

SB

370

Committee Log Book - 1980

SENATE C/RA

Tape Number XXI
 Cassette 1 & 2
 Side Number 1 & 2

Committee

Members present: Chairman Sturgulewski, Kelly, Mulcahy, Stimson
 " absent: Senator Rodey

Dates 4/1/80 to --

Bill Numbers Discussed

SB 451	SB 452	SB 370	SB 389	SB 510					
-----------	-----------	-----------	-----------	-----------	--	--	--	--	--

Date & Time	Tape Meter Number	Bill	Significant Information (Witness, Action)
4/1/80 1:30 p.	008	SB 451 & 452	Chairman Sturgulewski - gave summary on amendments
	177		Senator Fahrenkamp, sponsor, gave background
	313		Sen. Kelly re SB 451- <i>Why not straight Appropriation?</i>
	393	SB 370	Gary Crouse, Dept. of Public Safety, Fire Prot. Office <i>Sen. Kelly moved to Pass with individual recommendation.</i> Bill passed out of Committee / Sen. Stimson & Sturgulewski
	520	SB 389	Jack Chenoweth, Legal Office / Sen. Sturgulewski
	619		Terry Earley, Dept. C/RA/ Tax Assessor
	773		J. Chenoweth, Amendment <i>- New amendment giving C/RA ability to determine adjacent parcels.</i>
	000		Frank Lee, Sen. Bradley's AA, re parcel/tract
	102		Gary Jenkins, Private Citizen
	206		Carl Haggerup, Private Citizen/ Sen. Sturgulewski
	356	SB 510	Chairman Sturgulewski/ Bill Summary
	391		Jack Chenoweth, Legal Office
	604		Dept. C/RA
	671		Gary Jenkins, Dept. of Revenue
	691		Mitch Gravo, Anchorage Municipality
	833		<i>- Re Conditional Exemption based on term business</i> Girny Chitwood, AML, funding- municipality reim.

Side 2

Cassette 2

055 Senator Sturgulewski
 Senator Kelly
 Jack Chenoweth, Legal Office eg failure to fund over

079

Senator Kelly, retroactive

3:15 p.m. - meeting adjourned

Committee Log Book - 1980

Tape Number XVIII

SENATE C/RA

Side Number 1 & 2

Committee

Dates 3/25/80 to ---

PRESENT: Senators Kelly, Mulcahy, Stimson and
Chairman Arliss Sturgulewski

ABSENT: Sen. Rodey

Bill Numbers Discussed

SB 309	SB 370	SB 348	SB 350	SB 492					
-----------	-----------	-----------	-----------	-----------	--	--	--	--	--

Date & Time	Tape Meter Number	Bill	Significant Information (Witness, Action)
1:30 P 3/25/80	0005	SB 309	Sen. Sturgulewski, Opened meeting, gave overview
	090	CSSB 309	Sen. Kelly moved to accept
	108		Terry Earley, Dept. C/RA
	157		Sen. Kelly moved to pass/ No objections
	175	SB 370	Sen. Kelly moved to adopt Committee Substitute
	280		Sen. Kelly stated problems with the bill
	430		Sen. Stimson comments his concerns
	463		Sen. Sturgulewski reviews members concerns
	494		G. Crouse, Dept. of Public Safety / objection to CS - 1st sentence needs deletion
	571	CSSB 348	Sen. Sturgulewski
	596		Sen. Mulcahy moves to bring CS before Committee
	648		Sally Rue, DPDP, testifies for
	829		Terry Earley, Dept. of C/RA testifies Fiscal Note
	873	SB CS 350	No Fiscal Note for new "CS" available yet
	008		Jay Moore, DPDP testifies for
	264		Dale Eliason
	325		Sen. Mulcahy moved to pass all 3 bills (CSSB 348, CSSB 350, CSSB 492)

Sen. Kelly praised package, but did not vote
as against his philosophy

2:45 p.m. MEETING ADJOURNED

Committee Log Book - 1980

SENATE C/RA COMMITTEE

Tape Number XVI
 Cassettes 1 and 2
 Side Number 1 and 2

Committee

Dates 3/18/80 to _____

PRESENT: Senators Kelly, Stimson, Rodey, & Chairman Sturgulewski

Bill Numbers Discussed

SB 450	SB 370								
-----------	-----------	--	--	--	--	--	--	--	--

Date & Time	Tape Meter Number	Bill	Significant Information (Witness, Action)
3-18-80 1:30	005	SB 450	Chairman Sturgulewski
	060		Sen. Bettye Fahrenkamp - Supportive
	154		Sen. Kelly
	174		Sen. Rodey
	193		Ronald A. Garzini/Anchorage
	226		Rep. Bettisworth
	283		Sen. Stimson - Move "do pass w/ind. rec."
			No objections
	310	SB 370	Chairman Sturgulewski
	337		Sen. Colletta
	398		Jerry Nerland (Ak. Retail Hom. Assoc/Nerlands Retail Assoc.)
	522		Pat McKee, Anchorage Municipality
	574		Brian Shute, Anchorage Attorney
	719		Gordon Zerbetz, APUC Chairman
	800		Sen. Stimson
	019		Warren Cummings/Fairbanks
	162		Jerry Nerland
	194		Sharon Traylor, Div. Bus. Lns/Dept. Commerce & Ec. Develop.

SIDE 2

229

Sen. Kelly

247 Charles Roth, Jr.
444 Bill Mears, Dept. of Administration
511 Lee Sharp, Attorney, City of Juneau
642 Bob Shirnberg, Ak. Fire Chiefs/ Kenai, Ak.
734 Sen. Stimson
759 Sen. Kelly
792 Gary Crouse, Fire Protection Office/Dept. Public Safety
827 Palmer McCarter
010 Sen. Kelly/ Sharon Traylor; Sec. 4 & 5 (wants scope &
implication review
Sect. 1 - other alternatives / tax credits??
227 Sen. Stimson
256 Adjourned

Cassette 2
Side 1

Alaska State Legislature

TELECONFERENCE HEARINGS



DATE:

LOCATION:

SUBJECT:

NAME	REPRESENTING	ADDRESS	PHONE	HERE TO OBSERVE	HERE TEST
<i>Claron Wayler</i>	<i>Assoc. of Alaska...</i>		465-2510	OK	✓
CHAS. ROTH JR.	NA'S & FCA	1695 MANZANITA, N.E SALEM, ORE. 97303	503/ 390-0452	OK	✓
BILL MEANS	DEPT. ADMIN. RTSK VECT.	Pouch "C"	465-2180	OK	X
Gordon Brunton	Dept of Public Safety	Pouch N	465-4331	OK X	
Lee Sharp	City & Borough of Juneau	155 So Seward St	586-3300	OK	
K. C. Smith	APHA	Anchor, AK	344-4284	no X	
Bob Spinnaway	ALASKA FIRE CHIEFS	KENAI AK	283-4380	OK	X
Jay Crouse	State Fire Marshals' Off	Pouch "N" Juneau, AK	465-4331	OK	X
OK Bob Bitworth	Paulsen	Pouch Y	456-4950	OK	X

SENATE C. & R.A., S.B. 370 - 'FIRE PREVENTION' - WITNESSES

ANCHORAGE

FAIRBANKS

S.G. JERRY NERLAND

OK

WARRIN CUMMINGS

✓ ROSSALD A. GARZINI

S.B. 450

GLEN MICKEY

OK

BRIAN R. SHUTE
~~SHUTE~~

OK

Gen Am Zedlet?

OK.

KETCHIKAN

KENAI PENINSULA

Standing by * ALFRED O. WILLIS

Standing by * ALAN R. PHILLIPS



Official Business

Alaska State Legislature

JOINT SENATE AND HOUSE
COMMUNITY AND REGIONAL AFFAIRS COMMITTEE
LOCAL GOVERNMENT STUDY

Co-Chairmen
Senator Arliss Sturgulewski
Representative Bill Parker

Address all
correspondence to:
LOCAL GOVERNMENT STUDY

Pouch 1
State Capitol
Juneau, Alaska 99811

March 31, 1980

TO: Senator Bob Mulcahy
Vice-Chairman
Senator Tim Kelly
Senator Pat Rodey
Senator Mike Colletta
Senator Don Bennett

Senator Brad Bradley
Senator Jalmar Kerttula
Senator Glenn Hackney
Senator Ed Dankworth
Senator Bettye Fahrenkamp
Senator Frank Ferguson

FROM: Arliss Sturgulewski *AS*
Chairman

SUBJECT: Committee Meetings, Capitol Building, Butrovich Room

Tuesday, April 1, 1980 - 1:30 p.m.

- SB 370 - An Act relating to fire prevention
- SB 389 - An Act relating to the senior citizens tax exemption
- SB 510 - An Act exempting business inventory from municipal property tax levy, and providing for reimbursement to municipalities of tax revenues lost by operation of the exemption; and providing for an effective date
- SB 451 - An Act establishing a grant fund to be used for construction of community sports and recreation facilities, and providing for management of the facilities by local sports and recreation facility councils
- SB 452 - An Act making a special appropriation to the Department of Community and Regional Affairs for grants for planning and construction of community sports and recreation facilities; and providing for an effective date.
- SB 351 - An Act relating to state aid to local governments; and providing for an effective date

Introduced: 1/31/80
Referred: Community &
Regional Affairs

1 IN THE SENATE

BY COLLETTA AND BRADLEY

2 SENATE BILL NC. 370

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to fire prevention."

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

8 * Section 1. AS 29.53.060(a) is amended to read:

9 (a) The assessor shall assess property at its full and true value
10 as of January 1 of the assessment year, except as provided in this
11 section and AS 29.53.030, 29.53.035, and 29.53.160. The full and true
12 value is the estimated price which the property would bring in an open
13 market and under the then prevailing market conditions in a sale between
14 a willing seller and a willing buyer both conversant with the property
15 and with prevailing general price levels. The assessor may not include
16 the value of a fire protection system in the assessment of the full and
17 true value of a building.

18 * Sec. 2. AS 42.05.381 is amended by adding a new subsection to read:

19 (d) A utility may not charge a fee or surcharge to provide standby
20 water for fire protection systems which use hydraulic sprinklers.

21 * Sec. 3. AS 45.95.020(a) is amended to read:

22 (a) The commissioner shall, under regulations and policies adopted
23 by him, make small business loans to acquire, finance or refinance or
24 equip businesses, including farming equipment, fire protection equip-
25 ment, mining and fishing, not exceeding \$500,000. The loans shall be
26 secured by acceptable collateral and may not exceed 75 percent of the
27 appraised value of the collateral offered as security. The rate of
28 interest may not exceed nine and one-half percent a year on the unpaid
29 balance. The commissioner shall give preference in the granting of

1 loans under this section to applications for loans the purpose of which
2 is to purchase and install fire protection equipment.

3 * Sec. 4. AS 45.95.020 is amended by adding a new subsection to read:

4 (e) The commissioner may not disqualify an applicant for, or
5 prejudice the applicant's privilege to receive, a loan to purchase and
6 install fire protection equipment on the basis of a prior or present
7 loan to the applicant under AS 45.95.

8 * Sec 5. AS 14.33.170 is amended by adding a new subsection to read:

9 (b) Tourist attraction development matching money may also be
10 obtained for the purpose of purchasing and installing fire protection
11 equipment for a building used or to be used for the purposes described
12 in (a) of this section.
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

ave legal 3-19-80 12c 65
2:20 P.M.

Return to
T's file

Introduced: 1/31/80
Referred: Community &
Regional Affairs

1 IN THE SENATE

BY COLLETTA AND BRADLEY

2 SENATE BILL NO. 370

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to fire prevention."

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

8 * Section 1. AS 29.53.060(a) is amended to read:

9 (a) The assessor shall assess property at its full and true value
10 as of January 1 of the assessment year, except as provided in this
11 section and AS 29.53.030, 29.53.035, and 29.53.160. The full and true
12 value is the estimated price which the property would bring in an open
13 market and under the then prevailing market conditions in a sale between
14 a willing seller and a willing buyer both conversant with the property
15 and with prevailing general price levels. The assessor may not include
16 the value of a fire protection system in the assessment of the full and
17 true value of a building.

See
Applied
1/22/80

18 * Sec. 2. AS 42.05.381 is amended by adding a new subsection to read:

19 (d) A utility may not charge a fee or surcharge to provide standby
20 water for fire protection systems which use hydraulic, ^{or standard} sprinklers.

21 * Sec. 3. AS 45.95.020(a) is amended to read:

22 (a) The commissioner shall, under regulations and policies adopted
23 by him, make small business loans to acquire, finance or refinance or
24 equip businesses, including farming equipment, ^{business} fire protection equip-
25 ment, mining and fishing, not exceeding \$500,000. The loans shall be
26 secured by acceptable collateral and may not exceed 75 percent of the
27 appraised value of the collateral offered as security. The rate of
28 interest may not exceed nine and one-half percent a year on the unpaid
29 balance. The commissioner shall give preference in the granting of

take out 7

over

take out

~~loans under this section to applications for loans the purpose of which is to purchase and install fire protection equipment~~

* Sec. 4. AS 45.95.020 is amended by adding a new subsection to read:

take out

(e) The commissioner may not disqualify an applicant for, or prejudice the applicant's privilege to receive, a loan to purchase and install fire protection equipment on the basis of a prior or present loan to the applicant under AS 45.95.

* Sec. 5. AS 44.33.170 is amended by adding a new subsection to read:

(b) Tourist attraction development matching money may also be obtained for the purpose of purchasing and installing fire protection ^{systems} equipment for a building used or to be used for the purposes described in (a) of this section.

Add Definition

A M E N D M E N T

By the Community and
Regional Affairs Committee

Offered in the SENATE

TO: SENATE BILL NO. 370

Page 1, lines 8 - 17, delete all material and insert the following in its place:

"... Section 1. AS 29.53.020(a) is amended by adding a new paragraph to read:

(7) real property to the extent and subject to the conditions provided in (j) of this section.

*Sec. 2. AS 29.53.020 is amended by adding a new subsection to read:

(j) Two percent of the assessed value of a structure is exempt from taxation if the structure contains fire protection systems in operating condition incorporated as a fixture or part of the structure. The exemption granted by this subsection is limited to

(1) an amount equal to two percent of the value of the structure based on the assessment for 1981, if fire protection systems are a fixture of the real property on January 1, 1981; or

(2) an amount equal to two percent of the value of structure as of January 1 following the installation of the fire protection systems as fixtures of the structure after January 1, 1981."

Renumber following sections accordingly.

A M E N D M E N T

By the Community and
Regional Affairs Committee

Offered in the SENATE

TO: SENATE BILL NO. 370

Page 1, lines 8 - 17, delete all material and insert the following in its place:

"* Section 1. AS 29.53.020(a) is amended by adding a new paragraph to read:

(7) real property to the extent and subject to the conditions provided in (j) of this section.

*Sec. 2. AS 29.53.020 is amended by adding a new subsection to read:

(j) Two percent of the assessed value of a structure is exempt from taxation if the structure contains fire protection systems in operating condition incorporated as a fixture or part of the structure. The exemption granted by this subsection is limited to

(1) an amount equal to two percent of the value of the structure based on the assessment for 1981, if fire protection systems are a fixture of the real property on January 1, 1981; or

(2) an amount equal to two percent of the value of structure as of January 1 following the installation of the fire protection systems as fixtures of the structure after January 1, 1981."

Renumber following sections accordingly.

Attachment A

List of items for consideration in revision of health professions practice

A M E N D M E N T

By the Community and
Regional Affairs Committee

Offered in the SENATE

TO: SENATE BILL NO. 370

Page 1 lines 8 - 17, delete all material and insert the following in its place:

"* Section 1. AS 29.53.020(a) is amended by adding a new paragraph to read:

(7) real property to the extent and subject to the conditions provided in (j) of this section.

* Sec. 2. AS 29.53.020 is amended by adding a new subsection to read:

(j) Two percent of the assessed value of an improvement to real property is exempt from taxation if the improvement contains fire protection equipment in operating condition incorporated as a fixture or part of the improvement. The exemption granted by this subsection is limited to

(1) an amount equal to two percent of the value of fire protection equipment based on the assessment for 1981, if fire protection equipment is a fixture of the real property on January 1, 1981; or

(2) an amount equal to two percent of the value of fire protection equipment during the year of its installation if the fire protection equipment becomes a fixture of the property after January 1, 1981."

Renumber following sections accordingly.

For purposes of this Act, definition of approved types of fire protection systems and fire alarm systems shall be made available ^{by} through the State Fire Marshall's Office. On or before the end of October 1980 the State Fire Marshall's Office shall submit a list of approved types of systems to the State Assessor's Office, Department of Community and Regional Affairs and Division of Business Loans, Department of Commerce and Economic Development. This information will also be available to the public. *An updated version of this list shall be submitted yearly thereafter by the end of October.*

BRIAN R. SHUTE
ATTORNEY AT LAW
1026 WEST 4TH AVENUE, SUITE 208
ANCHORAGE, ALASKA 99501
(907) 274-6644

February 29, 1980

The Honorable Hugh Malone
Pouch V
Juneau, Alaska 99811

Dear Mr. Malone:

Re: Definitions of Fire Protection Systems in
House Bill 648

At the House Community and Regional Affairs Committee hearings on the above bill, a question concerning definition of fire protection systems was raised. The State Fire Chiefs Association explained their understanding of the bill was that it would cover those fire protection and fire alarm systems as defined in the National Fire Codes. What follows is a suggested definition of fire protection systems.

Fire protection systems are those systems as defined in the National Fire Codes, current edition, published by the National Fire Protection Association.

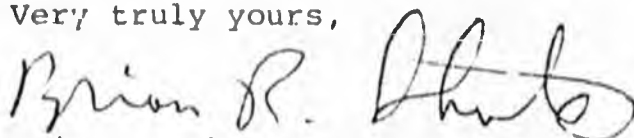
The systems include, but are not limited to, the following: Foam extinguishing systems, high expansion foam systems, carbon dioxide systems, Halon 1301 systems, Halon 1211 systems, dry chemical systems, water operation fixed systems, foam/water sprinkler and supply systems, standpipe and hose systems, hydraulic sprinkler systems, and associated pumps and tanks as required for the foregoing systems.

Fire alarm systems include, but are not limited to: supplemental station signalling systems, local protective signalling systems, auxilliary signalling systems, remote station signalling systems, proprietary signalling systems, automatic fire protection systems.

The growing public support for this bill is indicative of its benefit. The Alaska Fire Chiefs Association and the Alaska State Fire Fighters Association emphatically urge its enactment.

If you have any questions please do not hesitate to call.

Very truly yours,



Brian R. Shute, Attorney for
Alaska Fire Chiefs Association and
Alaska State Fire Fighters Association



Fire Hydrant—means a valved connection on a water supply system having one or more outlets and which is used to supply hose and fire department pumpers with water.

Fire Lane—means the road, path, or other passageway developed to allow the passage of fire apparatus through congested areas (both built-up and wildland).

Fire Marshal—means the individual designated as the administrative head of the agency, bureau or division responsible for the administration and enforcement of this Code. The Fire Department Chief Administrative Officer shall assume these responsibilities in those jurisdictions where a separate agency, bureau or division is not established. Other titles used to designate this individual are: Fire Prevention Official, Chief Fire Prevention Officer, Chief of the Bureau of Fire Prevention or Fire Prevention Chief. For purposes of enforcement of this Code, this term shall also apply to any person designated as a representative of the Fire Marshal.

Fire Official—means any authorized person serving as a designated employee, representative, or agent of the Fire Department.

Fire Protection System—means any ~~fire alarm~~ or system, or fire extinguishing ~~device~~ or system, ~~or their combination~~, which is designed and installed for detecting, controlling, or extinguishing a fire, ~~or otherwise alerting occupants of the fire department~~, or both, that a fire has occurred.

Fire Retardants—mean liquids, solids or gases which tend to inhibit combustion when applied on, mixed in, or combined with combustible materials.

Fireworks Display—means the use of fireworks in a manner to provide audio and visual entertainment to a group of people.

Flamespread Rating—means the comparative performance of fire travel over the surface of a material when tested in accordance with the provisions of *Method of Test of Surface Burning Characteristics of Building Materials, NFPA No. 255 (see Appendix B)*. Grouping of ratings is listed in *Life Safety Code, NFPA No. 101 (see Annex A)*.

Gallon—means one U. S. Standard Gallon.

Grade—means the reference plane representing the average elevation of finished ground level adjoining the building at all exterior walls.

i
l
s
c
b
o
b
p
c
o
tl
c
su
ar
de
pe
ite
ho
a l

STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B
JUNEAU, ALASKA 99811

May 6, 1980

The Honorable Arliss Sturgulewski
Chairman
Senate C&RA Committee
Pouch V
Juneau, Alaska 99811

Dear Senator *Arliss* Sturgulewski:

RE: CSHB 648 (FINANCE)

As per your request, the following represents the Department's concerns of CSHB 648.

Most of our concerns surfaced during our discussion on the original Senate Bill 370.

Our main concern in this bill is the statutory placement of the exemption. As this bill is an exemption, it should be placed in that category and not be an attempt to weaken the definition of full and true value. The reasoning for this is two-fold. First, the amended section which reads "The assessor may not include the value of a fire protection system in the assessment of the full and true value of a building" is contradictory to the definition of full and true value contained in the same section.

Second, exemptions, full or partial, mandatory or optional, are contained in 29.53.020, 29.53.025, 29.53.030, and 29.53.035. These are referred to constantly by the local assessor, and separating exemptions statutes would make it more difficult for the local municipality to effectively use Title 29.

The major concerns which the municipalities have expressed to the Department is the administration of the language used in this bill. The "value" of fire protection systems could be interpreted several ways, i.e., unit cost, in place cost, or market value. The market value of such a system could be well below the cost to install, thereby making the administration of this bill very difficult for the local municipality. It is also quite possible for some properties appear not to receive this exemption if the valuation is done by the income approach. This approach is utilized for commercial property in Anchorage and as other areas begin to become more sophisticated they will also use this approach.

The Honorable Arliss Sturgulewski
Page two
May 6, 1980

The suggestion we made in regards to SB 370 could be implemented here as well. This would require the assessor to exempt 2% of the value of the building. The 2% was obtained from an international cost manual and reflects the average value of a fire protection system.

I hope this addresses the areas which you questioned and I would like to thank you for taking time to ask about our concerns on pending legislation.

Sincerely,



Lee McAnerney
Commissioner

TWO INTERPRETATIONS

(Insurance Services Agency)

APUC - says water standby charge is based on insurance rating/for each area.

Whether water is used or not, certain amounts must be available in case of fire.

If SB 370 passes, APUC interprets:

- that buildings with sprinkler systems will not have to pay a fee or surcharge once system is installed....

IN VIEW OF THE ABOVE MANDATED CHARGE, APUC CONTENDS SOMEONE MUST PAY THE DIFFERENCE, AND THEY INTERPRET THIS DIFFERENCE AS COMING FROM ALL OTHER CONSUMERS, WHETHER COMMERCIAL, RESIDENTIAL, OR THE GENERAL PUBLIC.

Mr. Shirnberg interprets this bill to mean only commercial buildings will be affected - and any price differential would be equally split among all commercial buildings, whether they have sprinkler systems installed, or not. The general public would not be affected.

QUESTION: Also, APUC was established to set fair rates - is this law attacking the rate making process - even just a small portion?? And, is this good - to start?

MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

A has copy

TO: Marie Pignalberi
Deputy Commissioner

DATE: March 10, 1980

THRU: Palmer McCarte *PM*
Director

FILE NO:

FROM: Steve Van Sant *SVS*
Assistant State Assessor

TELEPHONE NO:

SUBJECT: Comments on SB 370

This is a followup of the memorandum dated 3/5/80 to Deputy Commissioner Marie Pignalberi regarding concerns on SB 370.

Upon obtaining more information and talking with some of the assessors in the state, we would like to add the following information:

1. According to Anchorage Assessor, Pat McKee, this bill would be almost impossible for him to administer. The reason being that Anchorage does not value commercial property (where most fire protection equipment exists) by the cost approach, but by the income approach. The income approach is simply estimating market value by the income a building is capable of making. For example, assume there are two motels in Anchorage, side by side, and both were very similar. Further assume that one had sprinklers and the other one did not. The estimated value of one motel would probably be within 1%-5% of the value of the other, assuming the room rents were comparable. In this instance, there would be no value given on fire protection equipment, therefore, it would be very difficult to conform with SB 370.
2. As stated in our previous memorandum, we are concerned as to what value the assessor is expected to exempt, cost of equipment, cost of equipment and labor, or estimated market value. If it is to be the cost of the equipment, would the assessor take the actual cost to the owner, or the average cost to any property in general?
3. This bill does not require reimbursement by the state for revenues lost to the municipality by the implementation of this bill.
4. The property owner in the unorganized borough who plans to install fire protection equipment would not realize any incentive under this program (and, in our minds, if the bill is to be an incentive for installation of fire suppression systems, rural Alaska or the unorganized borough is where the greatest need exists).

Marie Pignalberi
March 10, 1980
Page Two

ALTERNATIVE 1

For your information, we have attached pages from the "Marshall Valuation Service". This valuation service is used world wide by many assessors. Nearly all assessors in Alaska who value commercial property by the cost approach utilize this guide.

On one of the pages, it indicates that the approximate portion of the total cost for "sprinklers" in an office building is 1.9%.

If it is the intent of the legislature to pass a bill whereby the incentive is an exemption of property taxes, the Department would suggest amendments to SB 370 as follows:

1. Remove this exemption from AS 29.53.060 (Full and True Value) and place it in AS 29.53.020 (Required Exemptions).
2. State the amount to be exempted if a structure does have fire protection equipment. This could be done easily by stating, "The exempted amount of this exemption shall be 2% of the full and true value of the building as determined by the assessor under AS 29.53.060."
3. The state should reimburse the municipality any revenue lost to it by the implementation of this bill.
4. There should be a time limit of three years placed upon the exemption. This would allow time for the taxpayer to amortize his investment, but not be an on-going give away program.
5. Existing structures could be granted the same 2% exemption for three years to be equitable. (Although, again, if the intent is to encourage installation of a fire suppression system, only new structures should be included in the bill).

Handwritten note:
would
only be
reimbursed

Alternative 2

If the intent of SB 370 is to offer incentives to property owners planning new construction and encourage the inclusion of fire protection systems in new structures, the Department suggests that a program similar to the following be considered.

For equity proposes, the state would adopt a normal cost schedule for fire protection systems. An example of such a cost schedule is presented in the attachments, page No. 2 from the Marshall Valuation Service. In conjunction with this schedule, Marshall Valuation Service also provides "local multipliers" which bring the normal cost schedule

Marie Pignalberi
March 10, 1980
Page Three

into line with costs in Alaska. The local multiplier for the schedule is 1.97.

After adoption of a schedule, the Department could then compute the "normal cost" of a fire protection system by applying the schedule to each structure which applied for the program. For example, if an application were received for a 10,000 sq. ft. building, the normal costs would be obtained as follows:

$$10,000 \text{ sq.ft.} \times \$1.15 \times 1.97 = \$22,655.00$$

After the normal costs were calculated, the incentive program would offer a grant to the property owner of 5% of the computed normal cost. Therefore, the property owner would receive \$1132.75 ($\$22,655 \times 5\%$) from the state. The normal costs could be updated on an annual basis to reflect current estimated normal costs.

Attachments

GENERAL INFORMATION

PERCENTAGE BREAKDOWN

The percentages below indicate the approximate portion of the total cost attributable to each component in a typical modern 12-story Class A office building of average size and quality, not including financing costs.

AVERAGE MULTISTORY OFFICE BUILDING

Plans, engineering, and supervision	6.2%
Clearing, excavation, and foundation	2.7%
Steel frame and decking	13.4%
Miscellaneous steel	1.0%
Heating and air conditioning	12.9%
Air conditioning enclosures . . . . .	.5%
Plumbing	4.5%
Sprinklers	1.9%
Electrical, including fixtures	9.3%
Elevators, conveying systems	4.9%
Metal wall panels and insulation	5.3%
Masonry backup and partitions	3.0%
Frame and drywall partitions	3.7%
Sash and glazing	3.0%
Plaster and furring	2.0%
Doors, door frames, and hardware . . . . .	.6%
Concrete floors and roof	7.5%
Roofing and roof insulation . . . . .	.3%
Resilient floor coverings	1.2%
Carpeting	1.2%
Acoustical ceilings, suspended	2.5%
Painting . . . . .	.8%
Marble, tile, and terrazzo . . . . .	.4%
Miscellaneous carpentry, finish, and cleanup	1.0%
Miscellaneous, unclassified . . . . .	.8%
General contractor's overhead and profit	9.4%
TOTAL	100.0%

The 9.4 percent listed for general contractor's overhead and profit is the percentage of total cost. This is the equivalent of 11.1 percent of labor, material, and sub-contracts, excluding plans, engineering and architect's supervision.

FLOOR LOADS

The following are typical live floor loads of some of the buildings used in determining cost averages. A majority of the buildings will have more than one design floor load to accommodate various uses. Thus, a hotel will be designed for heavy floor loads in halls and public areas and lighter floor loads in room areas, and banks will need heavier floors in computer and equipment rooms than in office areas.

The listed loads are typical of design specifications of a number of buildings built or under construction during recent years.

OCCUPANCY	POUNDS PER SQUARE FEET
Apartments and dormitories	40 (plus 20 lbs. of partitions)
Auditoriums and churches	100 (60 for fixed seating)
Banks	100 (150 lbs. in equipment floors)
Computer and equipment floors	150
Dwellings	40
Governmental buildings	80 (125 lbs. in equipment rooms)
Gymnasiums	100 (150 lbs. for drill floors)
Hospitals	50 (100 lbs. in corridors)
Hotels and clubs	50 (100 lbs. in public areas)
Libraries	60 (150 lbs. in stack areas)
Light industrials and garages	100 (50 lbs. in office areas)
Medium industrials	150 (50 lbs. in office areas)
Heavy industrials	200 (and up, 60 lbs. in office areas)
Lofts	100 (50 lbs. in office areas)
Low cost offices	50 (125 lbs. in equipment rooms)
Average offices	50 (150 lbs. in equipment rooms)
Good offices	60 (150 lbs. in equipment rooms)
Excellent offices	80 (175 lbs. in equipment rooms)
Restaurants	100 (150 lbs. in kitchen areas)
Schools	50 (100 lbs. in corridors)
Stores	100 (125 lbs. in appliance floors)
Theaters	80 (150 lbs. for stage floors)
Warehouses - light	100
- medium	150
- heavy	200 (and up)

STORES AND COMMERCIAL BUILDINGS

(SEGREGATED COST METHOD)

INTERIOR CONSTRUCTION — Table I is based on averages for several types of occupancies not including furniture, fixtures, and equipment. Table II gives costs based on a square foot of partition area and may be used when a more detailed analysis is desired. For additional interior and partition costs, see Section 52. For fixture and equipment costs, see Section 65.

TABLE I. Apply to total floor area. Add or deduct 5% for each foot of variation from 12' average story height.

FRAME INTERIOR PARTITIONS

	1	2	3	4
Bowling alleys (excluding alleys and equipment)	\$.77	\$.92	\$1.09	\$1.30
Department stores	1.94	2.54	3.32	4.34
Discount stores . . . . .	.56	.70	.88	1.11
Markets . . . . .	.89	1.02	1.17	1.35
Restaurants, drive-in	2.80	3.79	5.12	6.92
Restaurants, table service	2.48	3.93	5.91	9.12
Retail stores . . . . .	.82	1.17	1.66	2.37

MASONRY INTERIOR PARTITIONS

	1	2	3	4
Bowling alleys (excluding alleys and equipment)	\$.95	\$1.12	\$1.32	\$1.56
Department stores	2.19	2.85	3.72	4.84
Discount stores . . . . .	.74	.90	1.10	1.35
Markets	1.08	1.23	1.39	1.58
Restaurants, drive-in	3.18	4.25	5.69	7.61
Restaurants, table service	2.92	4.42	6.70	10.05
Retail stores	1.02	1.43	2.00	2.80

TABLE II. Apply to square feet of partition area. Costs include doors and openings. Do not use these costs if Table I is used.

	1	2	3	4
Acoustic accordion partitions	\$10.00	\$13.75	\$19.00	\$26.00
Gypsum block	1.75	2.25	2.95	3.80
Masonry, tile or concrete block	2.00	2.60	3.45	4.50
Metal partitions	4.65	5.80	7.20	9.00
Metal and glass	5.20	6.40	7.90	9.75
Steel studs and gypsum board	1.90	2.25	2.65	3.10
Steel studs and plaster	2.25	2.60	3.05	3.55
Steel channels and gypsum board, 2-1/4"	2.95	3.50	4.15	4.95
Wood frame, drywall two sides	1.55	1.85	2.20	2.60
Wood frame, plaster two sides	1.85	2.15	2.55	3.00

PLUMBING — Apply to total floor area or use Section 53 for more detailed cost per fixture. The following costs represent typical ranges only.

	1	2	3	4
Bowling alleys	\$.64	\$.80	\$.99	\$1.24
Department stores	1.08	1.39	1.80	2.32
Discount stores . . . . .	.40	.58	.84	1.22
Markets . . . . .	.79	1.09	1.49	2.05
Restaurants, drive-in	2.62	3.47	4.60	6.10
Restaurants, table service	2.30	3.40	5.04	7.45
Retail stores . . . . .	.48	.78	1.26	2.05

SPRINKLERS — Apply to sprinklered area. Costs include all piping but do not include tanks.

	1	2	3	4
5,000 square feet	\$.90	\$1.09	\$1.33	\$1.61
10,000 . . . . .	.80	.96	1.15	1.38
15,000 . . . . .	.75	.89	1.06	1.25
20,000 . . . . .	.71	.85	1.00	1.17
25,000 . . . . .	.68	.81	.95	1.12
30,000 . . . . .	.66	.78	.92	1.07
40,000 . . . . .	.63	.74	.86	1.00
50,000 . . . . .	.61	.71	.83	.95
75,000 . . . . .	.57	.66	.76	.87
100,000 . . . . .	.54	.62	.71	.81
150,000 . . . . .	.50	.58	.66	.74
200,000 . . . . .	.48	.55	.62	.69

HEATING, COOLING AND VENTILATING — Apply to total floor area.

Add or deduct 3% for each foot of variation from 12' average story height.

Costs are given for gas-fired heating surfaces. Add or deduct as follows for other fuels.

Coal stoker for hot air	+10%	Coal, hand-fired	-10%
Coal stoker for boiler	+10%	Oil-fired	+10%

For restaurants, use cost ranges in Section 13.

	1	2	3	4
Electric, cable or baseboard	\$.88	\$1.08	\$1.32	\$1.61
Electric wall heaters . . . . .	.41	.47	.54	.62
Forced air . . . . .	.86	1.10	1.41	1.80
Furnace, floor or wall . . . . .	.45	.54	.65	.79
Gravity furnace . . . . .	.72	.87	1.04	1.24
Hot water, baseboard or convectors	1.61	1.97	2.42	2.97
radiant floor	2.10	2.52	3.04	3.66
Space heaters, gas, with fan . . . . .	.36	.45	.56	.71
steam coil, with boiler . . . . .	.68	.81	1.00	1.25
steam coil, without boiler . . . . .	.47	.60	.77	.98
Steam radiator, with boiler	1.31	1.64	2.06	2.59
without boiler	1.05	1.34	1.69	2.15

FIRE PROTECTION

FIRE PUMP EQUIPMENT

HORIZONTAL SHAFT (CENTRIFUGAL, 100 P.S.I.)

Prices include installation costs, coupling and motor or engine on a steel base, plus relief valve and waste cone. Controller must be added for electric units. Diesel engine costs include battery, trickle charger, coupling and automatic controller. Electric motors are 230/460 volt, 3 phase, 60 Hz.

G.P.M.	H.P.	R.P.M.	ELECTRIC	DIESEL
500	60	1800	\$ 7,900	\$34,000
750	75	1800	10,000	35,500
1000	100	1800	12,900	37,500
1500	125	1800	15,000	39,000
2000	150	1800	17,000	40,000
2500	200	1800	20,000	42,000

VERTICAL SHAFT (TURBINE, MULTI-STAGE)

The following prices include a vertical electric motor with thrust bearing. Costs for diesel engines include a right angle drive, coupler, metal skid, fuel tank, battery, trickle charger and automatic controller.

G.P.M.	H.P.	R.P.M.	PUMP ONLY	ADD FOR ELECTRIC	ADD FOR DIESEL
500	50	1800	\$13,000	\$1,650	\$22,700
750	75	1800	14,500	2,400	24,500
1000	100	1800	16,500	3,200	26,300
1500	125	1800	18,500	3,900	28,500
2000	150	1800	21,000	4,700	30,500
2500	200	1800	27,000	6,200	35,500

PUMP DRIVERS

Diesel Engines with coupling, skid, battery, fuel tank and battery charger. For horizontal drive.

For 1000 gal, 100 psi Pump	\$10,000
For 2000 gal, 100 psi Pump	\$14,500

Electric Motors (Squirrel-cage induction, 3 phase, 60 cycle, drip-proof)

VOLTAGE	R.P.M.	HORSEPOWER					
		30	50	75	100	150	200
230-460	1800	\$620	\$1,050	\$1,550	\$2,100	\$3,150	\$4,200

ELECTRIC DRIVE CONTROLLERS

Combined Manual and Automatic, Reduced Voltage

VOLTAGE	AMPS*	HORSEPOWER					
		30	50	75	100	150	200
220	30,000	\$ 4,400	\$ 5,400	\$ 6,600	-----	-----	-----
	75,000	7,900	8,600	9,500	\$10,500	\$12,900	\$15,800
440	25,000	3,500	4,600	5,700	6,700	8,300	9,600
	60,000	6,900	8,200	9,300	10,200	11,600	12,700

*Circuit breaker interrupting capacity.

Combined Manual and Automatic, Across-the-Line

VOLTAGE	AMPS*	HORSEPOWER					
		30	50	75	100	150	200
220	30,000	\$ 3,600	\$ 4,300	\$ 6,000	\$ 8,100	-----	-----
	75,000	6,900	7,400	8,000	8,700	\$10,200	\$12,000
440	25,000	3,200	3,700	4,100	4,500	5,000	5,400
	60,000	6,400	7,000	7,500	7,900	8,400	8,900

*Circuit breaker interrupting capacity.

DIESEL DRIVE CONTROLLERS \$3,300 to \$3,500

FLOW METERS

PUMP SIZE	COST RANGE	PUMP SIZE	COST RANGE
500	\$470 - \$620	2000	\$ 660 - \$ 830
750	500 - 650	3000	830 - 1,010
1000	530 - 680	4000	1,040 - 1,230
1500	590 - 750		

SPRINKLER SYSTEMS

Costs per square foot may be found in the Segregated Cost Sections. Refer to the section applicable to the type of building under consideration.

SMOKE AND HEAT ACTUATED ALARM SYSTEMS

Most commercial installations are leased. The costs below represent the installation costs charged to the user.

Commercial base cost \$600.00 plus \$.17 per square foot of protected areas.
Residential ionization smoke detectors cost \$50.00 to \$70.00 installed.

FIRE PROTECTION

FIRE ALARM SYSTEMS

Buildings under 75' height.

Control panel at lobby:

1 zone \$525

5 zone 600

Pull station 20

Smoke detector 50

Pull station with horn

or bell alarm. 40

(Use same costs for stations and detectors in buildings over 75' high).

Buildings 75' and above.

Control panel at fire control

room (with street access for

Fire Department) 75 zones . \$3,000

Speakers connected with micro-

phone at control panel . . . 50

Emergency telephone, 5 jacks . 100

Sprinkler water flow detector . 150

Time, date, location printer . . 3,500

Battery standby system 3,800

CABINETS

Extinguisher Cabinets:

Steel . . \$100.00 Aluminum . . \$150.00 Stainless Steel . . \$250.00

Hose Cabinets:

Steel . . \$110.00 Aluminum . . \$165.00 Stainless Steel . . \$280.00

Hose Houses:

Steel . . \$600.00 Aluminum . . \$900.00

Inside fire hydrants including 75' of 1-1/2" hose, valve, rack, and nozzle installed without cabinet, cost \$240 to \$300.

EXTINGUISHERS

Portable, antifreeze (pressurized), 2-1/2 gal. \$ 75

Portable, water (pressurized), 2-1/2 gal. 60

Carbon Dioxide, with hose and horn, 2-1/2# 63

5# 71

10# 98

20# 145

Carbon Dioxide, wheeled, 50# 625

100# 1,300

Dry chemical, regular types, 2-1/2# 32

5# 37

10# 50

20# 87

30# 155

(For all purpose type, add 10 to 15 percent).

AIR FOAM SYSTEMS

High Expansion, cubic feet per minute.

5,000 cfm . . \$2,000 10,000 cfm . . \$3,000 15,000 cfm . . \$4,000

Low Expansion, (protein) cost per square foot of tank surface.

TANK SURFACE	FUEL OIL	GASOLINE
500 sq. ft.	\$ 3,800	\$ 4,200
1,000	4,300	4,900
1,500	4,900	5,700
2,000	5,500	6,600
3,000	7,200	8,900
4,000	9,300	12,000
5,000	12,000	16,000

CARBON DIOXIDE SYSTEMS

FLOODING SYSTEMS

(Cost per cubic foot)

	SMALL (500 cu. ft.)	MEDIUM (3,000 cu. ft.)	LARGE (30,000 cu. ft.)
Standard hazards	\$ 1.60	\$ 1.15	\$.60
Electric hazards	2.10	1.50	.70
Fur vaults	2.80	1.95	.85

LOCAL APPLICATION

(Cost per square foot)

	SMALL (25 sq. ft.)	MEDIUM (250 sq. ft.)	LARGE (1,000 sq. ft.)
Coated surfaces	\$55.00	\$36.00	\$25.00
Liquid surfaces	75.00	51.00	37.00

HALON 1301 SYSTEMS

(Cost per cubic foot)

Includes ionization detection with approximately 6% total flooding of electrical hazards.

500 cu. ft. . . \$4.35 3,000 cu. ft. . . \$3.00 30,000 cu. ft. . . \$1.20

DRY CHEMICAL SYSTEMS

Restaurant Hood and Duct (25 lb.) \$600 to \$1,200

Section 2 of SB 370 and CSHB 648 affects that statute of the Alaska Public Utilities Commission in that it takes the ratemaking powers which have been delegated to the Commission under AS 42.05 and returns them to the legislative arena. The Commission believes that the Legislature should have the following information before it decides what rates, if any, should be charged to a class of utility customers -- in this instance those commercial customers that have installed fire protection systems which use hydraulic sprinklers.

Establishing utility rates is admittedly a complicated process -- it involves determining what utility expenses are reasonable and then allocating those expenses to the classes of consumers that are responsible for the incurrence of those costs. Customers are then charged rates which cover these expenses.

The Commission believes the Legislature should realize that there are expenses directly associated with providing sprinkler service that if not paid by those customers who received the service, i.e., those who have installed sprinklers, will be borne by other customers, namely residential consumers and those commercial customers who have not installed a sprinkler system.

An example of the extent of utility expenses associated with providing water sprinkler service follows: In its last request to the Commission for a permanent rate increase, Central Alaska Utilities, a water utility in Anchorage serving approximately 10,000 customers, allocated \$129,000 of its revenue requirement to be recovered from those customers who received sprinkler service. Section 2 of this legislation would require that those utility expenses attributable to provide water sprinkler service would be borne by all customers of the utility. It is interesting to note that if this amount, \$129,000, must be recovered from all other CAU customers, it would require a rate increase of approximately \$1.00 per month per customer or an annual increase of more than \$12.00. The customers of the Anchorage Water Utility and other regulated water utilities providing this service would experience a similar increase. The Commission adds that as with all costs, those associated with providing sprinkler service change as a utility's economic circumstances change, and this number might not hold in a new tariff revision. The Commission also notes that this ratemaking prohibition would not effect the rates that nonregulated municipal water utilities might charge.

One of the questions raised by this legislation is who would provide the revenues needed to, if required, resize a water utility's service line as a result of the installation of sprinkler systems in a commercial building.

The Commission wants the legislature to understand that there are costs currently associated with providing sprinkler service that, if not recovered from the users who benefit from the service, must be borne by all of the utility's customers. This does not even begin to consider the costs that will be generated by new sprinkler customers taking advantage of the "free" service. This may be a social policy that the legislature desires to establish. However, it does depart from the Commission's utility ratemaking philosophy -- that to the most reasonable extent possible, the costs causer should be the cost payer.

Julian

NOTICE OF UTILITY TARIFF FILING

The ALASKA PUBLIC UTILITIES COMMISSION hereby gives notice that the MUNICIPALITY OF ANCHORAGE d/b/a ANCHORAGE WATER UTILITY (AWU), a water utility, has filed a tariff revision (TA19-122) which reduces the monthly rates for private fire protection. A comparison of the current and proposed monthly rates follows.

<u>Service Size</u>	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>* See Below</u>
2"	\$ 7.10	\$ 3.46	.18
3"	15.90	7.79	.41
4"	28.45	13.87	.72
6"	63.55	31.20	1.62
8"	112.85	55.49	2.89
10"	176.40	86.69	4.51
12"	254.10	124.85	6.50

More detailed information may be obtained from the utility whose address is 3000 Arctic Blvd., Anchorage, Alaska 99503. The filing may be inspected also at the offices of the Alaska Public Utilities Commission, 1100 MacKay Building, 338 Denali Street, Anchorage, Alaska 99501.

Any interested person may file a statement of views favoring or opposing the tariff revisions proposed by AWU with the Commission at 1100 MacKay Building, 338 Denali Street, Anchorage, Alaska 99501 on or before February 2, 1979. This statement should clearly affirm that the interested person has filed a true copy of it with AWU, 3000 Arctic Blvd., Anchorage, Alaska 99503 as required by the Alaska Administrative Code.

DATED at Anchorage, Alaska this 9th day of January, 1979.

ALASKA PUBLIC UTILITIES COMMISSION

Russell N. Staley
Russell N. Staley
Acting Executive Director

* Filed by Julian Mason, Counsel for Western Enterprises and Jim Faiks, (Western) who stated in part,

"Pending hearings on the revised tariff, counsel for Western held several meetings with AWU and its attorney. During those meetings, it was disclosed that AWU anticipated making an additional amendment to its tariff filing which would reduce the rates for sprinklered buildings to only 2.5% of their current level. Copies of the existing and proposed tariffs are attached as Exhibit 'A'."

Mr. Mason's complete statement (filing), from which this quotation is extracted, is attached.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE (UPDATE)

I. REQUEST

Bill/Resolution No. SB 370

Title Exempting value for Fire Equipment Systems in Real Property

Requested by Senator Sturqulewsky Date 4-1-80

II. FISCAL DETAIL

Agency Affected Community & Regional Affairs

Program Category Affected Local Government Assistance - State Assessor

BRU, Program, or Subprogram(s) Affected Development

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		125.5	135.5	146.4	158.1	170.7
TOTAL		125.5	135.5	146.4	158.1	170.7

FUNDING (Thousands of Dollars)

GENERAL FUND		125.5	135.5	146.4	158.1	170.7
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The fiscal note for SB 370 is based upon the anticipation of State reimbursement to municipalities for revenue lost by the operation of SB 370. The dollar amounts shown were based upon the following information. The annual increase is estimated at 8% for property value inflation.

IV. DATE 4-1-80

PREPARED BY Steve Van Sant 

AGENCY Community & Regional Affairs

PHONE 465-4787

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Estimated Revenue Lost By Municipalities By SB 370

<u>Municipality</u>	<u>Comm. Property Value</u>	<u>Est. % w/Fire P. Syst.</u>	<u>Value Prop. w/FPS</u>
Anchorage	\$ 452,755,434	55%	\$ 249,015,489
Fairbanks	96,920,074	40%	38,768,030
Juneau	106,867,300	60%	64,120,380
Ketchikan	51,299,887	40%	20,519,955
TOTAL	\$ 707,842,695		\$ 372,423,824

<u>Prop. w/FPS @ 2%</u>	<u>Mill Rate</u>	<u>Revenue Lost</u>
Anchorage - \$4,980,310	@ 13.79	\$ 68,700
Fairbanks - 775,361	@ 15.68	12,200
Juneau - 1,282,408	@ 12.95	16,600
Ketchikan - 410,800	@ 16.00	6,600
		<u>\$104,100</u>
Est. Cities revenue lost		+ \$ 10,000
		<u>\$114,100</u>
Est. 10% error factor		+ \$ 11,400
		<u>\$125,500</u>

MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

TO: Marie Pignalberi
Deputy Commissioner

DATE: March 10, 1980

THRU: Palmer McCarter *PM*
Director

FILE NO:

TELEPHONE NO:

FROM: Steve Van Sant *SVS*
Assistant State Assessor

SUBJECT: Comments on SB 370

This is a followup of the memorandum dated 3/5/80 to Deputy Commissioner Marie Pignalberi regarding concerns on SB 370.

Upon obtaining more information and talking with some of the assessors in the state, we would like to add the following information:

1. According to Anchorage Assessor, Pat McKee, this bill would be almost impossible for him to administer. The reason being that Anchorage does not value commercial property (where most fire protection equipment exists) by the cost approach, but by the income approach. The income approach is simply estimating market value by the income a building is capable of making. For example, assume there are two motels in Anchorage, side by side, and both were very similar. Further assume that one had sprinklers and the other one did not. The estimated value of one motel would probably be within 1%-5% of the value of the other, assuming the room rents were comparable. In this instance, there would be no value given on fire protection equipment, therefore, it would be very difficult to conform with SB 370.

2. As stated in our previous memorandum, we are concerned as to what value the assessor is expected to exempt, cost of equipment, cost of equipment and labor, or estimated market value. If it is to be the cost of the equipment, would the assessor take the actual cost to the owner, or the average cost to any property in general?

3. This bill does not require reimbursement by the state for revenues lost to the municipality by the implementation of this bill.

4. The property owner in the unorganized borough who plans to install fire protection equipment would not realize any incentive under this program (and, in our minds, if the bill is to be an incentive for installation of fire suppression systems, rural Alaska or the unorganized borough is where the greatest need exists).

ALTERNATIVE 1

Only minus

For your information, we have attached pages from the "Marshall Valuation Service". This valuation service is used world wide by many assessors. Nearly all assessors in Alaska who value commercial property by the cost approach utilize this guide.

On one of the pages, it indicates that the approximate portion of the total cost for "sprinklers" in an office building is 1.9%.

If it is the intent of the legislature to pass a bill whereby the incentive is an exemption of property taxes, the Department would suggest amendments to SB 370 as follows:

1. Remove this exemption from AS 29.53.060 (Full and True Value) and place it in AS 29.53.020 (Required Exemptions).
2. State the amount to be exempted if a structure does have fire protection equipment. This could be done easily by stating, "The exempted amount of this exemption shall be 2% of the full and true value of the building as determined by the assessor under AS 29.53.060."
3. The state should reimburse the municipality any revenue lost to it by the implementation of this bill.
4. There should be a time limit of three years placed upon the exemption. This would allow time for the taxpayer to amortize his investment, but not be an on-going give away program.
5. Existing structures could be granted the same 2% exemption for three years to be equitable. (Although, again, if the intent is to encourage installation of a fire suppression system, only new structures should be included in the bill).

Alternative 2

If the intent of SB 370 is to offer incentives to property owners planning new construction and encourage the inclusion of fire protection systems in new structures, the Department suggests that a program similar to the following be considered.

For equity proposes, the state would adopt a normal cost schedule for fire protection systems. An example of such a cost schedule is presented in the attachments, page No. 2 from the Marshall Valuation Service. In conjunction with this schedule, Marshall Valuation Service also provides "local multipliers" which bring the normal cost schedule

into line with costs in Alaska. The local multiplier for the schedule is 1.97.

After adoption of a schedule, the Department could then compute the "normal cost" of a fire protection system by applying the schedule to each structure which applied for the program. For example, if an application were received for a 10,000 sq. ft. building, the normal costs would be obtained as follows:

$$10,000 \text{ sq.ft.} \times \$1.15 \times 1.97 = \$22,655.00$$

After the normal costs were calculated, the incentive program would offer a grant to the property owner of 5% of the computed normal cost. Therefore, the property owner would receive \$1132.75 ($\$22,655 \times 5\%$) from the state. The normal costs could be updated on an annual basis to reflect current estimated normal costs.

Attachments

GENERAL INFORMATION

PERCENTAGE BREAKDOWN

The percentages below indicate the approximate portion of the total cost attributable to each component in a typical modern 12-story Class A office building of average size and quality, not including financing costs.

AVERAGE MULTISTORY OFFICE BUILDING

Plans, engineering, and supervision	6.2%
Clearing, excavation, and foundation	2.7%
Steel frame and decking	13.4%
Miscellaneous steel	1.0%
Heating and air conditioning	12.9%
Air conditioning enclosures . . . . .	.5%
Plumbing	4.5%
Sprinklers	1.9%
Electrical, including fixtures	9.3%
Elevators, conveying systems	4.9%
Metal wall panels and insulation	5.3%
Masonry backup and partitions	3.0%
Frame and drywall partitions	3.7%
Sash and glazing	3.0%
Plaster and furring	2.0%
Doors, door frames, and hardware . . . . .	.6%
Concrete floors and roof	7.5%
Roofing and roof insulation . . . . .	.3%
Resilient floor coverings	1.2%
Carpeting	1.2%
Acoustical ceilings, suspended	2.5%
Painting . . . . .	.8%
Marble, tile, and terrazzo . . . . .	.4%
Miscellaneous carpentry, finish, and cleanup	1.0%
Miscellaneous, unclassified . . . . .	.8%
General contractor's overhead and profit	9.4%
TOTAL	100.0%

The 9.4 percent listed for general contractor's overhead and profit is the percentage of total cost. This is the equivalent of 11.1 percent of labor, material, and subcontracts, excluding plans, engineering and architect's supervision.

FLOOR LOADS

The following are typical live floor loads of some of the buildings used in determining cost averages. A majority of the buildings will have more than one design floor load to accommodate various uses. Thus, a hotel will be designed for heavy floor loads in halls and public areas and lighter floor loads in room areas, and banks will need heavier floors in computer and equipment rooms than in office areas.

The listed loads are typical of design specifications of a number of buildings built or under construction during recent years.

OCCUPANCY	POUNDS PER SQUARE FEET
Apartments and dormitories	40 (plus 20 lbs. of partitions)
Auditoriums and churches	100 (60 for fixed seating)
Banks	100 (150 lbs. in equipment floors)
Computer and equipment floors	150
Dwellings	40
Governmental buildings	80 (125 lbs. in equipment rooms)
Gymnasiums	100 (150 lbs. for drill floors)
Hospitals	50 (100 lbs. in corridors)
Hotels and clubs	50 (100 lbs. in public areas)
Libraries	60 (150 lbs. in stack areas)
Light industrials and garages	100 (50 lbs. in office areas)
Medium industrials	150 (50 lbs. in office areas)
Heavy industrials	200 (and up, 60 lbs. in office areas)
Lofts	100 (50 lbs. in office areas)
Low cost offices	50 (125 lbs. in equipment rooms)
Average offices	50 (150 lbs. in equipment rooms)
Good offices	60 (150 lbs. in equipment rooms)
Excellent offices	80 (175 lbs. in equipment rooms)
Restaurants	100 (150 lbs. in kitchen areas)
Schools	50 (100 lbs. in corridors)
Stores	100 (125 lbs. in appliance floors)
Theaters	80 (150 lbs. for stage floors)
Warehouses - light	100
- medium	150
- heavy	200 (and up)

STORES AND COMMERCIAL BUILDINGS

(SEGREGATED COST METHOD)

INTERIOR CONSTRUCTION — Table I is based on averages for several types of occupancies not including furniture, fixtures, and equipment. Table II gives costs based on a square foot of partition area and may be used when a more detailed analysis is desired. For additional interior and partition costs, see Section 52. For fixture and equipment costs, see Section 65.

TABLE I. Apply to total floor area. Add or deduct 5% for each foot of variation from 12' average story height.

FRAME INTERIOR PARTITIONS

	1	2	3	4
Bowling alleys (excluding alleys and equipment)	\$.77	\$.92	\$1.09	\$1.30
Department stores	1.94	2.54	3.32	4.34
Discount stores . . . . .	.56	.70	.88	1.11
Markets . . . . .	.89	1.02	1.17	1.35
Restaurants, drive-in	2.80	3.79	5.12	6.92
Restaurants, table service	2.48	3.83	5.91	9.12
Retail stores . . . . .	.82	1.17	1.66	2.37

MASONRY INTERIOR PARTITIONS

	1	2	3	4
Bowling alleys (excluding alleys and equipment)	\$.95	\$1.12	\$1.32	\$1.56
Department stores	2.19	2.85	3.72	4.84
Discount stores . . . . .	.74	.90	1.10	1.35
Markets	1.08	1.23	1.39	1.58
Restaurants, drive-in	3.18	4.25	5.69	7.61
Restaurants, table service	2.92	4.42	6.70	10.05
Retail stores	1.02	1.43	2.00	2.80

TABLE II. Apply to square feet of partition area. Costs include doors and openings. Do not use these costs if Table I is used.

	1	2	3	4
Acoustic accordion partitions	\$10.00	\$13.75	\$19.00	\$26.00
Gypsum block	1.75	2.25	2.95	3.80
Masonry, tile or concrete block	2.00	2.60	3.45	4.50
Metal partitions	4.65	5.80	7.20	9.00
Metal and glass	5.20	6.40	7.90	9.75
Steel studs and gypsum board	1.90	2.25	2.65	3.10
Steel studs and plaster	2.25	2.60	3.05	3.55
Steel channels and gypsum board, 2-1/4"	2.95	3.50	4.15	4.95
Wood frame, drywall two sides	1.55	1.85	2.20	2.60
Wood frame, plaster two sides	1.85	2.15	2.55	3.00

PLUMBING — Apply to total floor area or use Section 53 for more detailed cost per fixture. The following costs represent typical ranges only.

	1	2	3	4
Bowling alleys	\$.64	\$.80	\$.99	\$1.24
Department stores	1.08	1.39	1.80	2.32
Discount stores . . . . .	.40	.58	.84	1.22
Markets . . . . .	.79	1.09	1.49	2.05
Restaurants, drive-in	2.62	3.47	4.60	6.10
Restaurants, table service	2.30	3.40	5.04	7.45
Retail stores . . . . .	.48	.78	1.26	2.05

SPRINKLERS — Apply to sprinklered area. Costs include all piping but do not include tanks.

	1	2	3	4
5,000 square feet	\$.90	\$1.09	\$1.33	\$1.61
10,000 . . . . .	.80	.96	1.15	1.38
15,000 . . . . .	.75	.89	1.06	1.25
20,000 . . . . .	.71	.85	1.00	1.17
25,000 . . . . .	.68	.81	.95	1.12
30,000 . . . . .	.66	.78	.92	1.07
40,000 . . . . .	.63	.74	.86	1.00
50,000 . . . . .	.61	.71	.83	.95
75,000 . . . . .	.57	.66	.76	.87
100,000 . . . . .	.54	.62	.71	.81
150,000 . . . . .	.50	.58	.66	.74
200,000 . . . . .	.48	.55	.62	.69

HEATING, COOLING AND VENTILATING — Apply to total floor area.

Add or deduct 3% for each foot of variation from 12' average story height.

Costs are given for gas-fired heating surfaces. Add or deduct as follows for other fuels.

Coal stoker for hot air	+10%	Coal, hand-fired	-10%
Coal stoker for boiler	+10%	Oil-fired	+10%

For restaurants, use cost ranges in Section 13.

	1	2	3	4
Electric, cable or baseboard	\$.88	\$1.08	\$1.32	\$1.61
Electric wall heaters . . . . .	.41	.47	.54	.62
Forced air . . . . .	.86	1.10	1.41	1.80
Furnace, floor or wall . . . . .	.45	.54	.65	.79
Gravity furnace . . . . .	.72	.87	1.04	1.24
Hot water, baseboard or convectors	1.61	1.97	2.42	2.97
radiant floor	2.10	2.52	3.04	3.66
Space heaters, gas, with fan . . . . .	.36	.45	.56	.71
steam coil, with boiler . . . . .	.68	.81	1.00	1.25
steam coil, without boiler . . . . .	.47	.60	.77	.98
Steam radiator, with boiler	1.31	1.64	2.06	2.59
without boiler	1.05	1.34	1.69	2.15

FIRE PROTECTION

FIRE PUMP EQUIPMENT

HORIZONTAL SHAFT (CENTRIFUGAL, 100 P.S.I.)

Prices include installation costs, coupling and motor or engine on a steel base, plus relief valve and waste cone. Controller must be added for electric units. Diesel engine costs include battery, trickle charger, coupling and automatic controller. Electric motors are 230/460 volt, 3 phase, 60 Hz.

S.P.M.	H.P.	R.P.M.	ELECTRIC	DIESEL
500	60	1800	\$ 7,900	\$34,000
750	75	1800	10,000	35,500
1000	100	1800	12,900	37,500
1500	125	1800	15,000	39,000
2000	150	1800	17,000	40,000
2500	200	1800	20,000	42,000

VERTICAL SHAFT (TURBINE, MULTI-STAGE)

The following prices include a vertical electric motor with thrust bearing. Costs for diesel engines include a right angle drive, coupler, metal skid, fuel tank, battery, trickle charger and automatic controller.

S.P.M.	H.P.	R.P.M.	PUMP ONLY	ADD FOR ELECTRIC	ADD FOR DIESEL
500	50	1800	\$13,000	\$1,650	\$22,700
750	75	1800	14,500	2,400	24,500
1000	100	1800	16,500	3,200	26,300
1500	125	1800	18,500	3,900	28,500
2000	150	1800	21,000	4,700	30,500
2500	200	1800	27,000	6,200	35,500

PUMP DRIVERS

Diesel Engines with coupling, skid, battery, fuel tank and battery charger. For horizontal drive.

For 1000 gal, 100 psi Pump	\$10,000
For 2000 gal, 100 psi Pump	\$14,500

Electric Motors (Squirrel-cage induction, 3 phase, 60 cycle, drip-proof)

VOLTAGE	R.P.M.	HORSEPOWER					
		30	50	75	100	150	200
230/460	1800	\$620	\$1,050	\$1,550	\$2,100	\$3,150	\$4,200

ELECTRIC DRIVE CONTROLLERS

Combined Manual and Automatic, Reduced Voltage

VOLTAGE	AMPS*	HORSEPOWER					
		30	50	75	100	150	200
220	30,000	\$ 4,100	\$ 5,100	\$ 6,600	-----	-----	-----
	75,000	7,900	8,600	9,500	\$10,500	\$12,900	\$15,800
440	25,000	3,500	4,600	5,700	6,700	8,300	9,600
	60,000	6,900	8,200	9,300	10,200	11,600	12,700

*Circuit breaker interrupting capacity.

Combined Manual and Automatic, Across-the-Line

VOLTAGE	AMPS*	HORSEPOWER					
		30	50	75	100	150	200
220	30,000	\$ 3,600	\$ 4,300	\$ 6,000	\$ 8,100	-----	-----
	75,000	6,900	7,400	8,000	8,700	\$10,200	\$12,000
440	25,000	3,200	3,700	4,100	4,500	5,000	5,400
	60,000	6,400	7,000	7,500	7,900	8,400	8,900

*Circuit breaker interrupting capacity.

DIESEL DRIVE CONTROLLERS \$3,300 to \$3,500

FLOW METERS

PUMP SIZE	COST RANGE	PUMP SIZE	COST RANGE
500	\$170 - \$620	2000	\$ 660 - \$ 830
750	500 - 650	3000	830 - 1,010
1000	530 - 680	4000	1,010 - 1,230
1500	590 - 750		

SPRINKLER SYSTEMS

Costs per square foot may be found in the Segregated Cost Sections. Refer to the section applicable to the type of building under consideration.

SMOKE AND HEAT ACTUATED ALARM SYSTEMS

Most commercial installations are leased. The costs below represent the installation costs charged to the user.

Commercial base cost \$600.00 plus \$.17 per square foot of protected areas.
Residential ionization smoke detectors cost \$50.00 to \$70.00 installed.

FIRE PROTECTION

FIRE ALARM SYSTEMS

Buildings under 75' height.		Buildings 75' and above.	
Control panel at lobby:		Control panel at fire control room (with street access for Fire Department) 75 zones .	\$3,000
1 zone	\$525	Speakers connected with microphone at control panel . .	50
5 zone	600	Emergency telephone, 5 jacks .	100
Pull station	20	Sprinkler water flow detector .	150
Smoke detector	50	Time, date, location printer . .	3,500
Pull station with horn or bell alarm	40	Battery standby system	3,800
(Use same costs for stations and detectors in buildings over 75' high).			

AIR FOAM SYSTEMS

High Expansion, cubic feet per minute.

5,000 cfm . . \$2,000 10,000 cfm . . \$3,000 15,000 cfm . . \$4,000

Low Expansion, (protein) cost per square foot of tank surface.

TANK SURFACE	FUEL OIL	GASOLINE
500 sq. ft.	\$ 3,800	\$ 4,200
1,000	4,300	4,900
1,500	4,900	5,700
2,000	5,500	6,600
3,000	7,200	8,900
4,000	9,300	12,000
5,000	12,000	16,000

CABINETS

Extinguisher Cabinets:			
Steel . . . \$100.00	Aluminum . . . \$150.00	Stainless Steel . . . \$250.00	
Hose Cabinets:			
Steel . . . \$110.00	Aluminum . . . \$165.00	Stainless Steel . . . \$280.00	
Hose Houses:			
Steel . . . \$600.00	Aluminum . . . \$900.00		

Inside fire hydrants including 75' of 1-1.2" hose, valve, rack, and nozzle, installed without cabinet, cost \$240 to \$300.

CARBON DIOXIDE SYSTEMS

FLOODING SYSTEMS

(Cost per cubic foot)

	SMALL (500 cu. ft.)	MEDIUM (3,000 cu. ft.)	LARGE (30,000 cu. ft.)
Standard hazards	\$ 1.60	\$ 1.15	\$.60
Electric hazards	2.10	1.50	.70
Fur vaults	2.80	1.95	.85

EXTINGUISHERS

Portable, antifreeze (pressurized), 2-1/2 gal.	\$ 75
Portable, water (pressurized), 2-1/2 gal.	60
Carbon Dioxide, with hose and horn, 2-1/2#	63
5#	71
10#	98
20#	145
Carbon Dioxide, wheeled, 50#	625
100#	1,300
Dry chemical, regular types, 2-1/2#	32
5#	37
10#	50
20#	87
30#	155

(For all purpose type, add 10 to 15 percent).

LOCAL APPLICATION

(Cost per square foot)

	SMALL (25 sq. ft.)	MEDIUM (250 sq. ft.)	LARGE (1,000 sq. ft.)
Coated surfaces	\$55.00	\$36.00	\$25.00
Liquid surfaces	75.00	51.00	37.00

HALON 1301 SYSTEMS

(Cost per cubic foot)

Includes ionization detection with approximately 6% total flooding of electrical hazards.

500 cu. ft. . . . \$1.35	3,000 cu. ft. . . . \$3.00	30,000 cu. ft. . . . \$1.20
--------------------------	----------------------------	-----------------------------

DRY CHEMICAL SYSTEMS

Restaurant Hood and Duct (25 ft.)	\$600 to \$1,200
---	------------------



STATE OF ALASKA

THE ALASKA PUBLIC UTILITIES COMMISSION

Before Commissioners: Gordon J. Zerbetz, Chairman
Marvin R. Weatherly
Carolyn S. Guess
Susan M. Knowles
Stuart C. Hall

In the Matter of the Filing of a)
Tariff Revision, Designated as) U-79-14
TA19-122, by ANCHORAGE WATER)
UTILITY to Decrease Sprinkler)
Fire Protection Rates)

MOTION TO ELIMINATE RETROACTIVELY TO
JANUARY 2, 1979, THE PRIVATE FIRE PROTECTION CHARGES,
CONTAINED IN THE TARIFF OF THE ANCHORAGE WATER UTILITY

DEC 17 11 11 AM '79
A.P.U.C.

The tariff of the Anchorage Water Utility ("AWU") contains a provision under which AWU levies a charge, in addition to the regular monthly charge, for service to buildings which contain sprinkler systems. The reasonableness of and justification for this charge have been hotly contested for several years by the owners of sprinklered buildings.

On January 2, 1979, the Anchorage Water Utility filed a tariff revision in which it proposed to reduce the charge for sprinklered buildings. That tariff filing was suspended by the Commission and hearings were scheduled. Western Enterprises and Jim Faiks ("Western") petitioned to intervene in the proceedings and their petition was granted. Western owns or represents the owners of a number of sprinklered buildings. Western and AWU agreed to attempt to resolve the dispute through negotiation and the Commission approved a stipulation extending certain deadlines.

Pending hearings on the revised tariff, counsel for Western held several meetings with AWU and its attorney. During those meetings, it was disclosed that AWU anticipated making an additional amendment to its tariff filing which would reduce the rates for sprinklered buildings to only 2.5% of their current level. Copies of the existing and proposed tariffs are attached as Exhibit "A." Based on that representation,

DUNN, BAILY and MASON
LAWYERS
LOUSSAC-306N BUILDING
420 D STREET
ANCHORAGE, AK 99501
(907) 276-4331

Western stipulated to a continuance of the scheduled hearings and an additional suspension period. However, AWU was unable to file the tariff on the stipulated date and Western agreed to an additional extension of time which the Commission approved in Order No. 5.

Shortly before the expiration of the most recent deadline, counsel for Western was notified by Mr. Peter Argetsinger, attorney for AWU, that AWU would be unable to file the tariff as planned for a variety of reasons. While the recited reasons are not directly relevant to this motion, the Commission should be aware that Mr. Argetsinger indicated that, while AWU agrees with Western that the tariff is wrong and must be lowered substantially, no decision has been made by the Municipality as to exactly what the tariff should be.

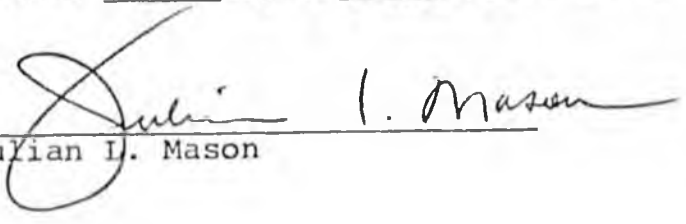
During the course of negotiations since the filing of the original amendment to the tariff, it has become absolutely clear that the present tariff contains rates which are many times higher than they should be.^{1/} AWU has orally expressed a willingness to absorb any revenues which will be lost by eliminating the charge altogether until such time as it decides to file a new tariff. Under those circumstances, it is not reasonable for AWU's customers to continue to pay rates which the utility acknowledges are inappropriate and unreasonable. Therefore, Western respectfully asks that the private fire protection portion (i.e., Schedule E, page 51) of the AWU tariff be eliminated retroactively to January 2, 1979. This motion, if granted, will require AWU to refund those charges, if any, which it has collected for private fire protection since January 2, 1979.^{2/}

^{1/} Western's position has always been that the surcharge for sprinklered buildings is inappropriate, discriminatory, and unjustifiable. AWU disagrees but has acknowledged that the present rates are approximately 40 times what they should be. The second revision of the tariff (which was never filed) contained rates which were about 2.5% of the current rates.

^{2/} Many of the customers of AWU have refused to pay the charge. Western has escrowed the disputed charge.

There is ample authority to support granting of this motion. AS 42.05.381 (a) requires that all rates be "just and reasonable." AS 42.05.391 (a) prohibits a utility from subjecting a customer to "an unreasonable prejudice or disadvantage." The present tariff rates are so high that they are unreasonable and Western is being disadvantaged and prejudiced by those rates. Therefore, it is inappropriate and a violation of the statutes cited above to continue the present rates. Since AWU cannot decide what rates it wants, the proper action is to eliminate the rates entirely until AWU makes its decision and files a new tariff.

Respectfully submitted this 13 day of December 1979.


Julian I. Mason

DUNN, BAILY and MASON
LAWYERS
LOUSSAC SOGN BUILDING
429 D STREET
ANCHORAGE, AK 99501
(907) 276-4331

II. SERVICE CHARGES (Cont'd)

REG
R

Schedule E - Private fire protection (cont'd)

<u>Service Size</u>	<u>Monthly Rate</u>	<u>Baily & Mason</u>
2"	\$.18	(R)
3"	.41	(R)
4"	.72	(R)
6"	1.62	(R)
8"	2.89	(R)
10"	4.51	(R)
12"	6.50	(R)

Schedule F - Bulk water sales

All bulk water sales will be handled by special contracts.

Tariff Advice No. 19-122

Effective:

Issued by: Anchorage Water Utility

By: J. L. HARSHMAN, P.E.

Title: General Manager

Chrom - Zerkwitz - G.P.C.

ANCHORAGE WATER UTILITY

SUMMARY OF COST ALLOCATION FACTORS

TOUCHE ROSS & CO.

Data	Total	Residential	Commercial and industrial			Fire protection		Bulk sales CAU					
			Metered	Unmetered	Special (construction)	Public	Private						
1. Annual water production charged to each class (1) (mg)	5,484.0	1,676.0	2,173.6	1,498.7	135.7	-	-	-					
2. Capacity (mgd) (2) (peak day)	27.20	7.29	8.05	7.74	1.02	1.27	1.27	.56					
3. Number of customers, total (3)	14,897	11,649	1,611	1,484	153	-	-	-					
4. Number of metered customers	1,611	-	1,611	-	-	-	-	-					
5. Number of metered customers, weighted by meter size													
5. Fire protection hydrants	2,300					1,800	500						
<u>Allocation factors</u>													
1. Annual consumption - Same factor	1.0000	.3056	.3964	.2733	.0247	-	-	-					
2. Capacity	1.0000	.2044	.4025	.2463	.0651	.0335	.0335	.0147					
3. Number of customers, total	1.0000	.7820	.1081	.0996	.0103	-	-	-					
4. Number of metered customers	1.0000	-	1.0000	-	-	-	-	-					
5. Number of metered customers, weighted by size	1.0000	-	1.0000	-	-	-	-	-					
<u>Composite factors</u>													
5. Line 1, 20% Consumption	.2000	} 1.0000	.0611	} .2246	.0793	} .4013	.0547	} .2517	.0049	} .0570	.0268	.0268	.0118
Line 2, 80% Demand	.8000													.1635	.3220	.1970	.0521	.7826(5)	.2174(5)
7. Fire protection - Hydrants													
3. Line 2, 50%	.5000	} 1.0000	.1022	} .4932	.2013	} .2554	.1232	} .1730	.0326	} .0377	.0167	.0167	.0073
Line 3, 50%	.5000													.3910	.0541	.0498	.0051	-	.0167

(1) Line 6 - page 2 of 2, Schedule B5
 (2) Line 15 - page 2 of 2, Schedule B5
 (3) Schedule C
 (4) The needs of AWU are concentrated in the lack of capacity to satisfy peak demands
 (5) Column total ÷ system total
 (6) Reflects the demands placed on customer service by those customers with the greatest diversity of demand characteristics

Edward K. Rogers
from Gordon Zerbetz

WATER UTILITIES
(December 31, 1977) — *as of end of '78*

<u>UTILITY</u>	<u>NET PLANT</u>	<u>REVENUES</u>		<u>USERS</u>
		<u>GROSS</u>	<u>NET</u>	
<u>CLASS A</u>				
Anchorage, Municipality of	\$32,780,037	\$5,862,718	\$1,553,524	15,900
Central Alaska Utilities, Inc.	17,804,414	2,172,929	476,960	9,931
College Utilities Corp.	4,541,435	624,733	173,007	996
<u>TOTAL - Class A</u>	<u>\$55,125,886</u>	<u>\$8,660,380</u>	<u>\$2,203,491</u>	<u>26,827</u>
<u>CLASS B</u>				
Barrow Utilities & Electric Cooperative	\$963,094	\$478,446	(\$71,627)	7
<u>CLASS C</u>				
Alyeska Utilities, Inc.	\$155,338	\$ 55,631	\$ 8,196	245
Dawn Development Corp.	Annual Report Not Received			
S & S Development	320,203	69,303	7,857	456
<u>TOTAL - Class C</u>	<u>\$475,541</u>	<u>\$124,934</u>	<u>\$16,053</u>	<u>701</u>
<u>CLASS D</u>				
Bell Utilities & Development, Inc.	\$ 443,739	\$ 41,500	\$18,459	140
Eagle River Heights Utilities, Inc. year ended 6/30/77	153,593	28,821	5,393	173
Glacier Utilities, Inc.	297,249	20,759	(17,912)	231
McGahan Utilities, Inc.	Annual Report Not Received			

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

DIVISION OF BUSINESS LOANS

Phone: 465-2510

POUCH D
JUNEAU, ALASKA 99811

The Division of Business Loans is not opposed to making loans for fire prevention equipment. It does, indeed, make them right now. The division is opposed to giving preferential treatment to certain types of loans. The installation of fire prevention equipment could mean preventing loss of life or property, but the same could be said of repairs to the hull of a fishing boat or repairs to the foundation of a store building or the purchase of new engines for an airplane. We get applications for those types of loans, too.

We are presently backlogged 16 weeks on applications. That's 16 weeks from the date the loan is received until the applicant receives a yes or no answer. The backlog increases as the difference increases between our fixed interest rate and the bank's rising rates. It is very difficult to justify putting off an applicant who has waited 16 weeks for an answer because we have to stop and work on a new application just received.

Preferential treatment of loans is difficult because:

1. With the current 16-week backlog, loans are not studied until many weeks after they are received. They are merely stamped and logged in and filed until a loan examiner finishes with those applications which came in before it. It would take a change in procedures and a sudden increase of the backlog if we were to, with the present staff, stop processing loans to read all incoming applications. In spite of our best efforts to provide forms which should make the use of loan proceeds evident, applicants often go out of their way to make it obscure.
2. Several bills have been introduced which require preferential treatment for certain types of loans. (Examples: fish holds, energy-related loans.) Preference isn't preference anymore if the volume of preference work is too great, and it may mean never getting to the run-of-the-mill loans if the preferred loans increase in quantity.
3. Almost all applicants have reasons for needing preferential treatment. Fishermen need to get their boats purchased or repaired before fishing season. Contractors need their new

equipment before the building season. Tourism facilities have to be ready for the tourist season. Child care facilities have to make mandated repairs or lose their licenses. Very few applicants are requesting something which isn't needed right now.

4. Many applicants for loans have signed earnest money agreements for the purchase of the item for which the loan proceeds are to be used. Their earnest money agreements nearly always have time limits, and forfeiture of thousands of dollars may result if no answer is received on the loan. Certainly this is also a request which should be given preference, if preferential treatment was available.

ST/s122M

STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF BUSINESS LOANS

JAY S. HAMMOND, Governor

Phone: 465-2510

POUCH D
JUNEAU, ALASKA 99811

March 20, 1980

Honorable Arliss Sturgulewski
Alaska State Senate
Pouch V
Juneau, Alaska 99811

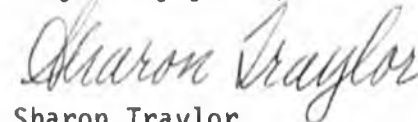
Dear Senator Sturgulewski:

It would appear that the addition to AS 45.95.020 contained in SB 370 is not necessary, as an applicant can have any number of small business loans, providing that they do not total more than \$500,000. If the intent of that paragraph was to allow a loan that brought the total to more than \$500,000, then it would have to be worded to allow that.

As written in the original SB 370, the paragraph could be construed to mean that the commissioner could not disqualify the applicant if we had previously foreclosed on a loan to him or if he was delinquent on an existing loan. I doubt that this is the intent of the paragraph, so if you want to include something regarding the amounts allowed, you would want to be more specific in the wording.

Thank you for the opportunity to comment on the bill.

Very truly yours,



Sharon Traylor
Director

ST/sa4/1

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE (L-DATE)

I. REQUEST

Bill/Resolution No. SB 370
 Title Exempting value for Fire Equipment Systems in Real Property
 Requested by Senator Sturgulewsky Date 4-1-80

II. FISCAL DETAIL

Agency Affected Community & Regional Affairs
 Program Category Affected Local Government Assistance - State Assessor
 BRU, Program, or Subprogram(s) Affected Development
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		125.5	135.5	146.4	158.1	170.7
TOTAL		125.5	135.5	146.4	158.1	170.7

FUNDING (Thousands of Dollars)

GENERAL FUND		125.5	135.5	146.4	158.1	170.7
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The fiscal note for SB 370 is based upon the anticipation of State reimbursement to municipalities for revenue lost by the operation of SB 370. The dollar amounts shown were based upon the following information. The annual increase is estimated at 8% for property value inflation.

IV. DATE 4-1-80 PREPARED BY Steve Van Sant
 AGENCY Community & Regional Affairs
 PHONE 465-4787
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Estimated Revenue Lost By Municipalities By SB 370

<u>Municipality</u>	<u>Comm. Property Value</u>	<u>Est. % w/Fire P. Syst.</u>	<u>Value Prop. w/FPS</u>
Anchorage	\$ 452,755,434	55%	\$ 249,015,489
Fairbanks	96,920,074	40%	38,768,030
Juneau	106,867,300	60%	64,120,380
Ketchikan	51,299,887	40%	20,519,955
TOTAL	\$ 707,842,695		\$ 372,423,824

<u>Prop. w/FPS @ 2%</u>	<u>Mill Rate</u>	<u>Revenue Lost</u>
Anchorage - \$4,980,310	@ 13.79	\$ 68,700
Fairbanks - 775,361	@ 15.68	12,200
Juneau - 1,282,408	@ 12.95	16,600
Ketchikan - 410,800	@ 16.00	6,600
		<u>\$104,100</u>
Est. Cities revenue lost		+ \$ 10,000
		<u>\$114,100</u>
Est. 10% error factor		+ \$ 11,400
		<u>\$125,500</u>

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

TO: Marie Pignalberi
Deputy Commissioner

DATE: March 10, 1980

THRU: Palmer McCarter
Director

FILE NO:

TELEPHONE NO:

FROM: Steve Van Sant
Assistant State Assessor

SUBJECT: Comments on SB 370

This is a followup of the memorandum dated 3/5/80 to Deputy Commissioner Marie Pignalberi regarding concerns on SB 370.

Upon obtaining more information and talking with some of the assessors in the state, we would like to add the following information:

1. According to Anchorage Assessor, Pat McKee, this bill would be almost impossible for him to administer. The reason being that Anchorage does not value commercial property (where most fire protection equipment exists) by the cost approach, but by the income approach. The income approach is simply estimating market value by the income a building is capable of making. For example, assume there are two motels in Anchorage, side by side, and both were very similar. Further assume that one had sprinklers and the other one did not. The estimated value of one motel would probably be within 1%-5% of the value of the other, assuming the room rents were comparable. In this instance, there would be no value given on fire protection equipment, therefore, it would be very difficult to conform with SB 370.
2. As stated in our previous memorandum, we are concerned as to what value the assessor is expected to exempt, cost of equipment, cost of equipment and labor, or estimated market value. If it is to be the cost of the equipment, would the assessor take the actual cost to the owner, or the average cost to any property in general?
3. This bill does not require reimbursement by the state for revenues lost to the municipality by the implementation of this bill.
4. The property owner in the unorganized borough who plans to install fire protection equipment would not realize any incentive under this program (and, in our minds, if the bill is to be an incentive for installation of fire suppression systems, rural Alaska or the unorganized borough is where the greatest need exists).

ALTERNATIVE 1

Only number

For your information, we have attached pages from the "Marshall Valuation Service". This valuation service is used world wide by many assessors. Nearly all assessors in Alaska who value commercial property by the cost approach utilize this guide.

On one of the pages, it indicates that the approximate portion of the total cost for "sprinklers" in an office building is 1.9%.

If it is the intent of the legislature to pass a bill whereby the incentive is an exemption of property taxes, the Department would suggest amendments to SB 370 as follows:

1. Remove this exemption from AS 29.53.060 (Full and True Value) and place it in AS 29.53.020 (Required Exemptions).
2. State the amount to be exempted if a structure does have fire protection equipment. This could be done easily by stating, "The exempted amount of this exemption shall be 2% of the full and true value of the building as determined by the assessor under AS 29.53.060."
3. The state should reimburse the municipality any revenue lost to it by the implementation of this bill.
4. There should be a time limit of three years placed upon the exemption. This would allow time for the taxpayer to amortize his investment, but not be an on-going give away program.
5. Existing structures could be granted the same 2% exemption for three years to be equitable. (Although, again, if the intent is to encourage installation of a fire suppression system, only new structures should be included in the bill).

Alternative 2

If the intent of SB 370 is to offer incentives to property owners planning new construction and encourage the inclusion of fire protection systems in new structures, the Department suggests that a program similar to the following be considered.

For equity proposes, the state would adopt a normal cost schedule for fire protection systems. An example of such a cost schedule is presented in the attachments, page No. 2 from the Marshall Valuation Service. In conjunction with this schedule, Marshall Valuation Service also provides "local multipliers" which bring the normal cost schedule

into line with costs in Alaska. The local multiplier for the schedule is 1.97.

After adoption of a schedule, the Department could then compute the "normal cost" of a fire protection system by applying the schedule to each structure which applied for the program. For example, if an application were received for a 10,000 sq. ft. building, the normal costs would be obtained as follows:

$$10,000 \text{ sq.ft.} \times \$1.15 \times 1.97 = \$22,655.00$$

After the normal costs were calculated, the incentive program would offer a grant to the property owner of 5% of the computed normal cost. Therefore, the property owner would receive \$1132.75 ($\$22,655 \times 5\%$) from the state. The normal costs could be updated on an annual basis to reflect current estimated normal costs.

Attachments

GENERAL INFORMATION

PERCENTAGE BREAKDOWN

The percentages below indicate the approximate portion of the total cost attributable to each component in a typical modern 12-story Class A office building of average size and quality, not including financing costs.

AVERAGE MULTISTORY OFFICE BUILDING

Plans, engineering, and supervision	6.2%
Clearing, excavation, and foundation	2.7%
Steel frame and decking	13.4%
Miscellaneous steel	1.0%
Heating and air conditioning	12.9%
Air conditioning enclosures . . . . .	.5%
Plumbing	4.5%
Sprinklers	1.9%
Electrical, including fixtures	9.3%
Elevators, conveying systems	4.9%
Metal wall panels and insulation	5.3%
Masonry backup and partitions	3.0%
Frame and drywall partitions	3.7%
Sash and glazing	3.0%
Plaster and furring	2.0%
Doors, door frames, and hardware . . . . .	.6%
Concrete floors and roof	7.5%
Roofing and roof insulation . . . . .	.3%
Resilient floor coverings	1.2%
Carpeting	1.2%
Acoustical ceilings, suspended	2.5%
Painting . . . . .	.8%
Marble, tile, and terrazzo . . . . .	.4%
Miscellaneous carpentry, finish, and cleanup	1.0%
Miscellaneous, unclassified . . . . .	.8%
General contractor's overhead and profit	9.4%
TOTAL	100.0%

The 9.4 percent listed for general contractor's overhead and profit is the percentage of total cost. This is the equivalent of 11.1 percent of labor, material, and subcontracts, excluding plans, engineering and architect's supervision.

FLOOR LOADS

The following are typical live floor loads of some of the buildings used in determining cost averages. A majority of the buildings will have more than one design floor load to accommodate various uses. Thus, a hotel will be designed for heavy floor loads in halls and public areas and lighter floor loads in room areas, and banks will need heavier floors in computer and equipment rooms than in office areas.

The listed loads are typical of design specifications of a number of buildings built or under construction during recent years.

OCCUPANCY	POUNDS PER SQUARE FEET
Apartments and dormitories	40 (plus 20 lbs. of partitions)
Auditoriums and churches	100 (60 for fixed seating)
Banks	100 (150 lbs. in equipment floors)
Computer and equipment floors	150
Dwellings	40
Governmental buildings	80 (125 lbs. in equipment rooms)
Gymnasiums	100 (150 lbs. for drill floors)
Hospitals	50 (100 lbs. in corridors)
Hotels and clubs	50 (100 lbs. in public areas)
Libraries	60 (150 lbs. in stack areas)
Light industrials and garages	100 (50 lbs. in office areas)
Medium industrials	150 (50 lbs. in office areas)
Heavy industrials	200 (and up, 60 lbs. in office areas)
Lofts	100 (50 lbs. in office areas)
Low cost offices	50 (125 lbs. in equipment rooms)
Average offices	50 (150 lbs. in equipment rooms)
Good offices	60 (150 lbs. in equipment rooms)
Excellent offices	80 (175 lbs. in equipment rooms)
Restaurants	100 (150 lbs. in kitchen areas)
Schools	50 (100 lbs. in corridors)
Stores	100 (125 lbs. in appliance floors)
Theaters	80 (150 lbs. for stage floors)
Warehouses - light	100
- medium	150
- heavy	200 (and up)

STORES AND COMMERCIAL BUILDINGS

(SEGREGATED COST METHOD)

INTERIOR CONSTRUCTION — Table I is based on averages for several types of occupancies not including furniture, fixtures, and equipment. Table II gives costs based on a square foot of partition area and may be used when a more detailed analysis is desired. For additional interior and partition costs, see Section 52. For fixture and equipment costs, see Section 65.

TABLE I. Apply to total floor area. Add or deduct 5% for each foot of variation from 12' average story height.

FRAME INTERIOR PARTITIONS

	1	2	3	4
Bowling alleys (excluding alleys and equipment)	\$.77	\$.92	\$1.09	\$1.30
Department stores	1.91	2.54	3.32	4.34
Discount stores . . . . .	.56	.70	.88	1.11
Markets . . . . .	.89	1.02	1.17	1.35
Restaurants, drive-in	2.80	3.79	5.12	6.92
Restaurants, table service	2.48	3.83	5.91	9.12
Retail stores . . . . .	.82	1.17	1.66	2.37

MASONRY INTERIOR PARTITIONS

	1	2	3	4
Bowling alleys (excluding alleys and equipment)	\$.95	\$1.12	\$1.32	\$1.56
Department stores	2.19	2.85	3.72	4.81
Discount stores . . . . .	.74	.90	1.10	1.35
Markets	1.08	1.23	1.39	1.58
Restaurants, drive-in	3.18	4.25	5.69	7.61
Restaurants, table service	2.92	4.42	6.70	10.05
Retail stores	1.02	1.43	2.00	2.80

TABLE II. Apply to square feet of partition area. Costs include doors and openings. Do not use these costs if Table I is used.

	1	2	3	4
Acoustic accordion partitions	\$10.00	\$13.75	\$19.00	\$26.00
Gypsum block	1.75	2.25	2.95	3.80
Masonry, tile or concrete block	2.00	2.60	3.45	4.50
Metal partitions	4.65	5.80	7.20	9.00
Metal and glass	5.20	6.40	7.90	9.75
Steel studs and gypsum board	1.90	2.25	2.65	3.10
Steel studs and plaster	2.25	2.60	3.05	3.55
Steel channels and gypsum board, 2-1/4"	2.95	3.50	4.15	4.95
Wood frame, drywall two sides	1.55	1.85	2.20	2.60
Wood frame, plaster two sides	1.85	2.15	2.55	3.00

PLUMBING — Apply to total floor area or use Section 53 for more detailed cost per fixture. The following costs represent typical ranges only.

	1	2	3	4
Bowling alleys	\$.61	\$.80	\$.99	\$1.24
Department stores	1.08	1.39	1.80	2.32
Discount stores . . . . .	.40	.58	.84	1.22
Markets . . . . .	.79	1.09	1.49	2.05
Restaurants, drive-in	2.62	3.47	4.60	6.10
Restaurants, table service	2.30	3.40	5.04	7.15
Retail stores . . . . .	.48	.78	1.26	2.05

SPRINKLERS — Apply to sprinklered area. Costs include all piping but do not include tanks.

	1	2	3	4
5,000 square feet	\$.90	\$1.09	\$1.33	\$1.61
10,000 . . . . .	.80	.96	1.15	1.38
15,000 . . . . .	.75	.89	1.06	1.25
20,000 . . . . .	.71	.85	1.00	1.17
25,000 . . . . .	.68	.81	.95	1.12
30,000 . . . . .	.66	.78	.92	1.07
40,000 . . . . .	.63	.74	.86	1.00
50,000 . . . . .	.61	.71	.83	.95
75,000 . . . . .	.57	.66	.76	.87
100,000 . . . . .	.54	.62	.71	.81
150,000 . . . . .	.50	.58	.66	.74
200,000 . . . . .	.48	.55	.62	.69

HEATING, COOLING AND VENTILATING — Apply to total floor area.

Add or deduct 3% for each foot of variation from 12' average story height.

Costs are given for gas-fired heating surfaces. Add or deduct as follows for other fuels.

Coal stoker for hot air	+10%	Coal, hand-fired	-10%
Coal stoker for boiler	+10%	Oil-fired	+10%

For restaurants, use cost ranges in Section 13.

	1	2	3	4
Electric, cable or baseboard	\$.88	\$1.08	\$1.32	\$1.61
Electric wall heaters . . . . .	.41	.47	.54	.62
Forced air . . . . .	.86	1.10	1.41	1.80
Furnace, floor or wall . . . . .	.45	.54	.65	.79
Gravity furnace . . . . .	.72	.87	1.04	1.24
Hot water, baseboard or convectors	1.61	1.97	2.42	2.97
radiant floor	2.10	2.52	3.04	3.66
Space heaters, gas, with fan . . . . .	.36	.45	.56	.71
steam coil, with boiler . . . . .	.68	.81	1.00	1.25
steam coil, without boiler . . . . .	.47	.60	.77	.98
Steam radiator, with boiler	1.31	1.64	2.06	2.59
without boiler	1.05	1.31	1.69	2.15

FIRE PROTECTION

FIRE PUMP EQUIPMENT

HORIZONTAL SHAFT (CENTRIFUGAL, 100 P.S.I.)

Prices include installation costs, coupling and motor or engine on a steel base, plus relief valve and waste cone. Controller must be added for electric units. Diesel engine costs include battery, trickle charger, coupling and automatic controller. Electric motors are 230/460 volt, 3 phase, 60 Hz.

R.P.M.	H.P.	R.P.M.	ELECTRIC	DIESEL
500	60	1800	\$ 7,900	\$34,000
750	75	1800	10,000	35,500
1000	100	1800	12,900	37,500
1500	125	1800	15,000	39,000
2000	150	1800	17,000	40,000
2500	200	1800	20,000	42,000

VERTICAL SHAFT (TURBINE, MULTI-STAGE)

The following prices include a vertical electric motor with thrust bearing. Costs for diesel engines include a right angle drive, coupler, metal skid, fuel tank, battery, trickle charger and automatic controller.

R.P.M.	H.P.	R.P.M.	PUMP ONLY	ADD FOR ELECTRIC	ADD FOR DIESEL
500	50	1800	\$13,000	\$1,650	\$22,700
750	75	1800	14,500	2,400	24,500
1000	100	1800	16,500	3,200	26,300
1500	125	1800	18,500	3,900	28,500
2000	150	1800	21,000	4,700	30,500
2500	200	1800	27,000	6,200	35,500

PUMP DRIVERS

Diesel Engines with coupling, skid, battery, fuel tank and battery charger. For horizontal drive.

For 1000 gal, 100 psi Pump	\$10,000
For 2000 gal, 100 psi Pump	\$14,500

Electric Motors (Squirrel-cage induction, 3 phase 60 cycle, drip-proof)

VOLTAGE	R.P.M.	HORSEPOWER					
		30	50	75	100	150	200
230/460	1800	\$620	\$1,050	\$1,550	\$2,100	\$3,150	\$4,200

ELECTRIC DRIVE CONTROLLERS

Combined Manual and Automatic, Reduced Voltage

VOLTAGE	AMPS*	HORSEPOWER					
		30	50	75	100	150	200
220	30,000	\$ 4,400	\$ 5,400	\$ 6,600	-----	-----	-----
	75,000	7,900	8,600	9,500	\$10,500	\$12,900	\$15,800
440	25,000	3,500	4,600	5,700	6,700	8,300	9,600
	60,000	6,900	8,200	9,300	10,200	11,600	12,700

*Circuit breaker interrupting capacity.

Combined Manual and Automatic, Across-the-Line

VOLTAGE	AMPS*	HORSEPOWER					
		30	50	75	100	150	200
220	30,000	\$ 3,600	\$ 4,300	\$ 6,000	\$ 8,100	-----	-----
	75,000	6,900	7,400	8,000	8,700	\$10,200	\$12,000
440	25,000	3,200	3,700	4,100	4,500	5,000	5,100
	60,000	6,100	7,000	7,500	7,900	8,100	8,900

*Circuit breaker interrupting capacity

DIESEL DRIVE CONTROLLERS \$3,300 to \$3,500

FLOW METERS

PUMP SIZE	COST RANGE	PUMP SIZE	COST RANGE
500	\$170 - \$620	2000	\$ 660 - \$ 830
750	500 - 650	3000	830 - 1,010
1000	530 - 680	4000	1,010 - 1,230
1500	590 - 750		

SPRINKLER SYSTEMS

Costs per square foot may be found in the Segregated Cost Sections. Refer to the section applicable to the type of building under consideration.

SMOKE AND HEAT ACTUATED ALARM SYSTEMS

Most commercial installations are leased. The costs below represent the installation costs charged to the user.

Commercial base cost \$600.00 plus \$.17 per square foot of protected areas.
Residential ionization smoke detectors cost \$50.00 to \$70.00 installed.

FIRE PROTECTION

FIRE ALARM SYSTEMS

Buildings under 75' height. Control panel at lobby: 1 zone \$525 5 zone 600 Pull station 20 Smoke detector 50 Pull station with horn or bell alarm 40 (Use same costs for stations and detectors in buildings over 75' high).	Buildings 75' and above. Control panel at fire control room (with street access for Fire Department) 75 zones . \$3,000 Speakers connected with microphone at control panel . . . 50 Emergency telephone, 5 jacks . . . 100 Sprinkler water flow detector . . . 150 Time, date, location printer . . . 3,500 Battery standby system 3,800
--	--

CABINETS

Extinguisher Cabinets:			
Steel . . . \$100.00	Aluminum . . . \$150.00	Stainless Steel . . . \$250.00	
Hose Cabinets:			
Steel . . . \$110.00	Aluminum . . . \$165.00	Stainless Steel . . . \$280.00	
Hose Houses:			
Steel . . . \$600.00	Aluminum . . . \$900.00		

Inside fire hydrants including 75' of 1-1/2" hose, valve, rack, and nozzle, installed without cabinet, cost \$240 to \$300.

EXTINGUISHERS

Portable, antifreeze (pressurized), 2-1/2 gal.	\$ 75
Portable, water (pressurized), 2-1/2 gal.	60
Carbon Dioxide, with hose and horn, 2-1/2#	63
5#	71
10#	98
20#	145
Carbon Dioxide, wheeled, 50#	625
100#	1,300
Dry chemical, regular types, 2-1/2#	32
5#	37
10#	50
20#	87
30#	155

(For all purpose type, add 10 to 15 percent).

AIR FOAM SYSTEMS

High Expansion, cubic feet per minute.

5,000 cfm . . . \$2,000	10,000 cfm . . . \$3,000	15,000 cfm . . . \$4,000
-------------------------	--------------------------	--------------------------

Low Expansion, (protein) cost per square foot of tank surface.

TANK SURFACE	FUEL OIL	GASOLINE
500 sq. ft.	\$ 3,800	\$ 4,200
1,000	4,300	4,900
1,500	4,900	5,700
2,000	5,500	6,600
3,000	7,200	8,900
4,000	9,300	12,000
5,000	12,000	16,000

CARBON DIOXIDE SYSTEMS

FLOODING SYSTEMS

(Cost per cubic foot)

	SMALL (500 cu. ft.)	MEDIUM (3,000 cu. ft.)	LARGE (30,000 cu. ft.)
Standard hazards	\$ 1.60	\$ 1.15	\$.60
Electric hazards	2.10	1.50	.70
Fur vaults	2.80	1.95	.85

LOCAL APPLICATION

(Cost per square foot)

	SMALL (25 sq. ft.)	MEDIUM (250 sq. ft.)	LARGE (1,000 sq. ft.)
Coated surfaces	\$55.00	\$36.00	\$25.00
Liquid surfaces	75.00	51.00	37.00

HALON 1301 SYSTEMS

(Cost per cubic foot)

Includes ionization detection with approximately 6% total flooding of electrical hazards.

500 cu. ft. . . . \$1.35	3,000 cu. ft. . . . \$3.00	30,000 cu. ft. . . . \$1.20
--------------------------	----------------------------	-----------------------------

DRY CHEMICAL SYSTEMS

Restaurant Hood and Duct (25 lb)	\$600 to \$1,200
--	------------------

Section 2 of SB 370 and CSHB 648 affects that statute of the Alaska Public Utilities Commission in that it takes the ratemaking powers which have been delegated to the Commission under AS 42.05 and returns them to the legislative arena. The Commission believes that the Legislature should have the following information before it decides what rates, if any, should be charged to a class of utility customers -- in this instance those commercial customers that have installed fire protection systems which use hydraulic sprinklers.

Establishing utility rates is admittedly a complicated process -- it involves determining what utility expenses are reasonable and then allocating those expenses to the classes of consumers that are responsible for the incurrence of those costs. Customers are then charged rates which cover these expenses.

The Commission believes the Legislature should realize that there are expenses directly associated with providing sprinkler service that if not paid by those customers who received the service, i.e., those who have installed sprinklers, will be borne by other customers, namely residential consumers and those commercial customers who have not installed a sprinkler system.

An example of the extent of utility expenses associated with providing water sprinkler service follows: In its last request to the Commission for a permanent rate increase, Central Alaska Utilities, a water utility in Anchorage serving approximately 10,000 customers, allocated \$129,000 of its revenue requirement to be recovered from those customers who received sprinkler service. Section 2 of this legislation would require that those utility expenses attributable to provide water sprinkler service would be borne by all customers of the utility. It is interesting to note that if this amount, \$129,000, must be recovered from all other CAU customers, it would require a rate increase of approximately \$1.00 per month per customer or an annual increase of more than \$12.00. The customers of the Anchorage Water Utility and other regulated water utilities providing this service would experience a similar increase. The Commission adds that as with all costs, those associated with providing sprinkler service change as a utility's economic circumstances change, and this number might not hold in a new tariff revision. The Commission also notes that this ratemaking prohibition would not effect the rates that nonregulated municipal water utilities might charge.

One of the questions raised by this legislation is who would provide the revenues needed to, if required, resize a water utility's service line as a result of the installation of sprinkler systems in a commercial building.

The Commission wants the legislature to understand that there are costs currently associated with providing sprinkler service that, if not recovered from the users who benefit from the service, must be borne by all of the utility's customers. This does not even begin to consider the costs that will be generated by new sprinkler customers taking advantage of the "free" service. This may be a social policy that the legislature desires to establish. However, it does depart from the Commission's utility ratemaking philosophy -- that to the most reasonable extent possible, the costs causer should be the cost payer.

TWO INTERPRETATIONS

(Insurance Services Agency)

APUC - says water standby charge is based on insurance rating/for each area.

Whether water is used or not, certain amounts must be available in case of fire.

If SB 370 passes, APUC interprets:

- that buildings with sprinkler systems will not have to pay a fee or surcharge once system is installed....

IN VIEW OF THE ABOVE MANDATED CHARGE, APUC CONTENDS SOMEONE MUST PAY THE DIFFERENCE, AND THEY INTERPRET THIS DIFFERENCE AS COMING FROM ALL OTHER CONSUMERS, WHETHER COMMERCIAL, RESIDENTIAL, OR THE GENERAL PUBLIC.

Mr. Shirnberg interprets this bill to mean only commercial buildings will be affected - and any price differential would be equally split among all commercial buildings, whether they have sprinkler systems installed, or not. The general public would not be affected.

QUESTION: Also, APUC was established to set fair rates - is this law attacking the rate making process - even just a small portion?? And, is this good - to start?

NOTICE OF UTILITY TARIFF FILING

The ALASKA PUBLIC UTILITIES COMMISSION hereby gives notice that the MUNICIPALITY OF ANCHORAGE d/b/a ANCHORAGE WATER UTILITY (AWU), a water utility, has filed a tariff revision (TA19-122) which reduces the monthly rates for private fire protection. A comparison of the current and proposed monthly rates follows.

<u>Service Size</u>	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>* See Below</u>
2"	\$ 7.10	\$ 3.46	.18
3"	15.90	7.79	.41
4"	28.45	13.87	.72
6"	63.55	31.20	1.62
8"	112.85	55.49	2.89
10"	176.40	86.69	4.51
12"	254.10	124.85	6.50

More detailed information may be obtained from the utility whose address is 3000 Arctic Blvd., Anchorage, Alaska 99503. The filing may be inspected also at the offices of the Alaska Public Utilities Commission, 1100 MacKay Building, 338 Denali Street, Anchorage, Alaska 99501.

Any interested person may file a statement of views favoring or opposing the tariff revisions proposed by AWU with the Commission at 1100 MacKay Building, 338 Denali Street, Anchorage, Alaska 99501 on or before February 2, 1979. This statement should clearly affirm that the interested person has filed a true copy of it with AWU, 3000 Arctic Blvd., Anchorage, Alaska 99503 as required by the Alaska Administrative Code.

DATED at Anchorage, Alaska this 9th day of January, 1979.

ALASKA PUBLIC UTILITIES COMMISSION

Russell N. Staley
Russell N. Staley
Acting Executive Director

* Filed by Julian Mason, Counsel for Western Enterprises and Jim Faiks, (Western) who stated in part,

"Pending hearings on the revised tariff, counsel for Western held several meetings with AWU and its attorney. During those meetings, it was disclosed that AWU anticipated making an additional amendment to its tariff filing which would reduce the rates for sprinklered buildings to only 2.5% of their current level. Copies of the existing and proposed tariffs are attached as Exhibit 'A'."

Mr. Mason's complete statement (filing), from which this quotation is extracted, is attached.

THE ALASKA PUBLIC UTILITIES COMMISSION

Before Commissioners: Gordon J. Zerbetz, Chairman
 Marvin R. Weatherly
 Carolyn S. Guess
 Susan M. Knowles
 Stuart C. Hall

In the Matter of the Filing of a)
 Tariff Revision, Designated as) U-79-14
 TA19-122, by ANCHORAGE WATER)
 UTILITY to Decrease Sprinkler)
 Fire Protection Rates)

MOTION TO ELIMINATE RETROACTIVELY TO
JANUARY 2, 1979, THE PRIVATE FIRE PROTECTION CHARGES,
CONTAINED IN THE TARIFF OF THE ANCHORAGE WATER UTILITY

DEC 17 1979

A.P.U.C.

The tariff of the Anchorage Water Utility ("AWU") contains a provision under which AWU levies a charge, in addition to the regular monthly charge, for service to buildings which contain sprinkler systems. The reasonableness of and justification for this charge have been hotly contested for several years by the owners of sprinklered buildings.

On January 2, 1979, the Anchorage Water Utility filed a tariff revision in which it proposed to reduce the charge for sprinklered buildings. That tariff filing was suspended by the Commission and hearings were scheduled. Western Enterprises and Jim Faiks ("Western") petitioned to intervene in the proceedings and their petition was granted. Western owns or represents the owners of a number of sprinklered buildings. Western and AWU agreed to attempt to resolve the dispute through negotiation and the Commission approved a stipulation extending certain deadlines.

Pending hearings on the revised tariff, counsel for Western held several meetings with AWU and its attorney. During those meetings, it was disclosed that AWU anticipated making an additional amendment to its tariff filing which would reduce the rates for sprinklered buildings to only 2.5% of their current level. Copies of the existing and proposed tariffs are attached as Exhibit "A." Based on that representation,

and an additional suspension period. However, AWU was unable to file the tariff on the stipulated date and Western agreed to an additional extension of time which the Commission approved in Order No. 5.

Shortly before the expiration of the most recent deadline, counsel for Western was notified by Mr. Peter Argetsinger, attorney for AWU, that AWU would be unable to file the tariff as planned for a variety of reasons. While the recited reasons are not directly relevant to this motion, the Commission should be aware that Mr. Argetsinger indicated that, while AWU agrees with Western that the tariff is wrong and must be lowered substantially, no decision has been made by the Municipality as to exactly what the tariff should be.

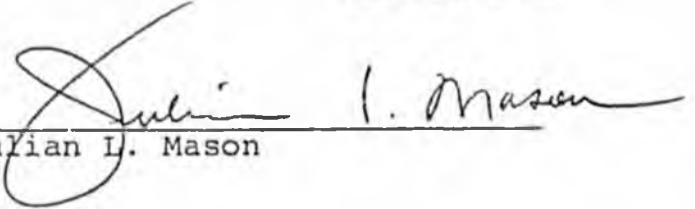
During the course of negotiations since the filing of the original amendment to the tariff, it has become absolutely clear that the present tariff contains rates which are many times higher than they should be.^{1/} AWU has orally expressed a willingness to absorb any revenues which will be lost by eliminating the charge altogether until such time as it decides to file a new tariff. Under those circumstances, it is not reasonable for AWU's customers to continue to pay rates which the utility acknowledges are inappropriate and unreasonable. Therefore, Western respectfully asks that the private fire protection portion (i.e., Schedule E, page 51) of the AWU tariff be eliminated retroactively to January 2, 1979. This motion, if granted, will require AWU to refund those charges, if any, which it has collected for private fire protection since January 2, 1979.^{2/}

^{1/} Western's position has always been that the surcharge for sprinklered buildings is inappropriate, discriminatory, and unjustifiable. AWU disagrees but has acknowledged that the present rates are approximately 40 times what they should be. The second provision of the tariff (which was never filed) contained rates which were about 2.5% of the current rates.

^{2/} Many of the customers of AWU have refused to pay the charge. Western has escrowed the disputed charge.

motion. AS 42.05.381 (a) requires that all rates be "just and reasonable." AS 42.05.391 (a) prohibits a utility from subjecting a customer to "an unreasonable prejudice or disadvantage." The present tariff rates are so high that they are unreasonable and Western is being disadvantaged and prejudiced by those rates. Therefore, it is inappropriate and a violation of the statutes cited above to continue the present rates. Since AWU cannot decide what rates it wants, the proper action is to eliminate the rates entirely until AWU makes its decision and files a new tariff.

Respectfully submitted this 13 day of December 1979.


Julian J. Mason

II. SERVICE CHARGES (Cont'd)

REGUL
REPORT

Schedule E - Private fire protection (cont'd)

<u>Service Size</u>	<u>Monthly Rate</u>	<u>Daily & Mission</u>
2"	\$.18	(R)
3"	.41	(R)
4"	.72	(R)
6"	1.62	(R)
8"	2.89	(R)
10"	4.51	(R)
12"	6.50	(R)

Schedule F - Bulk water sales

All bulk water sales will be handled by special contracts.

Tariff Advice No. 19-122

Effective: _____

Issued by: Anchorage Water Utility

By: J. L. HARSHMAN, P.E.

Title: General Manager

of schedule B5
Cham - Zerkutz - G. P. C.

ANCHORAGE WATER UTILITY

SUMMARY OF COST ALLOCATION FACTORS

- SUCHE ROES & CO.

Data	Total	Residential	Commercial and industrial			Fire protection		Bulk sales CAU	
			Metered	Unmetered	Special (construction)	Public	Private		
Annual water production charged to each class (1) (mg)	5,484.0	1,676.0	2,173.6	1,498.7	135.7	-	-	-	
Capacity (mgd) (2) (peak day)	27.20	7.29	8.05	7.74	1.02	1.27	1.27	.56	
Number of customers, total (3)	14,897	11,649	1,611	1,484	153	-	-	-	
Number of metered customers	1,611	-	1,611	-	-	-	-	-	
Number of metered customers, weighted by meter size									
Fire protection hydrants	2,300					1,800	500		
<u>Allocation factors</u>									
Annual consumption - Same factor	1.0000	.3055	.3964	.2733	.0247	-	-	-	
Capacity	1.0000	.2044	.4025	.2463	.0651	.0335	.0335	.0147	
Number of customers, total	1.0000	.7820	.1081	.0996	.0103	-	-	-	
Number of metered customers	1.0000	-	1.0000	-	-	-	-	-	
Number of metered customers, weighted by size	1.0000	-	1.0000	-	-	-	-	-	
<u>Composite factors</u>									
Line 1, 20% Consumption	.2000	.0611 } .2246	.0793 } .4013	.0547 } .2517	.0049 } .0570	.0268	.0268	.0118	
Line 2, 80% Demand	.8000								.1635	.3220	.1970	.0521	.7826 (5)	.2174 (5)
Fire protection - Hydrants									
Line 2, 50% (6)	.5000	.1022 } .4932	.2013 } .2554	.1232 } .1730	.0326 } .0377	.0167	.0167	.0073	
Line 3, 50% (6)	.5000								.3910	.0541	.0498	.0051	.0167	.0167

- 1) Line 6 - page 2 of 2, Schedule B5
- 2) Line 15 - page 2 of 2, Schedule B5
- 3) Schedule C
- 4) The needs of AWU are concentrated in the lack of capacity to satisfy peak demands
- 5) Column total - system total
- 6) Reflects the demands placed on customer service by those customers with the greatest diversity of demand characteristics

*Review Changes
from Gordon Herbertz*

WATER UTILITIES
(December 31, 1977) — *as of end of '78*

<u>UTILITY</u>	<u>NET PLANT</u>	<u>REVENUES</u>		<u>USERS</u>
		<u>GROSS</u>	<u>NET</u>	
<u>CLASS A</u>				
Anchorage, Municipality of	\$32,780,037	\$5,862,718	\$1,553,524	15,900
Central Alaska Utilities, Inc.	17,804,414	2,172,929	476,960	9,931
College Utilities Corp.	4,541,435	624,733	173,007	996
<u>TOTAL - Class A</u>	<u>\$55,125,886</u>	<u>\$8,660,380</u>	<u>\$2,203,491</u>	<u>26,827</u>
<u>CLASS B</u>				
Barrow Utilities & Electric Cooperative	\$963,094	\$412,446	(\$71,627)	7
<u>CLASS C</u>				
Alyeska Utilities, Inc.	\$155,338	\$ 55,631	\$ 8,196	245
Dawn Development Corp.	Annual Report Not Received			
S & S Development	320,203	69,303	7,857	456
<u>TOTAL - Class C</u>	<u>\$475,541</u>	<u>\$124,934</u>	<u>\$16,053</u>	<u>701</u>
<u>CLASS D</u>				
Bell Utilities & Development, Inc.	\$ 443,739	\$ 41,500	\$18,459	140
Eagle River Heights Utilities, Inc. year ended 6/30/77	153,593	28,821	5,393	173
Glacier Utilities, Inc.	297,249	20,759	(17,912)	231
McGahan Utilities, Inc.	Annual Report Not Received			

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

DIVISION OF BUSINESS LOANS

Phone: 465-2510

*POUCH D
JUNEAU, ALASKA 99811*

The Division of Business Loans is not opposed to making loans for fire prevention equipment. It does, indeed, make them right now. The division is opposed to giving preferential treatment to certain types of loans. The installation of fire prevention equipment could mean preventing loss of life or property, but the same could be said of repairs to the hull of a fishing boat or repairs to the foundation of a store building or the purchase of new engines for an airplane. We get applications for those types of loans, too.

We are presently backlogged 16 weeks on applications. That's 16 weeks from the date the loan is received until the applicant receives a yes or no answer. The backlog increases as the difference increases between our fixed interest rate and the bank's rising rates. It is very difficult to justify putting off an applicant who has waited 16 weeks for an answer because we have to stop and work on a new application just received.

Preferential treatment of loans is difficult because:

1. With the current 16-week backlog, loans are not studied until many weeks after they are received. They are merely stamped and logged in and filed until a loan examiner finishes with those applications which came in before it. It would take a change in procedures and a sudden increase of the backlog if we were to, with the present staff, stop processing loans to read all incoming applications. In spite of our best efforts to provide forms which should make the use of loan proceeds evident, applicants often go out of their way to make it obscure.
2. Several bills have been introduced which require preferential treatment for certain types of loans. (Examples: fish holds, energy-related loans.) Preference isn't preference anymore if the volume of preference work is too great, and it may mean never getting to the run-of-the-mill loans if the preferred loans increase in quantity.
3. Almost all applicants have reasons for needing preferential treatment. Fishermen need to get their boats purchased or repaired before fishing season. Contractors need their new

equipment before the building season. Tourism facilities have to be ready for the tourist season. Child care facilities have to make mandated repairs or lose their licenses. Very few applicants are requesting something which isn't needed right now.

4. Many applicants for loans have signed earnest money agreements for the purchase of the item for which the loan proceeds are to be used. Their earnest money agreements nearly always have time limits, and forfeiture of thousands of dollars may result if no answer is received on the loan. Certainly this is also a request which should be given preference, if preferential treatment was available.

ST/s122M

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

DIVISION OF BUSINESS LOANS

Phone: 465-2510

POUCH D
JUNEAU, ALASKA 99811

March 20, 1980

Honorable Arliss Sturgulewski
Alaska State Senate
Pouch V
Juneau, Alaska 99811

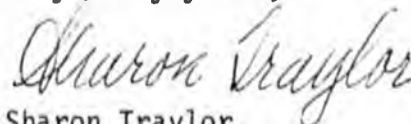
Dear Senator Sturgulewski:

It would appear that the addition to AS 45.95.020 contained in SB 370 is not necessary, as an applicant can have any number of small business loans, providing that they do not total more than \$500,000. If the intent of that paragraph was to allow a loan that brought the total to more than \$500,000, then it would have to be worded to allow that.

As written in the original SB 370, the paragraph could be construed to mean that the commissioner could not disqualify the applicant if we had previously foreclosed on a loan to him or if he was delinquent on an existing loan. I doubt that this is the intent of the paragraph, so if you want to include something regarding the amounts allowed, you would want to be more specific in the wording.

Thank you for the opportunity to comment on the bill.

Very truly yours,



Sharon Traylor
Director

ST/sa4/1



565 University Ave.
P. O. Box 80909
College Station
Fairbanks, AK 99708

PHONE
(907) 479-2668
or
(907) 479-2760

March 21, 1980

Senator Arliss Sturgulewski
Chairman, Community & Regional Affairs
Committee

Pouch V
Juneau, Alaska 99811

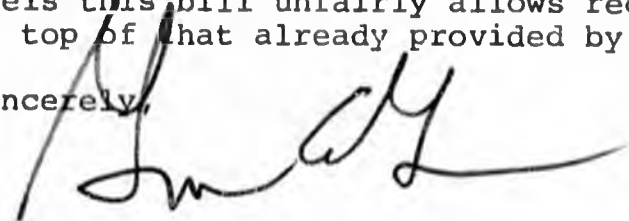
Re: Senate Bill 370

Dear Senator Sturgulewski:

College Utilities Corporation is a privately owned sewer and water utility, serving the suburbs of Fairbanks, the University of Alaska, and the Fairbanks International Airport. We receive about 6.95% of our annual water operating revenues from fire protection charges, of which several of our customers are government agencies.

Should the legislature get into the business of rate setting, in competition with the Alaska Public Utilities Commission, which already is causing us paperwork nightmares and pocketbook headaches, and eliminates this fire protection charge via SB 370, the average rate for a single family dwelling will increase by approximately \$1.87 per month. College Utilities feels this bill unfairly allows regulation, by legislation on top of that already provided by the APUC.

Sincerely,


GEORGE E. GORDON
President

COLLEGE UTILITIES CORPORATION

GEG/mjh



South Central Fire Prevention Council

"Lands, Homes, and Lives"

February 19, 1980

Senator Arliss Sturgulewski
Chairperson,
Senate Community & Regional Affairs Committee

Dear Senator Sturgulewski:

We strongly support and recommend that the Community & Regional Affairs Committee act favorably and recommend DO PASS to Senate Bill No. 370, an act relating to fire prevention.

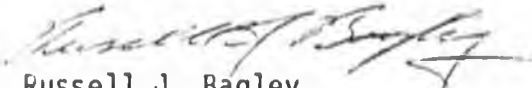
We feel that the provisions of this act that will allow businessmen and property owners to receive loans at terms and interest as proposed will encourage the installation of fire protection systems. An additional incentive will be created for the property owner by removing the fire protection systems from the real property tax roles.

This bill addresses and removes the inequity in water utility rates charged to property owners who have installed hydraulic fire protection systems.

All three of the provisions of this bill will create the much needed incentive that will allow property owners to make the needed installation of fire protection systems a reality. This will, in years to come, reduce the costs and demands on the public fire departments, and will assist greatly in bringing our escalating loss of life and property under control; reducing this loss and bringing together the public and private fire protections to provide the most cost effective method of providing for the fire protection needs of our communities.

Your support on this legislation will be greatly appreciated by those of us who work daily in the areas of fire prevention and suppression.

Respectfully Yours,


Russell J. Bagley
Chairman

RJB:dgs

Representing All Agencies Concerned With Fire Prevention And Education
in South Central Alaska

48320

Stran

The other way to build
AUTHORIZED BUILDER

Kenai Steel Buildings, Inc.

P. O. Box 340 - Kenai, Alaska 99611 - (907) 283-7810

February 28, 1980

Senator Arliss Sturgulewski
Chairman
Senate Community & Regional Affairs Committee
Pouch V
Juneau, Alaska 99811

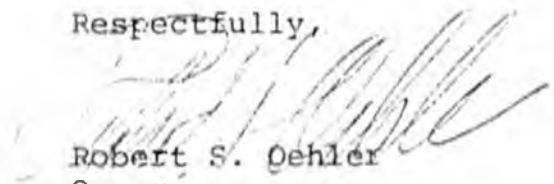
Dear Senator Sturgulewski:

Senate Bill No. 370 will be coming before your committee
in the near future.

I, as a businessman, strongly support this legislation.
It will offer the type of assistance and incentive
necessary to make the installations of fire protection
equipment cost effective. This bill offers the hope of
getting our fire loss under control, and a method of
reducing the costs of fire protection in the future.

I ask that you act favorably on this bill.

Respectfully,



Robert S. Oehler
Owner

RSO/lc

JAMES R EVANS
1941 KULIK CIRCLE
ANCHORAGE AK 99504

Alaska Fire Chiefs' Association

March 4, 1980

The Honorable Arliss Sturgulewski
Pouch V
Juneau, Alaska 99811

Dear Senator Sturgulewski:

This letter is in support of House Bill 648 and Senate Bill 370 which are strongly supported by the Alaska Fire Chiefs' Association and the Alaska State Firefighters Association.

This bill will make low interest loans available to property owners to finance the installation of private fire protection systems, it will provide tax credits to property owners with private fire protection systems, and it will eliminate water standby utility charges on property owners' utility bills. It is an impressive program which will save cities and property owners money, without increasing mandatory regulation or other red tape.

Upon reading the enclosed position paper authored by the above Associations, I am sure you will agree with the Firefighters and Fire Chiefs that this bill is something long over due and it should be strongly supported.

When the program is explained every organization to whom the program has been presented has enthusiastically supported the program. The Fire Chiefs' Association is in receipt of letters from the Cordova Chamber of Commerce, the City of Ketchikan, the Water Conservation Association, all of which enthusiastically support the legislation. It is understood that more enthusiastic support is on the way and building. Please support House Bill 648 and its companion Senate Bill 370 this session. Thank you.

Very truly yours,

ALASKA FIRE CHIEFS' ASSOCIATION


James Evans, President

P.S. The sponsors of the House and Senate bills have been provided with a Digest of factual material which conclusively and emphatically documents the effectiveness of private fire protection in controlling fires, and, therefore, local government costs. A copy of that Digest is enclosed for your information, and for the use of your committee.

City of Soldotna

BOX 409

PHONE 262-9107

SOLDOTNA, ALASKA 99669



CITY OF OPPORTUNITY


March 21, 1980

The Honorable Arliss Sturgulewski
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Senator Sturgulewski:

We are enclosing a copy of Resolution 80-16 supporting HB648 and SB370 which was adopted by the City Council of the City of Soldotna at their regular meeting, March 20, 1980. We hope you will consider this support when this legislation is being addressed.

Sincerely,


Patricia C. Burdick
City Clerk

Enclosure

CITY OF SOLDOTNA
RESOLUTION 80--16

A RESOLUTION SUPPORTING HB648 and SB370 CONCERNING THE EXEMPTION OF THE VALUE OF A FIRE PROTECTION SYSTEM IN THE ASSESSMENT OF A BUILDING

WHEREAS, HB648 and SB370 will benefit the citizens of the State of Alaska and the City of Soldotna by exempting the value of fire protection systems from the assessment of the full and true value of a building, and


WHEREAS, It is recognized that the legislation will result in safer buildings and enable citizens to fully protect their buildings and create lower assessments, now therefore be it

RESOLVED, By the City Council of the City of Soldotna that they support the concept of HB648 and SB370.

ADOPTED this 20th day of March, 1980.


Mayor

ATTEST:


City Clerk



Greater Ketchikan Chamber of Commerce

2415 Hemlock - 110 — Ketchikan, Alaska 99901

Telephone (907) 225-3184

Community and Regional Affairs Committee
House of Representatives
Alaska State Legislature
Pouch V
Juneau, AK 99811

February 14, 1980

Dear Sirs:

The Board of Directors of the Greater Ketchikan Chamber of Commerce would like to go on record as fully supporting House Bill 648 and Senate Bill 370, regarding "An Act relating to fire prevention".

Best regards,

Sally Smith
President
Greater Ketchikan Chamber of Commerce

cc: Community and Regional Affairs Committee
Senate
Alaska State Legislature

Representative Terry Gardiner
Representative Oral Freeman
Senator Robert H. Ziegler, Sr.



KETCHIKAN RAINBIRD



Greater Ketchikan Chamber of Commerce

2415 Hemlock - 110 - Ketchikan, Alaska 99901

Telephone (907) 225-3184

RESOLUTION

(An Act Relating to Fire Prevention)

WHEREAS: The Greater Ketchikan Chamber of Commerce Board of Directors has evaluated House Bill #648 and Senate Bill #370 and;


WHEREAS: The Greater Ketchikan Chamber of Commerce Board of Directors has determined that Fire Protection systems should not be included in the assessment value of a building and;

WHEREAS: The Greater Ketchikan Chamber of Commerce Board of Directors has determined that a Utility Company should not be entitled to levy charges for water to hydraulic sprinkler fire prevention systems per unit and

WHEREAS: The Greater Ketchikan Chamber of Commerce Board of Directors has determined that the directives indicated in these bills are in the best interest of preventative operations relating to fire protection;

BE IT THEREFORE RESOLVED: The Greater Ketchikan Chamber of Commerce Board of Directors recommends immediate passage of House Bill #648 and Senate Bill #370 as they read in identical form.

Approved and adopted this 13th day of February, 1980, by the Greater Ketchikan Chamber of Commerce Board of Directors.


Sally Smith, President
Greater Ketchikan Chamber of Commerce



KETCHIKAN RAINBIRD



Kenai Chamber of Commerce

P. O. Box 497
Kenai, Alaska 99611
(907) 283-7989

SB 370
ans 3-11

March 4, 1980

Sen. Clem Tillion
Pouch /
Juneau, Alaska

Dear Sen. Tillion

The Greater Kenai Chamber of Commerce supports H.B.648. This bill would be beneficial to both the City of Kenai and the near surrounding Kenai. We urge passage of a similar bill in the Senate so that it may be enacted into law.

Very Truly Yours


Richard I. Morgan, Chairman

Legislative Committee

Kenai Chamber of Commerce

Cordova Chamber of Commerce

BOX 99

"The Friendly City"

CORDOVA, ALASKA 99574



MT. ECCLES

January 30, 1980

Mr. Robert Shirnberg
Post Office Box 1167
Kenai, Alaska 99611

Dear Mr. Shirnberg,

This is to inform you that on January 29, 1980, the Cordova Chamber of Commerce took action supporting proposed legislation for the installation of Private Fire Protection Systems.

The following are specific concepts supported by this Chamber:

1. Low interest or no interest loans with a minimum of paperwork to be made available to businesses for the purpose of installing Private Fire Protection and Suppression Systems.
2. That loan payments be held to the amount saved on the establishment's fire insurance premium.
3. That legislation be passed urging local municipalities to not increase the assessed evaluation of the property because of the installation of such system, whether it be named as an improvement or any other such designation.
4. That sufficient publicity be given to business people in all communities.

The Chamber of Commerce feels that incentives for the installation of Private Fire Protection and Suppression Systems will reduce the loss of lives, property, and lost man-hours due to destruction of business property.

WELCOME

Sincerely,

Robert L. Varnam

KENAI ELECTRIC, INC.

P.O. Box 308
KENAI, ALASKA
99611

March 13, 1980

Senator Arliss Sturgulewski
Chairman
Senate Community & Regional Affairs Committee
Pouch V.
Juneau, Alaska, 99811

Dear Senator Sturgulewski:

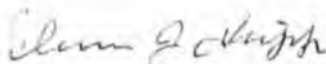
I understand that Senate Bill No. 370 will be before your Committee in the near future.

I strongly support this type of legislation. As a businessman, we need the support and incentive that will be created by this bill. We will make the fire protection improvements in our property if it is cost effective.

This type of legislation offers an opportunity to both improve the fire protection in our communities, as well as controlling the escalating costs of such service.

Thank you for your consideration on this matter.

Sincerely,



Glenn Kipp
President

GK/car



Official Business

Alaska State Legislature

JOINT SENATE AND HOUSE
COMMUNITY AND REGIONAL AFFAIRS COMMITTEE
LOCAL GOVERNMENT STUDY

Co-Chairmen
Senator Arliss Sturgulewski
Representative Bill Parker

Address all
correspondence to:
LOCAL GOVERNMENT STUDY

Pouch V
State Capitol
Juneau, Alaska 99611

March 27, 1980

SENATE BILL 370

Attached is a copy of CSSB 370 showing changes desired to be incorporated into another Committee Substitute. This bill is scheduled for another public hearing April 1, at 1:30 p.m.

Attachment

①

WO 7597
Guthrie ✓

Original sponsors: Colletta and Bradley

1 IN THE SENATE

BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

2

CS FOR SENATE BILL NO. 370

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

ELEVEN_H LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to fire prevention."

7

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

8

* Section 1. AS 29.53.020(a) is amended by adding a new paragraph to read:

9

10

(7) real property to the extent and subject to the conditions provided in (j) of this section.

11

12

* Sec. 2. AS 29.53.020 is amended by adding a new subsection to read:

13

(j) Two percent of the assessed value of an improvement to real property is exempt from taxation if the improvement contains a fire protection system approved under AS 18.70.081, and in operating condition, and incorporated as a fixture or part of the improvement. The exemption granted by this subsection is limited to

14

15

16

17

18

(1) an amount equal to two percent of the value of the fire protection system based on the assessment for 1981, if the fire protection system is a fixture of the real property on January 1, 1981; or

19

20

21

(2) an amount equal to two percent of the value of the fire protection system during the year of its installation if the fire protection system becomes a fixture of the property after January 1, 1981.

22

23

24

25

* Sec. 3. AS 42.05.381 is amended by adding a new subsection to read:

26

(d) A utility may not charge a fee or surcharge to provide standby water for fire protection systems which use hydraulic or standard sprinklers and which are approved under AS 18.70.081.

27

28

29

* Sec. 4. AS 45.95.020(a) is amended to read:

29

Add Section
To reimburse Municipalities for Mortar Loss

Delete

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

(a) The commissioner shall, under regulations and policies adopted by him, make small business loans to acquire, finance or refinance or equip businesses, including farming equipment, fire protection systems approved under AS 18.70 081, mining and fishing, not exceeding \$500,000. The loans shall be secured by acceptable collateral and may not exceed 75 percent of the appraised value of the collateral offered as security. The rate of interest may not exceed nine and one-half percent a year on the unpaid balance.

* Sec. 5. AS 44.33.170 is amended by adding a new subsection to read:

(b) Tourist attraction development matching money may also be obtained for the purpose of purchasing and installing a fire protection system approved under AS 18.70.081 for a building used or to be used for the purposes described in (a) of this section.

* Sec. 6. AS 18.70 is amended by adding a new section to read:

Sec. 18.70 081. APPROVAL OF FIRE PROTECTION SYSTEMS. The Department of Public Safety shall inspect and approve or disapprove fire protection and fire alarm systems offered for sale in the state. Before October 30 of each year the Department of Public Safety shall make available a list of approved systems to the Department of Community and Regional Affairs, the Department of Commerce and Economic Development, and the public.

Delete



INTERIOR FIRE CHIEFS ASSN. OF ALASKA

Address Reply to:

January 25, 1980

James A. Morris
Member
Interior Fire Chiefs
Assn. of Alaska
656 7th Avenue
Fairbanks, Alaska 99701

Senator Brad Bradley
Pouch V - State Capitol
Juneau, Alaska 99811

Dear Senator Bradley:

Attached is some information that you requested concerning proposed legislation about the Community Fire Protection Incentive Program.

City Ordinance 3794 provides for a fee schedule for sprinkler services (4", 6" or 8" depending upon the size of the sprinkler system) for the Municipal Utilities System (MUS). MUS provides water service to all areas of the City of Fairbanks, excluding Fort Wainwright. There are presently some two hundred (200) sprinkler services in the MUS system. Note that the applicable rates are underlined (bracketed amounts are the changes applied previous to the effective date of Ordinance 3749, 27 December 1978).

Note also that the MUS fee schedule includes a fee of \$65 per month for fire hydrants. The General Government of the City presently pays this fee to MUS for every public hydrant in the City (925 at present). This amounts to an annual cost of \$721,500 underwritten by Sales and Property taxes equally proportionate from all property owners in the City (see attached copy 1980 City Budget page 104).

The number of fire hydrants required in any part of the City varies with the potential amount of water needed to extinguish a fire. This will vary with the size of the buildings in the area and what materials were used to construct them (wood, steel or concrete). Large commercial buildings require greater amounts of water, therefore more fire hydrants. Attached materials from the NFPA Fire Protection Handbook and ISO "Municipal Fire Protection Grading Schedule" are used as guidelines for providing adequate hydrants. Areas with one and two family houses usually have hydrants every four hundred (400) feet, yet commercial areas have twice as many hydrants (every 200-250 feet).

Estimated Revenue Lost By Municipalities By SB 370

<u>Municipality</u>	<u>Comm. Property Value</u>	<u>Est. % w/Fire P. Syst.</u>	<u>Value Prop. w/FPS</u>
Anchorage	\$ 452,755,434	55%	\$ 249,015,489
Fairbanks	96,920,074	40%	38,768,030
Juneau	106,867,300	60%	64,120,380
Ketchikan	51,299,887	40%	20,519,955
TOTAL	\$ 707,842,695		\$ 372,423,824

<u>Prop. w/FPS @ 2%</u>	<u>Mill Rate</u>	<u>Revenue Lost</u>
Anchorage - \$4,980,310	@ 13.79	\$ 68,700
Fairbanks - 775,361	@ 15.68	12,200
Juneau - 1,282,408	@ 12.95	16,600
Ketchikan - 410,800	@ 16.00	6,600
		<u>\$104,100</u>
Est. Cities revenue lost		+ \$ 10,000
		<u>\$114,100</u>
Est. 10% error factor		+ \$ 11,400
		<u>\$125,500</u>

BRIAN R. SHUTE
ATTORNEY AT LAW
1026 WEST 4TH AVENUE, SUITE 208
ANCHORAGE, ALASKA 99501
(907) 274-6644

March 14, 1980

The Honorable Arliss Sturgulewski
Chairman, Community and Regional Affairs Committee
Pouch V
Juneau, Alaska 99811

Re: Senate Bill 370

Dear Senator Sturgulewski:

Some questions have arisen concerning the definition of fire protection systems. The understanding of the State Fire Chiefs' Association is that the bill would cover those fire protection and fire alarm systems as defined in the National Fire Codes. Following is a suggested definition of fire protection systems:

Fire protection systems are those systems as defined in the National Fire Codes, current edition, published by the National Fire Protection Association.

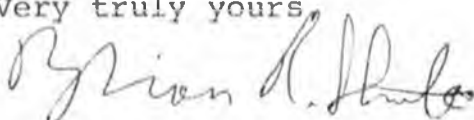
The systems include, but are not limited to, the following: Foam extinguishing systems, high expansion foam systems, carbon dioxide systems, Halon 1301 systems, Halon 1211 systems, dry chemical systems, water operation fixed systems, foam/water sprinkler and supply systems, stand-pipe and hose systems, hydraulic sprinkler systems, and associated pumps and tanks as required for the foregoing systems.

Fire alarm systems include, but are not limited to: supplemental station signalling systems, local protective signalling systems, auxiliary signalling systems, remote station signalling systems, proprietary signalling systems, and automatic fire protection systems.

The growing public support for this bill is indicative of its benefit. The Alaska Fire Chiefs' Association and the Alaska State Fire Fighters Association emphatically urge its enactment.

If you have any questions please do not hesitate to call.

Very truly yours,



Brian R. Shute

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE
REVISED
FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 648 & SB 370

Title An Act Relating to Fire Prevention

Requested by _____ Date _____

II. FISCAL DETAIL

Agency Affected Dept. of Commerce and Economic Development

Program Category Affected Development

BRU, Program, or Subprogram(s) Affected Division of Business Loans

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		-0-	-0-			
200 TRAVEL		-0-	-0-			
300 CONTRACTUAL		-0-	-0-			
400 COMMODITIES		-0-	-0-			
500 EQUIPMENT		-0-	-0-			
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		-0-	-0-			

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		-0-	-0-			
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME		-0-	-0-			
PART TIME						
TEMPORARY						

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

Revised to reflect elimination of the loan priority provision.
No additional personnel needed to process loans within standard procedures.

IV. DATE Revised 4-1-80

PREPARED BY Sharon R. Traylor, Director

AGENCY Div. of Business Loans/ Dept. of Commerce &

PHONE 465-2510

Econ. Dev.

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

A copy

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSSB 370
 Title "An Act relating to fire prevention"
 Requested by Bob Schroeder Date April 7, 1980

II. FISCAL DETAIL

Agency Affected Public Safety
 Program Category Affected Public Protection
 BRU, Program, or Subprogram(s) Affected Fire Safety
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE 4/7/80 PREPARED BY Michael J. Clemens
 AGENCY Public Safety
 PHONE 465-4336

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

FISCAL NOTE (UPDATE)

I. REQUEST

Bill/Resolution No. SB 370
 Title Exempting value for Fire Equipment Systems in Real Property
 Requested by Senator Sturgulewsky Date 4-1-80

II. FISCAL DETAIL

Agency Affected Community & Regional Affairs
 Program Category Affected Local Government Assistance - State Assessor
 BRU, Program, or Subprogram(s) Affected Development
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		125.5	135.5	146.4	158.1	170.7
TOTAL		125.5	135.5	146.4	158.1	170.7

FUNDING (Thousands of Dollars)


GENERAL FUND		125.5	135.5	146.4	158.1	170.7
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The fiscal note for SB 370 is based upon the anticipation of State reimbursement to municipalities for revenue lost by the operation of SB 370. The dollar amounts shown were based upon the following information. The annual increase is estimated at 8% for property value inflation.

IV. DATE 4-1-80 PREPARED BY Steve Van Sant 
 AGENCY Community & Regional Affairs
 Original: Legislative Finance PHONE 465-4787
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

SB 370

Get CS copies
From documents

Dear:

The Senate - RA

As you no doubt know, Committee Substitute for Senate bill 370, an act relating to fire prevention, passed out of my Committee April 1, 1980, and was referred to the Senate Finance Committee.

A tremendous amount of ~~interest~~ *was given in the to the original legislation* has been shown in this bill and substantial input on the background has been received, some of which negated major changes which are now incorporated into the Committee Substitute. For your information, enclosed is pertinent material used by the Committee in our deliberation of the various sections in the original bill, which appeared during the course of staff research.

Basically, incentives ~~still~~ remain for fire systems to be installed in structures throughout Alaska, which was the main intent of the sponsor. Unfortunately, rural Alaska, or those areas that do not charge property tax, will lose that incentive measure; but all businesses may realize the other incentive measure of applying for business loans at the lower interest rate.

Past concerns expressed by the various State agencies for the administration of the original bill has been resolved in the Committee Substitute, and all the agencies ~~involved~~ ^{NCU} have stated they can ~~now~~ adequately work with the ~~bill~~ *Committee Substitute* program. *in its present form.*

If you have any further questions, or concerns, please contact my office. I thought you would be interested in this brief synopsis of the Committee action, as well as receiving the additional information.

Sincerely,

Enclosures

The sponsor's main intent was to provide incentive measures for installation of fire protection systems, as well as to provide incentive measures for keeping the installation in effect, once it is installed. This bill *Committee Sub.* realizes these measures. Property tax exemptions are allowed for structures maintaining fire protection systems. Unfortunately, rural Alaska, or those areas that do not charge property tax will benefit from this Statute; but all businesses may benefit from the other incentive section of applying for loans from the Business Loan Division, of the State Department of Commerce. Of course, we all realize that one incentive currently exists, and that is through the insurance charges that decrease when installation occurs.

The sponsor's intent was to provide incentive measures for installation of fire protection systems, as well as to provide incentive measures for keeping the installation in effect, once installed. The Committee Substitute retains the incentive measures to meet these goals. Property tax exemptions are allowed for structures maintaining fire protection systems; however, this section was changed from the original version to allow 2% exemption of the full and true value of the structure, with the intent for the percentage to remain effective on the original assessed value base figure through the proceeding years, as long as the system is maintained. It was unfortunately noted that rural Alaska, or those areas that do not charge property tax will not derive benefit from this incentive measure. The APUC section was deleted. The "priority" intention was deleted from the Business Loans section, as well as the section which forbid the Division from denying applicants which have present loans, or previous loans. Lastly, a new definition section was added for fire protection systems, which will be supplied and updated yearly from the Fire Marshall's Office. Past concerns expressed by the various State agencies for the administration of the original bill *have* ~~has~~ been resolved in the Committee Substitute, and all agencies have now stated they can adequately work with the programs as outlined currently. For your information, enclosed is pertinent material used by the Committee in our deliberation of the various sections in the original bill which appeared during the course of staff research.

If you have any further questions, or concerns, please contact my office. I thought you would be interested in this brief synopsis of the Committee action, and hope this will give you a better understanding of the issues and concerns that were raised. No one ever objected to the concept, which has met with such enthusiasm and public support.

Sincerely,

Enclosures

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 370

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to fire prevention."

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

8 * Section 1. AS 29.53.020(a) is amended by adding a new paragraph to
9 read:

10 (7) real property to the extent and subject to the conditions
11 provided in (j) of this section.

12 * Sec. 2. AS 29.53.020(g) is amended to read:

13 (g) The state shall reimburse a borough or city, as appropriate,
14 for the real property tax revenues lost to it by the operation of (e)
15 or (j) of this section. However, reimbursement will be made to a bo-
16 rough or city for revenue lost to it only to the extent that the loss
17 exceeds an exemption which was granted by the borough or city, or which
18 upon proper application by an individual would have been granted by the
19 borough or city, under AS 29.53.025(a).

20 * Sec. 3. AS 29.53.020 is amended by adding a new subsection to read:

21 (j) Two percent of the assessed value of an improvement to real
22 property is exempt from taxation if the improvement contains a fire pro-
23 tection system approved under AS 18.70.081, in operating condition, and
24 incorporated as a fixture or part of the improvement. The exemption
25 granted by this subsection is limited to

26 (1) an amount equal to two percent of the value of the fire
27 protection system based on the assessment for 1981, if the fire protec-
28 tion system is a fixture of the real property on January 1, 1981; or

29 (2) an amount equal to two percent of the value of the fire

1 protection system during the year of its installation if the fire pro-
2 tection system becomes a fixture of the property after January 1, 1981.

3 * Sec. 4. AS 45.95.020(a) is amended to read:

4 (a) The commissioner shall, under regulations and policies adopted
5 by him, make small business loans to acquire, finance or refinance or
6 equip businesses, including farming equipment, fire protection systems
7 approved under AS 18.70 081, mining and fishing, not exceeding \$500,000.
8 The loans shall be secured by acceptable collateral and may not exceed
9 75 percent of the appraised value of the collateral offered as security.
10 The rate of interest may not exceed nine and one-half percent a year on
11 the unpaid balance.

12 * Sec. 5. AS 44.33.170 is amended by adding a new subsection to read:

13 (b) Tourist attraction development matching money may also be
14 obtained for the purpose of purchasing and installing a fire protection
15 system approved under AS 18.70.081 for a building used or to be used for
16 the purposes described in (a) of this section.

17 * Sec. 6. AS 18.70 is amended by adding a new section to read:

18 Sec. 18.70.081. APPROVAL OF FIRE PROTECTION SYSTEMS. Before
19 October 30 of each year the Department of Public Safety shall make
20 available a list of approved fire protection systems to the Department
21 of Community and Regional Affairs, the Department of Commerce and Eco-
22 nomic Development, and the public.

23

24

25

26

27

28

MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

TO: Marie Pignalberi
Deputy Commissioner

DATE: March 10, 1980

THRU: Palmer McCarter *PM*
Director

FILE NO:

TELEPHONE NO:

FROM: Steve Van Sant *SVS*
Assistant State Assessor

SUBJECT: Comments on SB 370

This is a followup of the memorandum dated 3/5/80 to Deputy Commissioner Marie Pignaiberi regarding concerns on SB 370.

Upon obtaining more information and talking with some of the assessors in the state, we would like to add the following information:

1. According to Anchorage Assessor, Pat McKee, this bill would be almost impossible for him to administer. The reason being that Anchorage does not value commercial property (where most fire protection equipment exists) by the cost approach, but by the income approach. The income approach is simply estimating market value by the income a building is capable of making. For example, assume there are two motels in Anchorage, side by side, and both were very similar. Further assume that one had sprinklers and the other one did not. The estimated value of one motel would probably be within 1%-5% of the value of the other, assuming the room rents were comparable. In this instance, there would be no value given on fire protection equipment, therefore, it would be very difficult to conform with SB 370.
2. As stated in our previous memorandum, we are concerned as to what value the assessor is expected to exempt, cost of equipment, cost of equipment and labor, or estimated market value. If it is to be the cost of the equipment, would the assessor take the actual cost to the owner, or the average cost to any property in general?
3. This bill does not require reimbursement by the state for revenues lost to the municipality by the implementation of this bill.
4. The property owner in the unorganized borough who plans to install fire protection equipment would not realize any incentive under this program (and, in our minds, if the bill is to be an incentive for installation of fire suppression systems, rural Alaska or the unorganized borough is where the greatest need exists).

ALTERNATIVE 1

Only numbers

For your information, we have attached pages from the "Marshall Valuation Service". This valuation service is used world wide by many assessors. Nearly all assessors in Alaska who value commercial property by the cost approach utilize this guide.

On one of the pages, it indicates that the approximate portion of the total cost for "sprinklers" in an office building is 1.9%.

If it is the intent of the legislature to pass a bill whereby the incentive is an exemption of property taxes, the Department would suggest amendments to SB 370 as follows:

1. Remove this exemption from AS 29.53.060 (Full and True Value) and place it in AS 29.53.020 (Required Exemptions).

2. ~~State the amount to be exempted if a structure does have fire protection equipment.~~ This could be done easily by stating, "The exempted amount of this exemption shall be 2% of the full and true value of the building as determined by the assessor under AS 29.53.060." *Buildings that have fire protection*

3. The state should reimburse the municipality any revenue lost to it by the implementation of this bill. *This exemption will remain in effect until based on the original stated true & full value making determination at the time the act is*

4. There should be a time limit of three years placed upon the exemption. This would allow time for the taxpayer to amortize his investment, but not be an on-going give away program. *equipment not added*

5. Existing structures could be granted the same 2% exemption for three years to be equitable. (Although, again, if the intent is to encourage installation of a fire suppression system, only new structures should be included in the bill).

Alternative 2

If the intent of SB 370 is to offer incentives to property owners planning new construction and encourage the inclusion of fire protection systems in new structures, the Department suggests that a program similar to the following be considered.

For equity proposes, the state would adopt a normal cost schedule for fire protection systems. An example of such a cost schedule is presented in the attachments, page No. 2 from the Marshall Valuation Service. In conjunction with this schedule, Marshall Valuation Service also provides "local multipliers" which bring the normal cost schedule

*Mr. Colletta
No reimbursement
to Municipality*

into line with costs in Alaska. The local multiplier for the schedule is 1.97.

After adoption of a schedule, the Department could then compute the "normal cost" of a fire protection system by applying the schedule to each structure which applied for the program. For example, if an application were received for a 10,000 sq. ft. building, the normal costs would be obtained as follows:

$$10,000 \text{ sq.ft.} \times \$1.15 \times 1.97 = \$22,655.00$$

After the normal costs were calculated, the incentive program would offer a grant to the property owner of 5% of the computed normal cost. Therefore, the property owner would receive \$1132.75 ($\$22,655 \times 5\%$) from the state. The normal costs could be updated on an annual basis to reflect current estimated normal costs.

Attachments

Frank -

Here is the group
of Commission
orders in regard
to the request of
AWU to reduce
speaker rates.
Will keep you
informed.

¹⁰⁹
Also, I need to be
in D.C. for meetings
the week of Feb. 25 -
If the Senate Sunset
Hearings could be
offer than that
week, it would

accommodate
my schedule. If
this is not possible,
would you let
me know so I
can cancel my
trip

Thanks

Wg

STATE OF ALASKA

THE ALASKA PUBLIC UTILITIES COMMISSION

Before Commissioners: Gordon J. Zerbetz, Chairman
Marvin R. Weatherly
Carolyn S. Guess
Susan M. Knowles
Stuart C. Hall

In the Matter of the Filing of a)
Tariff Revision, Designated as) U-79-14
TA19-122, by ANCHORAGE WATER)
UTILITY to Decrease Sprinkler) ORDER NO. 1
Fire Protection Rates)

ORDER SUSPENDING TARIFF AND
INSTITUTING AN INVESTIGATION

On August 29, 1978, ANCHORAGE WATER UTILITY (AWU)
filed a tariff revision TA18-122, requesting authority to
reduce its rates to owners of sprinkler fire protection systems.
The Staff of the Commission subsequently observed that the
proposed reduction was based on incorrect revenue requirements
and therefore recommended that AWU withdraw its request and
refile with the correct revenue requirement data.

Accordingly, on January 2, 1979, a corrected tariff
revision was refiled with the Commission by AWU and designated
as TA19-122.

According to AWU, the proposed rate reduction is
expected to decrease the annual revenue derived from this
schedule of services from \$227,394 to \$178,034, which amount
will be absorbed by the utility until its next comprehensive
rate proceeding.

AWU further indicated that the filing was made at the
request of the administration and Borough Assembly of the Muni-
cipality of Anchorage. The filing is the result of a reduction

ALASKA PUBLIC UTILITIES COMMISSION
1100 MARINE BUILDING
330 BISHOP STREET
ANCHORAGE, ALASKA 99501
PHONE 273-6222

1 in water flow requirements for sprinkler heads from 6,000
2 gallons per minute (gpm) to 3,000 gpm. The reduction followed
3 discussions between AWU personnel and personnel of the Insurance
4 Services Organization offices in San Francisco, California.

5 The Commission has reviewed the proposed tariff
6 revision and believes that there are broader considerations
7 than those indicated by AWU that must be addressed before
8 approval. Those considerations include, but are not limited to:

- 9 1. The justification for reduction in water demand
10 for sprinkler systems.
- 11 2. The effect of the reallocation of water demand
12 investment to utility rate payers.

13 The Commission further believes that an investigation
14 into the reasonableness and propriety of reduction in sprinkler
15 rates should be instituted.

16 THE COMMISSION FURTHER FINDS AND CONCLUDES:

- 17 1. That it is in the public interest to suspend the
18 AWU request pending an investigation by the Commission.
- 19 2. AWU should be placed on notice that an investigation
20 or public hearing in this proceeding might cause the Commission
21 to require refunds to the affected parties.

22
23 ORDER

24 THE COMMISSION FURTHER ORDERS:

- 25 1. The operation of the tariff revision, designated
26 as TA19-122, which was filed by Anchorage Water Utility, is
27 suspended for an initial period not to extend beyond August 15,
28 1979.
- 29 2. An investigation is instituted into the reason-
30 ableness and propriety of the proposed rates.

ALASKA PUBLIC UTILITIES COMMISSION
1109 MACKAY BUILDING
338 DENALI STREET
ANCHORAGE, ALASKA 99501
PHONE 276-0222

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32

3. Anchorage Water Utility shall refund any excess revenues collected under its private fire protection (Schedule E tariff rates during the period of suspension if the existing rates are subsequently found to be excessive.

DATED AND EFFECTIVE at Anchorage, Alaska, this 15th day of February, 1979.

BY DIRECTION OF THE COMMISSION
(Chairman Gordon J. Zerbetz and Commissioner Susan M. Knowles not participating)

(S E A L)



ALASKA PUBLIC UTILITIES COMMISSION
1100 PALMWAY BUILDING
333 DENALI STREET
ANCHORAGE, ALASKA 99501
PHONE 276-0442

JD

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32

STATE OF ALASKA

THE ALASKA PUBLIC UTILITIES COMMISSION

Before Commissioners: Gordon J. Zerbetz, Chairman
 Marvin R. Weatherly
 Carolyn S. Guess
 Susan M. Knowles
 Stuart C. Hall

In the Matter of the Filing of a)
Tariff Revision, Designated as) U-79-14
TA19-122, by the MUNICIPALITY OF)
ANCHORAGE d/b/a ANCHORAGE WATER) ORDER NO. 2
UTILITY to Decrease Sprinkler)
Fire Protection Rates)

ORDER GRANTING PETITION TO INTERVENE
AND ESTABLISHING DISCOVERY PROCEDURES

On January 2, 1979, the MUNICIPALITY OF ANCHORAGE d/b/a ANCHORAGE WATER UTILITY (AWU) filed a tariff containing reduced rates for "private fire protection service". On February 1, 1979, WESTERN ENTERPRISES, INC. (Western) and JIM FAIKS (Faiks) filed with the Commission a Notice of Objection to Tariff Filing and Petition to Intervene (Petition). The Petition was verified and showed that Faiks is the owner or part owner of 10 commercial buildings, that those buildings have fire protection sprinkler systems, and that AWU takes the position that its "private fire protection service" charge can be levied against those buildings. The Petition also showed that the charge to Western for "private fire protection" is about \$9,000 a year and alleged that the charge is being assessed selectively in violation of AS 42.05.371.

The Petition asked that Western and Faiks be allowed to intervene in these proceedings, that the new tariff take effect but that all collections be made subject to refund, that

ALASKA PUBLIC UTILITIES COMMISSION
1100 MACKAY BUILDING
338 DEHALI STREET
ANCHORAGE, ALASKA 99501
PHONE 276-0222

1 the intervenors be granted reasonable rights of discovery, and
2 that a pre-hearing conference be scheduled. AWU has not responded
3 to the Petition.

4 On February 15, 1979, the Commission issued Order
5 No. 1 in these proceedings which suspended the tariff and
6 initiated an investigation. The Commission did not at that time
7 rule on the Western/Faiks requests to intervene and to be granted
8 rights of discovery.

9 Based on 3 AAC 48.110, the Commission finds that:

10 1. There is no means other than intervention by which
11 the rights of Faiks and Western can be protected in this
12 proceeding and there is no existing party who can represent
13 the interests of Western and Faiks.

14 2. The participation of Faiks and Western will
15 contribute to the development of a sound and complete record.

16 3. The participation of Western and Faiks will not
17 broaden the issues presented or delay the proceedings.

18 4. Any order issued by the Commission in these
19 proceedings may affect the financial interests of the owners of
20 the buildings managed by Western.

21 The Commission also finds that it is appropriate to
22 grant Faiks and Western reasonable rights of discovery because
23 the granting of discovery rights will expedite and streamline
24 these proceedings. In making this finding, the Commission
25 notes that the business records of AWU are available to the
26 Commission and its Staff and that the Commission files are,
27 with limited exceptions, public records as a matter of law.
28 See AS 09.25.120.

21

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32

STATE OF ALASKA

THE ALASKA PUBLIC UTILITIES COMMISSION

Before Commissioners: Gordon J. Zerbetz, Chairman
 Marvin R. Weatherly
 Carolyn S. Guess
 Susan M. Knowles
 Stuart C. Hall

In the Matter of the Filing of a)
Tariff Revision, Designated as) U-79-14
TA19-122, by the MUNICIPALITY OF)
ANCHORAGE d/b/a ANCHORAGE WATER) ORDER NO. 3
UTILITY to Decrease Sprinkler)
Fire Protection Rates)

ORDER SETTING DATES FOR FORMAL
HEARING AND PREFILED TESTIMONY

On February 29, 1979, the Commission suspended TA19-122 for an initial period not to extend beyond August 15, 1979. In its conclusions for this action the Commission noted that it would be in the public interest for the Commission to more thoroughly investigate this matter and in addition, placed the MUNICIPALITY OF ANCHORAGE d/b/a ANCHORAGE WATER UTILITY (AWU) on notice that its investigation might require refunds to the affected parties.

On March 16, 1979, the Commission granted WESTERN ENTERPRISES, INC. (Western) and JIM FAIKS (Faiks) its petition to intervene as parties to this proceeding and reasonable rights of discovery.

Under its authority to regulate the conduct of its public hearings, the Commission will require AWU, Western - Faiks and Commission Staff to present prepared written testimony instead of oral direct testimony under 3 AAC 48.150(f). Parties will also be

U-79-14(3) (6/26/79)
Page 1 of 2

ALASKA PUBLIC UTILITIES COMMISSION
1100 MACKAY BUILDING
338 DENALI STREET
ANCHORAGE, ALASKA 99501
PHONE 270-0422

1 required to submit a list of witnesses in their order of appear-
2 ance with their written testimony. The parties will be specific-
3 ally precluded from calling witnesses who have not submitted
4 prepared testimony. AWU and Western-Faiks will be required, to
5 submit prefiled testimony and witness lists by 4:30 P.M., July 13,
6 1979. The Commission Staff will submit its prefiled testimony
7 and witness lists by 4:00 P.M., July 20, 1979.

8
9 ORDER

10 THE COMMISSION FURTHER ORDERS:

11 1. A public hearing is scheduled to convene at 9:00 A.M.
12 on July 30, 1979, in the Commission's hearing room, 1100 MacKay
13 Building, 338 Denali Street, Anchorage, Alaska.

14 2. Anchorage Water Utility, Western Enterprises and
15 Jim Faiks shall file before 4:00 P.M., July 13, 1979, a list of
16 witnesses in their order of appearance and written testimony
17 instead of oral direct testimony for each witness.

18 3. Commission Staff shall file before 4:00 P.M.,
19 July 20, 1979, a list of witnesses in their order of appearance
20 and written testimony instead of oral direct testimony for each
21 witness.

22 DATED AND EFFECTIVE at Anchorage, Alaska, this 27th day of
23 June, 1979.

24 BY DIRECTION OF THE COMMISSION
25 (Commissioner Susan M. Knowles not participating)

26
27 (S E A L)



28
29
30 U-79-14(3)
31 Page 2
32

1 analysis. Such a substantial revision has the effect of with-
2 drawing one tariff revision and substituting another. Under
3 3 AAC 48.310(g) if a suspended tariff is withdrawn by a utility
4 and later refiled, the Commission may, in its discretion, suspend
5 it again for the full statutory period.

6 Since AWU desires to revise TA19-122 substantially the
7 Commission will stay the operation of Order No. 3 and continue all
8 deadlines established in that order indefinitely. The Commission
9 will extend the suspension period of TA19-122 ordered in Order
10 No. 1 indefinitely pending receipt of the supplemental tariff
11 revision.

12 The Commission received a number of protests to the
13 original filing from the public. Since the supplemental filing
14 is expected to substantially alter the sprinkler rates proposed,
15 the Commission will notice the new filing to the public pursuant
16 to AS 42.05.411(a) and 3 AAC 48.280 and under 3 AAC 48.310(g)
17 suspend the revised filing for further investigation.

18 AWU continues to be bound during the initial and any
19 subsequent suspension periods of TA19-122 by the following
20 refund procedure established in Ordering Paragraph No. 3 of
21 Order No. 1:

22 3. Anchorage Water Utility shall refund any excess
23 revenues collected under its private fire protection
24 (Schedule E) tariff rates during the period of sus-
25 pension if the existing rates are subsequently found
26 to be excessive.

26 ORDER

27 THE COMMISSION FURTHER ORDERS:

28 1. The motion for Stay of Order and Stipulation,
29 dated July 5, 1979, and jointly filed by the Municipality of
30

31 U-79-14(4)
32 Page 2

1 Anchorage d/b/a Anchorage Water Utility and Western Enterprises,
2 Inc., and Jim Faiks, is granted.

3 2. The operation of the tariff revision, designated
4 as TA19-122, is suspended indefinitely pending the utility's
5 compliance with Ordering Paragraph No. 3 infra.

6 3. On or before September 15, 1979, the Municipality
7 of Anchorage d/b/a Anchorage Water Utility shall file with the
8 Commission its revised tariff for sprinkler rates and supportive
9 documents.

10 4. All other conditions set forth in previous
11 Commission orders in this proceeding remain in effect.

12 DATED AND EFFECTIVE at Anchorage, Alaska, this 13th day of
13 July, 1979.

14 BY DIRECTION OF THE COMMISSION
15 (Commissioner Carolyn S. Guess not participating)

16
17 (S E A L)



18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
ALASKA PUBLIC UTILITIES COMMISSION
1100 MACKAY BUILDING
338 USHALI STREET
ANCHORAGE, ALASKA 99501
PHONE 276 6442

U-79-14(4)
Page 3

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32

ORDER

THE COMMISSION FURTHER ORDERS:

1. The Motion for Extension of Time, dated September 17, 1979, is granted.

2. On or before November 2, 1979, the Municipality of Anchorage d/b/a Anchorage Water Utility shall file with the Commission its revised tariff and supportive documents for fire sprinkler rates.

DATED AND EFFECTIVE at Anchorage, Alaska, this 26th day of September, 1979.

BY DIRECTION OF THE COMMISSION
(Commissioners Susan M. Knowles and
Stuart C. Hall not participating)

(S E A L)



1100 MACKAY BUILDING
338 DENALI STREET
ANCHORAGE, ALASKA 99501
PHONE 278-0222

70

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32

STATE OF ALASKA

THE ALASKA PUBLIC UTILITIES COMMISSION

Before Commissioners: Gordon J. Zerbetz, Chairman
 Marvin R. Weatherly
 Carolyn S. Guess
 Susan M. Knowles
 Stuart C. Hall

In the Matter of the Filing of a)
Tariff Revision, Designated as) U-79-14
TA19-122, by MUNICIPALITY OF)
ANCHORAGE d/b/a ANCHORAGE) ORDER NO. 6
WATER UTILITY to Decrease)
Sprinkler Fire Protection Rates)

ORDER SCHEDULING PRE-HEARING CONFERENCE

On July 9, 1979, the MUNICIPALITY OF ANCHORAGE d/b/a ANCHORAGE WATER UTILITY (.WU) and WESTERN ENTERPRISES, INC. and JIM FAIKS (Western) jointly moved the Commission to stay Order No. 3 in this proceeding and delay indefinitely the public hearing set by that Order. The Commission granted the motion for stay based on AWU's desire to substantially revise TA19-122 and ordered that a revised tariff for sprinkler rates together with supporting documents be filed by September 15, 1979.

On September 17, 1979, AWU filed a motion to extend the deadline for filing the revised tariff for an additional 45 days, until November 2, 1979. The Commission granted this motion in Order No. 5.

AWU failed to meet the November 2, 1979, deadline. On December 17, 1979, Western filed a motion to eliminate retroactively to January 2, 1979 the private fire protection charges until AWU files a new tariff. The motion also states that AWU notified the attorney for Western that it

U-79-14 (6) (1/11/80)
Page 1 of 2

ALASKA PUBLIC UTILITIES COMMISSION
1100 WACKAY BUILDING
338 DENALI STREET
ANCHORAGE, ALASKA 99501
PHONE 276-0222

33

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32

parties will be given an opportunity to delineate the issues and problems in establishing just and reasonable sprinkler fire protection rates.

DATED AND EFFECTIVE at Anchorage, Alaska, this 21st day of January, 1980.

BY DIRECTION OF THE COMMISSION
(Commissions Carolyn S. Guess and
Gordon J. Zerbetz not participating)

(S E A L)



ALASKA PUBLIC UTILITIES COMMISSION
1100 MACKAY BUILDING
338 DENALI STREET
ANCHORAGE, ALASKA 99501
PHONE 270-0222

3/27/80

Tweyla,

Kindly excuse handwriting but am doing this in evening without secretary and typewriter. When I left office a while ago I weighed envelope to include an extra sheet of paper so here goes!

Most of enclosed items are self-explanatory:

I made up the sheet with comparison rates and footnoted explanation of source of 3rd column. Please note that this material is from a docket that is still open re Anch. Water Utility - U-79-14.

Also enclosed 2-page summary of the APOG staff study of sprinkler rates in Alaska & Pacific Northwest. As I mentioned on phone, the first question was outside of our purview but was asked in an attempt to assess overall impact on this class of consumer. This first question was poorly prepared - It actually requires two answers, but an honest interpretation of the answer sheets is that most of the answers appear to be directed at the first part of the question.

I also am enclosing a sampling of answer sheets on both sides of the questions. I tried to choose some that had more than a terse "yes" or "no". Some of the comments are interesting. The Ketchikan comments were quite detailed. Note that Ketchikan uses different ~~different~~ methodology. Instead of setting a demand charge they charge for the number of sprinkler heads. Another deviation from demand charge was at Burley, Idaho where they charged on basis of property frontage.

I will be out of town over weekend but

will be in office early Tues. morning - Should
be there by 9:00 AM your time - or feel free to
call me at home (279-9971) after 8:00 AM
your time if you have any questions -

Regards,
Gordon Zeeb

Will drop this at airport P.O. tonight &
have spare to telecopy if doesn't get there on
time but am quite sure we have comfortable
margin - G.

JAY S. HAMMOND, Governor

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**
ALASKA PUBLIC UTILITIES COMMISSION

1100 MACKAY BUILDING
338 DENALI STREET
ANCHORAGE, ALASKA 99501

July 24, 1979

RECEIVED
A.P.U.C.
Aug 6 3 36 PM '79

Gentlemen:

Re: Private Sprinkler Fire Protection

This Commission is desirous of receiving information in the referenced matter as it relates to water utility rates and property tax assessments. Accordingly, if you could assist us by briefly answering the following questions it would be appreciated:

Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?

ANS. Increase due to increased property evaluation as the sprinkler system is a unit of the property.

Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?

(See sheet attached.)

Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?

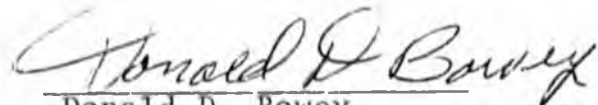
(See sheet attached.)

Q. 2. No. Not a demand charge. However, the customer is charged for automatic sprinkler fire protection service under Rate Schedule "F-2" of the Ketchikan Municipal Code by the Ketchikan Public Utilities.

Q. 3. No tax. The water system is owned and operated by the City of Ketchikan dba Ketchikan Public Utilities (KPU) who have not only the water system of Ketchikan, but also Electric and Telephone utilities. The Utilities are a separate financial entity from the General Government of the City of Ketchikan. KPU cannot tax. KPU's revenue is not derived from taxes, but only from services.

The City Charter of the City of Ketchikan is very specific as regards the Ketchikan Public Utilities. An excerpt from Article VIII, Public Utilities and Enterprises, will clarify the inability to provide any service without charge.

"None of the income, money, resources or property of the Water system Electric system or Telephone system, shall be placed in the General fund (City) or be used for the benefit of anything outside of the fund to which it belongs without due compensation or due value received in return."



Donald D. Bowey
Utilities Manager
8-2-79

KETCHIKAN PUBLIC UTILITIES

Water schedule "F-2", automatic sprinkler fire protection service, shall be as follows:

(1) Availability. This schedule is available at the option of the utilities within the city limits of Ketchikan where size of mains and other facilities are adequate.

(2) Character of Service. Water service under this schedule shall be for the supply to "dry pipe" automatic sprinkler systems for fire protection only.

(3) Rate.

200 heads, or less	\$102.55 per year
Additional, to 500 heads	.31 per head per year
Additional, to 1,000 heads	.20 per head per year
Additional, over 1,000 heads	.13 per head per year

(4) Minimum Charge: \$102.55 per year

(5) General Provisions.

(A) Charges to be billed monthly.

(B) All fire protection lines, sprinkler, pipes and valves on private property shall be owned, installed and maintained by the owner and/or customer.

(C) All connections between utilities mains and privately owned facilities will be made at the expense of the customer.

(D) At the option of the utilities this service may be metered. The meter and the installation thereof shall be at the expense of the customer.

(E) No tap or outlet for use other than fire protection shall be permitted on fire lines or mains unless approved by the utilities.

RECEIVED
A.P.U.C.

Homer, Alaska

AUG 20 2 56 PM '79

August 10, 1979

Gentlemen:

Re: Private Sprinkler Fire Protection

This Commission is desirous of receiving information in the referenced matter as it relates to water utility rates and property tax assessments. Accordingly, if you could assist us by briefly answering the following questions it would be appreciated:

- Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?
 - a.) no
 - b.) Whether the property owner subsequently pays more tax because property must be assessed at its full and true value based on open market conditions according to AS 29.53. Whether a sprinkler system has an impact on the market value is best addressed by the borough assessor or a private real estate appraiser. As a 1st class city in a 2nd class borough, we do not determine our local property evaluations.
- Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?
 - a.) Not at present.
- Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?
 - a.) Not at present.

Juneau, Alaska

RECEIVED
A.P.U.C.
AUG 23 2 28 PM '79

3

August 10, 1979

Gentlemen:

Re: Private Sprinkler Fire Protection

This Commission is desirous of receiving information in the referenced matter as it relates to water utility rates and property tax assessments. Accordingly, if you could assist us by briefly answering the following questions, it would be appreciated:

- Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?

Neither - No effect on either instance

- Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?

NO

- Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?

NO



CITY OF DILLINGHAM

P.O. BOX 191

DILLINGHAM, ALASKA 99576

TELEPHONE (907) 842-5211 or 842-5212

August 28, 1979

Mr. John F. Jewell, Deputy Dir.
Alaska Public Utilities
State-Dept. of Commerce & Economic Dev.
1100 MacKay Building
338 Denali Street
Anchorage, Alaska 99501

Re: Private Sprinkler Fire Protection

Dear Mr. Jewell:

1. The City of Dillingham does not give any tax break to property owners installing sprinkler system.

2. Our water demand rates are based on the size water line provided.

The city does not impose a special fire hydrant or fire protection tax.

A copy of our Water/Sewer Ordinance introduced August 16th is enclosed.

Sincerely,

Laura M. Schroeder
City Manager

LMS/vb

enclosure

AUG 30 3 02 PM '79

RECEIVED
A.P.U.C.

RECEIVED
A.P.U.C.

AUG 16 12 28 PM '79

37

August 10, 1979

Gentlemen:

Re: Private Sprinkler Fire Protection

This Commission is desirous of receiving information in the referenced matter as it relates to water utility rates and property tax assessments. Accordingly, if you could assist us by briefly answering the following questions it would be appreciated:

- Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?

Neither - Stays same

- Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?

No

- Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?

No

RECEIVED
A.P.U.C.

AUG 15 12 30 PM '79

12

August 10, 1979

Gentlemen:

Re: Private Sprinkler Fire Protection

This Commission is desirous of receiving information in the referenced matter as it relates to water utility rates and property tax assessments. Accordingly, if you could assist us by briefly answering the following questions it would be appreciated:

Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?

NO

Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?

*Ordinance 74-7 section 20-120
based upon connection size*

Yes \$43.00

Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?

NO

City of Petersburg

Bruce Brownson
City Manager

8-15-79

August 10, 1979

RECEIVED
A.P.U.C.
Aug 17 2 27 PM '79

Gentlemen:

Re: Private Sprinkler Fire Protection

This Commission is desirous of receiving information in the referenced matter as it relates to water utility rates and property tax assessments. Accordingly, if you could assist us by briefly answering the following questions it would be appreciated:

Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?

Value of property increases - ergo taxes rise. See Alaska Statutes for restrictions on reducing assessed values - see also State Assessor infineau

Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?

~~gas size~~ No - however there is a demand charge for size of water line to building.

Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?

No - I don't think state law permits what you think it does. See State Assessor.

~~SEWARD~~

August 10, 1979

Gentlemen:

Re: Private Sprinkler Fire Protection

This Commission is desirous of receiving information in the referenced matter as it relates to water utility rates and property tax assessments. Accordingly, if you could assist us by briefly answering the following questions it would be appreciated:

- Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?

Property is assessed at a higher value but usually receives a reduction in fire insurance rates

- Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?

No

- Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?

No

RECEIVED
A.P.U.C.

AUG 3 11 42 AM '79

Baker, Oregon

49

JAY S. HAMMOND, Governor

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

ALASKA PUBLIC UTILITIES COMMISSION

1100 MACKAY BUILDING
338 DENALI STREET
ANCHORAGE, ALASKA 99501

July 24, 1979

Gentlemen:

Re: Private Sprinkler Fire Protection

This Commission is desirous of receiving information in the referenced matter as it relates to water utility rates and property tax assessments. Accordingly, if you could assist us by briefly answering the following questions it would be appreciated:

- Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?

There is no tax break for installing a sprinkler system, tax is paid on the assessed valuation.

- Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?

Yes, method to compute demand charge not known.

- Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?

No.

City of Baker, Oregon

Enc. 1

Astoria, Oregon

JAY S. HAMMOND, Governor

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

ALASKA PUBLIC UTILITIES COMMISSION

1100 MACKAY BUILDING
338 DENALI STREET
ANCHORAGE, ALASKA 99505

RECEIVED
A.P.U.C.
SEP 4 4 35 PM '79

July 24, 1979

RECEIVED
CITY OF ASTORIA
AUG 2 1979
7:00 AM

Gentlemen:

Re: Private Sprinkler Fire Protection

This Commission is desirous of receiving information in the referenced matter as it relates to water utility rates and property tax assessments. Accordingly, if you could assist us by briefly answering the following questions it would be appreciated:

Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?

No

Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?

Yes Size of service line

Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?

No

RECEIVED
A.P.U.C.

AUG 9 12 32 PM '79

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

ALASKA PUBLIC UTILITIES COMMISSION

Coeur D'Alene, Idaho

JAY S. HAMMOND, Governor

1100 MACKAY BUILDING
338 DENALI STREET
ANCHORAGE, ALASKA 99501

July 24, 1979

RECEIVED
A.P.U.C.
AUG 9 12 32 PM '79

Gentlemen:

Re: Private Sprinkler Fire Protection

This Commission is desirous of receiving information in the referenced matter as it relates to water utility rates and property tax assessments. Accordingly, if you could assist us by briefly answering the following questions it would be appreciated:

Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?

A. 1. Taxes are not effected. Normally the owner will enjoy a better premium in his Insurance rates only.

Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?

A. 2. Yes. A rate analysis was conducted by a consulting firm to determine the rate.

Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?

A. 3. No, just the minimum demand charge.

Reply:
8-3-79

RECEIVED
A.P.U.C.

JUL 20 2 28 PM '79

JAY S. HAMMOND, Governor

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

ALASKA PUBLIC UTILITIES COMMISSION

1100 MACKAY BUILDING
338 DENALI STREET
ANCHORAGE, ALASKA 99501

July 24, 1979

Gentlemen:

Re: Private Sprinkler Fire Protection

This Commission is desirous of receiving information in the referenced matter as it relates to water utility rates and property tax assessments. Accordingly, if you could assist us by briefly answering the following questions it would be appreciated:

- Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?

No

- Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?

25¢ per sq ft of frontage or a minimum charge of \$15.00 per year.

- Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?

yes - \$4.00 per month

TACOMA

JAY S. HAMMOND, Governor

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

ALASKA PUBLIC UTILITIES COMMISSION

1100 MACKAY BUILDING
338 DENALI STREET
ANCHORAGE, ALASKA 99501

July 24, 1979

RECEIVED
A.P.U.C.
AUG 3 11 33 AM '79

Gentlemen:

Re: Private Sprinkler Fire Protection

This Commission is desirous of receiving information in the referenced matter as it relates to water utility rates and property tax assessments. Accordingly, if you could assist us by briefly answering the following questions it would be appreciated:

- Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?
No, he does not receive a tax break. The owner could pay more tax due to an increased property evaluation.
- Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?
The owner must take a regular water service before qualifying for a special separate fire service. A monthly service charge is imposed based on the operation and maintenance cost of the meter and service pipe.
- Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?
No, he is not. The municipality makes a small contribution towards the calculated cost of fire protection.

SEATTLE

If possible, the Commission would also like to receive a list of private sprinkler rates currently used by your municipal water utility.

Very truly yours,

ALASKA' PUBLIC UTILITIES COMMISSION

J. F. Jewell

John F. Jewell
Deputy Director

IWM:gb

Section 33. That as of January 1, 1975, all water used for domestic and commercial purposes shall be supplied by meter only at the following rates and charges.

The rates for metered water supplied to premises within the City of Seattle in one month, or fractional part thereof, shall be in accordance with the following schedule:

SERVICE SIZE	CONSUMPTION QUANTITY ALLOWED	MINIMUM CHARGE
3/4 inch	300 cu. ft.	\$ 2.10
1 inch	600 cu. ft.	2.80
1 1/2 inch	1200 cu. ft.	4.10
2 inch	2000 cu. ft.	5.80
3 inch	3400 cu. ft.	8.70
4 inch	4900 cu. ft.	12.00
6 inch	7100 cu. ft.	16.50
8 inch	10000 cu. ft.	23.00
10 inch	14200 cu. ft.	31.50
12 inch	20000 cu. ft.	44.00

Each one hundred (100) cubic feet in excess of the quantities allowed for the foregoing minimum charges except as hereinafter provided.. \$.213

Each one hundred (100) cubic feet in excess of the first thirty thousand (30,000) cubic feet\$.142

Each separate building or premises in addition to the first or principal building or premises supplied through the same service connection, five hundred (500) cubic feet or less\$2.50

Provided, that the terms "separate building or premises" shall not apply to trailer parks or trailer courts, which shall be governed as to water rates by the number and sizes of services and quantity of water used under the previous schedule.

Water supplied to municipal departments of the City of Seattle, each one hundred (100) cubic feet in excess of the quantity allowed for the foregoing minimum charges\$.112

The rates for water supplied for fire protection purposes exclusively shall be deemed service charges and shall be for any one month, or fractional part thereof, as follows:

SIZE OF SERVICE	SERVICE CHARGE
2 inch	\$ 1.85
3 inch	2.75
4 inch	3.90
6 inch	5.40
8 inch	7.10
10 inch	9.75
12 inch	11.70

The service charges hereinabove set forth shall be granted only during such times as there is no appreciable registration by the meter maintained by the City on such fire protection services.

Water used for any other purpose than for extinguishing fires, through a fire protection service, shall be charged at a rate double the common rate provided for in this ordinance.

← Domestic and commercial rates and fire service charges for inside the City limits of Seattle, Washington. Outside the City limits, rates are slightly higher for the same services.

Little Ground, Washington

JAY S. HAMMOND, Governor

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

ALASKA PUBLIC UTILITIES COMMISSION

1100 MACKAY BUILDING
338 DENALI STREET
ANCHORAGE, ALASKA 99501

July 24, 1979

RECEIVED
A.P.U.C.
AUG 6 3 45 PM '79

Gentlemen:

Re: Private Sprinkler Fire Protection

This Commission is desirous of receiving information in the referenced matter as it relates to water utility rates and property tax assessments. Accordingly, if you could assist us by briefly answering the following questions it would be appreciated:

Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?
no tax break

Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?
no

Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?
no

46LH

WATER RATES AND REGULATIONS

Service connection installations larger than the two-inch size shall be charged at the actual cost of the complete installation.

- 5. Delinquent penalty charge:
(See § 14.16.690)..... \$15.00
- 6. Special charges:
 - a. Turn-on requested less than thirty days after turn-off requested
(See § 14.16.280)..... \$10.00 each
 - b. Shut-off and turn-on requested for premises where customer's stop and waste valve should have been used (See §§ 14.16.220 and 14.16.250)..... \$10.00 each
 - c. Turn-on or shut-off requested for a time other than regular hours (See § 14.16.250)..... \$30.00 each
- 7. Fire Service. The rates for water supplied exclusively for fire protection purposes shall be deemed service charges and shall be for any one month, or fractional part thereof, as follows:

Size of Service	Service Charge
4 inches	\$ 4.00
6 inches	5.50
8 inches	7.50
10 inches	10.00
12 inches	12.00

Outside the City Limits.

- 1. Individual Meters. The consumption and minimum monthly charges for individual metered services outside the city limits shall be computed in the same manner as for metered customers within the city and then a surcharge of twenty-five percent of this amount shall be added to the charge so computed to arrive at the total monthly water charge.
- 2. Master Meters.
 - a. The consumption charges for master meters outside the city limits shall be computed in the same manner as for individual metered services outside

~~EDMONDS~~

meter. In the case of premises for which both fire protection and other water service for such uses as domestic, commercial, industrial, or manufacturing purposes is supplied, there may be two service installations made to the premises; one for fire service only and one for other water service. These service functions may also be combined in a single service connection with the approval of the water department.

In the event two separate service connections are installed, the fire protection system so served shall consist of an automatic sprinkler system only, without additional outlets which could normally be used for other than fire suppression purposes. (Ord. 1561 (part), 1971).

6.21.04. Fire service monthly service charges. (a) The minimum monthly rates for inspection and maintenance of detector check systems are fixed as follows:

<u>FIRE SERVICE OR</u> <u>DETECTOR METER SIZE</u>	<u>MONTHLY SERVICE CHARGE</u>
2"	\$ 5.00/month
3"	5.00/month
4"	5.00/month
6"	7.50/month
8"	10.00/month
10"	15.00/month

Water used through the fire service line for fire suppression purposes and limited testing of the system will normally be furnished without any charge in addition to the monthly minimum charge set forth for fire service meter or detector check meter.

(b) If a detector check meter proves, or proof otherwise provided, leakage or unauthorized usage of water which is not for fire suppression purposes, the customer shall pay for all water used at the applicable metered rate. The rates for water so used are fixed as follows: At the time of first written notice from the city water department the applicable rate shall be the same as the domestic rate for comparable size of domestic water meter for unauthorized use over one hundred cubic feet per month; in the event the unauthorized use again occurs after the period of time specified in the written notice from the water department the rate shall be double the domestic rate for a comparable size domestic water meter for such unauthorized use over one hundred cubic feet per month.

(c) References made by this chapter as to existing metered rates shall be to Chapter 6.20 of the Edmonds city code. (Ord. 1561 (part), 1971).

6.21.050 Violation--Penalty. In addition to all civil rights of collection, liens, shut-offs and other remedies available to the city of Edmonds as prescribed by statute and ordinance for unauthorized use and/or nonpayment of charges, any person, firm, corporation or other organization, including any officers, directors and managers thereof, who violate any provision of this chapter shall be guilty of a misdemeanor and subject to penalties as set forth in Section 5.12.170 of the

This study was initiated prior to this legislative session for informational purposes in APUC Docket U-79-14, Re Anchorage Water Utility.

In July 1979, the Commission Staff mailed questionnaires to all known municipal water utilities within Alaska and to several municipal water utilities in the northwestern United States. The questionnaire consisted of three questions:

- Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?
- Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?
- Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?

Of approximately 40 questionnaires sent within Alaska, 13 replies were received and of 93 questionnaires sent out of state 42 replies were received.

TABULATION OF REPLIES

<u>Alaska</u>		<u>Question #1</u>	<u>Question #2</u>	<u>Question #3</u>
Cordova		No *	No	No
Dillingham		No	Yes	No
Homer		No	No	No
Juneau		No	No	No
Kenai		No	No	No
Ketchikan		No	Yes	No
Kodiak		No	No	No
Nome		No	No	No
North Pole		No	Yes	No
Petersburg		No	Yes	No
Seward		No	No	No
Sitka		No	No	No
Skagway		No	No	No
<hr/>				
Total	Yes:	0	4	0
	No:	13	9	13
<hr/>				
<u>Idaho</u>				
Burley		No *	Yes	Yes
Couer d'Alene		No	Yes	No
Moscow		No	No	No
McCall		N/A	N/A	N/A (Sewer Utility)
Mountain Home		No	No	No
<hr/>				
Total	Yes:	0	2	1
	No:	4	2	3
	N/A:	1	1	1

* Most of the "No" answers on question #1 appear to be directed to the first part of the question. There were several "Neithers."

Note: All of the cities listed here appear to have city owned water systems. Information was previously supplied to the committee re privately owned water utilities such as Central Alaska Utilities, College Utilities Corporation, etc., and the regulated Municipal Water Utility, Anchorage Water Utility.

Oregon

Ashland	No *	Yes	No
Astoria	No	Yes	No
Baker	No	Yes	No
Canyonville	No	No	No
Central Point	No	Yes	No
Clackamas County	No	N/A	N/A (Not Water Utili
Coquille	No	No	No
Corvallis	No	Yes	No
Cottage Grove	No	No	No
Lowell	N/A	No	No
Portland	No	Yes	No
Reedsport	No	No	No
Roseburg	No	Yes	No
Salem	No	No	No
Sandy	No	No	No
Stayton	No	Yes	No
<hr/>			
Total	Yes:	0	8
	No:	15	7
	N/A:	1	1
<hr/>			

Washington

Anacortes	N/A	Yes	No
Battle Ground	No *	No	No
Blaine	No	No	No
Cheney	No	No	No
Clinton	N/A	N/A	N/A (No sprinkler systems)
Edmonds	No	Yes	No
Everett	No	Yes	No
Fircrest	No	No	No
Forks	No	No	No
Longview	No	Yes	Yes
Moses Lake	No	No	Yes
Okanogan	No	Yes	No
Olympia	N/A	Yes	No
Pasco	No	Yes	No
Port Angeles	No	Yes	No
Pullman	No	No	No
Seattle	No	Yes	Yes
Tacoma	No	Yes	No
Union Gap	N/A	Yes	Yes
Wenatchee	No	Yes	No
Yakima	No	Yes	No
<hr/>			
Total	Yes:	0	13
	No:	17	7
	N/A:	4	1

* Most of the "No" answers on question #1 appear to be directed to the first part of the question. There were several "Neithers".

Note: All of the cities listed here appear to have city owned water systems. Information was previously supplied to the committee re privately owned water utilities such as Central Alaska Utilities, College Utilities Corporation, etc., and the regulated Municipal Water Utility, Anchorage Water Utility.

Alaska State Legislature



Senate

2357 SHELDON JACKSON
ANCHORAGE, ALASKA 99504
DISTRICT 10-H

While in Juneau
POUCH V
JUNEAU, ALASKA 99811
(907) 465-3712

SENATOR
ARLISS STURGULEWSKI

COMMITTEES
CHAIRMAN
Community & Regional Affairs

VICE-CHAIRMAN
Commerce

Health & Social Services

March 25, 1980

Mr. Dave Walsh, President
Alaska Municipal League
c/o Pouch 6-650
Anchorage, Alaska 99502

Dear Dave:

The ability for municipalities to have a fair and equitable tax base is absolutely critical to healthy local government. I would like to urge the Alaska Municipal League, possibly in conjunction with the Alaska Native Foundation, RuralCap and others, to undertake, prior to next session, a major review of the kind and amount of taxes that the various classes of municipalities can levy and collect. The current Legislature is addressing House Bill 192, dealing with municipal revenue sharing, and Senate Bill 199, dealing with the school foundation program. These two areas provide major cornerstones for municipal school revenues. A third cornerstone, real and personal property tax, is currently faced with possible erosion and decreased credibility.

The Senate Community and Regional Affairs Committee has some twelve bills pending which impact the municipal property tax by allowing certain classes of exemptions, imposing restrictions, etc. Some, but not all, of these bills allow the municipalities to be reimbursed for the changes in their ability to levy and collect real and personal property taxes. Certainly the bills carry a major fiscal impact. I am enclosing a summary of the bills currently before my Committee. Many other tax bills affecting municipalities are before the Legislature, such as changes in the amount of sales tax which can be levied in certain municipalities and elimination of the business inventory tax.

Relating specifically to real and property taxes, it seems to me that policies must be established regarding possible exemption. If such policies are not developed, we will create a hodgepodge of a program that will serve no one well. For example, should we consider exemptions on a need basis rather than exemptions for special groups of people? Should there be equality for a whole group, rather than special interest exemptions within a group? What kind of things would be better left to grant and aid programs as opposed to exemptions in the property tax approach?

The Department of Community and Regional Affairs recently completed a study of the exemption problem. Their study gives a synopsis of information developed that deals with major exemption problems, and in some cases, suggests several options that might be taken. Their broad policy statement favors few, if any, additional exemptions, and they feel that any exemption program should meet the following criteria: "any exemption granted should be either for public property or for sufficient public good to justify a transfer of burden to the balance of the community." They recognize that the credibility of property tax has been questioned continually and with increasing intensity these past few years, and that many taxpayers feel that they are paying more than their fair share.

The state has recognized certain senior citizens' exemptions, as a matter of public policy. These exemptions support a policy of encouraging age diversity in Alaskan society, show esteem for and gratitude to the pioneers of the state and give a method of helping many to afford to stay in our state, rather than have to leave family, and friends to begin a life in another state, where it might be cheaper to live. The senior citizens who are on a fixed income and cannot absorb property taxes increased by inflation certainly are in need of assistance. However, some bills are now reaching into special groups within the senior citizens; for example, allowing for surviving spouses 55 and older of those senior citizens who qualified for real property exemption to continue to benefit from the exemption. But, what about other senior citizens within that same age group who might have just as much, or a greater need for exemptions? Disabled veterans are another group being suggested for special exemptions, but what about the equity question of all other disabled people in our State? Other questions of equity need to be considered.

Each piece of proposed legislation offers a shift in public policy -- new groups which deserve special treatment, new funding approaches, and so forth. However, sound public policy decisions can be made only within the context of effects or impacts on local governments and the general public. How can we create a new special exemption, for example, unless we are certain of municipalities fiscal needs, alternative revenue sources and the impact of using those other sources?

Again, I would urge the Alaska Municipal League to take a leadership position in review of the municipal property tax, as well as the broader impact of local municipalities being able to raise adequate revenues to fund needed municipal services. I would be most pleased to have your response as to whether you feel the Alaska Municipal League finds merit

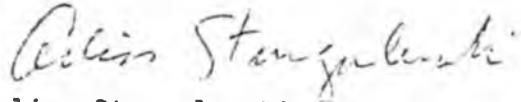
Mr. Dave Walsh

-3-

March 25, 1980

in this proposal, and if so, I sincerely hope the league will analyze the kind and amount of taxes that the various classes of municipalities can and should levy and collect.

Sincerely yours,



Arliss Sturgulewski
Senator, District 10-H

Enclosures

cc: Alaska Federation of Natives
RuralCap
Governor's Advisory Committee on
Aging
Ms. Dove Kull
Commissioner Lee McAnerney
Mayor George Sullivan
Mr. Phil Younker
Senator John Sackett
Senator Bill Ray
Representative Russ Meekins
Sponsors: SB 138, 154, 296, 299, 360, 370, 427, 431, 456, 465 & 510

Taxes
(home improvement exemption)
SENATE BILL NO. 138, by Senators Bradley and Stimson. Relates to establishment of tax exemption for home improvements. Amends AS 29.53 by adding section which provides that the "value of an alteration, repair, renovation, addition to, or improvement of an existing structure which is used by a taxpayer as his personal residence is exempt from assessment for purposes of levy and collection of property taxes under this chapter....." Repeals AS 29.53.025(f) & (g) relating to current exemptions for improvements. Provides Act effective January 1, 1979.

Introduced February 13 and referred to Community & Regional Affairs, then to Finance.

Veterans
(disabled)
(property tax exemption)
SENATE BILL NO. 154, by Senator Bradley. Amends AS 29.53.020(e) to include disabled veterans of any age to section which exempts persons 65 or over from payment of property tax. Applies to resident veterans, honorably separated from service whose service-related disability has been rated at 50% or more. Provides Act effective January 1, 1980.

Introduced February 13 and referred to Community & Regional Affairs, then to Finance.

Residential Property Tax
(partial exemption)
SENATE BILL NO. 296, by Senator Stimson. Adds to list of exemptions from municipal property tax in AS 29.53.020(a) "the real property owned and occupied as a permanent place of abode by a resident, not exceeding \$25,000 in value." Provides state shall reimburse a borough or city for revenues lost. Repeals AS 29.53.025(a) which allows municipalities to exclude or exempt or partially exempt residential property from taxation by ordinance ratified by voters, the exemption not to exceed \$10,000 per residence. Provides Act effective January 1, 1981.

Introduced January 14 and referred to Community and Regional Affairs and then to Finance.

Property Tax
(municipal reduction of)
SENATE BILL NO. 299, by Senator Kerttula. Amends AS 29.53.050(a) (Tax Limitation on Municipalities) to read: "A (NO) municipality may not levy and tax for any purpose in excess of nine-tenths of one (THREE) percent of the assessed valuation of property within the municipality in any one year." Provides Act effective 1/1/81.

Introduced January 14 and referred to Community and Regional Affairs.

Property Tax
(disabled Vets exempt)
SENATE BILL NO. 360, by Senators Sumner and Hackney, by request. Exempts from municipal property tax the real property owned and occupied as a permanent place of abode by a disabled veteran. Provides exemption is allowed to veteran "for a percentage of the assessed value of the real property which is the same as his percentage of disability as established by his service disability rating." Provides Act effective January 1, 1981.

Introduced January 24 and referred to Community and Regional Affairs and Finance.

Fire Prevention
SENATE BILL NO. 370, by Senators Colletta and Bradley. Adds to AS 29.53.020 (Municipal Property Tax - Required Exemptions) "Two

percent of the assessed value of a structure is exempt from taxation if the structure contains fire protection systems in operating condition incorporated as a fixture or part of the structure. The exemption is limited to 1) an amount equal to two percent of the value of the structure based on the assessment for 1981, if fire protection systems are a fixture of the real property on January 1, 1981; or an amount equal to two percent of the value of the structure as of January 1 following the installation of the fire protection systems as fixtures of the structure after January 1, 1981.

Introduced January 31 and referred to Community & Regional Affairs.

Sr. Citizens
Tax Exemp.
(surviving
spouse)

SENATE BILL NO. 427, by Senators Ferguson, Ray, Sackett, Meland, Colletta, Sumner, Kerttula, Hohman, Mulcahy and Bradley. Amends AS 29.53.020(e) relating to municipal property tax exemption for senior citizens by adding: "The real property exempt from taxation under this subsection continues to be exempt if owned and occupied as a permanent place of abode by the surviving spouse of the resident, if the surviving spouse is 55 years or older and has a gross annual income of less than \$20,000." Does not provide for effective date.

Introduced February 12 and referred to Community and Regional Affairs, then to Finance.

Property Tax
Exemptions
(for energy

SENATE BILL NO. 431, by the Rules Committee by request of the Legislative Council by request. Adds new section to AS 29.53 (Municipal Assessment & Taxation) which exempts from municipal property tax "The value of an alternation or improvement of an existing structure that reduces energy consumption in the structure." Section applies to mobile homes also. Provides Act effective January 1, 1981.

Introduced February 12 and referred to Community and Regional Affairs, then to Finance.

Municipal Pro-
perty Taxes
(exemp. sr.
citizens--
personal
property)

SENATE BILL NO. 456, by Senators Stimson and Bradley. Amends Municipal Assessment and Taxation (AS 29.53), required exemptions (020) by stating that the property of certain residents of the state is exempt and further states that "(e) The real property owned and occupied as a permanent place of abode by a resident 65 years of age or over, and the personal property owned by a resident 65 years of age or over, is exempt from taxation of the assessed value of the (REAL) property." Deletes reference to "real" property throughout and repeals AS 29.53.020(i) which defines "real property" as property including, but not limited to mobile homes whether classified as real or personal property for municipal tax purposes. Provides Act takes effect January 1, 1981.

Introduced February 18 and referred to Community & Regional Affairs, then to Finance.

Property Tax
(residential-
partial exem.
from assess)

SENATE BILL NO. 465, by Senators Ferguson, Colletta, Fahrenkamp and Sumner. Exempts from general taxation (Municipal Assessment and Taxation, required exemptions--AS 29.53.020(a)) "(7) the real property owned and occupied as a permanent place of abode by a resident, not exceeding \$85,000 in value." Exempts real property owned and occupied by a resident 65 years of age or over from

taxation of the assessed value of property which exceeds \$85,000 in value. Repeals AS 29.53.025(a) (Municipal Assessment and Taxation. Optional Exemptions and exclusions. Section (a) states: "Municipalities may exclude or exempt or partially exempt residential property from taxation by ordinance ratified by the voters at a regular or special election."), and amends AS 29.53.020(g) (relating to reimbursement of borough or city for revenue lost by exemption) by deletion of language stating that upon proper application an individual would have been granted an exemption. Provides Act takes effect January 1, 1981.

Introduced February 18 and referred to Community and Regional Affairs, then to Finance.

Municipal Pro-
perty Tax
(exempting
business
inventory)

SENATE BILL NO. 510, by the Rules Committee by Request (for the Interim Tax Policy Committee). Exempts business inventory from municipal property tax levy and provides for reimbursement to municipalities of tax revenues lost by operation of the exemption. Reimbursement made on the basis of the application of the tax rate of the borough or city to the value of business inventory reported to the state by businesses for the purpose of taxation under the Alaska Net Income Tax Act, and subject to legislative appropriation to the Department of Community and Regional Affairs for the purpose. State Departments may adopt regulations to carry out the provisions of chapter. Repeals sections of Municipal Assessment and Taxation (AS 29.53) relating to assessment of business inventory and reassessment in the case of cessation of business during the tax year. Provides Act takes effect January 1, 1980.

Introduced March 5 and referred to Community and Regional Affairs, then to Finance.

Alaska State Legislature



SENATOR MIKE COLLETTA

SENATE MAJORITY LEADER

Senate

MEMORANDUM

February 19, 1980

TO: Senator Arnis Sturgulewski
Chairman
Community & Regional Affairs Committee

FROM: Senator Mike Colletta *Mike Colletta*

RE: Senate Bill 370 "Fire Prevention"

Enclosed for your review, please find information regarding Senate Bill 371, "An Act relating to fire prevention", which I understand you may hear in committee early next week.

I would appreciate your notifying Mr. Bob Shirnberg, Fire Marshal of the Nikiski Fire Department, when you have a firm date to hear this bill. I believe he will be in Juneau this week to testify before the House Community & Regional Affairs Committee when they hear the House version of this bill (House Bill 648).

ENCLOSURES

ROBERT R. SHIRNBERG
FIRE MARSHAL

NIKISKI FIRE DEPARTMENT
Phone 283-4202

P. O. Box 1167 - Kenai, Alaska 99611

also Gordon Brunton
State Fire Marshalls office
465-4331

(907) 274-6644

Brian R. Shute
Attorney at Law

Suite 208
1026 W. 4th Avenue
Anchorage, Alaska 99501

RECOMMENDATIONS
FROM THE
ALASKA FIRE CHIEF'S ASSOCIATION
ALASKA STATE FIREFIGHTER ASSOCIATION
FOR
ADOPTION OF THE
COMMUNITY FIRE PROTECTION INCENTIVE PROGRAM

*Get bill drafted
change loan para.*

Material Prepared By:
Robert R. Shirnberg
Fire Marshal
Nikiski Fire Dept.
Chairman Ad-Hoc Committee
ASFA/AFCA
December-2-1979

The Alaska State Firefighters Association and the Alaska Fire Chief's Association, at their respective annual meetings in October of 1979 in Petersburg, Alaska, were presented a program entitled, "Community Fire Protection Incentive Program".

Both the Alaska State Firefighters Association and the Alaska Fire Chief's Association submitted to their respective memberships a resolution calling for support in the preparation of program material to enact the Community Fire Protection Incentive Program during the 1980 session of the Alaska State Legislature. Both bodies passed unanimously this resolution.

A joint AD-HOC committee was formed, comprised of members of the ASFA and the AFCA to prepare the necessary material and to carry out the legislative program presentation.

The State of Alaska has the honor of being Number #1 in many categories. We are by far the largest state in the Union. Our fisheries and resources from the sea are Number #1 in value. Our resources on oil and gas production are approaching Number #1. Our mineral potential is the greatest of all states.

Our state also has the dubious honor of being Number #1 by some margin in the loss of life per capita by fire and the property dollar loss per capita. It appears that the growth of our state is assured with projections of ship building facilities, processing and support facilities for a bottom fishing industry, oil and gas production with related petrochemical industrial plants, mineral development, etc. With the population and constructions that will come with this growth and with our present methods of providing fire protection, we will retain the dubious honor of being Number #1 in per capita loss of life and property damage as a result of fire.

We in the fire service recognize that a new approach in providing for both public and private fire protection needs must be developed. We recognize that the Community Fire Protection Incentive Program does offer the method to redirect fire protection systems and combine the best features of both public and private fire protection in a manner that will improve and better the community against the ravages of fire. It provides a method whereby the costs for public fire protection can be controlled as the community expands and grows.

The Community Fire Protection Incentive Program provides a method whereby the private property owner and businessman will have the incentive and support necessary to provide for the installation of private fire protection systems in their property. This incentive is created through a three-part program as follows:

~~Permanent Revolving Loan Fund~~ *Include in Small Business Loans Program*

~~This loan fund will provide loans to private property owners and businessmen at an interest rate and such terms that will create an incentive to install private fire protection systems such as hydraulic sprinkler systems.~~

~~The terms of the loan will be such that the direct insurance saving received for the installation of the sprinkler system will be calculated in the repayment schedule. It is the intent that the property owner will realize a real dollar return on the installation of the sprinkler system. An example would be~~

~~that if the net insurance saving was \$6,000 annually, the loan terms would require a \$4,000 annual payment, resulting in a net return to the property owner of \$2,000 annually until the loan has been paid off, at which time the property owner would receive the entire \$6,000 benefit.~~

Tax Incentive

Remove from the property tax rolls the assessed value of the private fire protection system. There is no question of the roll that the private fire protection has in supporting the public fire protection system. It is taken into consideration in the I.S.O. rating schedule, it has a decided effect on reducing the overall insurance rating of a community's fire defenses. It protects the community's tax base. It protects the jobs and the economy of the community.

With our present policy of taxing private fire protection systems, we discourage the property owners from installing such voluntary systems.

Again, the private property owner and business man will be encouraged to install private fire protection systems if we remove the tax burden that is placed on such systems.

Water Standby Surcharge for Sprinkler Connections

Some water utilities have placed an excessive standby water rate to property owners that have installed hydraulic sprinkler systems in their property. In many cases these special rates have eliminated or exceeded any dollar saving the property owner may have enjoyed because he has installed a sprinkler system.

In some cases the owners of property equipped with sprinkler systems have shut the sprinkler system down and discontinued its use and accepted the higher insurance rate because there was a dollar saving between the water standby rate and the increased insurance premiums.

As can be seen, the excessive water rate charge is a direct attack on the incentive to install private fire protection systems.

Therefore, it is necessary that special water rates for properties equipped with sprinkler systems be reduced to a very nominal fee or eliminated altogether.

This program intent is to provide for the property owners and businesses the incentive and assistance to install fire protection systems. The program is to be made available to property owners in all areas of the state of Alaska, from the larger municipalities to the smaller communities and very rural areas. To those communities with full-time paid fire departments to those with volunteer fire departments, and also those areas without any fire protection at all. The program makes assistance available to areas that are isolated, such as remote cannery locations, and a method to provide for fire protection of such facilities.

With such a program in effect and within a few short years, we will see a decided reduction in our property fire loss and loss of life from fire. We will realize a direct saving in the cost of our public fire protection systems. We will be able to better meet the fire protection needs of our expanding and growing communities, and be able to control the costs of this expansion.

Fewer jobs will be lost through catastrophic fires, the economy better protected, the tax base of the community better assured, and those public programs that are supported by the tax base better protected.

Alaska State Legislature



SENATOR
BRAD BRADLEY
P.O. DRAWER B-Q
ANCHORAGE, ALASKA 99508
(PERMANENT ADDRESS)
PHONE: 337-1080

LEGISLATURE ADDRESS
POUCH V - STATE CAPITOL
JUNEAU, ALASKA 99811
(WHILE IN SESSION)
PHONE: 465-3748

COMMITTEES
CHAIRMAN
MAJORITY CAUCUS
COMMERCE
VICE CHAIRMAN
STATE AFFAIRS
MEMBER
LABOR AND MANAGEMENT
BUDGET AND AUDIT

Senate

March 18, 1980

The Honorable Arliss Sturgulewski
Chairman, Senate Community & Regional Affairs Committee
Assembly Building
Juneau, Alaska 99801

RE: SB 370

Dear Senator Sturgulewski:

Attached for your reference regarding the above bill is a letter from Brian R. Shute, Attorney at Law, of Anchorage, Alaska, and the original photographs referenced in Mr. Shute's letter.

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Brad Bradley".

Brad Bradley
State Senator

BB:jss
Enclosures: As Above

Alaska State Legislature

SENATOR

ROBERT H. ZIEGLER, SR.
307 BAWDEN STREET
KETCHIKAN, ALASKA 99901

POUCH V

JUNEAU, ALASKA 99811



Senate

CHAIRMAN

SENATE JUDICIARY COMMITTEE
IMMEDIATE PAST CHAIRMAN
WESTERN CONFERENCE - COUNCIL OF
STATE GOVERNMENTS

VICE CHAIRMAN

SENATE RULES COMMITTEE

MEMBER

SENATE STATE AFFAIRS COMMITTEE
SENATE COMMITTEE ON COMMITTEES
LEGISLATIVE COUNCIL
WESTERN STATES LEGISLATIVE
FORESTRY TASK FORCE

March 3, 1980

Mr. John A. Divelbiss,
Director
City of Ketchikan
Department of Fire Protection Services
319 Main Street
Ketchikan, Alaska 99901

Dear Mr. Divelbiss:

- I already advised you that I would vote for SB 370 if it ever gets to the floor of the Senate. You might write to Senator Arliss Sturgulewski who chairs the Community and Regional Affairs Committee where SB 370 currently reposes.

Regards,

BZ —

Robert H. Ziegler, Sr.

RHZ:lk

cc: Senator Sturgulewski.

Alaska State Legislature

A - Your copy
SB 370

SENATOR
ROBERT H. ZIEGLER, SR.
307 BAWDEN STREET
KETCHIKAN, ALASKA 99901

POUCH V
JUNEAU, ALASKA 99811



Senate

CHAIRMAN
SENATE JUDICIARY COMMITTEE
IMMEDIATE PAST CHAIRMAN
WESTERN CONFERENCE - COUNCIL OF
STATE GOVERNMENTS

VICE CHAIRMAN
SENATE RULES COMMITTEE

MEMBER
SENATE STATE AFFAIRS COMMITTEE
SENATE COMMITTEE ON COMMITTEES
LEGISLATIVE COUNCIL
WESTERN STATES LEGISLATIVE
FORESTRY TASK FORCE

February 19, 1980

Mr. John Divelbiss, Director
City of Ketchikan
Department of Fire Protection
Services
319 Main
Ketchikan, Alaska 99901

Dear John:

I don't find any particular fault with SB 370, which is currently in Senator Arliss Sturgulewski's Community and Regional Affairs Committee. Undoubtedly, I'll vote for it when and if it appears before me, but I think there is a caveat: If the assessor cannot include the value of a fire protection system in the assessment for the full and true value of a building, why shouldn't the same exception apply to people who construct extra water tanks on their property or below the structure? What about an exemption for people who buy fire resistant roofing materials? How about people who spray structures with fire retardant chemicals? Likewise with fire retardant insulation?

I could go on and on, but I'm sure you get the idea.

Regards,

BZ3

Robert H. Ziegler, Sr.

RHZ:lk

cc: Mr. James A. VanAltvorst,
City Manager, Ketchikan

Senator Arliss Sturgulewski



CITY OF KETCHIKAN

334 FRONT STREET

P. O. BOX 7300

TELEPHONE 907 225-3111

SD
full page
FEB 26 1980

February 22, 1980

Senator Mike Colletta
Pouch V
Juneau, Alaska 99811

Dear Senator Colletta:

On behalf of the City of Ketchikan, I wish to add support to passage of Senate Bill 370, an act relating to fire prevention.

Approved automatic fire protection systems are obviously and definitely advantageous to the building in which they are installed. However, the benefits of those systems go far beyond the individual structures. They also benefit the entire community.

Essentially, installation of such systems decreases a community's "fire flow requirement" which is the community's ability to deliver water to control fires. A decrease in the "fire flow requirement", in effect, reduces the need for fire fighting equipment, facilities to house that equipment and staff to operate and maintain that equipment and facilities without reducing the level of fire protection in the community. Therefore, the entire community can benefit because of a reduction in the cost necessary to provide a given level of fire protection.

Because the entire community can benefit from the installation of approved fire protection systems in individual building, building owners should be given an incentive to install such systems rather than suffer additional fees or taxes because they installed those systems. Therefore, the City of Ketchikan supports Senate Bill 370.

If you have questions about the City's position on this issue, please contact me.

Sincerely,



James A. Van Altvorst
City Manager

JAVA:gw



CITY OF KETCHIKAN

334 FRONT STREET

P. O. BOX 7300

TELEPHONE 907 225-3111

February 22, 1980

Senator Brad Bradley
Pouch V
Juneau, Alaska

Dear Senator Bradley:

On behalf of the City of Ketchikan, I wish to add support to passage of Senate Bill 370, an act relating to fire protection.

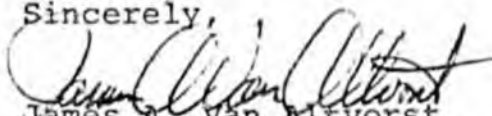
Approved automatic fire protection systems are obviously and definitely advantageous to the building in which they are installed. However, the benefits of those systems go far beyond the individual structures. They also benefit the entire community.

Essentially, installation of such systems decreases a community's "fire flow requirement" which is the community's ability to deliver water to control fires. A decrease in the "fire flow requirement", in effect, reduces the need for fire fighting equipment, facilities to house that equipment and staff to operate and maintain that equipment and facilities without reducing the level of fire protection in the community. Therefore, the entire community can benefit because of a reduction in the cost necessary to provide a given level of fire protection.

Because the entire community can benefit from the installation of approved fire protection systems in individual building, building owners should be given an incentive to install such systems rather than suffer additional fees or taxes because they installed those systems. Therefore, the City of Ketchikan supports Senate Bill 370.

If you have questions about the City's position on this issue, please contact me.

Sincerely,


James A. Van Altvorst
City Manager

JAVA:gw

However, the presence of automatic sprinkler systems in buildings reduces the anticipated fire flow requirements by 25 - 50% (see ISO "Guide to Determination of Required Fire Flow"). Therefore, if a sprinkler system is installed less fire hydrants are required; e.g. every three hundred (300) feet instead of every two hundred (200) feet.

Since Fairbanks residents pay hydrant fees by general taxation rather than specific proximity charges or individual fire service demand fees, the owners of low service demand properties end up paying equivalent proportionate fees to owners of large demand properties.

The presence of sprinkler systems reduces the needed number of fire hydrants, and also therefore the necessary size of water mains can also be reduced.

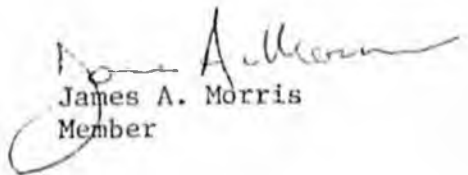
The College Utilities Water System is a private utility providing water to an area of about 5,000 population to the west of the City limits of Fairbanks. Their method of assessing for sprinkler fees and hydrant charges is

- a. \$2.26 per month if located within 1,000 feet of fire hydrants,
- b. Unmetered sprinkler service fees
 1. \$39.50/mo. for 2"
 2. \$84.00/mo. for 3"
 3. \$142.00/mo. for 4"
 4. \$225.00/mo. for 6"
 5. \$394.00/mo. for 8"

The City of North Pole has a fee schedule for sprinkler services very much like that of the City of Fairbanks.

If any bills are drawn up and introduced concerning any Community Fire Protection Incentive Programs, please forward me a copy. Thank you.

Sincerely,


James A. Morris
Member

JAM:jcs

Attachments

ORDINANCE NO. 3749, As Amended

AN ORDINANCE TO AMEND FGC CHAPTER 12. UTILITIES,
SECTION 12.117, WATER UTILITY RATES AND CHARGES;
COMPULSORY CONNECTION TO WATER SYSTEM, AND SETTING
AN EFFECTIVE DATE.

BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF FAIRBANKS,
ALASKA, as follows:

Section 1. That FGC Chapter 12, Utilities, Section 12.117,
Schedule W-1, Metered Water Service be amended as follows:

(2) Monthly Rates:

Flat metered water rate per 1,000 gallons \$ 2.25 [~~\$2.00~~]

(3) Minimum monthly charge for metered service, \$ 5.70 [~~\$5.00~~]
based on 2,500 gallons.

Section 2. That FGC Section 12.117 Schedule W-2, Other Water
Service be amended as follows:

(2) Monthly Flat Rates:

Single faucet or outlet (3/4") \$ 8.90 [~~\$ 7.90~~]

Full service of not more than 1 bath,
1 lavacory, 1 toilet and 4 additional
faucets or outlets. \$19.80 [~~\$17.60~~]

Additional cold water faucets or outlets
over full service per faucet or outlet. . . \$ 1.80 [~~\$ 1.60~~]

(3) Minimum Monthly Charge for Above Services . \$11.25 [~~\$10.00~~]

(4) Unmetered Water Sprinkler and Fire Hose Service. Water
provided herein covers unmetered water deliveries to
fight fires. Usage of water for other than fire fighting
purposes may terminate the service and/or result in
penalties of not less than five (5) months flat rate
charge. Water sprinkler systems or fire hose systems
connected to metered services are not covered by this
schedule.

(A) Monthly flat rates:

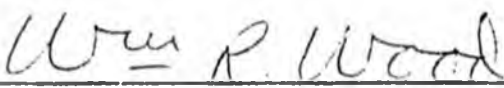
4" Service or less \$40.00 [~~\$36.00~~]
6" Service \$48.00 [~~\$43.00~~]
8" Service \$56.00 [~~\$50.00~~]

(B) Fire Hydrant services:

Monthly hydrant service charge, per each \$65.00 [~~\$58.00~~]

Section 3. That the effective date for such changes in rates set out in Sections 1 and 2 shall be the first billing cycle one month following the effective date of such ordinance making such changes.

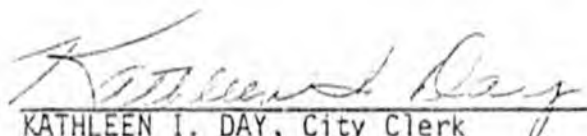
Section 4. That the effective date for this ordinance be the 29th day of December, 1979.



WILLIAM R. WOOD, Mayor

Adopted: December 27, 1978

Attest:



KATHLEEN I. DAY, City Clerk



INTERIOR FIRE CHIEFS ASSN. OF ALASKA

Address Reply to:


Senator Bradley
Pouch V
State Capital
Juneau, Alaska
99811

19 February 1980

Dear Senator Bradley,

The Interior Fire Chief's Association supports House Bill NO. 648 with one exception.

Section 2 AS 42.05.381 (d). The words hydraulic sprinklers are not defined and are too restrictive. That sentence should be changed by deleting the reference to "hydraulic sprinklers" or by adding the words "hydraulic and standard sprinklers."


Ken Anderson
President

Alaska State Legislature

SENATOR
CLEM TILLION
HALIBUT COVE, ALASKA
99603



WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA
99811

March 5, 1980

Mr. Robert S. Oehler
Kenai Steel Buildings, Inc.
P.O. Box 340
Kenai, AK 99611

Dear Mr. Oehler:

Thank you for your letter of February 28 regarding SB 370.

At this time the bill is in the Senate Community and Regional Affairs Committee chaired by Senator Sturgulewski. I will forward your letter of support on to her Committee. Any further information should be sent to her in care of Pouch V, Juneau, AK 99811.

The bill sounds like a good one and I will definitely consider giving it my support.

Thank you again.

Sincerely,

Clem Tillion
State Senate

CVT/dj

Stran

The other way to build
AUTHORIZED BUILDER

Ans. 3-3
Copy to Sturgulewski

Kenai Steel Buildings, Inc.

P. O. Box 340 - Kenai, Alaska 99611 - (907) 283-7810

Februar. 28, 1980

Senator Clem V. Tillion
President
Alaska State Senate
Pouch V
Juneau, Alaska 99811

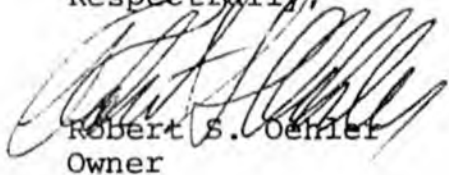
Dear Senator Tillion:

Hopefully, Senate Bill No. 370 will be coming out of Committee and before the Senate for action in the near future.

I do support this legislation, and believe it will offer the businessman the assistance and initiative needed to install fire protection systems in his property. This bill offers the opportunity to control the escalating costs of fire protection service as well as improving the community's fire protection.

Your support on this legislation will be appreciated.

Respectfully,



Robert S. Oehler
Owner

RSO/lc

from Calletta

Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811



Official Business

Proposed CS for HB 648 relating to fire protection would include a definition of fire protection equipment as follows:

bill
SB 300

p. 2 line 13

(c) In (b) of this section, "fire protection equipment" means fire protection or fire alarm systems as defined in the current edition of National Fire Codes published by the National Fire Protection Association.

Appropriate reference to this definition will be made as needed throughout the bill.

Representative Hugh Malone
Alaska State Legislature
Pouca V
Juneau, Alaska 99811
ATTN: Paul Quesnal

February 27, 1980

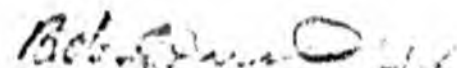
Dear Paul

I have inclosed a written description of Fire Protection systems, I have also inclosed a copy of a letter I recieved from the Greater Juneau Chamber of Commerce supporting House Bill No.648

I contacted Ron Hendrie, the State Fire Marshal, and read to him the letter describing fire protection svstems, he approved of the description on fire protection systems.

The program package material was sent to the printers on Tuesday, and we hope to have it back by this Friday, as soon as we get it in our hands we will be sending this material to your office.

It sounds like things are proceeding smoothly in respect to this bill, keep up the good work' and keep me posted on progress.


Bob Shirnberg

PS. Will you see that Marcie gets a copy of this?

DEFINITIONS OF FIRE PROTECTION SYSTEMS

Fire protection and fire alarm systems are those systems as defined in the National Fire Codes, current edition, published by the National Fire Protection Association.

These systems include, but are not limited to the following: Foam Extinguishing systems, High Expansion Foam systems, Carbon Dioxide systems, Halon 1301 systems, Halon 1211 systems, Dry Chemical systems, Water Spray Fixed systems, Foam/Water Sprinkler and Spray systems, Standpipe and Hose systems, Hydraulic Sprinkler systems, and associated pumps & tanks as required for the foregoing systems.

Fire Alarm systems include, but are not limited to: Central Station signaling systems, Local Protective signaling systems, Auxiliary systems, Remote Station signaling systems, Proprietary signaling systems, Automatic Fire Detection systems.

Stran

The other way to build
AUTHORIZED BUILDER

*Bill file
SB 370
fire protection*

Kenai Steel Buildings, Inc.

P. O. Box 340 - Kenai, Alaska 99611 - (907) 283-7810

February 28, 1980

Senator Mike Colletta
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

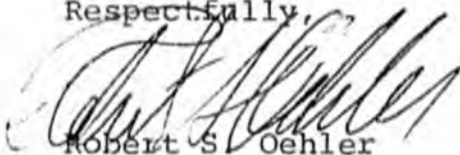
Dear Senator Colletta:

This is a letter of thanks and appreciation for your work in the preparation and introduction of Senate Bill No. 370.

This type of legislation will assist greatly the businessmen of our state, and will create the incentive and assistance necessary to promote the installations of fire protection systems in our communities.

Keep up the good work.

Respectfully,



Robert S. Oehler
Owner

RSO/lc

FEB 1 1980

January 21, 1980

Leaders
Senate House
House of Representatives
State Capitols

Dear Sirs:

Two years ago on December 13, 1977 the dormitory fire at Providence College in Providence, Rhode Island occurred and caused the death of ten girls. In May of 1979 a number of us, their parents, were able to meet for the first time and came to understand that we should do what we can to bring about some good from that tragic occurrence. We now write this letter to you in the spirit of one knocking at the door of your sensibilities.

We have the firm conviction that, if you as a leader in the affairs of your State will re-examine those factors relating to the fire at Providence College, you will learn the lessons that such an examination will reveal. We simply expect and pray that as a consequence you will be personally prompted to take active leadership in insuring that a similar tragedy will not occur on campuses and in institutions of your geographic area. We do not profess to know how you may proceed but trusting in Him above and acknowledging His goodness to us even as this burden of loss has been laid on us and giving witness to the happiness of the many acts of love we shared with our daughters while they lived, we make bold to ask you to consider the following steps as a possible course of action:

1. Lead the State Legislature in re-examining and restructuring laws, standards, and regulations pertaining to fire and building codes and related safety equipment protection devices in the light of all known technology.
2. Establish laws, funds, and agencies to study the technology of fires and the effect of heat, flame, and smoke on bodily, mental, and psychological functions so as to develop meaningful survival techniques.
3. Institute a network of cooperative, educational programs among state and local governments, schools, protection agencies, insurance companies, the press and media and other institutions and among the citizenry itself whereby fire awareness, fire precautions, fire hazards, fire safety and the like become part of everyone's education. Special efforts to heighten awareness should occur in those months and in those situations where the possibility of fire

may exist as known from probability studies and correlative statistical data.

We present our request to you on the basis that we feel compelled to raise our voices to stimulate a renewed interest and corrective action. We thank you for your attention and ask you to join us in our concern that the death of our daughters be not without some blessings for other human beings. We stand ready to assist you in any way we can.

Sincerely yours,

New Jersey:	<u>SIGNED</u> Louis Andresakes	<u>SIGNED</u> George Andresakes
Rhode Island:	<u>SIGNED</u> Olga Botelho	<u>SIGNED</u> Gilda Botelho
Connecticut:	<u>SIGNED</u> Marlene Garvey	<u>SIGNED</u> Bernard Garvey
Massachusetts:	<u>SIGNED</u> Gene Ludwig	<u>SIGNED</u> Sam Ludwig
Michigan:	<u>SIGNED</u> Mary Repucci	<u>SIGNED</u> Frank Repucci
New York:	<u>SIGNED</u> Rita Ryan	<u>SIGNED</u> Robert Ryan
Connecticut:	<u>SIGNED</u> Phyllis Smith	<u>SIGNED</u> Robert Smith
Connecticut:	<u>SIGNED</u> Christine Widman	<u>SIGNED</u> James Widman

This letter has been addressed to the Governor of each State.

Original signatures on file c/o

Parents

1654 Bracken
Bloomfield Hills, MI 48013

Letters to Sen. Sturgulewski

Mr. Russell J. Bagley, Chairman
South Central Fire Prevention Council

Support

Kenai Steel Buildings, Inc.
Mr. Robert S. Oehler
P.O. Box 340
Kenai, Alaska 99611

Mr. Robert R. Shirnberg
Fire Marshal
Nikiski Fire Department
P.O. Box 1167
Kenai, Alaska 99611

Mr. Brian R. Shute
Attorney at Law
Suite 208
1026 W. 4th Avenue
Anchorage, Alaska 99501

Mr. James A. Morris
Interior Fire Chiefs Assn. of Alaska
656 Seventh Avenue
Fairbanks, Alaska 99701

Dave Fremming, Ex. Vice-President
Greater Juneau Chamber of Commerce
200 North Franklin Street
Juneau, Alaska 99801

Mr. James A. Van Altvorst
City Manager
City of Ketchikan
P.O. Box 7300
Ketchikan, Alaska 99901

Mr. Robert L. Varnam
Cordova Chamber of Commerce
Box 99
Cordova, Alaska 99574

Mr. John Divelbiss, Director
Department of Fire Protection Services
City of Ketchikan
319 Main
Ketchikan, Alaska 99901

COMMUNITY FIRE PROTECTION INCENTIVE PROGRAM

Prepared by Robert R. Shirnberg

October 20, 1979

Fire Marshal

Niskiswi Fire Department

283-4202

P.O. Box 1167, Kenai 99611

VI
F

COMMUNITY FIRE PROTECTION INCENTIVE PROGRAM

This program is designed to provide the means and methods for the installation of private fire protection systems in private property and to enhance and support the public fire protection systems of the communities throughout the state of Alaska. This is to be accomplished through the combination of three approaches:

1. Establish a loan fund to provide loans to private property owners for the installation of fire protection systems.
2. A tax incentive for property owners by removing from the property tax rolls the assessed value of the private fire protection system.
3. Control the water standby rate charge, charged by water utilities for large diameter service to sprinkler systems. Such rate charges should be set at a level that will not discourage the installation of sprinkler systems.

What are the possible long term benefits from the Community Fire Protection Incentive Program?

It is apparent that if such a program is carried out to the ultimate, that most of our commercial and business properties could be protected by sprinkler systems. If this was the case, it will have a decided effect on the fire flow requirements of each community by reducing the flow requirements. This will affect the apparatus and equipment required, location and response distances of the companies, the number and location of fire stations, as well as the manning requirements of the fire departments.

There is no question that the State of Alaska is undergoing rather rapid growth in population. The oil industry is expanding, other industrial plants associated with the oil industry are planned and coming on line. The fishing industry is expanding into new products and plants. This is bringing additional population and businesses into many of our communities. This growth is impacting the fire protection systems of many of our cities and rural areas. Communities are being faced with providing additional fire protection services and with the costs of providing these services.

The community fire protection incentive program can provide an alternative to the increasing costs of fire protection. The fire service may well be able to hold the line in respect to increasing costs associated with the growth of the community, and may well be able to reduce the costs in relation to the mill rate required for fire protection.

I have enclosed a copy of an article by Harry E. Hickey, an associate professor with the University of Maryland, entitled "Built-In Fire Protection and Fire Department Manning." This was published in the Fire Management Review, a publication of the City Management Association. This is an area of interest to city managers, and will probably be discussed with the fire departments. The article is idealistic, but does indicate what effect providing sprinkler systems can have on the fire protection system of a community.

VI
F

I suspect that the greatest long term effects of the Community Fire Protection Incentive Program will be in the area of security of the community's assets. I look at these assets as the commercial property, the business within these properties, and the jobs created by these businesses. The community's assets are all the properties within their community, and the income for the community's programs are derived in the form of taxes on this property. With the property protected by sprinkler systems, the community's tax base and programs are protected from fire.

Such a system protects the economies of the community by providing security for the businesses that provide employment of those within the community. The immediate effect of fire on a business is often dramatic, in that amount of dollar loss attributed to the building and contents. The long-term effect of this fire is often overlooked in that the business and jobs lost, the former employees who often must leave the community to work elsewhere, and the effect of the lost payrolls. Few businesses recover from large fires; most often the fire destroys not only the building and contents, but along with that, the jobs and revenue from the business itself. This has the direct effect of removing the property from the tax rolls. We lose the tax generated by the former employees of the business. In many cases, the long-term effect is far more costly on the community than the dramatic immediate loss of the fire itself. In the long-term, this is probably the most important consideration for the establishment of a Private Fire Protection Systems Funding Program.

There have been a number of canneries in smaller communities that have been destroyed by fire. Most often they have not rebuilt, and in some cases the communities where this has happened have ceased to be. There have been a number of fires in commercial property in our larger communities that have destroyed a million dollar tax base, along with large numbers of jobs. These have long-term effects on the community.

The Community Fire Protection Incentive Program can reduce by a very large degree the economic effects of this type of fire.

FIRE PROTECTION REVOLVING LOAN FUND

The revolving loan fund should be funded at a level that will allow for rapid implementation and installation of private fire protection systems.

This fund will make loans to property owners that desire or are required by the uniform building code to install private fire protection systems. Interest rates and loan terms of such loans should be established at a level that encourages the property owner to install such systems.

Requests for loans shall be considered on a priority basis, with those properties that are required to retro-fit fire protection systems in existing properties having the highest priority.

Loan priorities shall be established by the State Fire Marshal's Office. The fire protection system to be installed shall meet the standards as required by the State Fire Marshal's Office.

Cities and municipalities that have code enforcement and standards administered by building department and fire prevention services shall establish the priority schedule for loans and shall review and approve fire protection systems that meet the required standards. Loan requests meeting their approval shall be forwarded to the State Fire Marshal's Office for review and approval.

The revolving loan fund shall be administered by the Department of Commerce, and loan requests that have been approved by the State Fire Marshal's Office shall be granted.

LOAN PRIORITY

PRIORITY#1

Property that will be required under the Uniform Building Code (1976) or (1979) as adopted by the State of Alaska to be retro-fitted with sprinkler systems.

PRIORITY#2

Existing property that is not required by the Uniform Building Code to be retro-fitted with sprinkler systems, but where the property owner desires to install a sprinkler fire protection system.

PRIORITY#3

New construction that is not required by the Uniform Building Code to install sprinkler systems, but where the property owner desires to install a sprinkler fire protection system.

PRIORITY#4

New or existing dwelling units where the property owner desires to install a approved sprinkler protection system.

TAX INCENTIVE PROGRAM

What are we talking about when we speak of a tax incentive program for fire protection? In looking back over the years, and in particular to the fire protection systems that are provided by private property owners, business and industry, we find that through Fire Codes, Uniform Building Codes and ordinances we have insisted that these same property owners provide private fire protection systems.

In effect, what we are telling the property owner is that we in the fire service cannot provide or meet the fire protection requirements for their particular property, that we insist that they install a system that will provide for fire detection and extinguishment, and supplemented by our fire department, we can then possibly handle the fire problem in his building or property.

When the property owner provides for this private fire protection, we often overlook the fact that he is not only providing protection for his property, but in effect is providing a part of the overall fire protection system of the community. His system does provide for fire protection to nearby properties in that the chances of the fire extending beyond his property is practically eliminated through his built-in fire protection system.

With the installation of a sprinkler system or other fire protection system within the property, the value of the property increases. Up to now the increased value of the fire protection system has been added or included in the tax assessment bill on the property.

I strongly feel that to require a property owner to provide for private fire protection systems on his property and then increase his tax bill because he has installed such a system is again self-defeating. We must be able to encourage the property owner to install such systems. We well know that such a system adds directly to the over-all fire protection system of the community.

To encourage the installation of private fire protection systems in our communities throughout the state, with the direct long-range effect of reducing or at least being able to maintain the current level of public fire protection we should consider the following:

Inact legislation at the State level that will remove from the tax rolls the assessment against private fire protection systems. The net effect to the property owner will be that his property tax rate will be reduced by the value of the private fire protection system.

V
1

Presently, the property owner that provides private fire protection systems for his property receives the following benefits:

1. Protection for his building
2. Protection for the contents
3. Protection for the occupants
4. Protection for his business
5. A reduction in the insurance premiums

The public receives the following benefits when a private property provides fire protection systems:

1. The public that enters or resides within the building is protected.
2. The nearby property owners are protected from fire extending from the property in question.
3. The community's tax base is protected in the property
4. The community has assurance that this business will not be destroyed by fire.
5. The jobs provided within this property are secure from fire.
6. There is a lesser demand or requirement on the community public fire department because this property has a built in fire protection system.
7. The overall fire insurance rating will be enhanced by those properties protected by fire protection systems.

It is apparent that those property owners that install private fire protection systems not only receive certain benefits directly, but in respect to the community as a whole, that through their private efforts, provide a larger degree of benefit to the community in general.

Up until the present time, the property owner that provided private fire protection systems has received no direct benefits or credit from the community or local government for his efforts. The community has in general not recognized what the private fire protection systems mean to a community.

It is apparent that if all private property owners could or would provide private fire protection systems, it will have a dramatic long-term effect on the total community fire protection system. It will certainly affect the costs of providing community fire protection in the future.

WATER SURCHARGE RATE

The standby water surcharge rate that is applied in some communities to those property owners that have or have been required to install full sprinkler protection for their property is in effect self-defeating in respect to the fire protection system of the community.

It appears that the only consideration for this type of charge is to provide additional revenue for the utility.

This type of rate charge will result in property owners taking a second look at installations of sprinkler systems. Unless the property owner has a direct benefit that is cost effective he will not be interested in providing fire protection systems for his property.

The benefits that the property owners should receive in the event he provides a sprinkler system for his property would be a reduction in his insurance rate, that will pay back the cost of the sprinkler system within a reasonable time. Another benefit is the protection of his property and business from fire.

An additional water surcharge for sprinkler connection is contrary to the fire protection needs of the community. The community should rather assist and encourage the property owner to install such systems.

We in the fire service, and those that are in communities that have placed a surcharge for sprinkler systems, have often been silenced and are unable to protest this self-defeating development of our fire protection systems. Where the administration is dead set against such charges and they are unable to speak out, such organizations as the State Fire Fighters Association can take a stand and pursue legislation at the State level prohibiting such charges.

If we can encourage the state legislators either by law, or administrative action by the Public Utilities Commission, to eliminate or reduce to a reasonable charge, the service provided for sprinkler systems we will have accomplished much in providing a direction and guidance in meeting the needs for fire protection in our communities.

V!
F

The following examples compare cost figures
for an Incentive Program versus today's cost.

CASE FIRE INSURANCE RATES

Property Discription 29,560 sq. ft. concrete block, retail shop complex.

Fire Protection Class Rural#8

Value of Building \$702,000

Insurance Carried \$700,000

Protected Rate .40 per 100

Unprotected Rate 2.65 per 100

Estimated cost of Sprinkler System \$42,000

Assesed value of Sprinkler System \$42,000

Property Tax Rate 5 mills

Fire Protection Loan 42,000 Interest 7% No. of Years 5:

Monthly Payment \$931 Annual Payment \$9979

<u>Cost Unprotected Property</u>		<u>Cost Protected Property</u>	
<u>Insurance</u>	\$18,550	<u>Insurance</u>	\$2,800
<u>Tax (mill rate)</u>	\$3,500	<u>Tax</u>	\$3,500
		<u>Tax Credit</u>	\$210
		<u>Loan Payment</u>	\$9,979
<hr/>		<hr/>	
<u>Total</u>	\$22,050	<u>Total</u>	\$16,069
<u>Annual saving to property owner</u>	\$5,931		
<u>Saving to property owner on completion of loan payments</u>	\$15,960		

BASE FIRE INSURANCE RATES

Property Description 20,000 square feet, wood frame, mercantile

Fire Protection Class Class 6

Value of Building \$500,000

Insurance Carried \$500,000

Protected Rate .143 per 100

Unprotected Rate 1.76 per 100

Estimated cost of Sprinkler System 26,000

Assesed value of Sprinkler System 26,000 .

Property Tax Rate 16 mills

Fire Protection Loan 26,000 Interest 7% No. of Years 5

Monthly Payment Annual Payment

\$514 - \$6,177

Cost Unprotected Property

Cost Protected Property

Insurance \$8,800

Insurance 9,15

Tax (mill rate) 16 8,000

Tax \$8,000

Tax Credit -\$416

Loan Payment \$6,177

Total \$16,800

Total \$14,476

Annual saving to property owner \$2,324

Saving to property owner on completion of loan payments \$3,501

BASE FIRE INSURANCE RATES

Property Description 26,000 square foot, shop office and bus storage garage, wood frame construction

Fire Protection Class Unprotected Class #10

Value of Building 1,000,000

Insurance Carried 1,000,000

Protected Rate .40/.50 per \$100

Unprotected Rate 2.81 per hundred

Estimated cost of Sprinkler System \$72,500

Assesed value of Sprinkler System \$72,500

Property Tax Rate 5 mills

Fire Protection Loan 72,500 Interest 7% No. of Years 5

Monthly Payment \$1,435 Annual Payment \$17,226

<u>Cost Unprotected Property</u>		<u>Cost Protected Property</u>	
<u>Insurance</u>	\$28,100	<u>Insurance</u>	\$5,000
<u>Tax (mill rate)</u>	\$5,000	<u>Tax</u>	\$5,000
		<u>Tax Credit</u>	- \$362
		<u>Loan Payment</u>	\$17,226
<hr/>		<hr/>	
<u>Total</u>	\$33,100	<u>Total</u>	\$26,864
<u>Annual saving to property owner</u>	\$6,235		
<u>Saving to property owner on completion of loan payments</u>	\$23,462		

VII
F

There are two insert articles on the effect of sprinkler system installations on public fire protection systems.

The number of companies required and the manning levels for each company are directly related to the number of hazards in a community. Any community has a range of hazards. Therefore, the geographical location and the nature of these hazards are prime factors in determining the location of engine and ladder companies.

Built-In Fire Protection And Fire Department Manning

by
Harry E. Hekey
Associate Professor
University of Maryland



PROPERTY HAZARD LEVEL REDUCTION

Generally, property hazard levels should be used to determine the number and type of fire companies required and the manning levels for each.

One method of measuring property hazard levels is to determine the amount of water required to control and extinguish a fire in a building or a group of buildings. Required fire flow will vary according to a building's ground floor area, height, construction, occupancy, internal fire protection and alarm systems (automatic sprinklers and alarm transmission to emergency response service), and exposure conditions.

The Guide for the Determination of Required Fire Flow, which is published by the Insurance Services Office (ISO), can help to determine fire flow requirements for specific hazards (there is some question on the validity of the final computations). It is also helpful in assessing fire flow requirements according to a community's hazard variables. The guide states that by using these computations, fire flow requirements "may be reduced by up to 50% for complete automatic sprinkler protection. Where buildings are either fire resistive or non-combustible construction, the reduction may be up to 75%". Thus, established fire flow values can be cut drastically by requiring the installation of automatic sprinkler protection.

Regardless of the method used to compute required fire flow, there is general agreement that the public protection equipment requirement increases with the fire flow requirement. Conversely, as the property hazard is reduced, so is the required fire flow and thus, the level of fire department response.

A community policy to control and reduce property hazard levels by requiring automatic sprinklers can have a significant impact on holding the line with fire department manning requirements. In addition to improved life safety and property protection, automatic sprinklers may reduce property insurance premiums and the demand on the community's fire suppression delivery system. This may open new service delivery options, such as improvement of emergency medical services with existing personnel.

HYPOTHETICAL CASE STUDY

The community of Newtown, which covers approximately 12.75 square miles, has 5 primary hazards characterized by: ordinary construction, four stories, ground floor areas from 43,000 to 50,000 sq. ft., occupancy at the moderate hazard level, and normal exposure conditions. It is assumed that these buildings are the worst fire hazards in the community, and that the level of fire protection required for them will be equal or better for the rest of the community.

Without automatic sprinkler protection the ISO guide sets a required fire flow of 8,000 gallons per minute for each fire. However, using the water supply section of the ISO Grading Schedule, the basic fire flow for

VI
17

Newtown is 7,500 gallons per minute. The guide makes a clear distinction between required fire flow and basic fire flow.

If each of the primary hazards were retrofitted with a hydraulic automatic sprinkler system, the peak required fire flow for each fire demand zone would be reduced from 8,000 gallons per minute to 4,000 gallons per minute. This would reduce the basic fire flow for Newtown to 3,500 gallons per minute.

The reduction in fire flow requirements has a dramatic effect on manning levels. Fire suppression manning requirements were calculated on the following assumptions:

- a 48 hour work week
- average vacation and sick leave of 4 hours per week for each individual
- 38 persons are required to staff a suppression position 24 hours a day
- engine and ladder companies each require one officer on duty at all times

The ISO Grading Schedule was used to determine the number of engine and ladder companies required, based upon the response distance and the established required fire flows, and the manning requirements for each company.

Company and manning requirements were calculated with and without automatic sprinklers.

	Without Automatic Sprinklers	With Automatic Sprinklers
Stations	5	3
Engines	7	4
Ladders	3	1
Officers	42	15
Firefighters	209	76

Annual personnel costs (including fringe benefits) were estimated on the basis of \$24,000 for each officer and \$18,000 for each firefighter.

	Without Automatic Sprinklers	With Automatic Sprinklers
Officers	\$1,008,000	\$ 360,000
Firefighters	3,762,000	1,368,000
TOTAL	4,770,000	1,728,000

The reduction in personnel costs alone is \$3,042,000. This hypothetical case does not consider the cost factors for installing automatic sprinkler community water system design, deactivation of two fire stations, or the potential savings on community insurance premiums.

It has been established that the property hazard level is the primary factor affecting manning levels for fire companies. When the hazard is reduced, so is the manning requirement. This is only one method of assessing the difference between protection from specific hazards with a complement of fire suppression personnel and increased private protection to lower the demand for public protection.

THE FOLLOWING DOCUMENT(S) MAY NOT FILM
LEGIBLY BECAUSE OF POOR QUALITY OF THE
ORIGINAL.

BY R. J. COLEMAN
Director of Fire Protection

and

G. L. CARMICHAEL
Fire Marshal
San Clemente, Calif., Fire Dept.

Faced with a tremendous increase in the residential fire problem as its population doubles in the next 10 years, San Clemente, Calif., has passed an ordinance requiring sprinkler systems to be installed in new residential construction. The ordinance also applies to the remodeling of more than 50 percent of a building.

There has been a great deal of talk over the years about residential fires, which account for the largest number of structural fires and take the most lives, but San Clemente has done something about the residential fire problem. The sprinkler ordinance is also aimed at restraining the cost of public fire protection while maximizing fire department services and putting technology to work for us.

What prompted the passage of the residential sprinkler ordinance was a unique growth situation in the city and preparatory work by the staff of the San Clemente Fire Department.

Land to be developed

San Clemente covers 15 square miles with a population of 26,000. Two thirds of the city, about 10 square miles, is vacant land. The three corporations which own this land are prepared to fully develop it within the next 10 years. The population of San Clemente is due to double by 1990.

The fire department staff several years ago realized that it faced this potential and instituted a fire department master plan project. One of the elements of the master plan was to examine alternative methods of providing fire protection during this period of unprecedented growth. Initially, the department received most of its information and training on the master plan project from attending the National Fire Academy fire protection master planning course.

Historically, 90 percent of the fire loss in San Clemente has occurred in single and multiple residential buildings. The five-year fire record also showed that the largest percentage of fires started in kitchens and living rooms. The result of this statistical data was the formulation of a master plan goal to "reduce the loss of life and property in dwelling fires

by building fire protection into new construction."

Three systems studied

Research during the master plan project developed a great deal of information on studies of residential sprinkler systems, smoke detectors and early warning systems. These systems were immediately identified as possible means of mitigating the fire problem.

The first of these systems that was integrated into the city's codes was that of smoke detectors. A comprehensive smoke detector ordinance, patterned after the San Carlos one, was adopted in 1976. This ordinance requires the installation of smoke detectors in all new homes and in existing homes when they are sold or by 1981, whichever comes first.

Members of the fire department took some of their basic information on residential sprinkler tests from United States Department of Commerce studies. With the aid of several local automatic sprinkler companies, the department conducted a series of controlled burns, experimenting with a wide range of heads and installation specifications suggested by the Department of Commerce studies. These tests were run in cooperation with local building contractors and developers. Interested parties were allowed to witness the tests and make suggestions on how to incorporate sprinkler systems into their construction projects.

Four sprinkler goals

The residential sprinkler ordinance was developed with four major goals:

1. That it be low cost.
2. That it be aesthetically acceptable to homeowners.
3. That it be aimed at reducing liability in providing fire services.
4. That it speed the response of extinguishing agents in a dwelling fire.

One thing became apparent right away. The state of the art in residential sprinkler protection was not perfect. In fact, to draw an analogy, the fire department staff felt "that if the Wright Brothers had waited for the Concorde to be invented, they probably never would have built the first aircraft." The decision was made to take what information we had and move forward with the development of a comprehensive sprinkler ordinance for dwellings.

The San Clemente Fire Department operates with an attack pumper that is backed up by reserve fire fighters. Based on this operational situation, it was our intent to provide residential

quarter systems with three objectives in mind. The first objective was to confine 75 percent of all dwelling occupancy fires to the room of origin. The second was to utilize the sprinkler system to prevent flash-over from extending a fire into rooms adjacent to the room of origin. The third objective was to provide fire suppression capability for the first 15 minutes of an alarm.

Fire department support

These three objectives recognized that these systems must be supported by fire suppression forces if they were to be 100 percent effective. These three objectives also recognized that the residential sprinkler system was primarily a tool to mitigate against fire spread during the reflex time period.

The department already had a partial track record on these systems. Due to the other problems in the community, such as limited access, underground garages, etc., the department had already required several apartment houses and condominiums to be sprinklered to NFPA Pamphlet 13-D requirements. Prior to passage of the ordinance, the fire prevention bureau had required these systems in approximately six of these occupancies. Three had been completed prior to the final drafting of the ordinance.

Consideration of this alternative was given a tremendous boost with the passage of proposition 13. This tax-limiting initiative highlighted the general problem of eroding revenue to support fire departments.

One of the most important elements in the study was that of cost. With home construction costs spiraling rapidly, one of the objectives of the study was to develop a system that would be economically feasible during construction. With single family dwelling construction costs running at \$40,000, the installation of a truly domestic residential system was a relatively insignificant amount. The staff estimated the cost to be only \$700 to \$800 during the construction of a home of about 2100 square feet.

Early warning system

The third system that has yet to be required by ordinance is the early warning alarm system to tie together the other systems. The fire department communications officer, Captain Bill Hensley, has authored an ordinance and designed specifications for an alarm system that will allow the fire department to monitor both smoke detectors and residential sprinkler systems with

ordinance will soon be enacted.

There are many other elements of the residential sprinkler system too lengthy to discuss in this article. Two of the major construction requirements, however, will be tightly controlled by the fire department.

First, the system must be installed according to proper design. Through a series of inspections and testing, the fire department will examine every installation and compare it against the standards and engineering drawings.

Secondly, the quality of construction will be controlled through a series of permits authorized under the ordinance, which in summary states, "No one shall install a residential sprinkler system in San Clemente without a fire department permit." These permits can be obtained through the office of the fire chief. It will be his obligation, prior to issuance of a permit, to be satisfied that the applicant has adequate training and knowledge in sprinkler system plumbing practices.

One-year sprinkler installer permits are issued for a \$10 fee that covers the administration costs of the fire department.

Premium cut sought

The fire prevention bureau is soliciting input from the insurance industry in an attempt to get a reduction in insurance premiums for occupancies that are protected by all three built-in systems. The results of that study are incomplete at this time.

In summary, the enactment of these amendments to the Uniform Fire Code should allow our city to maximize our fire suppression forces without facing spiraling costs or reduced revenue. It will not prevent our department from growing in terms of additional staff and equipment. As a matter of fact, the master plan also calls for two new fire stations.

It is still too soon to determine if the standards and the ordinances produce a statistically significant level of reduction in the fire problem. The fire department staff is continuing to build a partnership of the fire service, the sprinkler industry, the insurance industry, the building industry and the local citizenry to upgrade the ordinances if that becomes necessary.

Hopefully, when the development of the three vacant land areas is completed, we will have an environment that is considerably safer from a fire loss point of view than the average community. We really don't know that for sure. To compare to our early analogy about the Wright Brothers, we have now built in a system that is flying, but we are really not sure how it's going to land. Only time will tell! □ □

THE PRECEDING DOCUMENT(S) MAY NOT FILM
LEGIBLY BECAUSE OF POOR QUALITY OF THE
ORIGINAL.

BILL ANALYSIS

ASSIGNMENT DATE 2-1-80

UNASSIGNED _____

DEPARTMENT Public Safety	SPONSOR (PRINCIPAL) Colletta and Bradley	BILL NO. SB 370
DEPARTMENT POSITION Support		
DIVISION DIRECTOR Ronald A. Hendrie	DATE 2-13-80	COMMISSIONER William R. Nix
		DATE 2/14/80
GOVERNOR'S OFFICE USE		
<input type="checkbox"/> POSITION NOTED <input type="checkbox"/> POSITION APPROVED <input type="checkbox"/> POSITION DISAPPROVED		
BY: _____ DATE: _____		
SUMMARY		
(1) IDENTICAL TO HB 648 INTRODUCED 1/31/80 (1) RELATED BILLS (SIMILAR OR CONFLICTING) (2) Department of Commerce & Economic Development (2) OTHER AGENCIES AFFECTED BY BILL		
(2) a. ORGANIZATIONAL SUPPORT FOR BILL Alaska Fire Chiefs Association Alaska State Firefighters Association		(2) b. ORGANIZATIONAL OPPOSITION TO BILL Unknown
(3) PROGRAM EFFECTS OF BILL		
The incentive aspects of the bill (voluntary or regulated installation of private fire protection systems) will favorably affect fire prevention and protection programs and efforts at the <u>state and local levels.</u>		
(4) FISCAL IMPACT: <input type="checkbox"/> NONE <input type="checkbox"/> FISCAL ANALYSIS ATTACHED		
(5) AMENDMENTS PROPOSED:		
None		

(6) COMMENTS:

The provisions in this bill provide the incentive and means and methods for the installation of private fire protection systems in private property which will in turn enhance and support the public fire protection systems and capabilities of communities throughout Alaska.

Many communities are being faced with providing additional fire protection services and with the costs associated with providing those services. A community fire protection incentive program can provide an alternative to the increasing costs of fire protection.

A long term affect of such a program would be in the area of security of a communities assets, e.g. private fire protection systems protect the economics of the community by providing security for the businesses that provide the tax base and employment of those within the community. Both the direct and indirect socioeconomic impacts, from fire, would be reduced.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. S. B. 370 and H. B. 648
 Title An Act Relating to Fire Prevention
 Requested by Legislative Finance Date 2-6-80

II. FISCAL DETAIL

Agency Affected Department of Community & Regional Affairs
 Program Category Affected Development
 Budget Request Unit(s) Affected Local Government Assistance

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
FULL TIME						
PART TIME						

**Comments and Information on
Senate Bill 370 & House Bill 648**

Prepared and submitted by:

**Alaska Fire Chief's Association
and
Alaska State Firefighters Association**

AD HOC Committee

Community Fire Protection Incentive Program

Chairman: Robert Shirnberg

The following material is for distribution to:

SENATE

Member of the Community & Regional
Affairs Committee

Chairman: Arliss Sturgulewski
Vice Chairman: Bob Mulcahy
Member: Tim Kelly
Member: Pat Rodey
Member: Terry Stinson

Distribute also to the following:

Senate Mike Colletta, sponsor Senate Bill #370
Senator Brad Bradley, co-sponsor Senate Bill #370
Representative Hugh Malone, sponsor House Bill #648
Representative Jim Duncan, co-sponsor House Bill #648

This material has been prepared and submitted by the
Alaska Fire Chief's Association and the Alaska State
Firefighters Association

AD HOC COMMITTEE on Community Fire Protection Incentive Program

Chairman: Robert Shirnberg

Comments of preference requirement of loan
for the installation of fire protection systems.

Our original concept was to allow preference on the following basis for fire equipment loans.

First preference would be for those property's that are existing, and where the installation of fire protection systems would be required by local or state building codes.

Second preference would have been for existing property owners that desired to install fire protection systems on a voluntary basis.

Third preference to new construction required to install fire protection systems

Fourth preference to new construction where voluntary installation of fire protection systems is desired.

With the preferential requirement removed from the loan considerations, there is no need to amplify the above considerations.

We feel that if the loan process problems are corrected, and loan applications for the installation of fire protection systems can proceed in a timely manner, there would be no need for preferential considerations, and these loans would be handled in the normal loan process.

Granting a 2% property tax incentive to those property owners who have installed approved fire protection systems is only a small recognition of what this improvement means to a community.

This incentive will help remove some of the reasons that a property owner may have that adversely affect the considerations to install approved fire protection systems.

We only need to look at property that is not protected by the fire protection systems to realize what a benefit to the community it is to have property owners install such systems.

It is the UNPROTECTED property that places the greatest demand on the public fire department and water system. Because of the fire flow requirements of unprotected properties, the manning level of fire departments is as high as it is now. It demands much more fire apparatus and pumping capacity, a larger water utility, and required fire flow reserve capacity.

The public's cost and taxes necessary to provide fire protection for property that is not equipped with approved fire protection systems is much greater. The real dollar costs of fire protection is measured by the number and amount of unprotected commercial properties within the community.

Yet we have responded to those property owners that have installed approved fire protection systems by requiring that they must pay additional property taxes because they have made improvements to their property--improvements that are far less costly to provide fire protection service for.

I find that we have a day and night comparison: Those that have made the effort to improve their property with a direct benefit to the community through reduced costs demanded by fire operations and a less demanding property on the water utility, we have required to pay ADDITIONAL property taxes.

While on the other hand, those property owners that have made no improvements; whose property demands more in respect to costs of operations of the fire department and demands a greater reserve fire flow of the water utility, ARE NOT TAXED ANY ADDITIONAL AMOUNT.

We have a situation in effect, where those that do little if any improvement to their property are rewarded, and those that make decided improvements that reduce costs to the taxpayer are punished, in effect.

I believe that property owners are sensitive to discrimination in such cases. There is no question as to the performance of sprinkler systems, and to the role these systems can and do play in reducing the costs and demands on the public fire departments, as well as demanding less fire flow from the water utility.

There is no question that the majority of the commercial property within our communities is not protected by the installation of such systems. If incentives were not needed to encourage property owners to install such systems, why aren't these systems the rule, instead of the exception?

Water standby demand charges, as presently assessed or charged to property owners, is one of the most inequitable rates assessed a property owner that has installed a sprinkler system. The reasoning and arguments used to justify this special rate charge are for the most part correct.

HOWEVER, all of the arguments and reasoning are directed at the WRONG property owner.

It is the property owner and/or commercial property that is not equipped with a sprinkler system that the rate arguments fit to a "T". It is the property that is NOT equipped with sprinkler systems that places the greatest demand on the water utility for fire operations. It is the property that is NOT equipped with sprinkler systems that causes the community's fire flow requirement to be increased. It is the property that is NOT equipped with a sprinkler system that requires the reserve fire flow.

Where should the fire flow demand rate be assessed?

As the commercial property generates the demand for the additional fire flow by the type of building, lack of fire protection systems, occupancy, etc, would it not be correct that the special water rates required for the additional fire flow requirements be assessed to those that generate the additional requirement? If this is the case, then those properties that are not equipped with fire protection systems should be assessed the additional rates required by the reserve or additional fire flow needed to combat fire in these properties.

What has happened in reality is that some (not all) water utilities have required additional revenue for operations, certainly common with today's economics. Because of this need, they have centered their rate requests on special users, and because of the large size of water service required by a sprinkler system, they have justified these charges based on the size of the service line to the property. In effect, they are charging by the inch of diameter water service. Little, if any, consideration has been given to the actual water demanded by such systems, and in particular considering the water demanded by fire operations of sprinkler-protected properties versus properties not protected by sprinkler systems. There is no question that buildings not equipped with sprinkler systems will demand much greater fire flows, and place a much greater demand and cost on the water utility. For the most part, these demand charges came on line with affected property owners not being aware of such charge until the first billing. The water utility did not publicly announce and make property owners aware of these considerations. For the most part these special unwarranted rates came about quietly. Once a rate such as this is established, it is very difficult to remove or correct, much the same as taxes.

These rates could be much better assessed to all commercial property owners. As a commercial water rate, then all properties would pay the rate. Adjusted, this would allow those that make the greatest demand on the water utility to pay a fair and just rate as per the demand generated by their property for the required fire flow. As it stands now, only those that place a lesser demand on the water utility are required to pay this special water rate.

Is it proper for the Legislature to direct the Public Utilities Commission on matters concerning rate setting?

In the case of the excessive water utility rates as approved by the P.U.C. for demand water service to sprinklered protected buildings, it is proper for the legislature to resolve and direct the P.U.C. to correct the unfair rates that have been approved.

The P.U.C. has allowed and approved a very inequitable rate to be charged by some water utilities for this service. As this rate does not hold with the fair and equitable rate policy as supposed to be administered by the P.U.C., where else but to the legislature can this problem be resolved? The P.U.C. has not re-directed its policy in this matter, and they have let the rate stand.

As to the fairness of the demand water standby rates, the Municipality of Anchorage has requested and received approval from the P.U.C. to remove the demand water standby charges that have been charged by the municipal water utility for the past three years. It is apparent that the Municipality of Anchorage considers these charges excessive and unwarranted, and has removed them effective March 31, 1980.

If the businessmen and property owners in our state cannot receive fair and equitable treatment from public state commissions, the only recourse they have is to seek adjustments by legislative action to resolve the problem.

THE FOLLOWING DOCUMENT(S) MAY NOT FILM
LEGIBLY BECAUSE OF POOR QUALITY OF THE
ORIGINAL.

Apparently there is some concern that this legislation will affect for the most part the urban or larger communities, and that it will not do much in the way of helping those in rural or bush Alaska, this is far from the truth.

In the case of most legislation that applies to all areas of the state, the greatest impact will be in those areas of most population or the urban areas.

However, on a one to one basis, this legislation will have the greatest effect in the rural or bush areas, and in those areas with little or no fire protection.

Insurance costs in rural and bush Alaska are often prohibitive. In many cases the cost of fire insurance is such that businessmen are hard pressed by the high rates. A substantial reduction in insurance rates upwards of 50% can be realized with the installation of approved fire protection systems. The installation of the fire protection systems and resulting reduction in insurance costs can make the difference between a marginal business and viable business operation. Often the insurance rates are a considerable portion of the overhead costs.

The impact of business failure or the distraction of a business by fire in the rural or bush areas has a decided effect on the community. We have cases where the major business of a community has been destroyed by fire, placing many out of work, many of those affected must move to other areas to seek employment, and in some cases the community has ceased to be, because the sole source industry of the community has been destroyed.

There has been some question as to the tax incentive being fair for the rural or bush areas that do not have property taxes, businessmen or property owners would not be taxed in such areas, therefore they have no incentive or equal considerations. I can only answer this by saying if you are not taxed for the installation of fire protection systems, you do not have the problem. It is those areas that do tax for the installation of fire protection systems that create a disincentive for the businessmen.

Rural and Bush Alaska has a great incentive to install cost effective fire protection systems, the reduction of insurance costs and overhead costs, the security of the business is much better protected, resulting in better security for the jobs created by the business.

This legislation will allow a method for the business and or community to install fire protection systems, and greatly improve and reduce the impact and major economic effects of fire in our rural and bush areas of the state.

THE PRECEDING DOCUMENT(S) MAY NOT FILM
LEGIBLY BECAUSE OF POOR QUALITY OF THE
ORIGINAL.

AVENUES OF APPROACH

SENATE BILL 370

Intent: Provide incentive, means and methods for installation of sprinkler systems (both standard and hydraulic) in residential and commercial buildings (excluding all other fire protection systems)

Bill provides 2 mechanisms:

- 1) through property tax exemptions
- 2) through business loans A) lower loans & interest B) priority status given over all other loans

PROS

Lives & business savings will continue to bring in more revenues to municipalities than lives & businesses lost // vs municipality \$ loss through:

- 1) property tax exemption revenue
 - 2) water reduction revenue (a-water flow requirements for sprinkler heads reduction = 1/2 and b) fire hydrants water reduction c) water standby utilities chgs.
 - 3) other revenue loss through expenses of firemen, policemen, cleanup, etc
- NOTE: also general public property taxes would not have to increase.

Loan program provides more incentive

CONS "full and true value" definition is destroyed, destroys local assessors credibility in est. market value, and confuses taxpayer who refers to assessing records for information.

OTHER AVENUES OF APPROACH TO CONSIDER

- 1. Income tax credit in the amount spent for fire protection systems installation.
- 2. State reimburse the individual a check in the amount of a predetermined percentage of the system cost.
- 3. ~~Insurance reductions~~
- 4. Water rate deductions.

INTENT - INCENTIVE

Existing incentive: fire protection systems reduce insurance premium costs. Property owners can more than "recoup" initial cost of the system installation within a relatively few years.

PROBLEMS ^(penalization) 1) property tax increase 2) water standby surcharge not reduced/eliminated to nominal fee charge rates -- resulting where some owners have shut down their systems opting the higher insurance rates as the cheaper way to go.

Why not penalize those w/o fire protection / sprinkler device instead?

END RESULT DESIRED / MECHANISM

Give incentive to commercial (and residential) owners to install and maintain fire protection systems; and, to present long term method whereby this installation will remain the cheaper avenue to go. *(Affect new building codes and renovations.)*

Fire Protection Definition???

PROBLEM

Alaska is No. 1 in fires with loss of life per capita and property dollar loss per capita

What can be done to help this situation?

SB 370 // Tentative Summary

Bill Backers/Supporters initially: Alaska Fire Chiefs Assoc. and Ak. State Firefighters Assoc.

Legislators: Senator Colletta & Bradley

Intent: provide incentive, means and methods for installation of private fire protection systems in residential and commercial buildings. Two-fold approach: through loans and property tax exemptions.

- allow businessmen and property owners to receive loans at interest rates proposed, giving priority to such loans, thereby encouraging installation

- additional incentive by removing fire protection systems from real property tax roles.

- loan fund (Small Business Loans Division, Ec. Dev. & Com.) will provide loans - with intent of direct insurance savings received from the installation will be calculated in the repayment schedule.

- tax incentive, remove from the property tax rolls the assessed value of the system

- encouraging water standby surcharge for sprinkler connections be reduced/eliminated to nominal fee charge rates to property owners who have installed (Many cases this eliminates or exceeds any dollar saving realized from other reductions as result of installation; i.e., insurance rates lowered, etc.) This will assist positively so that owners will not cut the sprinkler system down and accept the high insurance rates as the cheaper way to go, *...not back to*

PROS

Lives & buildings saved, which will result in more revenue from respective businesses to the municipality.

What municipality will save with the above, will more than compensate for lost revenue because of the tax exemption; i.e., business generating sales tax continues, more employment continues, less policing, firemen, cleanup, effort needed...

Insurance rates are higher on buildings without sprinklers - incentive to install system

Less water pressure is needed -

Insurance deduction to building owner will compensate for any payment on installation loan for sprinklers received.

CONS Municipality loss of revenue - instances where the taxpayer pays for hydrants generally from the municipality budget - underwritten by sales and property taxes equally proportionate from all property owners. *...with consumption decrease - 30 per cent*

Dept. C/RA - "full and true value" definition is destroyed, destroys local assessors credibility in est. market value, and confuses taxpayer who refers to assessing records for information.

Depts 1) Pub. Safety
2) C/RA
3) Econ. Dev. & Commerce
4) ...

Contacts Needed: SB 370, as well as new alternatives

Ginny Chitwood -

✓ APUC (Zerbetz or C. Guess)

1. Outcome of Private Fire Protection Service charge case levied against those buildings who have fire protection sprinkler systems

A. ~~What was the actual violation~~ 1) ~~reduce water flow requirement for sprinklers~~ rates to owners of sprinkler fire protection systems
2) ~~Paying private fire protection service fee~~
?

Violation: two fees being charged - ?) lower water consumption rate and Private Fire Protection Service fee? or municipality charging the one that was not the most advantageous to the customer?

Assistance in alternative approach concerning water rates for commercial and residential buildings who have fire protection systems installed.

Dept. Public Safety/ William Nix, Commissioner or Ronald Hendrie ✓ ✓

Dept. C/RA also F.N. *Alternatives*

Mitch - Anchorage municipality summary and alternative proposals???

Business Loans - F.N. plus dept. concerns / suggestions for alternate proposals ✓

Revenue - ~~Income tax credit rebate~~

Insurance Div. - ~~rate reductions as presently exist, etc.~~ alternate proposals?

Glen "Pat" McKee, Anchorage Assessor 264-6596

The ...
...

RECEIVED
A.P.U.C.

AUG 9 12 32 PM '79

Coeur D'Alene, Idaho

52

JAY S. HAMMOND, Governor

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

ALASKA PUBLIC UTILITIES COMMISSION

1100 MACKAY BUILDING
338 DENALI STREET
ANCHORAGE, ALASKA 99501

July 24, 1979

RECEIVED
A.P.U.C.
AUG 9 12 32 PM '79

Gentlemen:

Re: Private Sprinkler Fire Protection

This Commission is desirous of receiving information in the referenced matter as it relates to water utility rates and property tax assessments. Accordingly, if you could assist us by briefly answering the following questions it would be appreciated:

Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?

A. 1. Taxes are not effected. Normally the owner will enjoy a better premium in his Insurance rates only.

Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?

A. 2. Yes. A rate analysis was conducted by a consulting firm to determine the rate.

Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?

A. 3. No, just the minimum demand charge.

Reply:
8-3-79

RECEIVED
A.P.U.C.

JUL 30 2 28 PM '79

JAY S. HAMMOND, Governor

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

ALASKA PUBLIC UTILITIES COMMISSION

1100 MACKAY BUILDING
338 DENALI STREET
ANCHORAGE, ALASKA 99501

July 24, 1979

Gentlemen:

Re: Private Sprinkler Fire Protection

This Commission is desirous of receiving information in the referenced matter as it relates to water utility rates and property tax assessments. Accordingly, if you could assist us by briefly answering the following questions it would be appreciated:

- Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?

No

- Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?

25% per sq ft of frontage or a minimum charge of \$15.00 per year.

- Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?

Yes - \$4.00 per month

TACOMA
JAY S. HAMMOND, Governor

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

ALASKA PUBLIC UTILITIES COMMISSION

1100 MACKAY BUILDING
338 DENALI STREET
ANCHORAGE, ALASKA 99501

July 24, 1979

RECEIVED
A.P.U.C.
Aug 3 11 33 AM '79

Gentlemen:

Re: Private Sprinkler Fire Protection

This Commission is desirous of receiving information in the referenced matter as it relates to water utility rates and property tax assessments. Accordingly, if you could assist us by briefly answering the following questions it would be appreciated:

- Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?
No, he does not receive a tax break. The owner could pay more tax due to an increased property evaluation.
- Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?
The owner must take a regular water service before qualifying for a special separate fire service. A monthly service charge is imposed based on the operation and maintenance cost of the meter and service pipe.
- Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?
No, he is not. The municipality makes a small contribution towards the calculated cost of fire protection.

SEATTLE

If possible, the Commission would also like to receive a list of private sprinkler rates currently used by your municipal water utility.

Very truly yours,

ALASKA' PUBLIC UTILITIES COMMISSION

J. F. Jewell
John F. Jewell
Deputy Director

IWM:gb

Section 33. That as of January 1, 1975, all water used for domestic and commercial purposes shall be supplied by meter only at the following rates and charges.

The rates for metered water supplied to premises within the City of Seattle in one month, or fractional part thereof, shall be in accordance with the following schedule:

SERVICE SIZE	CONSUMPTION QUANTITY ALLOWED	MINIMUM CHARGE
3/4 inch	300 cu. ft.	\$ 2.10
1 inch	600 cu. ft.	2.80
1 1/2 inch	1200 cu. ft.	4.10
2 inch	2000 cu. ft.	6.80
3 inch	3400 cu. ft.	8.70
4 inch	4900 cu. ft.	12.00
6 inch	7100 cu. ft.	16.50
8 inch	10000 cu. ft.	23.00
10 inch	14200 cu. ft.	31.50
12 inch	20600 cu. ft.	44.00

Each one hundred (100) cubic feet in excess of the quantities allowed for the foregoing minimum charges except as hereinafter provided.. \$.213

Each one hundred (100) cubic feet in excess of the first thirty thousand (30,000) cubic feet\$.142

Each separate building or premises in addition to the first or principal building or premises supplied through the same service connection, five hundred (500) cubic feet or less\$2.50

Provided, that the terms "separate building or premises" shall not apply to trailer parks or trailer courts, which shall be governed as to water rates by the number and sizes of services and quantity of water used under the previous schedule.

Water supplied to municipal departments of the City of Seattle, each one hundred (100) cubic feet in excess of the quantity allowed for the foregoing minimum charges\$.142

The rates for water supplied for fire protection purposes exclusively shall be deemed service charges and shall be for any one month, or fractional part thereof, as follows:

SIZE OF SERVICE	SERVICE CHARGE
2 inch	\$ 1.85
3 inch	2.75
4 inch	3.50
6 inch	5.40
8 inch	7.10
10 inch	9.75
12 inch	11.70

The service charges hereinabove set forth shall be granted only during such times as there is no appreciable registration by the meter maintained by the City on such fire protection services.

Water used for any other purpose than for extinguishing fires, through a fire protection service, shall be charged at a rate double the common rate provided for in this ordinance.

← Domestic and commercial rates and fire service charges for inside the City limits of Seattle, Washington. Outside the City limits, rates are slightly higher for the same services.

JAY S. HAMMOND, Governor

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**
ALASKA PUBLIC UTILITIES COMMISSION

1100 MACKAY BUILDING
338 DENALI STREET
ANCHORAGE, ALASKA 99501

July 24, 1979

RECEIVED
A.P.U.C.
AUG 6 3 45 PM '79

Gentlemen:

Re: Private Sprinkler Fire Protection

This Commission is desirous of receiving information in the referenced matter as it relates to water utility rates and property tax assessments. Accordingly, if you could assist us by briefly answering the following questions it would be appreciated:

Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?

no

Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?

no

Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?

no

WATER RATES AND REGULATIONS

Service connection installations larger than the two-inch shall be charged at the actual cost of the complete installation.

- 5 Delinquent penalty charge:
(See § 14.16.690) \$15.00
- 6 Special charges:
 - a. Turn-on requested less than thirty days after turn-off requested
(See § 14.16.280) \$10.00 each
 - b. Shut-off and turn-on requested for premises where customer's stop and waste valve should have been used (See §§ 14.16.220 and 14.16.250) \$10.00 each
 - c. Turn-on or shut-off requested for a time other than regular hours (See § 14.16.250) \$30.00 each

7. ~~The Service.~~ The rates for water supplied exclusively for fire protection purposes shall be deemed service charges and shall be for any one month, or fractional part thereof, as follows:

Size of Service	Service Charge
4 inches	\$ 4.00
6 inches	5.50
8 inches	7.50
10 inches	10.00
12 inches	12.00

8. Outside the City Limits.

- 1. Individual Meters. The consumption and minimum monthly charges for individual metered services outside the city limits shall be computed in the same manner as for metered customers within the city and then a surcharge of twenty-five percent of this amount shall be added to the charge so computed to arrive at the total monthly water charge.
- 2. Master Meters.
 - a. The consumption charges for master meters outside the city limits shall be computed in the same manner as for individual metered services outside

~~EDMONDS~~

meter. In the case of premises for which both fire protection and other water service for such uses as domestic commercial, industrial, or manufacturing purposes is supplied, there may be two service installations made to the premises; one for fire service only and one for other water service. These service functions may also be combined in a single service connection with the approval of the water department.

In the event two separate service connections are installed, the fire protection system so served shall consist of an automatic sprinkler system only, without additional outlets which could normally be used for other than fire suppression purposes. (Ord. 1561 (part), 1971).

6.21.040 Fire service monthly service charges. (a) The minimum monthly rates for inspection and maintenance of detector check systems are fixed as follows:

<u>FIRE SERVICE OR DETECTOR METER SIZE</u>	<u>MONTHLY SERVICE CHARGE</u>
2"	\$ 5.00/month
3"	5.00/month
4"	5.00/month
6"	7.50/month
8"	10.00/month
10"	15.00/month

Water used through the fire service line for fire suppression purposes and limited testing of the system will normally be furnished without any charge in addition to the monthly minimum charge set forth for fire service meter or detector check meter.

(b) If a detector check meter proves, or proof otherwise provided, leakage or unauthorized usage of water which is not for fire suppression purposes, the customer shall pay for all water used at the applicable metered rate. The rates for water so used are fixed as follows: At the time of first written notice from the city water department the applicable rate shall be the same as the domestic rate for comparable size of domestic water meter for unauthorized use over one hundred cubic feet per month; in the event the unauthorized use again occurs after the period of time specified in the written notice from the water department the rate shall be double the domestic rate for a comparable size domestic water meter for such unauthorized use over one hundred cubic feet per month.

(c) References made by this chapter as to existing metered rates shall be to Chapter 6.20 of the Edmonds city code. (Ord. 1561 (part), 1971).

6.21.050 Violation--Penalty. In addition to all civil rights of collection, liens, shut-offs and other remedies available to the city of Edmonds as prescribed by statute and ordinance for unauthorized use and/or nonpayment of charges, any person, firm, corporation or other organization, including any officers, directors and managers thereof, who violate any provision of this chapter shall be guilty of a misdemeanor and subject to penalties as set forth in Section 5.12.170 of the

This study was initiated prior to this legislative session for informational purposes in APUC Docket U-79-14, Re Anchorage Water Utility.

In July 1979, the Commission Staff mailed questionnaires to all known municipal water utilities within Alaska and to several municipal water utilities in the northwestern United States. The questionnaire consisted of three questions:

- Q. 1. Does a property owner receive any type of tax break for installing a sprinkler system or does the owner subsequently pay more property tax due to an increased property evaluation?
- Q. 2. Are sprinkler system property owners charged a demand charge by the utility for water service and if so, what method is used to determine the costs for providing this service?
- Q. 3. Is the sprinkler system property owner required to pay a direct fire hydrant or fire protection tax by the municipality?

Of approximately 40 questionnaires sent within Alaska, 13 replies were received and of 93 questionnaires sent out of state 42 replies were received.

TABULATION OF REPLIES

<u>Alaska</u>		<u>Question #1</u>	<u>Question #2</u>	<u>Question #3</u>
Cordova		No *	No	No
Dillingham		No	Yes	No
Homer		No	No	No
Juneau		No	No	No
Kenai		No	No	No
Ketchikan		No	Yes	No
Kodiak		No	No	No
Nome		No	No	No
North Pole		No	Yes	No
Petersburg		No	Yes	No
Seward		No	No	No
Sitka		No	No	No
Skaqway		No	No	No
<hr/>				
Total	Yes:	0	4	0
	No:	13	9	13
<hr/>				
<u>Idaho</u>				
Burley		No *	Yes	Yes
Couer d'Alene		No	Yes	No
Moscow		No	No	No
McCall		N/A	N/A	N/A (Sewer Utility)
Mountain Home		No	No	No
<hr/>				
Total	Yes:	0	2	1
	No:	4	2	3
	N/A:	1	1	1

* Most of the "No" answers on question #1 appear to be directed to the first part of the question. There were several "Neithers."

Note: All of the cities listed here appear to have city owned water systems. Information was previously supplied to the committee re privately owned water utilities such as Central Alaska Utilities, College Utilities Corporation, etc., and the regulated Municipal Water Utility, Anchorage Water Utility.

Oregon

Ashland	No *	Yes	No
Astoria	No	Yes	No
Baker	No	Yes	No
Canyonville	No	No	No
Central Point	No	Yes	No
Clackamas County	No	N/A	N/A (Not Water Utili
Coquille	No	No	No
Corvallis	No	Yes	No
Cottage Grove	No	No	No
Lowell	N/A	No	No
Portland	No	Yes	No
Reedsport	No	No	No
Roseburg	No	Yes	No
Salem	No	No	No
Sandy	No	No	No
Stayton	No	Yes	No

Total	Yes:	0	8	0
	No:	15	7	15
	N/A:	1	1	1

Washington

Anacortes	N/A	Yes	No
Battle Ground	No *	No	No
Blaine	No	No	No
Cheney	No	No	No
Clinton	N/A	N/A	N/A (No sprinkler systems)
Edmonds	No	Yes	No
Everett	No	Yes	No
Fircrest	No	No	No
Forks	No	No	No
Longview	No	Yes	Yes
Moses Lake	No	No	Yes
Okanogan	No	Yes	No
Olympia	N/A	Yes	No
Pasco	No	Yes	No
Port Angeles	No	Yes	No
Pullman	No	No	No
Seattle	No	Yes	Yes
Tacoma	No	Yes	No
Union Gap	N/A	Yes	Yes
Wenatchee	No	Yes	No
Yakima	No	Yes	No

Total	Yes:	0	13	4
	No:	17	7	16
	N/A:	4	1	1

* Most of the "No" answers on question #1 appear to be directed to the first part of the question. There were several "Neithers".

Note: All of the cities listed here appear to have city owned water systems. Information was previously supplied to the committee re privately owned water utilities such as Central Alaska Utilities, College Utilities Corporation, etc., and the regulated Municipal Water Utility, Anchorage Water Utility.

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

CORRECTION