here, and have not entered into discussions of the plethora of other services which are necessary for any community. We recognize that our degree of involvement will depend to a large extent on the staging process which the Commission has described, and on the assumption of health powers by the Matanuska-Susitna Borough.

CAPITAL SITE PLANNING COMMISSION

310 'K' Street
Suite 708
Anchorage, Ak. 99501
(907) 276-3003

December 28, 1977

State of Alaska
RECEIVED

APR 3 1978

Lieutenant Governor

Mr. Dick Logan, Chief
Habitat Protection
Support Bldg.
Juneau, AK 99801

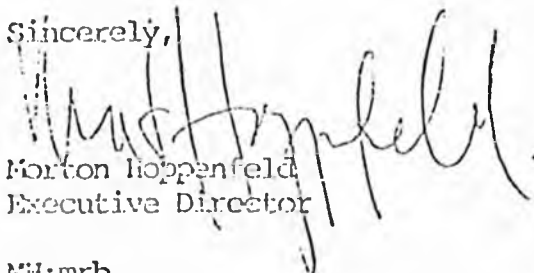
Dear Dick:

We would like to thank you for your participation in and contribution to the Capital Site Planning Commission workshop on environmental policy held on November 10, 1977. We apologize that it has taken so long for us to get this response to you, but this has been a very busy time for the Capital Site Planning Commission.

We hope that you had the opportunity to view the five alternate plans for the capital that have been exhibited at the Anchorage Historical and Fine Arts Museum.

Enclosed you will find a revised copy of the Commission's environmental policy which resulted from discussions at the workshop. Would you please review them and then if you would like to add or suggest changes, we would welcome such correspondence. Any further suggestions as they might influence the plans and later reality of the new capital will be appreciated.

Sincerely,


Morton Hoppenfeld
Executive Director

MH:mrh

Enclosure (1)

HABITAT
RECEIVED
JAN 2 1978

HEADQUARTERS
JUNEAU

January 27, 1978

Morton Hoppenfeld
Executive Director
Capital Site Planning Commission
310 K Street-Suite 703
Anchorage, Alaska 99501

Dear Mr. Hoppenfeld:

Subject: Capital Site Environmental Policies

The Department has reviewed the December 2, 1977, capital site environmental policies draft. The following comments are offered for the Capital Site Planning Commission's consideration. To facilitate the review process each section is identified by page number and title. Under the section heading each comment is numbered to correspond to the statement presented in the draft document.

Page 4 Surface and Subsurface Waters

1. In developed areas bordering Willow Creek, Little Susitna River, and Deception Creek, it will be necessary to treat surface drainage waters if there is not a natural vegetated zone to serve as a filter blanket. The minimum required treatment would be a settling basin system, and in areas where paved streets and parking lots are concentrated, a gravity oil and water separator will be necessary to insure water quality maintenance in these fisheries streams. Poor drainage planning has been a major factor in the degradation of anadromous fisheries streams like Campbell, Fish, and Chester creeks in the Municipality of Anchorage.
5. Development in flood plains should not be permitted. Also where recreational use may occur on easements, trails and facilities must be designed which will minimize bank and vegetation degradation due to heavy pedestrian or recreational use.

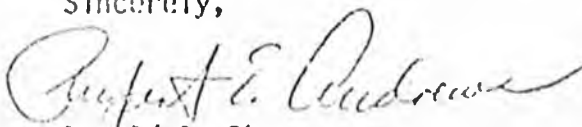
Page 6 Fish & Wildlife

3. Include, "feeding wintering, migrating, or calving" in this statement.

5. We support the concept of mitigation and replacement of lost habitat through enhancement of adjacent areas but hope this would not mean a loss of these areas to use by sport hunters due to "park" status.
6. If natural areas are too small in size they may not support smaller wildlife.
7. We are opposed to a "park" image which will restrict possible hunting for large or small game, particularly if it encompasses an area of 100 square miles. We would prefer that hunting be allowed where it can be compatible with other uses of the land surface and not make an "absolute" closure policy. For example, hunting for bear may ameliorate some of the nuisance animal problems. ADF&G should be the agency responsible for seasons and bag limits.
8. Research should not only be for setting regulations but also to identify crucial wildlife habitats, define moose movement corridors and define where airports, roads and other major construction should be avoided.
9. Harvest of fish is more a function of effort and not always based on type of tackle used. Fly fishing can be a very effective means of harvesting fish and can also result in a fishery taking much smaller fish than would be taken by other lures. We agree studies should be initiated to determine what proper regulation might be. Again, ADF&G should be the agency responsible for setting seasons and bag limits.
11. Add "present sport fishery and habitat."

The opportunity to review and comment on your draft environmental policies is appreciated.

Sincerely,



Ronald O. Skoog
Commissioner

for

STATE OF ALASKA

DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

SUPPORT BUILDING - JUNEAU 99901

February 15, 1978

Mr. Mort Hoppenfeld
Executive Director
Capital Site Planning Commission
310 'K' Street, Suite 708
Anchorage, Alaska 99501

HABITAT
RECEIVED
FEB 16 1978

HEADQUARTERS
JUNEAU

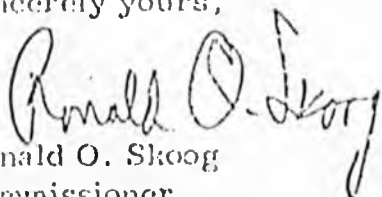
Dear Mr. Hoppenfeld:

I have just become aware of your plans for a detailed comprehensive environmental assessment for the new capital site. I understand that Rupert E. Andrews, Director of my Division of Sport Fish, and his staff have been helping you in some of the initial work.

My Habitat Protection Section is the primary group in this Department, however, that handles the broad spectrum of various environmental matters and is concerned with reviewing and issuing many different kinds of permits being handled by this Department and by other Federal and State agencies. Therefore, to represent the Department and to work with you in your detailed environmental planning, I have appointed Dr. E. Richard E. Logan, Chief of Habitat Protection, and his Regional Supervisor for the Anchorage Region, Thomas W. Trent. These two individuals will be responsible for coordinating all of the participation by this Department with the Planning Commission.

We are anxious to help you in any way we can in this important planning effort. Please advise me if you need additional help from my staff.

Sincerely yours,


Ronald O. Skoog
Commissioner

TO: Dick Logan, Chief
Habitat Protection Section
Juneau

DATE: March 8, 1978

FILE NO.

TELEPHONE NO.

SUBJECT: Capital Site Planning
Commission - Biological
Investigation Program

FROM: *LL*
Loren W. Croxson
Cooperative Agreement Specialist
Habitat Protection Section
Anchorage

Attached please find the Biological Investigation Program we have presented to the Planning Commission for their preparation of an Environmental Assessment of the proposed Capital construction.

As I told you in our telephone conversation earlier today, this program was developed with input from all Divisions. Each of the Division representatives present at a 2/28 meeting was made responsible for Divisional input and for "clearing" with their respective Directors. John Vania assumed the responsibility for compiling the Game portion of the programs, Larry Heckart for the fishery portion.

The material they presented me is also attached for your information.

HABITAT
RECEIVED
MAR 10 1978

HEADQUARTERS
JUNEAU

March 8, 1978

Hort Hoppenfeld
Executive Director
Capital Site Planning Commission
310 "K" Street
Anchorage, Alaska 99501

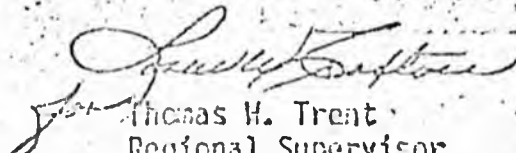
Dear Mr. Hoppenfeld:

Attached you will find our assessment of the Capital Site Biological Study outline and budget.

This assessment was prepared for the short time frame of approximately eighteen months and is confined, as far as is possible, to the actual Capital site with the full understanding that a complete biological assessment would necessarily require several years to complete and the total impacts of the development of a new city realistically extend far beyond the city's boundaries.

We hope this information is sufficient for your planning needs at this time, and will provide more detailed information as you require.

Sincerely,


Thomas H. Trent
Regional Supervisor
Habitat Protection Section

bcc: R. Logan
J. Vania
R. Redick
L. Croxton

TWT:LC:eh

COST ANALYSIS - BIOLOGICAL

Project	3-6/78	7-11/78	12/78-1/80	Total
1.		88,000		88,000
2.		4,000		4,000
3.		75,000	200,000	275,000
4.		35,000	40,000	75,000
5.	<u>10,500</u>	<u>27,500</u>	<u>30,500</u>	<u>68,500</u>
	10,500	229,500	270,500	510,500

COST ANALYSIS - BIOLOGICAL

Project Description

Project

1. Preparation of a color mosaic at a scale of 1:15,840 for detailed vegetative analysis of habitat type.
2. Determination of detailed vegetative type.
3. Big Game Studies: These studies are designed to gather data principally on moose, wolves, and bear in and adjacent to the Capital Site. They will include aerial surveys to determine the distribution and relative abundance of these species at various times of the year as well as the capture and radio tagging of a representative sample of moose to determine their movements throughout the year to assist in establishing seasonal habitat uses by sex and age classes. As time and opportunity allow bears and wolves may also be radio tagged to gather similar data on those species.
4. Furbearers, Small Game, and Non-Game Studies: These studies are designed to gather data on the movements, habitat use, and relative abundance of furbearers, small game, and non-game species of wildlife. This investigations will include endangered species, waterfowl, and all species of raptors present in the study area.
5. Fisheries Investigations: These studies constitute a total inventory of the fish resources and habitats within the Willow, Deception, and Lily Creek drainages.

Adult salmon will be enumerated, abundance of resident fish species determined, spawning and rearing areas delineated, timing of both inter and intra stream movements of juvenile and adult salmonids defined, as well as determining areas of optimal production.

Intensive investigations will be fielded to determine existing seasonal flow characteristics as relate to fish, measurements of water quality, and calculations of "instream flow requirements" for indigenous resident and anadromous species.

Current recreational use of these streams will be measured through a creel census designed to provide harvest and angler effort, and subsequently estimates of economic value.

Project numbers one and two are a necessary ingredient of a detailed biological investigation of the area, however the Department of Fish and Game does not at this time have the necessary expertise on their staff to conduct these projects and suggest that they be accomplished through contract to a qualified investivator in that particular field.

The Department does have the expertise and is prepared to conduct the balance of the project investigations.

Some portions of the Geotechnical studies involve fishery habitats and our Sport Fish Division does have some water quality, productivity and lake profile data which is applicable to those investigations. We would therefore propose a coodination of effort between our Department and the principal investigator of segments of the Geotechnical studies.

It is extremely difficult to adequately portray the Department's involvement in permits, licenses, and approach on a matrix such as you have prepared. We have a statuary repsonsibility to review and exercise any needed control over all activities which impact upon any body of water which supports anadromous fish. We also have review and comment responsibilities over any activity. which affects all other species of fish and game and/or their habitats.

Since our statutory authory for permits is limited to those related to anadromous fish, we propose that the matrix list only Anadromous Fish Permits, we have involvement in hydrolic projects only as they impact anadromous fish.

MEMORANDUM

TO: Loren W. Croxton
Cooperative Agreement Specialist
Habitat Protection Section
Anchorage

DATE: March 6, 1978

FILE NO:

TELEPHONE NO.

FROM: Larry Heckart ^{LSH}
Research Coordinator
Sport Fish Division
Anchorage

SUBJECT: Capital Site Studies

Reference the environmental assessment costs associated with the Capital Site package we've been requested to review.

It appears as is often the case, the time frame is extremely brief and the monies somewhat more than adequate for the biological investigations listed. I'm sure it goes without saying that we as an agency studying biological subjects and functions would be much better off with the same monies distributed over a greater period of time.

Another point we may need to make in our response is that impacts from this action will in no way be confined to the "Capital Site" boundaries. A new city of the size envisioned will significantly affect fish populations of both lakes and streams all along the Parks Highway, and particularly those closely adjacent to the Willow Creek area.

A realistic assessment of the impacts of the Capital relocation would include analysis of those adjacent areas during the same period of time. Considering the short time frame, some of the funding depicted could very likely be more wisely utilized in this fashion. I know of no meaningful way we could utilize a total of \$168,000.00 by the end of this calendar year in just the Willow Creek area.

When reviewing the Geotechnical studies segment of this proposal, several studies will likely involve this agency to some degree. Investigational segments 2, 6, and 9 incorporate subjects this division has to some degree been involved with and have some data available.

The Sport Fish Division is not, I feel, the best agency in terms of expertise to undertake these studies, and therefore will not address them as such. We do, however, have some water quality, productivity, and lake profile data which will in all likelihood be required by other investigations. It may be desirable to propose coordinated efforts with principal investigations of other agencies for facets of these particular studies. If this approach is desirable, we could define in more detail those segments where we could participate.

Referring directly to the "Biological Studies", numbers 15, 16, and 17; we feel these investigations are all necessary, reflect a minimum level of environmental assessment, and feel we can conduct these studies as well as anyone else. Certainly we can do them more economically.

Shown on the attached page is a listing of activities, estimated cost figures, and timetable for these investigations. Recognize this program is based on the assumption monies will in fact be available June 1, and for the months following. Be aware that only general study objectives are shown. If and when it becomes necessary we can build a much more detailed program.

Also, relative to my earlier comments, a similar biological study and assessment of recreational use should be performed for the other East side Susitna River tributaries, particularly the Little Susitna River which borders the Capital Site. Likely an additional \$15-20,000.00 could include investigations of this stream.

CAPITAL SITE STUDIES

1973

Period	June 1-30	July 1 - November 30
Activity	<p>Weekend King Salmon census at Willow Creek</p> <p>Initiate physical and biological surveys.</p> <p>Initiate water chemistry and quality measurements.</p> <p>Lily Creek stream flows.</p>	<p>Initiate continuous creel census of Willow Creek for recreational use and harvest of pink and chum salmon and resident species.</p> <p>Continue physical and biological surveys of habitat, enumeration of specific fish stocks, hydrographic parameters, water quality and initial flow monitoring site selections.</p> <p>Winter flow studies Lily Creek.</p> <p>Data analysis, writing summary reports, and miscellaneous field work.</p>
Staff Needs	<p>(1) man-month Permanent Staff for Project Coordination</p> <p>(1) Temporary Biologist I</p> <p>(1) Temporary Fish Tech.III.</p>	<p>(2) man-months Permanent Staff Salary for Coordinator.</p> <p>(5) man-months Temporary Biologist I</p> <p>(4) man-months Temporary Fish Technician III</p>
Budget Requirements	<p>100 - \$5,690.00</p> <p>200 - 500.00</p> <p>300 - 1,500.00</p> <p>400 - 1,000.00</p> <p>500 - <u>1,600.00</u></p> <p>\$10,290.00</p> <p><i>10,500.00</i></p>	<p>\$19,497.00</p> <p>1,500.00</p> <p>3,000.00</p> <p>2,400.00</p> <p><u>1,000.00</u></p> <p>27,397.00</p> <p><i>27,500.00</i></p>

Period January 1 - December 31

Activity Continue habitat studies for spawning and rearing salmon species.
 Initiate studies of smolt timing, composition, and migrational patterns immediately upon ice out.
 Establish thermographs and gaging materials. Initiate invertebrate collection studies.
 Initiate fishery related stream flow studies, and establish instream flow requirements for salmonid species.
 Continue salmon escapement surveys for all species.
 Continue flow and water quality studies on Lily Creek.
 Data analysis, preparation of summary reports, conduct miscellaneous early field work.

Staff Needs (2) man-months Permanent Staff Biologist for Coordinator
 (6) man-months Temporary Biologist I
 (5) man-months Temporary Fish Technician III

Budget	100	-	\$22,682.00
Requirements	200	-	1,500.00
	300	-	3,500.00
	400	-	<u>1,500.00</u>
			\$30,182.00 TOTAL
			30,500

MEMORANDUM

TO:

Loren Croxton
Habitat Protection
Anchorage

DATE : March 7, 1978

FROM:

John S. Vania *JSV*
Regional Supervisor
Division of Game
Anchorage

SUBJECT: Capitol Site Environmental
Assessment

Attached is our assessment of the Capitol Site study outline and budget. If you need more information please let me know.

ALASKA DEPT. OF
FISH & GAME
MAR 7 1978
HABITAT
REGIONAL OFFICE

MEMORANDUM

TO: [John Vania
Regional Supervisor
Division of Game
Anchorage

DATE: March 7, 1978

FILE NO.

TELEPHONE NO.

FROM: Karl Schneider *KS*
Research Coordinator
Division of Game
Anchorage

SUBJECT: Capital Site Environmental
Assessment

The Capital Site Planning Commission's study outline for assessing the environmental impact of the new capital includes most of the studies that are currently feasible for assessing impacts of human development on game. The only omissions seem to be studies of some species of small game and non-game. If carried out this program would rank as one of the most complete environmental assessments for an action of this scope.

The main criticism of the outline is that the time frame would not allow all the projects to be conducted in a productive manner regardless of funding level. To provide the necessary synthesis of all of the studies and accommodate temporal variability these studies should be conducted over a five year period. Even then it would not be possible to predict all impacts on game as the impact of building a city extends far beyond the city limits.

If the time frame is not flexible there is no sense in initiating those parts of the study that will not be productive within that frame.

The goals of the studies should be considered. For an action of this type it is reasonable to determine the distribution and abundance by season of the various species within the area; to determine habitat use as an aid in estimating loss due to habitat alteration; to determine movement patterns when a significant part of a migratory population uses the affected area; and to determine potential human-animal conflicts. Studies related to mitigation can be undertaken if mitigation measures are feasible and there is an intent to implement them. It is questionable whether measures to reduce impact or mitigate impacts in the immediate area should be undertaken where such measures would increase human-animal conflicts.

Distribution and abundance studies and habitat use studies should be conducted on all species. The intensity of these studies will vary depending on the availability of techniques, probable importance of the area to the species and importance of the species by human standards.

Movement studies should be conducted on moose since they are known to be migratory in this area and it is believed that a significant portion of one or more subpopulations regularly uses the site. All other species, including bears, are either not truly migratory or only a small portion of this population uses the area. Impacts on these species will largely be restricted to the site, making elaborate movement studies less necessary.

Significant human-bear and human-moose conflicts will certainly develop if the capital is constructed at the proposed site. Therefore serious consideration should be given to the subject of attempting to preserve current populations of moose and bear in that area. Mitigation may be feasible in the case of moose, but perhaps should be conducted in some other area where conflicts will not be aggravated. If so, studies aimed at mitigation within the site are unnecessary.

By dropping those activities which will not produce useful results in the time frame allowed or meet realistic goals for the assessment of this action, the proposed program can be substantially reduced. The resulting program would provide an adequate assessment by today's standards although it would still suffer from the lack of consideration of year to year variability.

The following changes are recommended:

Projects 1-5

In order to be useful the design and analysis of these projects must be closely coordinated with game studies. It would be extremely difficult to accomplish the objectives of Projects 3-5 in the time frame given. The level of knowledge that would be gained if these studies were successfully completed would not be necessary unless there is an intent to design the city around the needs of game populations or to mitigate loss through habitat manipulation. From a practical standpoint it seems unlikely that the design of the city will be substantially altered because of game requirements. Any attempt to mitigate losses within the site would probably increase human-moose conflicts. If mitigation measures are to be taken they should be done in other areas. Therefore mitigation studies could be separated from strictly assessment studies and if desired conducted later during the construction phase. Therefore projects 3-5 could be either dropped or at least delayed without serious damage to the quality of the assessment.

A habitat type map would be useful for analyzing the results of game studies. Therefore Projects 1 and 2 would provide useful information. At the moment we do not have the information necessary to evaluate the cost figures.

Projects 6-10

Projects 6 and 7 are feasible and desirable. Moose are of considerable importance to humans in this area, will be substantially impacted by construction of the city, and will interact in both favorable and unfavorable manners with the residents of the city. These projects should be carefully designed. This might require some deviation from the design outlined, but the general approach and scope would not be changed. Project 8, the wolf census, could be conducted in conjunction with Projects 6 and 7 at no additional cost.

Projects 9 and 10 are not feasible in the time period allowed. Little more than a feasibility study could be accomplished. Unless the duration of the studies is extended, projects involving marking of bears should not be attempted. Some information on distribution and relative abundance

of bears can be collected in conjunction with other studies.

While some bears will be displaced by the city it is unlikely that the population as a whole will be seriously impacted. The main problem will be bear-human interactions which should be considered in the design of waste disposal facilities, construction camps etc.

The Game Division could combine Projects 6-10 and conduct all aspects that are feasible in the time frame allowed for a total cost of \$275,000. This combined project would allow us to roughly delineate the subpopulations of moose using the site; determine whether each subpopulation is resident in the area, uses the area seasonally or merely migrates through the area; determine the distribution of moose in the area by season; identify preferred moose habitats within the site; determine the number of moose wintering in the site; determine the number and distribution of wolves using the site during winter; and to roughly determine the distribution and abundance of bears within the site.

Projects 11-14

Studies of furbearers, endangered species, raptors, waterfowl, upland game and non-game could best be accomplished by intensive on the ground distribution and abundance surveys supplemented with some aerial surveys. Such surveys need not be expensive, but will require quite a bit of time for two individuals.

We recommend that Projects 11-14 be combined with upland game and non-game included. The resulting study could be accomplished for \$75,000.

Summary

The Capital Site Planning Commission's study outline of game and vegetative studies is too grandiose and expensive for the time allowed and the scope of the project. We recommend that those aspects that cannot be accomplished by January 1980 or that are not necessary for assessment purposes be dropped and that the remaining work be consolidated in the following manner.

		7-11/78	12/78-1/80	Total
Habitat Mapping	Project 1	88,000		88,000
	Project 2	4,000		4,000
Big Game Studies (moose, wolf, bear)		75,000	200,000	275,000
Furbearers, small game, nongame, etc.		<u>35,000</u>	<u>40,000</u>	<u>75,000</u>
Total		202,000	240,000	442,000

The Game Division would not conduct the habitat studies itself, but the usefulness of the map for analyzing game data would be insured if the Division administered these studies under a subcontract. The Game Division is the most qualified organization to conduct the big game studies. The furbearer - small game - nongame study could be conducted by temporary employees or a graduate student. Either way there may be certain logistic financial and quality control benefits if the Game division administered this study also.

MEMORANDUM

State of Alaska

Military Affairs

RECEIVED

APR 3 1978

Lieutenant Governor

TO: Honorable Lowell Thomas, Jr.
Lieutenant Governor

DATE: 31 March 1978

FILE NO:

TELEPHONE NO:

FROM: Major General C. F. Necrason *C.F.N.*
The Adjutant General
Department of Military Affairs

SUBJECT: Recommendations on CSPC
Legislation

It is appropriate to recognize what I consider an outstanding accomplishment by the Capitol Site Planning Commission. Members of the Commission faced a tight deadline and completed their assigned task in a timely manner. The individual members had (and have) strong personal views regarding the wisdom of moving the capital, yet they came up with a viable planning document even though there was little source material since few cities have been built in a wilderness area and none in a location as far north as Willow.

It is noted that the CSPC's report makes no provision for the relocation of the Department of Military Affairs from Juneau to Willow. Likewise, there is no provision for an armory in the new capital city. I am in full agreement.

At no cost to the State, the Department of Military Affairs has been provided with 250 acres of land on Ft. Richardson. A preliminary plan for relocating departmental headquarters has been prepared and approved in concept. Under the plan, the Anchorage employees of this department will move to new facilities in FY 80. If the capital is not moved, the persons in Juneau will remain there. If the capital is moved, they will relocate to the new headquarters on Ft. Richardson.

There are many advantages to the Ft. Richardson location. First and foremost, the department's headquarters will be adjacent to that of the 172d Infantry Brigade which is responsible for day-to-day support of the Army National Guard. The location will allow for the personal liaison which is essential for effective operation. In addition, we will be close to Elmendorf AFB for coordination on Air Guard matters. Civil Air Patrol headquarters, incidentally, is also on the air base. Of course, construction costs for the new facilities will be less because of the Anchorage location.

Some could consider the location at Ft. Richardson a negative factor since the Military Affairs Headquarters would not be at the new capital site; it should be pointed out that Willow is within one hour driving time of the proposed site and our helicopters are 15 to 20 minutes away.

We expect that a number of residents of the new capital city will be interested in National Guard membership. As with the departmental headquarters, planners made no provisions for an armory. We feel that this is correct and there is no requirement since our Alcantra facility is adequate and nearby. It can serve the new city as well as Wasilla. Additionally, there is enough space to accommodate the Division of Emergency Services and provide for storage of the division's supplies and equipment.

Honorable Lowell Thomas, Jr.
Lieutenant Governor

-2-
31 March 1978

As a subjective comment on the contents of the CSPC report, it is my opinion that the report constitutes an adequate first step. However, when final plans are drawn consideration should be given to construction of a hospital as there are none in the area.

The requirement for additional industrial space should also be considered.

STATE
of ALASKA

MEMORANDUM

Education

TO:

Lt. Governor Lowell Thomas

DATE:

March 29, 1978

FILE NO.

TELEPHONE NO.

FROM:

Marshall L. Lind *M.L.L.*
Commissioner of Education

SUBJECT: Review of Capital Site Planning
Commission Legislation and Con-
sultant's Reports

I have reviewed the components of the New Capital City Planning Process Documents which relate to both the department and public schools, generally. I am satisfied that the financial and space needs of the Capital City School System are accurately reflected in the reports and accommodated in the appropriate sections of the attendant proposed legislation, 44.63.110(d) and 29.18.620.

TO: Lowell Thomas, Jr.
Lieutenant Governor

DATE: April 5, 1978

FILE NO:

TELEPHONE NO:

FROM: Donald Harris, Commissioner
Department of Transportation
and Public Facilities

SUBJECT: Request for review of Capital
City Planning Documents

State of Alaska
RECEIVED

APR 6 1978

Lieutenant Governor

1. Introduction and Overview
2. Analysis of State Government
3. Program components for the New City
4. Natural Site Conditions
5. Water Source
6. Energy and Utilities
7. Transportation
8. Outdoor Recreation Sources
9. Financial Plan and Detailed Economic Projections (2 volumes)
10. Socio-Economic Impact Analysis for Juneau and the Matanuska-Susitna Borough.
11. Environmental Guidelines and Assessment, Permits and Procedures
12. Implementation Plan
13. Legislative Package

General comments are as follows:

1. They have incorporated Transportation Planning report on air, rail and highway facilities as they wrote it.
2. No impact on Transportation design and construction divisions that could not be accommodated by staffing up or training of persons capable of managing consultant contracts (apparently this will be underway).
3. Their schedule for completion of transportation facilities is in advance of ours but if only state funds are used this may not be a problem.
4. Special attention should be given to the base assumptions listed in Volume 12 page 4-6 because this forms the basis for the legislation (S.B. 519).
5. I have searched, but cannot find that the CDC would use DOT/PF to carry out any of CDC's responsibility for designing, construction and maintaining the government facilities, roads, utilities and community facilities. P. 18 Volume 13 states that DPW would not be able to respond quickly enough. Page 9 of Volume 12 indicates that DOT/PF "designs" access road (no schedule for airport). Page 12 Volume 12 indicates no DOT/PF involvement.

5. I have searched, but cannot find that the CDC would use DOT/PF to carry out any of CDC's responsibility for designing, construction and maintaining the government facilities, roads, utilities and community facilities. P. 18 Volume 13 states that DPW would not be able to respond quickly enough. Page 9 of Volume 12 indicates that DOT/PF "designs" access road (no schedule for airport). Page 12 Volume 12 indicates no DOT/PF involvement.
6. Interesting side note: CDC is free of civil service "constraints" and public bidding requirements.
7. No contingency plan for everything not going perfect as scheduled. Would the CDC then expect DOT/PF to help them out in a crunch?
8. Is State prepared for impact of school construction under DOE's foundation reimbursement plan?
9. Page 23 Volume 12 states CDC applies for grants to subsidize cost of construction. Where? Private, State, Federal funds? Page 16 Volume 13 provides for repayment of all State "loans".
10. See page 30 Volume 12. CDC is State entity, State funded. What insures this "assumed" Borough takeover and local assumption of responsibility? Thereby ending the need for State funds.
11. Page 32 Volume 12... "Owned and operated by the State" is very vague. (apparently after July 1982?).
12. Page 34 Volume 12 speaks of an "interagency committee" which would coordinate the move. Presume this would require DOT/PF staff time.
13. Biggest impact is likely to be our ability to find consultants and contractors to perform other State work as in the pipeline years. Their report claims this shortage of labor will not occur.
14. In Volume 13 the CDC is given many powers of various State agencies with no requirement to coordinate.
15. Page 11 Volume 13 mentions cooperative agreements with State but never says what, or on what terms.
16. Note: we have not reviewed S.B. 519.
17. Volume 6: energy utilities report appears to be conforming to our understanding with Division of Energy and Power Development for use of energy standards.

TO: [The Honorable Lowell Thomas, Jr.
Lieutenant Governor

DATE: April 3, 1978

FILE NO:

FROM:

Ernst W. Mueller
Commissioner
Department of Environmental
Conservation

Ernst W. Mueller

TELEPHONE NO:

SUBJECT: SB 519/SB 553

STATE OF ALASKA
RECEIVED
APR 4 1978
LIEUTENANT GOVERNOR

Developing a new capital city for Alaska is a tremendous undertaking. The Department of Environmental Conservation has an important responsibility to assure that the new capital be sited and constructed in a manner that maintains the highest standards of environmental quality. The Department must also work to avoid any unnecessary costs to the citizens of Alaska because of unreasonable delays in the approval of permits.

I have reviewed SB 519/SB 553 and am deeply concerned with Sec. 44.63.040(e), which basically establishes a new permit process especially for the Capital City Development Corporation.

This Department is strongly opposed to this provision and we urge that it be deleted from the bill. Our rationale for this is as follows:

1. Apparently the bill's permit process is based on the assumption that there is an inherent, insurmountable delay built into every permit issued by a State agency. This is simply not true. My Department has worked hard on improving its permit procedures and has developed common sense, workable regulations to govern them. We implemented these procedures in November and our experience to date shows they are working well; many favorable comments have been received from the permittees in this regard.

It is our opinion that there will be no delays in issuing the necessary State permits for construction of a new capital. The potential delays will be associated with the federal permits and the federal environmental impact statement process. For example, the minimum time in which the U.S. Environmental Protection Agency can issue a water discharge-related permit is 180 days. My Department, on the other hand, can issue a similar permit after only 60 days.

2. The Legislature has already established policy on the coordination of the State permit process in Chapter 60, SLA 77, the Environmental Procedures Coordination Act. In effect, this legislation establishes a "one window" procedure whereby a project sponsor may come to this Department to obtain all

The Honorable Lowell Thomas, Jr.

April 3, 1978

page 2

necessary State permits for his project. We believe this statute would work very well to accommodate the permit-related needs of the Capital City Development Corporation. Therefore, we oppose the proposed changes to the Act which are contained in SB 519/SB 553.

It appears that many persons have a considerable amount of anxiety regarding overall coordination of the actions and policy-making decisions of State government vis-a-vis the capital move. Therefore, I recommend that you include in your testimony that the Governor will, in the near future, appoint a cabinet-level task force to focus exclusively on the capital move. The task force would be chaired by you, and be comprised of the commissioners who already serve on the Capital Site Planning Commission--and others whom the Governor may wish to designate (agencies which have permit programs should also serve on the task force). Such a move may help alleviate the fear that State government will not act in a coordinated manner on all capital move issues.

MEMORANDUM

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

TO: The Honorable
Lowell Thomas, Jr.
Lieutenant Governor

DATE: April 3, 1978

FILE NO.

TELEPHONE NO.

FROM: Lee McAnerney
Commissioner

SUBJECT: Capital City Legislation
(SB 553)

The Department of Community and Regional Affairs' brief review of SB 553 indicates that, in fact, several problems seem to exist with the proposed legislation. These problems include:

1. Under AS 29.18.510, the Local Boundary Commission would not be involved in establishing the city boundaries; however, under Article X, Section 12, of the State's Constitution, the Local Boundary Commission "may consider any proposed local government boundary change."

2. In addition to the above, the bill denies the Local Boundary Commission the authority to review future boundary changes (see Article X, Section 12, of the Alaska State Constitution).

3. Under AS 29.18.530, four of the initial "council" members would be appointed by the Governor, and the fifth member would be designated by the development corporation. Arguably, all council members should be appointed by the Governor, as is the case for "normal" development cities. (see AS 29.18.340).

4. The prohibition against the Matanuska-Susitna Borough exercising additional areawide powers within the capital city appears unduly restrictive within the capital city boundaries, as well as possibly hindering the proper development of borough government.

5. The borough should retain the education function and not "share" it with the corporation. The corporation is not a local government, and constitutionally it would seem to be precluded from providing a local government function. (See Article X, Section 2, of the State's Constitution.)

6. The proposed 30-mill maximum tax for the second class city is very hard to understand. Either the city should be a first class city with a 30-mill property tax limit, or it should be a second class city with a 5-mill property tax limit.

7. Why should the corporation be involved in land use planning? This is definitely a local government function. (See Article X, Section 2, of the State's Constitution.)

The Honorable
Lowell Thomas, Jr.

-2-

April 3, 1978

8. Under AS 29.18.610, the Matanuska-Susitna Borough "may not exercise any areawide power in a manner which conflicts with the general development plan. . .until the development corporation is dissolved or January 1, 2000, whichever comes first." (See Point 7 above.)

April 11, 1978

Bruce H. Mattson, P.E.
617 Chatanika Loop
Eagle River, AK 99577

Dear Mr. Mattson:

Thank you for your letter of April 5, 1978, regarding the capital move bondable costs and, more particularly, your professional opinion regarding the inclusion of a combination coal-fired co-generation plant for the production of electricity and hot water.

As you may know, the next move, as far as the bondable cost estimate, will be in the hands of the Legislature.

I am enclosing a copy of Representative Tim Kelly's capital move proposal, as submitted to the Joint Senate-House State Affairs Committee. The joint committee is hearing recommendations on all aspects of the capital move. I am forwarding a copy of your letter to Eagle River Senator Ed Willis, Co-Chairman of the Senate State Affairs Committee and Chairman of the Joint Committee, for review and comment.

Thank you for your concern and opinions. If you should have further comments or questions, please do not hesitate to contact me.

Very truly yours,

Randy Phillips
State Representative

Enc.

cc: The Honorable Ed Willis
Alaska State Senate
✓ Pouch V, Mail Stop 3100
Juneau, AK 99811

Bruce H. Mattson, P.E.
617 Chatanika Loop
Eagle River, Alaska 99577
April 5, 1978

Rep. Randy Phillips
Pouch V
Juneau, Alaska 99811

Dear Sir:

It was with great interest and apprehension that I reviewed the Special Edition in the Anchorage Times describing the proposed Capital City at Willow. The scope of work, as presented, appears to far exceed that which the electorate envisioned at the time of the initiative. Certainly it exceeds my impressions of what was and continues to be needed.

I suggest that this is the time to gather prudent individuals together to glean this initial proposal and reduce it to an affordable capital of which we all may be proud.

The singular item included in the basic proposal which has disturbed me, as an electrical engineer, was the inclusion of a combination coal-fired co-generation plant for the production of electricity and hot water for heat to be piped throughout the city. I personally feel this to be beyond the scope of the capital city relocation effort and that it should be thoroughly reviewed for economic soundness and environmental impact prior to adoption.

To assist in facilitating this review, the attached summary of my concept of the advantages and disadvantages of this item was prepared. I trust that it will be of assistance to you in reducing the projected costs of the capital construction, by convincing you to eliminate this item from the budget completely, and to use more realistic methods to furnish energy to the capital.

My concept of appropriate capital city energy provisions consists of:

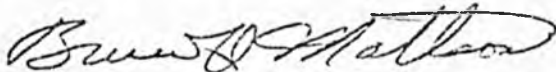
1. Electrical energy distributed through a system of underground cables, pad mounted transformers, and switch cabinets to all of the capital site buildings, with concurrent routing of telephone cabling. (MEA & MTA Ownership)

Page 2
April 5, 1978

2. Heating of all of the capital buildings by means of boilers at several core areas, with provisions for dual-fuel usage, and having diesel fuel oil storage underground for initial, as well as later emergency backup reserves, with an option of using local natural gas via pipeline or via a LNG vaporization plant.
3. On-site electrical generation sets provided only to the extent required to provide emergency lighting, power, and heat for maintenance of the facilities during an extended outage of commercial power.

I would appreciate your thorough consideration of this matter and would like to receive any comments you may have.

Very truly yours,



Bruce H. Mattson, P.E.

EVALUATION OF CONSTRUCTING NEW CO-GENERATION PLANT FOR THE CAPITAL AT WILLOW (COAL-FIRED)

ADVANTAGES

1. Best fuel-to-energy conversion ratio, if fully used.
2. Possible future energy cost reduction in the future. (See Item 5 opposite)
3. Conserves natural gas resource. (See Item 9 opposite)

DISADVANTAGES

1. Extremely high construction and maintenance costs.
2. Maximized energy utilization is not possible during summer periods, when additional power is required for air-conditioning loads and heating load is not present for cooling. This requires full capacity cooling to be installed in the form of cooling towers or ponds.
3. Smokestack plumes would be environmentally objectionable for such a model city, especially since they would be in-line with the view of Mt. McKinley from the capital center.
4. MEA already has transmission lines installed in to serve the capital and has REA authority to serve the area. (Redundancy)
5. Present electrical energy costs are the minimum to be realistically expected until the proposed Susitna Hydro Project is realized. Coal-fired generation costs cannot compete with hydro, now or in the future.
6. The relatively small quantity of coal to be consumed could lead to use of trucks to haul the coal from the mines in the Valley to the site, causing environmental pollution.
7. Requires a tremendous investment in hot water distribution lines (20 miles of mainline alone) and high operating costs to circulate the water.
8. Cost of distribution lines to residential areas would prohibit use of hot water to heat homes.
9. Natural gas reserves are abundant in the Cook Inlet Area.

All members are present.

SB 371

Senator Ray approved of the amendments, but thinks the bill is a stalling measure. It passed with indiv. rec. which included a letter of explanation to finance.

SB 530

Mr. Morton Hoppenfeld testifies

Senator Ray wants to know if the appropriation is needed now. Would it be feasible to wait until after the election to spend the money so we don't have to loose so much if the capital doesn't move.

Mr. Hoppenfeld: The appropriation is only for data collection

Senator Ray: Why is it called an enviornmental statement? Could the wording be changed to read data collection?

Mr. Hoppenfeld: That would probably be a good idea.

Recess to procure chairs

Senator Huber: Is there a reasonable chance we won't be able to use the Willow site or are we being asked to spend \$4,000,000 to follow some words.

Mr. Hoppenfeld: It doesn't appear that the site is below standards at all.

Senator Ray: Was the land Native Land Claim land?

No, state land on tentative approval

Senator Kerttula: Has any data been collected yet?

Mr. Hoppenfeld: No, just soil samples.

Senator Ray: Why wasn't the site checked environmentally to make sure the site is feasible?

Mr. Hoppenfeld: We did what was mandated in legislation.

Senator Ray: lines 13 - 17 change 928,000 to 4,000,000. Let the facts be known.

Senators Ray & Kerttula think it is a good idea to put it all in the bill.

Senator Huber points out that it is going to be a financial headache to mix 78 funds with 79 funds.

Mayor of Juneau, Bill Overstreet requests that impact studies be done by other consultants who are not so closely involved with the move.....consultants who are not chosen by the capital site planning commission.

Mrs. Berg testifies.

hearing closed 4:05

Senator Kerttula suggests amendments as attached to 530.

Willis is the only one to object.

Meeting adjourned.

March 22, 1978 1:35 Willis, chairman

Legislative members present

Dankworth
Miles
Kelly
Willis, chairman
Bradley, Bob
Nakak
Gardiner
Lethin

Mr. Tom Westoff from Dean Whitier testified on financial aspects.

He wasn't sure what our bonding capacity would be in 1994

Representative Dankworth: Would the total amount of bonds come to 989,000,000 in 1994. Is that based on current wealth.

Mr. Westoff: If we were still wealthy as a state, there would be a broader market.

R. Dankworth: How do you come to the population figure?

Mr. Westoff: used the best figures available and have to believe in them.

Rep. Lethin: Did you just use the University's prediction?

Mr. Westoff: Yes.

Rep. Gardiner: There were projections made for Permanent Fund of the discovery of another oil field, but that wealth would only delay the inevitable. How about marketability with the percapita debt \$3,500, double any other state. New Yorks per capita is \$2,000 and they are bankrupt. What does it do to us to go from \$1,600 to \$3,500?

Mr. Westoff: Nothing, if we stay at 8%.

Rep. Miles: How did you arrive at 8%?

Mr. Westoff: Subjective determination --- 7% - 9%

Rep. Bradley: Would it prudent to project the state's needs for the next 10 years?

Mr. Westoff: Yes, but it would be impossible; it would turn into a wish list. There is no comparison anywhere.

Rep. Bradley: How could we reduce our debt service?

Mr. Westoff: Different ways, pay as you go --cash for instance.

Gardiner: If the municipality doubles the amount of bonds (for the move) would it affect the state's ability to bond?

Mr. Westoff: Not really.

Rep. Gardiner: ~~Cap/wf~~ Is it possible to saturate the market with Alaska bonds?

Mr. Westoff: Yes, you can. There is a total amount you can reach. Some people will not buy Alaska bonds or only a percentage. There is a limit, ie. Valdez with over a billion worth of bonds reached their limit.

Rep Gardiner leaves.

Mr. Hoppenfeld states that it is possible to plan for every thing.

Recess 3:00 - 3:10

Members present

Willis, Bradley, Meekins, Lethin, Kelly

White & Weld & Assoc. Mr. Ted Switch & Sam Palia testify.

They differ in the 8% figure, saying that it being overly prudent. Alaska's unique position is recognized by financiers. They advised to put total cost in one lump sum and get the vote of confidence (so to speak) from the people. It will help creditability in the marketplace.

Rep Meekins: What happens in the 90's after Prudoe in regards to our bonding capabilities? We'll lose federal funds and have a very big added expense making them up.

Meeting adjourned at 3:50

March 23, 1978 Willis chairman 9:00 AM

Members present

Willis
Bradley
Ray
Kerttula
Huber

SB 413 passed

Capital Move Testimony

Mr. Rivkin of Rivkin & Assoc. testifying today on Juneau Impact.

They found Juneau to have large number of high income families and housing. Also, they found that government is Juneau's main industry. He spoke of a phased move which involved several factors: 1. Juneau will get bigger before it gets smaller by 4,000 even if the capital is voted to move. 2. There will be a major decline: 60% drop in employment the population will drop to around 16,000 income will decline the municipality will find it hard to make ends meet many complicated social ramifications vacant buildings subject to state custodianship. There are three "industries" Juneau could look forward to having move in: federal expansion (although, not very substantial), tourism would increase a little bit, fishing could be played up (perhaps bringing in 30 - 40 more people.

The impact of the move could be softened if some alternatives were used such as: leaving a large portion of the government in Juneau; and leaving the capital entirely in Juneau which would result in the population doubling in size in the same amount of time.

Senator Ray: Why do you say Juneau is going to grow another 4,000. Where did you get that figure?

Mr. Rivkin: 74 - 76 state employment rose by 2,437.

Senator Ray: What happened to building in Juneau after the capital move was voted on (before indemnification).

No building happened at all.

Senator Ray: What do you mean by influx of fishermen?

Mr. Rivkin: 20 - 30 new employees.

Senator Ray: You could start a retail store and employ more. Have you ever fished?! Explain what you mean by an increase in tourism.

Mr. Rivkin: More tour boats.

Senator Ray: They're just visitors they don't spend any money.

Mr. Rivkin: There's Eagle Crest.

Senator Ray: Juneau is paying for that, the state didn't think it worthwhile. Why don't you say we need brain surgeons or nuclear physicists?!

Senator Kerttula: If it doesn't move, how about moving just some of the departments?

Mr. Rivkin: Year after year positions are being moved.

Senator Huber: 59% of the government is in Anchorage already. We are already split. The other departments have been moved through the back door.

Mr. Rivkin: A split move would require a close look at Anchorage.

Senator Huber: In your growth assumption did you take in to account demand to streamline bureaucracy and the demand to serve more people with what you have?

Mr. Rivkin: I have no way of knowing who could be cut back.

Senator Huber: Do you think people would approve of bonds for Juneau?

Mr. Rivkin: They need to. There's room for maybe 300 - 400 more state employees in the existing facilities.

Senator Huber comments that his constituents don't want more expansion. They think he has it plush and that sessions are too long. You're figures are highly questionable.

Senator Ray: Are Hohman & McDowal experts in Juneau? Did they criticize your report?

Mr. Rivkin: They cut back on fish predictions. Didn't agree on tourism either.

Senator Ray: Did you make a public statement saying if you were an Alaskan, you would move the capital? Say yes or no.

Mr. Rivkin: It was taken out of context.

Senators Ray and Kerttula leave.

Mr. Hoppenfeld reads Mr. Rivkin's qualifications

Senator Willis: With the split move concept would all the central positions have to move?

Mr. Rivkin: No.

Adjourned 10:00 AM

March 23, 1978 Willis Chairman 1:35

Members present

Senator Huber
Rep. McKinnon
Rep. Kelly
Rep. Dankworth
Rep. Rudd
Rep. Gardiner
Rep. Miles

Mr. Hoppenfeld introduces Herb Berkowitz who gives an overview of the legislation: The CDC would have more power than the state government because it can authorize state loans and can override municipal decisions. The CDC determines make up of municipality and how it will change over to regular inhabitants. The concept of the CDC is that will go from the beginning to the end of the development of the city. This will cause some overlaps in the governing procedure. It will be very sticky. There will be a sunset clause which insures the dissolution of the CDC after a period of time.

Mr. Billy Barrier was present also and was asked to give a review of the memo which is attached. Raised the question of the constitutionality of the indemnifying Juneau and not Wasilla

Rep. Miles leaves.

Senator Huber: Do you consider the constitution of Alaska permissive or restrictive?

Mr. Berkowitz: A major constraint for legislation of this kind.

Senator Huber: When the Alaska Constitution is silent on an issue in this bill, do you consider it as being permissive?

Mr. Berkowitz: For this kind of legislation we have to put 95% of the flesh on the bones of the provision.

Rep. McKinnon: What precedent would repeal a municipal bill?

Mr. Berkowitz: There would be a very definite conflict of interests here.

Rep. Rudd: I believe the enabling legislation is still on the books. (It is, the city in question failed however)

Rep. McKinnon: What is the nature of that legislation?

Mr. Barrier: It assumes that the development entity will phase out gradually. It will still be around after the city's government has been fully functioning.

Rep. Rudd: Why was the figure 37,500 pop. used for phase out?

Mr. Hoppnefeld: To follow the mandante of the commission.

Rep. Rudd: How long till that figure is reached?

Mr. Hoppenfeld: By 1994.

The meeting is adjourned until tomorrow. 3:00PM

March 24, 1978 Willis Chairman 1:30

Members present

Senator Willis
Senator Huber
Representative Bradley
Rep. Kelly
Rep. Dankworth
Rep. Miles
Rep. McKinnon
Rep. Lethin
Rep. Rudd

Mr. Bill Barrier present also.

Mayor Overstreet: CDC allows to self government in Willow. Efficiency is not a good reason. We are not felones. Let democracy prevail.

Rep. Miles: What rights are Willowites going to loose?

Overstreet: Among other things they are not incharge of their own planning & zoning.

Rep. Miles: Government is for an on-going structur, not necessary for community that is being built.

Overstreet: Don't take away the right of self government.

Rep. Kelly: Why not split move - would really help Juneau.

Overstreet: Commission came up with split move when they found it cost too much.

Rep. Kelly: All central positions in one place not good. He's for scaling down size of the city.

Senator Huber: CDC ought to absolve right after all the private land is sold and the planning is done. There ought to be more provision for local control.

Recess

Rep. Dankworth: Favors a specific time for dissolving of CDC.

Senator Huber: There is nothing in initiative about a split move.

The remainder of the meeting was occupied with going over the bill section by section with Bill Barrier and Mr. Berkowitz.

The meeting adjourned at 3:40.

March 27, 1978 Willis & Bradley Chairing 2:00

Members Present

Kerttula
Kelly
Lethin
Nakak
Miles
Dankworth

Public Testimony on capital move bills 553 554 HB537

Mrs. Berg of Juneau Senator Kerttula requested an attorney look over Mrs. Berg's claim. No objection.

Lee Stringer of Juneau: He brings up several points: 1. Money is raised from selling lots to employees of the State. Why haven't they been asked to participate in planning? 2. He doesn't approve of all central positions in one place. 3. Why doesn't the Mat-Su Borough float some bonds or help finance in some way, because they will be reaping all the benefit.

Rep Miles says that 50% of the people on CDC are state employees.

Lee Stringer is disappointed that the planning is costing so much as it was to be kept at a low impact level for the tax payer.

Rep Kelly mentions that the mandate says least amount of impact to Juneau residents, not tax payers.

Mr. Trevor Davis testifies. He and his father contributed money to buy land for the capital. There is room to grow to 100,000,000 in Juneau. This is the third time we've been attacked.

John Hartland of Fairbanks testifies regarding Mr. Westhoff of Dean Whitier testimony last week. John questions the fact that we will be able to keep up present bonding capabilities (100 million per year) because that same 100 million will be worth only 30 million in 1994.

Meeting recessed until 7:00 Tuesday evening March 28.

March 28, 1978 Willis & Bradley Chairing 7:15 pm

Members Present

Kelly
Miles
McKinnon
Dankworth

Testimony of the capital move

Mr. Gordon Epperly of Juneau

Points out the Endangered Species Act. It specifies the habitat of the endangered species peregrin falcon is on site at willow. It is a federal law.

Recess 7:30

Alaska State Legislature

Senate

Committee on State Affairs

Pouch V
State Capitol
Juneau, Alaska 99811



Official Business

MEMORANDUM

DATE: April 11, 1978

TO: Senate State Affairs Committee

FROM: Barney Eberhardt

REGARDING: Meeting held in the Governor's Conference Room
at 11 AM on April 10, 1978

In attendance were Governor Hammond, Lt. Governor Thomas, Kent Dawson, Kieth Specking, Senator Willis, Senator Kerttula, Representative Bradley, David Rogers, Barney Eberhardt, Chuck Behlke, and Arliss Sturgulewski.

Senator Willis outlined the desire of the Joint State Affairs Committee to develop the basic move plan. He asked if certain individuals within the administration who have had experience with the Capital Site Planning Commission could devote a major portion of their time during the next two weeks to helping the Joint Committee. David Rogers read a list of names and Kent Dawson suggested a couple more. The Governor said these people would be made available to the extent time permitted.

Representative Bradley talked about the committee's need for help from the commissioners in determining the employees that would stay in Juneau. Governor Hammond pledged the full cooperation of his administration and said that the Lt. Governor and Kent Dawson would work with the committee staff.