

HB

577

HOUSE COMMITTEE REPORT

(5)

Date Referred: March 12, 1990

FURTHER REFERRALS:

RESOURCES, FINANCE

Date of Committee Action: 4/24/90

The COMMUNITY & REGIONAL AFFAIRS Committee considered:

HB 577

HOUSE BILL NO. 577

OIL & HAZARDOUS SUB. IMPACT ASSISTANCE

"An Act concerning the exercise of authority and recovery of damages by the state and its municipalities and villages in matters relating to environmental conservation; relating to state assistance to municipalities and villages for expenses for prevention and abatement of environmental degradation; establishing an oil and hazardous substance municipal impact fund in the Department of Community and Regional Affairs; ... (See attached)

be replaced with CSHB 577 (CERA) the same title a new title

have attached amendment(s)

- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact CERA, DEC
- zero fiscal note
- zero with analysis

APPROVES PREVIOUS:

- fiscal note(s) published: _____
- zero fiscal notes(s) published: _____

SIGNING DO PASS:

Eileen P. McKeon

Eugene G. Kukina

SIGNING OTHER THAN DO PASS:
(Do Not Pass, No Recommendation, Amend)

Cheri Davis - No Rec.

Eileen P. McKeon
Chairman's signature

The COMMUNITY & REGIONAL AFFAIRS Committee considered:

HB 577

HOUSE BILL NO. 577

OIL & HAZARDOUS SUB. IMPACT ASSISTANCE

"An Act concerning the exercise of authority and recovery of damages by the state and its municipalities and villages in matters relating to environmental conservation; relating to state assistance to municipalities and villages for expenses for prevention and abatement of environmental degradation; establishing an oil and hazardous substance municipal impact fund in the Department of Community and Regional Affairs; and amending provisions applicable to the suspension and reimposition of the oil and gas production tax oil surcharge to provide money to that fund; and providing for an effective date."

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to municipal assistance
Sponsor: House Resources Committee
Requestor: _____

Agency Affected: Community & Regional Affairs
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	144.5	149.4	154.0	159.1	164.0	169.4
TRAVEL	10.0	10.0	10.0	10.0	10.0	10.0
CONTRACTUAL	3.0	3.0	3.0	3.0	3.0	3.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	157.5	162.4	167.0	172.1	177.0	182.4

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER	157.5	162.4	167.0	172.1	177.0	182.4
TOTAL	157.5	162.4	167.0	172.1	177.0	182.4

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY	3.0	3.0	3.0	3.0	3.0	3.0

ANALYSIS : (Attach a separate page if necessary)

There is no fiscal impact anticipated in FY 90.

Please see attached.

Prepared by: Jim Plasman, Deputy Director
Division: Municipal & Regional Assistance

Phone: 465-4750
Date: _____

Approved by Commissioner: David C. Hoffmann
Agency: Community & Regional Affairs

Date: 4-6-90

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Position Title Local Government Specialist IV			No. of Positions 1	Range/Step 19A	Barg. Unit GGU
Time Status Permanent	Staff Months 12		Location Anchorage/Juneau		Election District
			Justification		
			This position will be needed to provide technical assistance to local government administrators in determining the extent of local impacts, developing and implementing strategies for community recovery, and applying for the grant monies to carry out these strategies. The funding source would be a percent of the total funds available.		
Type of Expenditure			Amount		
1	2	3			
Salary	40.0				
Benefits	13.4				
Premium Pay					
Other					
Total Personal Services		53.4			
Travel		10.0			
Contractual		3.0			
Commodities					
Equipment					
Other					
Total Cost		66.4			
Funding Source for Total Cost					
Federal Receipts	1002				
G. F. Match	1003				
General Fund	1004				
I-A Receipts	1006				
CIP Receipts	1061				
Other		66.4			

**Request For
New Position**

Agency Community & Regional Affairs
 BRU Local Government Assistance
 Component Training & Development

Page 2 of 4
 Revised Date

FY 91

Position Title Grants Administrator II		No. of Positions 1	Range/Step 17A	Barg. Unit GGU
Time Status Permanent	Staff Months 12	Location Anchorage/Juneau		Election District
		Justification		
Type of Expenditure		Amount		
1	2	3		
Salary	34.8			
Benefits	12.2			
Premium Pay				
Other				
Total Personal Services		47.0		
Travel				
Contractual				
Commodities				
Equipment				
Other				
Total Cost		47.0		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004			
I-A Receipts	1006			
CIP Receipts	1061			
Other		47.0		

During the recent oil spill, DCRA administered an oil spill grant program of \$1,160,000. Based on experience with this program, one position to prepare grant/contractual documents will be needed during program activity. This position would be responsible for developing the agreement, reviewing payment requests, monitoring the project until completion, then finally closing out the grant. This position is budgeted here at salary for 12 months funded from the amount designated in the bill.

**Request For
New Position**

Agency Community & Regional Affairs
 BRU Administration & Support
 Component Administrative Services

Page 3 of 4
 Revised Date

FY 91

Position Title Accountant II		No. of Positions 1	Range/Step 16A	Barg. Unit GGU
Time Status Permanent	Staff Months 12	Location Juneau		Election District
Type of Expenditure		Justification		
1	2	3		
Salary	32.4	An Accountant II will be needed to respond to the increased activity that would be generated by a program of this size. Staff in the fiscal section of DCRA are presently working to capacity due to addition of new and expanded programs in recent years.		
Benefits	11.7			
Premium Pay				
Other				
Total Personal Services		44.1		
Travel		This position would have fiscal oversight of all billings, entries on the state accounting systems and report preparation for management.		
Contractual				
Commodities				
Equipment				
Other				
Total Cost		44.1		
Funding Source for Total Cost		Funding source would be part of a percent of total funds available.		
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004			
I-A Receipts	1006			
CIP Receipts	1061			
Other		44.1		

**Request For
New Position**

Agency Community & Regional Affairs
 BRU Administration & Support
 Component Administrative Services

Page 4 of 4
 Revised Date _____

FY 91

STATE OF ALASKA
1990 LEGISLATIVE SESSION

BILL VERSION: CSHB 577 (C&RA)

PUBLISH DATE: 4/24/90

FISCAL NOTE

REQUEST:

Revision Date: _____	Agency Affected: <u>Environ. Conservation</u>
Title: <u>An act concerning municipal assistance/oil spill fund</u>	BRU: <u>Environmental Quality</u>
Sponsor: <u>Resources Committee</u>	Components: <u>Environmental Quality</u>
Requestor: <u>House C&RA</u>	

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	115.1	144.0	144.0	144.0	144.0	144.0
TRAVEL	7.5	10.0	10.0	10.0	10.0	10.0
CONTRACTUAL	20.0	24.0	24.0	24.0	24.0	24.0
SUPPLIES	2.5	3.0	3.0	3.0	3.0	3.0
EQUIPMENT	12.5	15.0	15.0	15.0	15.0	15.0
LAND&STRUCTURES	0.0	0.0	0.0	0.0	0.0	9.0
GRANTS,CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	157.6	196.0	196.0	196.0	196.0	205.0

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE	0.0	0.0	0.0	0.0	0.0	0.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	157.6	196.0	196.0	196.0	196.0	196.0
FEDERAL FUNDS	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	157.6	196.0	196.0	196.0	196.0	196.0

POSITIONS:

FULL-TIME	2.0	3.0	3.0	3.0	3.0	3.0
PART-TIME	1.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: (Attach a separate page if necessary)

See attached

Prepared by: Lynn Kent
Division: Environmental Quality

Phone: 465-2630
Date: 4/24/90

Approved by Commissioner: A. D. Hyle
Agency: Environmental Conservation

Date: 4/24/90

Distribution (by preparer) :
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

Original sponsor(s): Resources Committee

1 IN THE HOUSE

BY THE C&RA COMMITTEE

2 CS FOR HOUSE BILL NO. 577 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act concerning the exercise of authority and
7 recovery of damages by the state and its municipal-
8 ities and villages in matters relating to environ-
9 mental conservation; relating to state assistance to
10 municipalities and villages for expenses for preven-
11 tion and abatement of environmental degradation;
12 establishing an oil and hazardous substance municipal
13 impact fund in the Department of Community and Re-
14 gional Affairs; and amending provisions applicable to
15 the suspension and reimposition of the oil and gas
16 production tax oil surcharge to provide money to that
17 fund; and providing for an effective date."

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

19 * Section 1. AS 29.35.020(b) is amended to read:

20 (b) A municipality may adopt an ordinance to exercise a power
21 authorized by this subsection [PROTECT ITS WATER SUPPLY AND WATER-
22 SHED,] and may enforce the ordinance outside its boundaries. Before a
23 [THIS] power authorized by this subsection may be exercised inside the
24 boundaries of another municipality, the approval of the other munic-
25 ipality must be given by ordinance. A municipality intending to
26 exercise its authority under this subsection shall act by ordinance,
27 and may adopt an ordinance under this subsection to

28 (1) protect its water supply and watershed; or

29 (2) contain, clean up, or prevent the release or threatened

1 release of oil or a hazardous substance that may pose an imminent or
2 substantial threat to persons, property, or natural resources within
3 the municipality's boundaries; however, this paragraph does not au-
4 thorize a municipality to enforce an ordinance outside its boundaries
5 to regulate exploration, development, or production of oil, gas, or
6 minerals in a manner inconsistent with the state's management of those
7 resources when the state is the owner of the land, tideland, or sub-
8 merged land; the ordinance adopted must be consistent with a regional
9 master plan for the region in which the municipality is located if a
10 plan has been prepared by the Department of Environmental Conservation
11 under AS 46.04.210; in this paragraph, "natural resources" has the
12 meaning given in AS 46.03.825.

13 * Sec. 2. AS 29.35.200 is amended by adding a new subsection to read:

14 (d) A first class borough that exercises power necessary to
15 contain, clean up, or prevent a release or threatened release of oil
16 or a hazardous substance, and exercise a power granted to a municipali-
17 ty under AS 46.04, AS 46.08, or AS 46.09 shall exercise its authority
18 in a manner that is consistent with a regional master plan for the
19 region in which the borough is located if a plan has been prepared by
20 the Department of Environmental Conservation under AS 46.04.210.

21 * Sec. 3. AS 29.35.210(a) is amended by adding a new paragraph to read:

22 (13) contain, clean up, or prevent a release or threatened
23 release of oil or a hazardous substance, and exercise a power granted
24 to a municipality under AS 46.04, AS 46.08, or AS 46.09; the borough
25 shall exercise its authority under this paragraph in a manner that is
26 consistent with a regional master plan for the region in which the
27 borough is located if a plan has been prepared by the Department of
28 Environmental Conservation under AS 46.04.210.

29 * Sec. 4. AS 29.35.220 is amended by adding a new subsection to read:

1 (e) A third class borough may by ordinance exercise power neces-
2 sary to contain, clean up, or prevent a release or threatened release
3 of oil or a hazardous substance, and exercise a power granted to a
4 municipality under AS 46.04, AS 46.08, or AS 46.09, but the power
5 authorized by this subsection may be exercised only on a nonareawide
6 basis. The borough shall exercise its authority under this subsection
7 in a manner that is consistent with a regional master plan for the
8 region in which the borough is located if a plan has been prepared by
9 the Department of Environmental Conservation under AS 46.04.210.

10 * Sec. 5. AS 29.60 is amended by adding new sections to read:

11 ARTICLE 6. OIL AND HAZARDOUS SUBSTANCE MUNICIPAL
12 IMPACT ASSISTANCE.

13 Sec. 29.60.500. PURPOSE AND POLICY. (a) The legislature finds
14 and declares that the release of oil or hazardous substances into the
15 environment presents a real and substantial threat to the economy and
16 public welfare of the municipalities and villages that are affected by
17 the release.

18 (b) The legislature concludes that it is in the best interest of
19 the state and its citizens to provide a readily available fund for the
20 payment of the expenses incurred by municipalities and villages to
21 mitigate the additional costs of reasonable and appropriate functions
22 and services that arise out of the release of oil or hazardous sub-
23 stances.

24 (c) It is the intent of the legislature and declared to be the
25 public policy of the state that money to defray the additional costs
26 of reasonable and appropriate functions and services by municipalities
27 and villages arising from a release of oil or a hazardous substance
28 and to pay for efforts to abate that release will always be available.

29 Sec. 29.60.510. FUND ESTABLISHED. (a) There is established in

1 the state general fund the oil and hazardous substance municipal
2 impact fund. The fund shall be administered by the commissioner.

3 (b) Money from an appropriation made to the fund remaining in
4 the fund at the end of a fiscal year remains available for expenditure
5 by the department in successive fiscal years.

6 (c) The fund shall be used to make grants under AS 29.60.530 for
7 actual expenses incurred by municipalities and villages.

8 Sec. 29.60.520. FINANCING OF THE FUND. The legislature may
9 appropriate from the account established in AS 43.55.210 to the fund.

10 Sec. 29.60.530. ADMINISTRATION OF THE FUND. (a) The commis-
11 sioner may use money from the fund to make grants to a municipality or
12 village affected by a release of oil or a hazardous substance and
13 demonstrating extraordinary expenditures that are beyond the reason-
14 able capability of the municipality or village to meet from the munic-
15 ipality's or village's current revenue sources.

16 (b) A grant made under this section may be made

17 (1) only for

18 (A) provision of subsistence resources on which the
19 residents of the municipality or village rely for subsistence
20 needs;

21 (B) the additional costs of a reasonable and appropri-
22 ate function or service, including administrative expenses for
23 the incremental costs of providing the function or service,
24 limited to

25 (i) public health and welfare functions and
26 services, including hospital, clinic, and emergency medical
27 services; alcohol, drug abuse, and mental health services;
28 family support services; and the operation of waste disposal
29 systems and water quality improvement systems;

1 (ii) public safety functions and services, includ-
2 ing police protection, search and rescue, and fire protec-
3 tion;

4 (iii) public utility functions and services, in-
5 cluding the operation of electric generating plants and
6 distribution systems, water supply systems, telephone sys-
7 tems, and fuel distribution systems;

8 (iv) housing functions and services, limited to
9 leasing or making other arrangements for temporary housing
10 to be occupied by persons associated with containment or
11 clean up of the release;

12 (C) costs associated with leasing transportation
13 facilities for use in activities associated with the containment
14 or clean up;

15 (D) costs of repair or replacement of equipment or a
16 capital asset associated with a function or service set out in
17 (B) of this paragraph the useful life of which has been substan-
18 tially reduced by use associated with the containment or clean
19 up; and

20 (2) to compensate the municipality or village for

21 (A) the reduction of revenue attributable to the
22 discharge of the oil or hazardous substance; and

23 (B) the costs of projects or activities that are
24 delayed or lost because of the efforts of the municipality or
25 village associated with the containment or clean up.

26 (c) In determining whether an expenditure by a municipality or
27 village is eligible for a grant from the fund, the department shall
28 consider

29 (1) the availability of money to the recipient from other

1 sources that can be used to support the request;

2 (2) the degree to which the proposed expenditure in the
3 grant application alleviates or addresses an effect reasonably attrib-
4 utable to the oil or hazardous substance discharge;

5 (3) the ability of the municipality or village to accommo-
6 date or absorb the effect through existing programs; and

7 (4) other criteria the department considers appropriate.

8 (d) The department may reject an application for a grant under
9 this section or approve an application for a grant in an amount that
10 is less than the amount requested by a municipality or village if the
11 department determines that payment of the amount requested is not
12 warranted under this section.

13 (e) If the total amount of money requested by eligible munic-
14 ipalities and villages for projects exceeds the amount available in
15 the fund, the department shall rank all or a portion of the applica-
16 tions for the purpose of establishing the priority order of awarding
17 grants. In ranking an application under this subsection, the depart-
18 ment shall consider

19 (1) the severity of the effect addressed in the applica-
20 tion;

21 (2) the degree to which the effect on the municipality or
22 village is directly caused by the oil or hazardous substance dis-
23 charge; and

24 (3) whether the proposed project is part of a coordinated
25 program with other affected municipalities and villages.

26 (f) The provisions of (e) of this section do not prevent the de-
27 partment from making a grant payment in an amount that is less than an
28 amount requested by a municipality or village if the department deter-
29 mines that payment of the amount requested is not warranted under this

1 section.

2 (g) A grant made under (a) of this section may not be used di-
3 rectly or indirectly to reduce current municipal tax rates or to
4 retire existing bonded indebtedness of a municipality.

5 Sec. 29.60.540. RECORDS OF THE FUND. (a) The department shall
6 maintain accounting records showing the income and expenses of the
7 fund.

8 (b) The department shall develop procedures governing the expen-
9 diture of, and accounting for, money expended from the fund.

10 Sec. 29.60.550. REPORT TO THE LEGISLATURE. The commissioner
11 shall submit a report to the legislature not later than the 10th day
12 following the convening of each regular session of the legislature.
13 The report may include information considered significant by the
14 commissioner but must include:

15 (1) the amount of money expended under AS 29.60.530 during
16 the preceding fiscal year; and

17 (2) a detailed summary of department activities in adminis-
18 tering the fund during the preceding fiscal year.

19 Sec. 29.60.560. REGULATIONS. The commissioner may adopt regula-
20 tions that are necessary to implement the purposes of AS 29.60.500 -
21 29.60.590.

22 Sec. 29.60.570. IMPACT ASSESSMENT. (a) If, in response to a
23 release of oil or a hazardous substance, municipalities or villages
24 apply for grants under AS 29.60.530, the commissioner shall, after
25 consulting with and securing the written approval of the attorney
26 general, make an assessment of the social and economic effects of the
27 release of the oil or hazardous substance on the municipalities, the
28 villages, and the region in which the discharge occurs. The commis-
29 sioner may make the assessment by

- 1 (1) using staff of the department;
- 2 (2) contracting with a municipality or other entity for the
- 3 assessment; or
- 4 (3) authorizing a municipality or other entity to make the
- 5 assessment and supporting that effort by a grant.

6 (b) Only one assessment may be completed under this section for

7 each release of oil or a hazardous substance.

8 (c) The commissioner may pay the costs of the assessment from

9 money available in the fund.

10 Sec. 29.60.590. DEFINITIONS. In AS 29.60.500 - 29.60.590

11 (1) "containment and clean up" has the meaning given in

12 AS 46.08.900;

13 (2) "fund" means the oil and hazardous substance municipal

14 impact fund;

15 (3) "hazardous substance," "oil," and "release" have the

16 meanings given in AS 46.08.900;

17 (4) "village"

18 (A) means a place in which 25 or more persons reside

19 as a social unit that is not incorporated as a municipality under

20 state law;

21 (B) does not include a place within a borough if the

22 power, function, or service for which the grant application is

23 submitted is exercised or provided by the borough on an areawide

24 or nonareawide basis at the time the grant application is submit-

25 ted.

26 * Sec. 6. AS 43.55.220 is amended to read:

27 Sec. 43.55.220. USE OF REVENUE DERIVED FROM SURCHARGE. The

28 legislature may appropriate the annual estimated balance of the ac-

29 count established under AS 43.55.210 to

1 (1) the oil and hazardous substance release response fund
2 established by AS 46.08.010; and

3 (2) the oil and hazardous substance municipal impact fund
4 established by AS 29.60.510.

5 * Sec. 7. AS 43.55.230(a) is amended to read:

6 (a) Not later than 30 days after the end of each calendar quar-
7 ter, the commissioner of administration shall determine the cumulative
8 total of money

9 (1) that has been deposited through that calendar quarter
10 into the general fund under AS 43.55.210;

11 (2) expended through that calendar quarter from

12 (A) the oil and hazardous substance release response
13 fund established in AS 46.08.010; and

14 (B) the oil and hazardous substance municipal impact
15 fund established in AS 29.60.510.

16 * Sec. 8. AS 43.55.230(c) is amended to read:

17 (c) If the commissioner of administration reports that the
18 difference determined under (b) of this section equals or exceeds
19 \$60,000,000 [~~\$50,000,000~~], the commissioner of revenue shall suspend
20 imposition and collection of the surcharge levied and collected under
21 AS 43.55.200. Suspension of the imposition and collection of the
22 surcharge begins on the first day of the calendar quarter next follow-
23 ing the commissioner's receipt of the commissioner of administration's
24 report under (b) of this section. Before the first day of a suspen-
25 sion authorized by this subsection, the commissioner shall make a
26 reasonable effort to notify all persons who are known to the depart-
27 ment to be paying the surcharge under AS 43.55.200 that the surcharge
28 will be suspended.

29 * Sec. 9. AS 43.55.230(d) is amended to read:

1 (d) Except as provided in AS 43.55.240, if the commissioner of
2 administration reports that the difference determined under (b) of
3 this section is less than \$60,000,000 [\$50,000,000], the commissioner
4 of revenue shall require imposition and collection of the surcharge
5 authorized under AS 43.55.200. Reimposition of the surcharge begins
6 on the first day of the calendar quarter next following the commis-
7 sioner's receipt of the commissioner of administration's report under
8 (b) of this section. Before the first day of reimposition of the
9 surcharge authorized by this subsection, the commissioner shall make a
10 reasonable effort to notify all persons who are known to the depart-
11 ment to be required to pay the surcharge under AS 43.55.200 that the
12 surcharge will be reimposed.

13 * Sec. 10. AS 43.55.240 is amended to read:

14 Sec. 43.55.240. SURCHARGE NOT IMPOSED. The surcharge authorized
15 by AS 43.55.200 is not levied during any fiscal year for which the
16 estimated revenue from the surcharge would be sufficient to restore
17 the combined balances [BALANCE] of the oil and hazardous substance
18 release response fund and the oil and hazardous substance municipal
19 impact fund on the first day of the fiscal year to at least
20 \$60,000,000 [\$50,000,000], and

21 (1) the legislature does not, during the regular legisla-
22 tive session preceding the first day of the fiscal year, appropriate
23 money from the general fund

24 (A) to the oil and hazardous substance release re-
25 sponse fund sufficient to restore the balance of that fund on the
26 first day of the fiscal year to at least \$50,000,000; and

27 (B) to the oil and hazardous substance municipal
28 impact fund sufficient to restore the balance of that fund on the
29 first day of the fiscal year to at least \$10,000,000; or

1 (2) the legislature, during the regular legislative session
2 preceding the first day of the fiscal year, appropriates money from
3 the general fund

4 (A) to the oil and hazardous substance release re-
5 sponse fund sufficient to restore the balance of that fund on the
6 first day of the fiscal year to at least \$50,000,000 and, because
7 of gubernatorial veto or reduction in the amount of the appropri-
8 ation, restoration of the balance of the fund to at least
9 \$50,000,000 does not become law; or

10 (B) to the oil and hazardous substance municipal
11 impact fund sufficient to restore the balance of that fund on the
12 first day of the fiscal year to at least \$10,000,000 and, because
13 of gubernatorial veto or reduction in the amount of the appro-
14 priation, restoration of the balance of the fund to at least
15 \$10,000,000 does not become law.

16 * Sec. 11. Section 3, ch. 112, SLA 1989 is amended to read:

17 Sec. 3. APPLICATION OF AS 43.55.240. (a) AS 43.55.240, added
18 by sec. 2 of this Act, does not apply to prevent the levy and collec-
19 tion of the surcharge imposed by AS 43.55.200 until the first day of
20 the fiscal year next following the day on which the combined balances
21 [BALANCE] of the oil and hazardous substance release response fund and
22 the oil and hazardous substance municipal impact fund first exceed
23 \$60,000,000 [EXCEEDS \$50,000,000].

24 (b) The commissioner of administration shall certify to the
25 commissioner of environmental conservation, the commissioner of reve-
26 nue, the commissioner of community and regional affairs, and the
27 division of legislative finance the date on which the combined bal-
28 ances [BALANCE] of the oil and hazardous substance release response
29 fund and the oil and hazardous substance municipal impact fund first

1 exceed \$60,000,000 [EXCEEDS \$50,000,000].

2 * Sec. 12. AS 46.03.822(a) is amended to read:

3 (a) Notwithstanding any other provision or rule of law and
4 subject only to the defenses set out in (b) of this section and the
5 exception set out in (i) of this section, the following persons are
6 strictly liable, jointly and severally, for damages to persons or
7 property, whether public or private, including damage to the natural
8 resources of the state or a municipality, or to the natural resources
9 that are owned by a village, [AND] for the costs of response, contain-
10 ment, removal, or remedial action incurred by the state, [OR] a munic-
11 ipality, or a village, and for the additional costs of a function or
12 service, including administrative expenses for the incremental costs
13 of providing the function or service, that are incurred by the state,
14 a municipality, or a village, resulting from an unpermitted release
15 of a hazardous substance or, with respect to response costs, the
16 substantial threat of an unpermitted release of a hazardous sub-
17 stance:

18 (1) the owner of, and the person having control over, the
19 hazardous substance at the time of the release or threatened release;
20 this paragraph does not apply to a consumer product in consumer use;

21 (2) the owner and the operator of a vessel or facility,
22 from which there is a release, or a threatened release that causes the
23 incurrence of response costs, of a hazardous substance;

24 (3) any person who at the time of disposal of any hazardous
25 substance owned or operated any facility or vessel at which the haz-
26 ardous substances were disposed of, from which there is a release, or
27 a threatened release that causes the incurrence of response costs, of
28 a hazardous substance;

29 (4) any person who by contract, agreement, or otherwise

1 arranged for disposal or treatment, or arranged with a transporter for
2 transport for disposal or treatment, of hazardous substances owned or
3 possessed by the person, other than domestic sewage, or by any other
4 party or entity, at any facility or vessel owned or operated by an-
5 other party or entity and containing hazardous substances, from which
6 there is a release, or a threatened release that causes the incurrence
7 of response costs, of a hazardous substance;

8 (5) any person who accepts or accepted any hazardous sub-
9 stances, other than refined oil, for transport to disposal or treat-
10 ment facilities, vessels or sites selected by the person, from which
11 there is a release, or a threatened release that causes the incurrence
12 of response costs, of a hazardous substance.

13 * Sec. 13. AS 46.03.900 is amended by adding new paragraphs to read:

14 (35) "service" means a function performed or service pro-
15 vided by the state or by a municipality under a duty or power au-
16 thorized by AS 29 or other provision of law authorizing a municipality
17 to perform functions or provide services, or a comparable function
18 performed or service provided by a village; "service" includes func-
19 tions not previously performed and services not previously provided by
20 the state, by the municipality, or by the village;

21 (36) "village" means a place in which 25 or more persons
22 reside as a social unit that is not incorporated as a municipality
23 under state law.

24 * Sec. 14. AS 46.04.020(e) is amended to read:

25 (e) The department shall enter into negotiations for memoranda
26 of understanding or cooperative agreements with the United States
27 Coast Guard, the United States Environmental Protection Agency, munic-
28 ipalities, villages, and other persons in order to

29 (1) facilitate coordinated and effective oil discharge

1 response in the state;

2 (2) provide for cooperative review of oil discharge contin-
3 gency plans submitted to the department under AS 46.04.030;

4 (3) provide for cooperative inspections of oil terminal
5 facilities by the department and the United States Coast Guard or
6 United States Environmental Protection Agency; and

7 (4) provide for cooperative oil discharge notification
8 procedures.

9 * Sec. 15. AS 46.04.030 is amended by adding a new subsection to read:

10 (h) Before approving an oil discharge contingency plan under
11 this section, the commissioner shall

12 (1) consult with municipal officials and with representa-
13 tives of affected regions and community organizations; and

14 (2) disseminate the draft plan to the public for review and
15 comment.

16 * Sec. 16. AS 46.04.900(5) is amended to read:

17 (5) "containment and cleanup includes all direct and
18 indirect efforts associated with the prevention, abatement, contain-
19 ment, or removal of discharged oil or a pollutant, and the restoration
20 of the environment to its former state; when applied to expenses, the
21 term includes the additional costs of providing a reasonable and
22 appropriate function or service incurred in response to the discharge
23 of a pollutant, including (, AND ALL INCIDENTAL) administrative expen-
24 ses for the incremental costs of providing the function or service;

25 * Sec. 17. AS 46.04.900 is amended by adding new paragraphs to read:

26 (18) "service" means a function performed or service pro-
27 vided by the state, a municipality, or a village, including functions
28 not previously performed and services not previously provided by the
29 state, the municipality, or the village;

1 (19) "village" means a place in which 25 or more persons
2 reside as a social unit that is not incorporated as a municipality
3 under state law.

4 * Sec. 18. AS 46.08.040 is amended to read:

5 Sec. 46.08.040. PURPOSES OF THE FUND. The commissioner may use
6 money from the fund to

7 (1) investigate and evaluate the release or threatened
8 release of oil or a hazardous substance, and contain, clean up, and
9 take other necessary action, such as monitoring and assessing, to
10 address a release or threatened release of oil or a hazardous sub-
11 stance that poses an imminent and substantial threat to the public
12 health or welfare, or to the environment; an assessment made under
13 this paragraph may include an assessment of the social and economic
14 effects of the release or threatened release;

15 (2) pay all costs incurred to establish and maintain the
16 oil and hazardous substance response office and for the expenses of
17 the oil and hazardous substance response corps and the oil and hazard-
18 ous substance response depots established by that office;

19 (3) provide matching funds for participation in federal oil
20 discharge cleanup activities and under 42 U.S.C. 9601 - 9657 (Compre-
21 hensive Environmental Response, Compensation, and Liability Act of
22 1980); [AND]

23 (4) recover the costs to the state, [OR TO] a municipality,
24 or a village of a containment and cleanup resulting from the release
25 or the threatened release of oil or a hazardous substance; [.]

26 (5) prepare, review, and revise

27 (A) the state's master oil and hazardous substance
28 discharge and prevention contingency plan required by AS 46.04.-
29 200; and

1 (B) a regional master oil and hazardous substance
2 discharge and prevention contingency plan required by AS 46.04.-
3 210; {AND}

4 (6) restore the environment by addressing the effects of an
5 oil or hazardous substance release; and

6 (7) make grants under AS 46.08.072.

7 * Sec. 19. AS 46.08.070(c) is amended to read:

8 (c) The department shall [MAY] reimburse a municipality or
9 village for actual expenses [, OTHER THAN NORMAL OPERATING EXPENSES,]
10 incurred in the abatement of a release or threatened release of oil or
11 a hazardous substance if

12 (1) the municipality or village has entered into an agree-
13 ment with the commissioner under AS 46.04.020(e) or AS 46.09.020(e);
14 and

15 (2) the commissioner determines that the expenses were an
16 appropriate [FOR A NECESSARY EMERGENCY FIRST] response to a release or
17 threatened release that, at the time of the release or threatened
18 release, posed an imminent and substantial threat to the public health
19 or welfare, or to the environment.

20 * Sec. 20. AS 46.08 is amended by adding a new section to read:

21 Sec. 46.08.072. GRANTS. (a) The department may make grants to
22 a municipality or a village to enable the municipality or village to
23 carry out an emergency first response to a release or threatened
24 release of oil or a hazardous substance that poses an imminent and
25 substantial threat to the public health or welfare or to the environ-
26 ment. A grant may be used by the grant recipient to pay costs in-
27 curred by the recipient for the direct efforts associated with the
28 containment and clean up of oil or a hazardous substance and related
29 incidental administrative costs.

1 (b) When an applicant submits an application for a grant under
2 this section, the department shall review and accept or reject the
3 grant application as promptly as possible to permit the municipality
4 or village to execute a proper response.

5 (c) After consultation with the Department of Community and
6 Regional Affairs, the department shall adopt regulations to carry out
7 this section. The regulations must establish

8 (1) eligibility requirements of applicants;

9 (2) procedures for review of applications submitted under
10 (a) of this section so that the department may make the decisions
11 under (b) of this section;

12 (3) standards for the evaluation of applications; and

13 (4) other conditions for the receipt of a grant.

14 (d) Regulations adopted under (c) of this section must include
15 as a factor the applicant's ability to provide an emergency first
16 response if the grant application is not approved.

17 (e) In reviewing and making a determination about the applica-
18 tion submitted under this section, the department may not consider
19 whether the amount to be expended as a grant is an expense recoverable
20 under AS 46.08.070.

21 * Sec. 21. AS 46.08.900(3) is amended to read:

22 (3) "containment and cleanup" includes the direct and
23 indirect efforts associated with the prevention, abatement, contain-
24 ment, or removal of oil or a hazardous substance, and the restoration
25 of the environment; when applied to expenses, the term includes the
26 additional costs of providing a reasonable and appropriate function or
27 service incurred in response to the discharge of the oil or hazardous
28 substance, including [, AND INCIDENTAL] administrative expenses for
29 the incremental costs of providing the function or service;

1 * Sec. 22. AS 46.08.900 is amended by adding new paragraphs to read:

2 (11) "service" means a function performed or service pro-
3 vided by the state, a municipality, or a village, including functions
4 not previously performed and services not previously provided by the
5 state, the municipality, or the village;

6 (12) "village"

7 (A) means a place in which 25 or more persons reside
8 as a social unit that is not incorporated as a municipality under
9 state law;

10 (B) does not include a place within a borough if the
11 relevant power, function, or service is exercised or provided by
12 the borough on an areawide or nonareawide basis at the time the
13 grant application or request for reimbursement is submitted.

14 * Sec. 23. AS 46.09.060(b) is amended to read:

15 (b) Authority to contain, clean up, or prevent a release or
16 threatened release of oil or of a hazardous substance, and to exercise
17 other powers necessary to implement this chapter, AS 46.04, and
18 AS 46.08, are granted to municipalities that do not otherwise have
19 that authority. Except as provided in (a) of this section, a munic-
20 ipality may exercise its police power within the area of the munic-
21 ipality.

22 * Sec. 24. AS 46.09.900(2) is amended to read:

23 (2) "containment and cleanup" includes the direct and
24 indirect efforts associated with the prevention, abatement, contain-
25 ment, or removal of a hazardous substance, and the restoration of the
26 environment; when applied to expenses, the term includes the addition-
27 al costs of providing a reasonable and appropriate function or service
28 incurred in response to the discharge of the hazardous substance,
29 including [, AND INCIDENTAL.] administrative expenses for the

1 incremental costs of providing the function or service;

2 * Sec. 25. AS 46.09.900 is amended by adding a new paragraph to read:

3 (B) "service" means a function performed or service pro-
4 vided by the state, including functions not previously performed and
5 services not previously provided by the state.

6 * Sec. 26. Sections 12 and 13 of this Act are retroactive to March 24,
7 1989.

8 * Sec. 27. This Act takes effect immediately under AS 01.10.070(c).
9

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 577

Page 2, line 3, after "boundaries;":

Insert "however, this paragraph does not authorize a municipality to enforce an ordinance outside its boundaries to regulate exploration, development, or production of oil, gas, or minerals in a manner inconsistent with the state's management of those resources when the state is the owner of the land, tideland, or submerged land; the ordinance adopted must be consistent with a regional master plan for the region in which the municipality is located if a plan has been prepared by the Department of Environmental Conservation under AS 46.04.210;"

Page 2, following line 4:

Insert a new bill section to read:

"* Sec. 2. AS 29.35.200 is amended by adding a new subsection to read:

(d) A first class borough that exercises power necessary to contain, clean up, or prevent a release or threatened release of oil or a hazardous substance, and exercise a power granted to a municipality under AS 46.04, AS 46.08, or AS 46.09 shall exercise its authority in a manner that is consistent with a regional master plan for the region in which the borough is located if a plan has been prepared by the Department of Environmental Conservation under AS 46.04.210."

Renumber the following bill sections accordingly.

Page 2, line 8, after "AS 46.09":

Insert "; the borough shall exercise its authority under this paragraph in a manner that is consistent with a regional master plan for the region in which the borough is located if a plan has been prepared by the Department of Environmental Conservation under AS 46.04.210."

Page 2, line 15, after "basis.":

Insert "The borough shall exercise its authority under this subsection in a manner that is consistent with a regional master plan for the region in which the borough is located if a plan has been prepared by the Department of Environmental Conservation under AS 46.04.210."

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 577

Page 2, line 27:

Delete "the social and economic effects arising from"

Insert "the additional costs of reasonable and appropriate functions and services that arise out of"

Page 3, lines 1 - 2:

Delete "cost of social and economic effects on"

Insert "additional costs of reasonable and appropriate functions and services by"

Page 3, line 26:

Delete "necessary"

Insert "reasonable"

Page 13, line 28:

Delete "incremental"

Insert "additional"

Delete "public services"

Insert "a reasonable and appropriate function or service"

Page 13, line 29:

Delete "an actual discharge of oil or"

Insert "the discharge of"

Page 13, line 29, through page 14, line 3:

Delete "and the costs of providing additional services incurred in response to the actual discharge of the oil or pollutant [, AND ALL INCIDENTAL ADMINISTRATIVE COSTS]"

Insert ", including [AND ALL INCIDENTAL] administrative expenses for the incremental costs of providing the function or service"

Page 17, line 18:

Delete "incremental"

Insert "additional"

Page 17, lines 18 - 19:

Delete "services and the costs of providing additional services"

Insert "a reasonable and appropriate function or service"

Page 17, line 20:

Delete "[, AND INCIDENTAL ADMINISTRATIVE COSTS]"

Insert ", including [AND INCIDENTAL] administrative expenses for the incremental costs of providing the function or service"

Page 19, lines 1 - 2:

Delete "incremental"

Insert "additional"

Page 19, lines 2 - 3:

Delete "services and the costs of providing additional services"

Insert "a reasonable and appropriate function or service"

Page 19, line 4:

Delete "[, AND INCIDENTAL ADMINISTRATIVE COSTS]"

Insert ", including [AND INCIDENTAL] administrative expenses for the incremental costs of providing the function or service"

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 577

Page 11, line 7:

Delete "the state, [OR] a municipality, or a village"

Insert "the state or a municipality, or to the natural resources that are owned by a village"

Page 11, line 8:

Delete "incremental"

Insert "additional"

Page 11, lines 8 - 9:

Delete "providing services and the costs of providing additional services"

Insert "a function or service, including administrative expenses for the incremental costs of providing the function or service,"

Page 19, line 9:

Delete "This Act is"

Insert "Sections 11 and 12 of this Act are"

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 577

Page 6, following line 26:

Insert a new section to read:

"Sec. 29.60.570. IMPACT ASSESSMENT. (a) If, in response to a release of oil or a hazardous substance, municipalities or villages apply for grants under AS 29.60.530, the commissioner shall, after consulting with and securing the written approval of the attorney general, make an assessment of the social and economic effects of the release of the oil or hazardous substance on the municipalities, the villages, and the region in which the discharge occurs. The commissioner may make the assessment by

- (1) using staff of the department;
- (2) contracting with a municipality or other entity for the assessment; or
- (3) authorizing a municipality or other entity to make the assessment and supporting that effort by a grant.

(b) Only one assessment may be completed under this section for each declaration of a disaster emergency.

(c) The commissioner may pay the costs of the assessment from money available in the fund."

A M E N D M E N T

OFFERED IN THE HOUSE

TO: HB 577

Page 7, lines 5 - 22:

Delete all material and insert:

"(4) "village"

(A) means a place in which 25 or more persons reside as a social unit that is not incorporated as a municipality under state law;

(B) does not include a place within a borough if the power, function, or service for which the grant application is submitted is exercised or provided by the borough on an areawide or nonareawide basis at the time the grant application is submitted."

Page 12, line 16, through page 13, line 1:

Delete all material and insert:

"(36) "village" means a place in which 25 or more persons reside as a social unit that is not incorporated as a municipality under state law."

Page 14, lines 9 - 24:

Delete all material and insert:

"(19) "village" means a place in which 25 or more persons

reside as a social unit that is not incorporated as a municipality under state law."

Page 17, line 26, through page 18, line 17:

Delete all material and insert:

"(12) "village"

(A) means a place in which 25 or more persons reside as a social unit that is not incorporated as a municipality under state law;

(B) does not include a place within a borough if the relevant power, function, or service is exercised or provided by the borough on an areawide or nonareawide basis at the time the grant application or request for reimbursement is submitted."



Oil Reform Alliance



HB577

House Committee on Community and Regional Affairs

4/6/90

The Oil Reform Alliance (ORA) is a grassroots coalition among commercial fishermen, environmentalists, and others within and outside of Alaska who are dedicated to reforming oil industry practises that adversely affect communities on social, economic and environmental levels.

We are in favor of the creation of a separate fund from which the Department of Community and Regional Affairs can make grants to municipalities and village councils to deal with long-term social impacts from catastrophic oil and hazardous substances spills. In order to do this, the cap on the 470 fund must be raised to \$60 million, providing for a \$10 million Oil and Hazardous Substances Municipal Impact Assistance Fund.

The Oil Reform Alliance strongly supports HB577.

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

STEVE COWPER, GOVERNOR

REPLY TO:

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JUNEAU, ALASKA 99811-0300
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April 20, 1990

Hon. Eileen MacLean, Chair
House Community & Regional Affairs Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Re: HB 577 -- Municipal
Assistance/Oil Spill Fund

Dear Representative MacLean:

The Department of Law has two concerns with respect to HB 577, currently in the House Community & Regional Affairs Committee.

First, we are concerned with the way the term "villages" is defined and used in the bill. With respect to villages, the bill is basically divided into two parts. The first part would create a grant program for villages to pay for certain expenses incurred as the result of a release of oil or hazardous substance. (Sections 1-4.) Funding would be provided from the \$.05 per barrel conservation surcharge on oil (AS 43.55.210), through a new fund called the oil and hazardous substance municipal impact fund. (Section 4.) In addition, the commissioner of DEC would be authorized to use money from the oil and hazardous release response fund to pay for other impacts to a village because of a release of oil or hazardous substance. (Sections 17-19.) Our concerns about the treatment of villages do not involve these sections.

However, in another part of the bill, villages are included, along with the state and municipalities, as entities that would be entitled to recover for natural resource damage, damages to persons and property, whether private or public, and certain other costs typically recoverable only by governments; villages would also be entitled to the same defenses from liability as the state or a municipality. (Sections 11-13.) To the extent that these sections are designed to enhance the ability of communities on a local level, however organized, to deal on several levels with

the complex impacts of a release of oil or hazardous substance, we see no problems. We are concerned, though, that these sections could be interpreted as state recognition that certain "villages" have governmental powers, authority over public land, and authority to exercise what normally are governmental functions. Furthermore, the reference to "natural resource damage" may lead to conflicts over who has a "trust" responsibility for state-owned land and resources that are used by village members. For example, who would be the trustee and have a right to recover for damages to tidelands, which are state-owned, if used by villagers for subsistence?

We suggest that the committee clarify, through either a letter of intent or a modification of proposed AS 46.03.822(a) in Section 11 of the bill, that the purpose behind these sections is not to recognize governmental powers or authority over public lands for villages, either directly or indirectly, on the basis of their status as an Indian Reorganization Act council or traditional Indian council. We would also suggest that proposed AS 46.03.-822(a) be further amended to clarify that a village can recover only for damages sustained to resources owned by the village. The committee may also wish to consider redefining village for purposes of the bill; one possibility would be to define village as "an unincorporated community with a residential population of 25 or more which is a social unit." See, e.g., 19 AAC 60.900(2).

Our other concern relates to Section 25, which makes this bill retroactive to March 24, 1989. The validity of retroactive legislation is currently under challenge in a suit by the oil producers against the state regarding the retroactive provisions of the ELF amendments. If payments are made under this legislation from the oil and hazardous release response fund to municipalities for past expenses relating to the Exxon Valdez spill, thereby requiring the oil producers to pay an additional surcharge under AS 43.55.230 to replenish the fund, we believe the producers will likely challenge the validity of this retroactive provision. This retroactivity clause may be especially vulnerable, since it extends back considerably beyond the current calendar year, which has traditionally been the acceptable length of time for retroactive tax legislation. We are merely pointing this out for your consideration, although the Department of Law is prepared to defend this or any other retroactivity provision.

Hon. Eileen MacLean, Chair
House Community & Regional Affairs
Committee

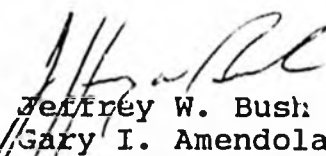
April 20, 1990
Page 3

We hope this letter is helpful to you in your deliberations.

Sincerely yours,

DOUGLAS B. BAILY
ATTORNEY GENERAL

By:


Jeffrey W. Bush and
Gary I. Amendola
Assistant Attorneys General

JWB:GIA:jf

cc: Hon. John Binkley
Hon. Rick Uehling, Co-Chairs
Senate Finance Committee

STATE OF ALASKA
THE LEGISLATURE

HOUSE - STATE CAPITOL
JULIA ALASKA 995
907 465 1800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

April 5, 1990

SUBJECT: House Bill 577 -- sectional analysis

TO: Representative Eileen MacLean, Chair
House Community & Regional Affairs Committee

FROM: Jack Chenoweth
Legislative Counsel

This bill draft is based on proposals first offered by mayors of municipalities whose communities bore the brunt of the Exxon Valdez disaster. The measure generally follows a suggested model prepared by Perkins Coie, an Anchorage-based law firm, to broaden the ability of municipalities and villages to address and receive compensation for their efforts to contain and clean up spilled oil and hazardous substances.

This bill establishes a second fund, parallel to, but not duplicative of, the existing oil and hazardous release response fund (AS 46.08.040). The principal distinction between the two funds is this: the existing oil and hazardous substance release response fund is intended to be the principal source of money for expenditures incurred by any eligible party within the state directly for oil and hazardous substance discharge containment and clean up, and by the state (alone) for incremental and additional public services prompted by that containment and clean up; the new municipal impact assistance fund would serve as a source of assistance to municipalities (alone) for incremental and additional public services prompted by necessary containment and clean up. There would be no overlap.

*

Municipal extra-jurisdictional authority:

These changes to Title 29 were sought by mayors and officials of municipalities who bore the burden of the Exxon Valdez spill and clean up.

Bill sections 1 - 3, amendments to various sections of AS 29.35, extend the authority of municipalities to exercise containment and clean up of spilled oil and hazardous substances if the spill occurs outside the municipal boundaries. The change made by bill section 1 specifically prescribes how extra-jurisdictional containment and clean up authority may be legally assumed by a municipality while the changes made by bill sections 2 and 3 authorize the exercise of extra-jurisdictional containment and cleanup authority for second and third class boroughs, respectively. (First class boroughs already enjoy general authority; home rule boroughs [e.g. North Slope Borough] and unified municipalities [e.g. Anchorage, Juneau, Sitka] already enjoy that authority under existing law, so it is not necessary to amend the law in any way to authorize municipalities of those classes to so act.)

*

State financial assistance to municipalities for municipal services:

Bill section 4 establishes a new "oil and hazardous substance municipal impact fund" and describes the manner of its administration. The fund is established in the Department of Community and Regional Affairs, and that department is given the principal responsibility for its administration.

There is a codified statement of policy and purpose (AS 29.-60.500) underpinning the municipal impact assistance program. Sections establish the fund and spell out its general purpose ["to make grants under AS 29.60.530 for actual expenses incurred by municipalities and villages"] (AS 29.60.-510), and authorize appropriations by the legislature to the fund (AS 29.60.520).

The principal provision applicable to the new "impact assistance fund" is AS 29.60.530. The legislation would permit the commissioner of community and regional affairs to make grants to a municipality that is

. . . affected by release of oil or a hazardous substance and demonstrating extraordinary municipal expenditures that are beyond the reasonable capability of the municipality or village to meet from the municipality's or villages' current revenue sources.

(Page 3, lines 16 - 20). The specific expenditures that may qualify for grant assistance are those affected by prevention, containment, and clean up efforts are enumerated in subsection (b). Grant approval would be based on the determination by the commissioner by application of the three factors specifically identified in subsection (c) together with any "other criteria the department considers appropriate." (Page 5, line 4.) Subsection (d) authorizes the commissioner to reject a grant application, while subsection (e) authorizes the commissioner to prioritize or rank grant applications when requests exceed available resources, and specifies the ranking criteria. Subsection (f) permits partial payment of an approved grant. To better assure that the grants are used to offset extraordinary municipal initiatives in response to a spill emergency, the section includes language prohibiting the municipality receiving the grant from using the grant to reduce municipal tax rates or retire its bonded indebtedness.

The remainder of the new sections in bill section 4 are intended to provide for smooth operation of the fund. AS 29.60.540 establishes a record-keeping requirement. AS 29.60.550 directs preparation and submission of an annual report. AS 29.60.560 permits the commissioner to adopt necessary regulations. AS 29.60.590 sets out pertinent definitions.

*

Financing the new municipal impact assistance fund:

Bill sections 5 - 10 identify a source of money for the new fund. That source is the same nickel-per-barrel addition or surcharge to the state severance tax (technically, the oil and gas "properties production tax" as it applies only to produced oil) first imposed during the 1989 legislative session to support the oil and hazardous substance release response fund in AS 46. The proposed legislation contemplates that the proposed fund will have a normal operating balance of \$10 million available to assist municipalities.

Bill section 5, amending AS 43.55.220, authorizes use of revenue from the surcharge for appropriation into the municipal impact assistance fund.

Bill section 6 amends the mechanism applicable to trigger the off-again on-again feature of the nickel-per-barrel surcharge to make it applicable to expenditures from both the existing oil and hazardous substance release response fund and the proposed municipal impact fund.

Bill sections 7 and 8 increase the benchmark figure applicable to the trigger mechanism from \$50 million to \$60 million, while bill section 9 revises the mechanism so that, as a condition of surcharge imposition, the legislature must appropriate not only to restore the balance of the existing oil and hazardous substance release response fund to \$50 million, but also must restore the balance of the proposed municipal impact fund to \$10 million.

The amendment proposed by bill section 10, an uncodified provision, is intended to assure that, from the inception of the nickel-per-barrel surcharge, its collection is not to be suspended until a total of \$60 million is received in order to meet the normal operating balances of the two funds--\$50 million in the existing oil and hazardous substance release response fund and \$10 million in the proposed municipal impact fund.

*

Other technical and corrective changes sought based on the Exxon Valdez experience:

The remaining bill sections, also developed in conjunction with the initial Perkins Coie request, make technical and corrective changes sought by mayors of municipalities who bore the brunt of the Exxon Valdez disaster and cleanup. Here, as noted earlier, there have been changes incorporated to assure that municipalities eligible for financial assistance under the municipal impact fund of AS 29.60 are not also eligible for assistance for those same expenditures from sources in AS 46.

Bill section 11: AS 46.03.822(a) defines the scope of a person's liability under the "Strict Liability" provisions of that chapter (AS 46.03). Under the first amendment proposed by this bill section, that liability would be extended to strict liability for damage to the natural resources of a village and for containment and removal efforts undertaken by a village (page 11, lines 5 and 7). Under the second, "incremental costs of providing public services" and "costs of providing additional public services" incurred "by the state, a municipality, or a village" would be recoverable from the spiller under this subsection (page 11, lines 7 - 10). Bill section 12 makes a pair of related changes, providing definitions of the terms "public services" and "village" that are introduced in bill section 11.

AS 46.04 generally addresses the subject of oil discharge and cleanup. Current AS 46.04.020(e) establishes a basis for agreements between parties to facilitate containment and cleanup. Bill section 13, amending the reimbursement agreement provision of AS 46.04.020(e), adds to the parties with whom the Department of Environmental Conservation may enter into cooperative agreements to include municipalities and villages. (The change supports a compensation arrangement modified by the amendments made in section 18, later in the bill.)

Oil discharge contingency plans are documents important to protection of the environment. The amendment made by addition of subsection (h) in bill section 14 directs the commissioner of environmental conservation to consult with a larger number of groups and to disseminate draft contingency plans to the public for review and comment.

Bill section 15 amends the definition of "containment and cleanup" applicable to AS 46.04 to add "discharged oil" as a legitimate object of containment and cleanup efforts. More significantly for purposes of this measure, the amendment of the definition of the term incorporates reference to certain incremental and additional public services costs "incurred in response to the actual discharge of . . . oil or a pollutant" and the costs of "additional services incurred in response to an actual discharge of . . . oil or [a] pollutant" as expenses qualifying within the definition.

Bill section 16 sets out additional definitions for two terms, "public services" and "village," that are added by the changes made to provisions of AS 46.04 in the bill.

Bill sections 17 - 21 amend the scope of expenses incurred that are compensable from the oil and hazardous substance release response fund, the existing "470" fund that carries a normal balance of \$50 million dollars. This fund is currently managed by the commissioner of commerce and economic development.

The amendments set out in bill section 17 would (1) permit the money in the fund to be used for preparing "assessments," including assessments of social and economic effects of a discharge or threatened discharge; (2) authorize compensation of costs incurred by a village as a result of a discharge or threatened discharge; and (3) serve as a source of additional grants.

Representative Eileen MacLean
Page 6
April 5, 1990

Bill section 18 incorporates amendments substituting mandated payment of compensation for actual abatement expenses incurred, whether by a municipality or by a village under an oil spill cleanup agreement, and further broadens authorized payment by the state from the fund if the response of the municipality or village council was "an appropriate" response, not just a "necessary emergency first response" to a release or threatened release.

The grant provision of bill section 19 is new. The section describes how municipalities and villages may receive "grants . . . to enable [them] to carry out an emergency first response to a release or threatened release." The grants would come from money available in the existing oil and hazardous substance release response fund, and would be payable on application, based on short deadlines (i.e. "as promptly as possible"), under regulations and procedures established by the commissioner of environmental conservation.

Bill sections 20 and 21 make the same amendments to the definition of "containment and cleanup" and add definitions of "service" and "village" to AS 46.08 that are described earlier with reference to the changes made to AS 46.04.

AS 46.09 is a chapter that addresses release of hazardous substances. The amendment to AS 46.09.060(b) made by bill section 22 is, in a sense, a technical change that gives to municipalities, for purposes of environmental protection, the broadest possible authority under all pertinent environmental-related chapters of AS 46 exercisable within the municipality's boundaries. (This change complements the amendments proposed in bill sections 1 - 3 applicable to extra-jurisdictional authority outside the municipality's boundaries.)

Bill sections 23 and 24 make the same amendment to the definition of "containment and cleanup" and add the definition of "service" to AS 46.09 that are described earlier with reference to the changes made to AS 46.04 and AS 46.08.

The legislation is made retroactive to March 24, 1989--the date of the Exxon Valdez oil spill (bill section 25)--and carries an immediate effective date (bill section 26).

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Alaska State Legislature

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Juneau, Alaska 99811

HOUSE BILL 577, relating to oil and hazardous substance municipal impact funding

BACKGROUND OF THE LEGISLATION

This legislation was drafted in response to the concerns expressed by the "oiled mayors" of the communities affected by the March 24 Exxon Valdez oil spill. Funds were provided by the State DEC to the communities for their emergency first response expenses, such as the purchase of boom material, etc.

However, these communities also experienced far-ranging social and economic impacts as a result of the spill; there was an increased need for health services, an increase in public safety services, public utility services, housing services and an increased usage of public facilities, such as the harbors. These increased services placed an incredible burden on the communities, and there was no state fund or mechanism in place to assist the communities with the costs of these additional and incremental services which had been incurred. Additionally, there is also going to be a loss of revenue, such as that generated by the raw fish tax, inasmuch as so much fishing time was lost. True, Exxon did reimburse the communities for some of their costs but not all of the costs were covered and the need is still there.

The Oil Spill Commission recognized this "gap" and addressed the need for local service impact funding in Recommendations 53 and 54 of the Commission Report; specifically, the Commission recommended that a separate fund be created to help local governments with the unreimbursable costs caused by an oil or hazardous substance release.

SUMMARY OF HOUSE BILL 577

House Bill 577 addresses the above concerns and needs by:

- 1) Broadening the powers of municipalities and villages under AS 29 and under AS 46 to enable them to more effectively deal with the release or threatened release of oil or a hazardous substance;

2) Establishes a separate grant program - the municipal impact fund -which is administered by the Department of Community and Regional Affairs. This fund would serve as a source of assistance to municipalities and villages for incremental and additional services prompted by necessary containment and clean-up.

This fund is parallel to, but not duplicative of, the existing oil and hazardous release response fund (the 470 Fund). The 470 fund is intended to be the principal source of readily available money for expenditures incurred by any eligible party directly for oil and hazardous substance discharge containment and clean up and by the state (alone) for incremental and additional public services prompted by that containment and clean up. Speaking more specifically, the 470 Fund is often spoken of as the "emergency first response fund."

The legislation sets out certain criteria which must be met for a community to be eligible for a grant and it also specifies the types of services which qualify for payment.

3) The source of funding for this municipal impact fund is the same nickel-per-barrel surcharge to the state severance tax first imposed during the 1989 legislative session to support the 470 Fund in AS 46. In order to provide a mechanism for funding, this new municipal impact fund under Title 29, House Bill 577 would increase the cap on the \$.05 per barrel surcharge from its present \$50 million to \$60 million and the additional \$10 million would be appropriated to this municipal impact fund. The other \$50 million would continue to be appropriated by the Legislature to the 470 Fund.

4) The legislation also takes up a portion of the "strict liability" provisions of existing law (46.03.822) in order to clarify that "spillers" are liable for certain additional service costs incurred by the state, municipalities and villages and it clarifies that these provisions are retroactive to the date of the spill.

5) House Bill 577 also establishes a new grant program in the Department of Environmental Conservation. At present, the Department may reimburse municipalities and village councils for costs related to emergency first response. This legislation would spell out in much greater detail than in existing law how municipalities and village councils may receive "grants" for emergency first response expenditures. This is not to be confused with the Title 29 municipal impact fund which is established in HB 577 to fund the cost of additional and incremental services and functions which are not emergency first response.

COMPARISON OF HOUSE BILL 577 AND CSSSSB 359 (OIL AND GAS)

CSSSSB 359 (Oil and Gas) is presently in Senate Resources and while the overall thrust of the legislation is similar to House Bill 577,

there are some specific differences which may be noted. The following are not all of the differences but they do include the major differences:

- 1) CSSSSB 359 (Oil and Gas) does not establish a separate fund for the municipal impact grants. Rather, it provides that up to \$10 million of the \$50 million (maximum) in the 470 Fund may be appropriated to the Department of Community and Regional Affairs for these grants.
- 2) The Senate Bill also provides for a "trigger mechanism" whereby the Governor must make a declaration of disaster emergency in order for the municipal impact fund to be activated. Both the drafters of the House bill and Senator Szymanski, the sponsor of SSSB 359 felt that this was not necessary because the mechanism was built into the criteria in the bill.
- 3) The Senate Bill does not include a provision for clarifying the retroactivity of the strict liability in AS 03.822. This provision is felt to be very important by the oiled mayors.
- 4) Whereas the House Bill 577 provides for a emergency first response grant program under AS 46 for municipalities and villages, the Senate version provides for a cash advance to these entities.
- 5) Senate Oil and Gas Committee was concerned that a municipality or village not benefit from an impact assistance grant if the discharge is eventually shown to be the recipient's responsibility. Hence, proposed AS 29.60.590 of the Senate bill authorizes a recovery of grant money paid under the municipal impact grant fund if the Commissioner determines that the municipality or village receiving the grant is responsible for the underlying spill.

(prepared by Senator Mike Szymanski)



Impact Assessment, Inc.

Economic, Social, Psychological Impacts
of the *Exxon Valdez* Oil Spill

INTERIM REPORT #1

ANALYSIS OF FISCAL IMPACTS TO LOCAL JURISDICTIONS

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Mr. Gordon Gould, *City Manager*
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710 Upper Mill Bay Rd.
Kodiak, Alaska 99508

March 1, 1990

Grant #AK-OSG 90-5
Socioeconomic Impact Study

Interim Report #1: Group A Fiscal Impact Assessment Template Summary

Dear Mr. Gould:

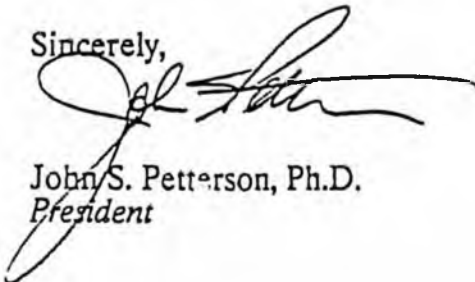
This document is the first of two Interim Reports to be submitted in progress toward completion of the final report for the "Economic, Social, and Psychological Impacts of the Exxon Valdez Oil Spill." The focus of this Interim Report is a preliminary assessment of the fiscal impacts of the oil spill on local governments (boroughs and cities).

This report is intended to summarize progress to date. It is not intended to be viewed as a final product -- the last completed Group A template was only just received three days ago, entered, and run for consistency. This does not mean, however, that the established schedule for completion of Task 1 elements has been significantly deferred by the delayed delivery of the primary data. We have proceeded as scheduled in the development of the framework, tables, and analytical approach to be applied to templates and are actually somewhat ahead of schedule with respect to the analysis itself. On the other hand, there is still considerable analytic work to be done and it is important to recognize that this is but an interim report on what will be a more extensive and detailed Task 1 product.

Second, in any report of this nature, there will inevitably be requests for clarification, additional information, and further analysis or interpretation. We will continue to work closely with the Oiled Mayors to either respond promptly to these requests or to arrange for a more extended examination of selected issues in subsequent reports. In addition, this is a particularly opportune time, during the early stages of the process, for reviewers to critique the objectives, direction, and content of the preliminary fiscal impact analysis and we particularly welcome review comments.

Finally, I would like to take this opportunity to thank the finance directors of each of the affected Group A communities. This report could not have been attempted without their commitment to the process. Completion of the templates required long hours, often an additional burden to government, and in some cases during precisely the worst period of time (January) for finance directors. To a very real degree, the quality of the content of this report is due to their investment in configuring and completing the data collection templates. In addition to helping quantify impacts sustained to date, these templates will be invaluable in providing a consistent data collection methodology for documenting the longer-term impacts of the oil spill on local government.

Sincerely,


John S. Peterson, Ph.D.
President



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of the *Exxon Valdez* Oil Spill

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TABLE OF CONTENTS

	<u>page</u>
EXECUTIVE SUMMARY	
1.0 INTRODUCTION	1-1
1.1 Organization	1-2
1.2 Overview of Analytical Approach	1-2
1.3 Acknowledgements	1-4
2.0 LOCAL GOVERNMENT REVENUE	2-1
2.1 Introductions	2-1
2.2 Revenue Structure	2-1
2.3 Revenue Impacts	2-3
Impact Linkages	2-3
Overview of Impacts	2-4
Demographic & Private Sector Bus. Impacts	2-4
Local Gov't Revenue Impacts	2-5
Observation and Findings	2-7
Taxes	2-8
Charges for Services	2-11
Miscellaneous Revenues	2-13
Other Revenue Sources	2-13

2.4	Summary	2-25
	Interpretation	2-25
	Major Findings	2-26
3.0	LOCAL GOVERNMENT EXPENDITURES	3-1
3.1	Introduction	3-1
3.2	Recent Patterns in Local Government Spending	3-1
3.3	City of Cordova	3-4
3.4	City of Valdez	3-5
3.5	Kenai Peninsula Borough	3-5
3.6	City of Homer	3-6
3.7	City of Kenai	3-7
3.8	City of Seward	3-8
3.9	City of Soldotna	3-9
3.10	Kodiak Island Borough	3-9
3.11	City of Kodiak	3-10
3.12	Summary	3-29
4.0	SPILL RELATED REVENUES AND EXPENDITURES	4-1
4.1	Introduction	4-1
4.2	Quantified Oil Spill Revenues and Expenditures	4-2
4.3	Estimated Effect of Spill on 1989 and 1990 Revenues and Expenditures	4-4

5.0	FISH TAX ANALYSIS	5-1
5.1	Introduction	5-1
5.2	Simplifying Assumptions	5-2
5.3	Bases for Estimation	5-3
5.4	Analysis	5-5
5.5	Summary	5-12
	APPENDIX A	A-1
	LIST OF REFERENCES	R-1

LIST OF TABLES AND EXHIBITS

	<u>page</u>
Table 2-1 Sales Tax Revenue by Local Government Jurisdiction	2-9
Table 2-2 Comparison of 1988 and 1989 Sales Tax Revenue by Local Government Jurisdiction	2-10
Table 2-3 Charges for Service Revenue by Local Government Jurisdiction	2-12
Table 2-4 License and Permit Revenue by Local Government Jurisdiction	2-14
Table 2-5 Fine and Forfeiture Revenue by Local Government Jurisdiction	2-15
Table 2-6 Template #2 for Community of Cordova: Revenues by Source	2-16
Table 2-7 Template #2 for Community of Valdez: Revenues by Source	2-17
Table 2-8 Template #2 for Kenai Peninsula Borough: Revenues by Source	2-18
Table 2-9 Template #2 for Community of Homer: Revenues by Source	2-17
Table 2-10 Template #2 for Community of Kenai: Revenues by Source	2-20
Table 2-11 Template #2 for Community of Seward: Revenues by Source	2-21
Table 2-12 Template #2 for Community of Soldotna: Revenues by Source	2-22
Table 2-13 Template #2 for Kodiak Island Borough: Revenues by Source	2-23

Table 2-14	Template #2 for Community of Kodiak: Revenues by Source	2-24
Table 3-1	Real Per Capita Local Government Expenditure	3-2
Table 3-2	Summary of Local Government Expenditures by Object Category	3-3
Table 3-3a	Personnel Expenditures by Service Function - Cordova	3-11
Table 3-3b	Operations & Maintenance Expenditures by Service Function - Cordova	3-12
Table 3-4a	Personnel Expenditures by Service Function - Valdez	3-13
Table 3-4b	Operations & Maintenance Expenditures by Service Function - Valdez	3-14
Table 3-5a	Personnel Expenditures by Service Function - Kenai Peninsula Borough	3-15
Table 3-5b	Operations & Maintenance Expenditures by Service Function - Kenai Peninsula Borough	3-16
Table 3-6a	Personnel Expenditures by Service Function - Homer	3-17
Table 3-6b	Operations & Maintenance Expenditures by Service Function - Homer	3-18
Table 3-7a	Personnel Expenditures by Service Function - Kenai City	3-19
Table 3-7b	Operations & Maintenance Expenditures by Service Function - Kenai City	3-20

Table 3-8a	Personnel Expenditures by Service Function - Seward	3-21
Table 3-8b	Operations & Maintenance Expenditures by Service Function - Seward ...	3-22
Table 3-9b	Personnel Expenditures by Service Function - Soldotna	3-23
Table 3-9a	Operations & Maintenance Expenditures by Service Function - Soldotna	3-24
Table 3-10a	Personnel Expenditures by Service Function - Kodiak Borough	3-25
Table 3-10b	Operations & Maintenance Expenditures by Service Function - Kodiak Borough	3-26
Table 3-11a	Personnel Expenditures by Service Function - Kodiak City	3-27
Table 3-11b	Operations & Maintenance Expenditures by Service Function - Kodiak City	3-28
Table 4-1	Oil Spill Related Revenues and Expenditures by Local Government Jurisdiction	4-3
Table 4-2	Estimated Spill Related Changes in Revenues and Expenditures by Local Government Jurisdiction	4-6
Exhibit 1	Local Government Fish Tax Earnings (1986-1988)	5-6
Exhibit 2	Value of 1988 Salmon Harvests	5-8
Exhibit 3	Value of Projected 1989 Salmon Harvests	5-9

Exhibit 4
Projection of 1989 Fish Tax Distribution by Fishery Area 5-10

Exhibit 5
Local Government Fish Tax Earnings (1986-1988, 1989 projection) 5-11

Appendix A
Local Government Demographic and Tax Data A-1

EXECUTIVE SUMMARY

Introduction

This report is the first in a series of interim reports prepared for the Oiled Mayors by Impact Assessment, Inc. It is part of a larger ongoing study of the economic, social, and psychological impacts of the *Exxon-Valdez* oil spill and cleanup. The primary objective of this first interim report is to provide a preliminary assessment of how the oil spill and cleanup affected the fiscal position of nine local government entities addressed by this component of the study: seven larger (Group A) cities (Valdez, Cordova, Seward, Kenai, Soldotna, Homer, and Kodiak) and the Kenai Peninsula, and Kodiak Island Boroughs. In presenting this information, this interim report summarizes on-going analysis of the effects of the oil spill and cleanup on: (1) local government revenues; (2) local government expenditures; (3) oil spill related expenditures and revenues; and (4) fish taxes.

Local Government Revenues

The Exxon-Valdez oil spill on March 24, 1989 led to two major sources of impact: (1) the oil spill cleanup activity and (2) fishery closures. These events continue to have concurrent positive and negative effects on specific revenue sources. In general, one preliminary finding emerges from this examination of local government revenues in 1989: seven out of nine jurisdictions received more total revenue in 1989 than in 1988, with one exception where a large state capital grant was received in 1988.

Examination of historical data indicates there are four major sources of revenues for the local jurisdictions discussed in this report: charges for services, taxes, inter-governmental revenues, and miscellaneous revenues. In each of the jurisdictions examined, there is variation in the significance of each of these revenue sources in the total pattern of government revenues. In the aggregate these four sources should be an indicator of the over-all impacts of the oil spill on local government revenues. However, since some of the inter-governmental revenues and miscellaneous revenues result from lagged payments that are not yet available for inclusion in this analysis, this interim report only develops the revenues from charges for services and certain taxes.

Charges for services vary by service and by jurisdiction. Consequently, a complex picture emerges regarding service related income. Water and sewer revenues appeared to exceed 1988 revenues during the post-spill months in three jurisdictions but tended to follow the 1988 pattern in others. Harbor and port revenues increased 22 percent from FY 1988 to FY 1989. This increase was more than double the average annual growth rate observed in earlier years. Revenues during the post-spill months tended to exceed the 1988 revenues in most jurisdictions. Of the three jurisdictions reporting airport revenues (Valdez, Soldotna and the City of Kenai), a comparison with comparable 1988 revenues indicates that Valdez had a 7-percent increase in revenues, Soldotna a 1-percent increase and Kenai an 18-percent decrease. Among the jurisdictions reporting hospital revenues all reported increases ranging from 1-to-9 percent. The "All Other" category of expenditures reported by eight of the jurisdictions indicates an increase in this revenue source among seven of these government entities.

There are several sources of tax revenue among the nine jurisdictions examined: sales, hotel/motel, property, and fish tax. Technically the fish tax is an intergovernmental transfer and consequently it is not reflected in tax revenues. However, given the importance of this "tax" issues regarding 1989 fish tax are summarized as a separate section of this report.

Sales tax revenues are a direct reflection of private sector business activity. Therefore, the sales tax impact of the oil spill may be positive negative or neutral, depending upon the timing and mix of spill cleanup and fisheries activity. Sales tax revenues in 1989 reflect sales activity in the post-spill months of April through September. They were 49 percent above the revenues representing the two pre-spill quarters. This compares with a 39 percent increase for comparable time periods in 1988.

Hotel/motel tax revenues reflect in-migration of short-term and transitory residents. Beyond the normal impacts of tourism, these revenues should increase with the spill cleanup activity and be adversely affected by fisheries decline and cleanup shutdown. Hotel/motel taxes were also higher in 1989 than in 1988. Much of this increase is observed in the post-spill months.

Revenues from property taxes that would reflect 1989 impacts will not be received until calendar year 1990. Consequently, this revenue source is not reflected in the fiscal data reported by local jurisdictions for this analysis.

Local Government Expenditures

In general, per-capita local government spending among jurisdictions examined in this study exhibited a pattern of real (inflation-adjusted) decline in recent years. Five out of nine jurisdictions experienced real, per-capita decline between fiscal years 1986 and 1988. The number of jurisdictions that exhibited decline in real, per-capita total spending increased to seven out of nine between fiscal years 1988 and 1989. This real, per-capita decline occurs in connection with rising absolute levels of government spending among local government jurisdictions. Strong population growth in 1989 (as reported by the Alaska Department of Community and Regional Affairs) among several study jurisdictions underscore the per-capita decline in government spending. Observed population expansion may reflect oil-spill cleanup population movement and settlement into the study region.

Increases in Personnel and Operations & Maintenance (O&M) expenditures from fiscal 1988 to fiscal 1989 were concentrated in five important service function categories, not directly related to oil spill cleanup. Ranked in order of the incidence of expenditure increase, these five service functions are:

- o Public Works
- o Public Safety
- o Port/Harbor
- o Health & Hospital
- o General Government

These five service function categories account for the bulk of local government expenditure increases for the personnel and O&M object categories. Furthermore, they represent the kind of public service functions most likely to be impacted by an event like the *Exxon-Valdez* oil spill and cleanup. However, further analysis is required to investigate possible indirect connections between observed patterns of local government spending increases and the oil spill and cleanup events of 1989.

Concerning direct oil spill cleanup expenditures, eight out of nine local government jurisdictions reported direct personnel and O&M expenditures for oil spill cleanup during fiscal year 1989 and the first six months of fiscal year 1990.

Oil Spill Related Revenues and Expenditures

All boroughs and cities within the oil spill area, except Soldotna, were directly affected by the Exxon Valdez oil spill. Total spill-related revenue reported by all nine local government jurisdictions through the end of calendar year 1989 was \$6,136,000. Of this amount, \$131,000 or two percent of the total is in outstanding invoices. Due to differences in accounting treatment, this \$6,136,000 may also include advances of funds made by Exxon or the State which may be applied to continuing oil spill response expenditures. Total expenditures to date are reported at \$6,091,000. Of this amount, \$5,562,000 has been billed and/or reported as expended to date, leaving \$529,000 as unbilled or unreported. The most current information provided by local jurisdictions suggests that of the amounts billed for reimbursement, less than one percent of the total was deleted from payments by Exxon Corporation.

Kenai Peninsula Borough was advanced \$2,000,000 by Exxon Company, USA, to finance oil spill response activities within the borough. Under this borough's accounting system, this money was treated as an advance. Funds applied to offset expenditures are taken as revenue at the time the expenditure is incurred, and the outstanding balance of the advance is then reduced. As of December 31, 1989, approximately \$387,000 is being held for continuing oil response costs. Of the \$1,612,000 expended, the borough reports that \$661,000 was passed through to other agencies (\$432,000 to Group A cities, approximately \$180,000 to U.S. Parks Service, and \$50,000 to Seldovia). All applicable expenditures within the Borough have been reported to Exxon as drawdowns from the \$2,000,000 advance.

Kodiak Island Borough reports they have received \$1,730,000 from Exxon of which \$99,000 was passed through to the City of Kodiak. To date the borough has reported \$1,455,000 being invoiced, of which \$354,000 was to the State of Alaska and \$1,101,000 was billed to Exxon. Based on the information provided and taking into account \$326,000 in unbilled or unreported expenditures, the Borough has \$204,000 in unapplied funds remaining. It is unknown whether these are for expenditures in other operating accounts which have not yet been included, or whether the entire amount is available for continuing oil spill response.

The local government jurisdictions in this report were requested to quantify their estimates as to how the oil spill affected revenues and expenditures for 1989, and to estimate how they would be affected during 1990. A review of the general financial information submitted reveals that in most coastal areas there were substantial increases in sales taxes, business licenses, fines, and enterprise fees and charges. It must be assumed, where otherwise not reported, these increases resulted primarily from oil spill cleanup response. The increases were sufficient in size to offset losses in the same revenue sources resulting from decreased fishing and tourist activity. Increases due to oil spill response are of a one time nature affecting only the entity's economy during 1989, while losses from commercial fishing activities resulting from the spill may well continue into future years.

Sales taxes were strongly impacted. The influx of large numbers of people required for the massive cleanup efforts created increased consumer purchases. At the same time, a substantial amount of the materials and supply purchases by Exxon, or their contractors, were channeled through local merchants. The resulting increase in taxable sales was more than sufficient to offset short-term loss of sales taxes due to declines in business resulting from commercial fishing closures. Also, as fisherman gear up early in the year, the gear purchased for 1989 due to this spill, may not have been used, making it available for the 1990 fishing season. This may materially reduce the need to purchase new gear in the spring of 1990. Such loss of business will be reflected in 1990 sales tax collections. In addition, if further major fishing closures are required, this will have a further deleterious effect on local businesses, causing further reductions in sales tax collection.

A decline in one aspect of a local economy tends to have a domino effect on other sections. Thus, such a decline can also adversely affect other revenues dependent on the economic well being of the area. Contending with this loss of revenue may require that the jurisdiction either reduce the quality of services to its residents or that the loss be made up by increasing property tax rates, which in turn would increase property revenue.

Raw Fish Tax Impacts

Fish tax represents an important revenue source for local governments; there is a high probability that this revenue source was affected by the *Exxon Valdez* oil spill. Unfortunately, changes in raw fish taxes are not reflected in the completed fiscal impact assessment templates because fish taxes paid by processors to the State of Alaska during 1989 are not redistributed to local jurisdictions until mid-1990. Thus, in order to quantify any loss of fish tax resulting from the *Exxon Valdez* oil spill it is necessary to (1) project the value of fish that would have been landed in 1989 had the fisheries been conducted under normal conditions, (2) place a value on these fish, and (3) then derive an appropriate "without oil-spill" distribution of those revenues among the affected communities.

Information provided in the templates and the Alaska Department of Revenue, the total fish tax distribution to the affected boroughs and communities was \$3,242,572 for the 1986 fishing season, \$4,158,836 for the 1987 season, and \$8,640,153 for the 1988 season. Our projection of what the total fish tax distribution would have been for 1989 is \$9,218,674. Provisional community and borough entitlements are then derived on the basis of post-season appraisals of actual fish runs and likely harvest levels.

The 1988 distribution formed the basis for computing the relationship between total salmon harvest values in 1988 and total projected salmon harvests by fishery area in 1989. This ratio, in turn, was applied to the total projected value of the 1989 season to derive the relative distribution among jurisdictions.

1.0 INTRODUCTION

This interim report was prepared for the Oiled Mayors'. It is part of a larger ongoing study of the economic, social, and psychological impacts of the *Exxon Valdez* oil spill and cleanup. The fiscal analysis contained here is the first in a series of interim reports prepared by Impact Assessment, Inc.

During the period of massive oil-spill cleanup, local governments responded to the disaster. They committed community facilities, equipment, and personnel to help coordinate cleanup operations and to address sudden shifts in demand for local public services. The mayors in affected communities in Prince William Sound, the Kenai Peninsula, Kodiak Island, and the Alaska Peninsula joined forces and formed the "Oiled Mayors" Subcommittee of the Alaska Conference of Mayors. On behalf of the Oiled Mayors', the City of Kodiak issued a Request for Proposals calling for an integrated study of the economic, social, and psychological impacts of the oil spill and its cleanup. Four technical objectives are contained in the Scope of Work. They are:

- o Task 1: Fiscal Impact Assessment
- o Task 2: Business Impact Assessment
- o Task 3: Psychosocial Impact Assessment
- o Task 4: Final Technical Report

Work on Task 1 involved a series of meetings with participating Finance Directors of the larger (Group-A) local government jurisdictions to develop a fiscal assessment data collection instrument. A final set of "Fiscal Templates" were prepared and distributed to local government finance officers in Group-A communities in mid January 1990. This interim report is based largely on the results of the completed Fiscal Templates submitted by nine participating local government jurisdictions:

Kenai Peninsula Borough
Homer
Kenai City
Seward
Soldotna

Kodiak Island Borough
Kodiak City

Cordova
Valdez

The goal of this ongoing study is to provide the Oil Mayors' with a comprehensive and systematic assessment of what happened to their communities as a result of the oil spill and cleanup. The results will be used to enhance oil spill impact mitigation, to plan and protect against future recurrences, and to inform appropriate legislative action.

The objective of this first interim report is to provide a preliminary examination of how the oil spill affected the fiscal position of the cities and boroughs of Prince William Sound, Kenai Peninsula, and Kodiak Island.

1.1 Organization

This report is organized into five sections, plus an Executive Summary. Section 1.0, this introduction, provides an overview of how this report fits into the overall study. Section 2.0 examines local government revenues. It provides an overview of the revenue structure of the affected jurisdictions before and during the oil spill and cleanup, and investigates the extent and magnitude of local government revenue impacts from the events surrounding the oil spill. Section 3.0 reviews local government expenditures over recent years to quantify the nature and extent of direct oil spill expenditures and to probe for evidence of expenditure patterns that may be indirectly related to the oil spill and cleanup. In Section 4.0, spill-related revenues and expenditures are compiled for each local government jurisdiction. This section summarizes reimbursements received and claims submitted by local government jurisdictions for expenditures made as a direct result of the oil spill and cleanup activities. Section 5.0 provides a preliminary baseline assessment of what raw state fish tax receipts would have been had the oil spill not occurred. Special attention was given to raw state fish tax revenues for several reasons. First, fish tax revenues represent an important and growing source of revenues to local government jurisdictions. Second, this revenue source represents a direct link between the local economy and government operations. Third, redistribution of the state raw fish tax to local governments lags substantially behind actual fish harvesting and processing activity. Final fish tax revenue disbursements for fish processed in 1989 may not occur until June or July of 1990.

1.2 Overview of Analytical Approach

The trend-analysis approach was used in Sections 2.0 and 3.0 to track revenue and expenditure levels for several years to observe whether the fiscal pattern during the impact year differs from a baseline of prior years. Since most of the local governments report on a fiscal year basis, the most recent fiscal year data available was for that ending June 30, 1989. Unfortunately, FY 1989 covers only three and one-half months of the post-spill impact period, and can provide only a glimpse of possible impacts beyond those identified by the documentation of reimbursement and claims. This interim report includes observations about these impacts. Data from FY 1986, FY 1987, FY 1988 and FY 1989, however, also provide essential components of a baseline for evaluating impacts during the post-spill period and in the future.

In some cases, the trend analysis approach was applied to monthly data for selected revenue sources. Similar comparisons can also be made for selected expenditure categories (e.g., personnel and operations/maintenance). A basic assumption in this approach is that the "no-spill" baseline revenues and expenditures in 1989 are closely aligned with the composition and magnitude of revenue patterns in 1988. This ignores special circumstances that may influence the magnitude of revenue sources in any particular year, as well as patterns observed in earlier years. A preferred approach is to develop a no-spill, 1989 baseline estimate for selected revenues and expenditures by adjusting the 1988 calendar year data to reflect both historic patterns and special circumstances, and then to compare that baseline with the actual 1989 calendar year data to derive the revenue and expenditure impacts. This kind of approach will be included in the fiscal baseline analysis in the final report.

Section 4.0 incorporates an approach that documents the spill-related reimbursements received and claims made by the jurisdictions. These include the revenues received from Exxon, other private parties and the state and federal government as reported in the jurisdiction's oil-spill account. While this approach provides a useful preliminary assessment of impacts, it is incomplete on at least two grounds. First, it reflects only those costs perceived by local officials and recognized by the reimbursement entity as valid spill-related claims; therefore, some costs related to clean-up activity may not be included. Second, it reflects, at best, only those costs and reimbursement revenues related to the clean-up activity, and does not take into account the fiscal impacts related to either the closure or dislocation of the fishing industry or the subsequent shut-down of the spill cleanup activity.

The above approaches capture only quantitative impacts for 1989 that can be discerned from the jurisdiction's financial statements. Not accounted for in these approaches are the costs of increased service demands for specific service functions, the costs of added capacity or the costs resulting from resources diverted within the local government to cleanup activity or diverted from personal use to expanded responsibility. Additional quantitative data as well as information about how the oil spill affected the structure and process of local government service delivery are now being collected. In the Final Report, quantitative analysis will be supplemented with understandings about "what the numbers mean" gleaned from the process information regarding local government service delivery.

Finally, these approaches capture only those impacts accrued to the local governments in 1989. They do not take into account any impacts extending into 1990 or beyond. Nor do they reflect impacts in other sectors of the local or regional economy. Many important revenue sources have a time lag between the time an event occurs and the time the revenue is actually received by the local government. As noted above, the impact of the 1989 fisheries closure on state fish tax revenues will not be observed by the jurisdictions until June 1990 and the effect of fluctuating property values due to the 1989 fisheries closure and the boom and bust nature of the cleanup activity may not be reflected in property tax revenues until after July 1990; that is, in fiscal year 1991. These delayed impacts are noted in this report. However, it is obvious that fiscal impacts tied to the events of March 24 will continue into the future. A quantitative assessment of longer-term impacts is beyond the scope of this study. However, this preliminary assessment is sufficient to indicate the need for an on-going monitoring program to assess impacts that accrue to local governments in future years.

1.3 Acknowledgements

The scope of work call for a data collection effort that may be unprecedented in its depth and breadth for fiscal impact analysis. We emphasized in the template instructions that "the quality of the study and the usefulness of the results to affected communities will depend primarily on the accuracy and detail of the information provided by each jurisdiction included in the study." The effort committed to the development and completion of the Fiscal Templates and, therefore, the quality of data on which this analysis is based is a credit to the finance officers and staff of each local government.

2.0 LOCAL GOVERNMENT REVENUES

2.1 Introduction

The first part of this section presents an overview of the pre-spill revenue structure of the local governments affected by the oil spill. Major sources of revenue are identified and ranked by order of importance for FY 1986. Significant changes in the order of importance for the period FY 1986 to FY 1989 are noted. The second part examines revenue sources most likely to be impacted by the oil spill and cleanup events. Observations about revenue trends are made from a preliminary analysis of the data that has been received.

2.2 Revenue Structure

Local governments receive their revenues from six sources, which vary in order of importance among the jurisdictions impacted by the oil spill. Four sources: taxes, intergovernmental revenues, charges for services, and miscellaneous, provide at least 97 percent of the revenues in each of the nine jurisdictions studied. Two sources, licenses & permits and fines & forfeitures, account for even less than one percent of total revenue in many jurisdictions.

Charges for services was the leading revenue source of four entities (Cordova, Homer, Seward and City of Kodiak) in FY 1986. It ranked second, third or fourth in five jurisdictions. From FY 1986 to FY 1989, this source dropped in ranking in two entities. The major charges for services were for hospital (Cordova, Kenai Peninsula Borough, Seward, and Kodiak Island Borough), water and sewer (all but Kenai Peninsula Borough), and harbor and port (all but Kenai Peninsula Borough, Soldotna and Kodiak Island Borough).

Taxes ranked as the leading source for FY 1986 in three jurisdictions, was second-, third-, fourth-ranked in six entities. From FY 1986 to FY 1989, this source dropped in ranking in three jurisdictions and increased its ranking in one. Property taxes are collected in all jurisdictions and were the major source of FY 1986 tax revenue in four (Valdez, Kenai Peninsula Borough, Seward, and Kodiak Island Borough). Sales taxes provided the most FY 1986 tax revenue in five entities (Cordova, Homer, City of Kenai, Soldotna, and City of Kodiak) and are not a revenue source for Valdez or Kodiak Island Borough. Sales tax replaced property tax as the major source of FY 1989 tax revenue in Seward.

Intergovernmental revenues was the major source of FY 1986 revenue for three jurisdictions (Kenai Peninsula Borough, City of Kenai, and Kodiak Island Borough). It ranked second or third in six entities. From FY 1986 to FY 1989, this source increased from third to second place in Cordova, and dropped from second to third in Valdez and Homer.

Three jurisdictions (Valdez, Kenai Peninsula Borough, and Kodiak Island Borough) received state school revenues which was their highest or second high source of intergovernmental revenues.

All jurisdictions except Cordova received state capital grants, which ranked as the highest source of FY 1986 intergovernmental revenue for four entities (Valdez, Homer, City of Kenai, and Soldotna), and ranked second in two jurisdictions.

All nine local governments received state municipal assistance, which was the second largest source of FY 1986 intergovernmental revenue for five entities, and was first place in one (City of Kodiak).

State general revenue sharing was the third place source of FY 1986 intergovernmental revenues in five jurisdictions, and ranked first or second in two.

State operating grants were received by seven entities, and it ranked as third, fourth or fifth highest source of FY 1986 intergovernmental revenue in five.

Other state shared revenues ranked in fifth, sixth or seventh place among FY 1986 intergovernmental revenues in six of the eight jurisdictions receiving this source.

Eight entities received state raw fish tax in FY 1986; all nine received state raw fish tax in FY 1989. This source increased its ranking as a source of intergovernmental revenue from FY 1986 to FY 1989 in eight of the nine jurisdictions; the exception was Cordova where it ranked as the top source in FY 86 and FY 89.

Miscellaneous revenues was the fourth ranked source of FY 1986 total revenue in six jurisdictions, but ranked second or third in three entities. By FY 1989 it increased its ranking in three entities. Investment income was the leading source of miscellaneous income in seven jurisdictions and was the second leading source in the other two (Seward and City of Kodiak) behind other miscellaneous. Rents and leases were sources of miscellaneous income in six entities.

Licenses and permits were the fifth ranked source of FY 1986 revenue for eight jurisdictions, and not reported as a source by Kenai Peninsula Borough.

Fines and forfeitures ranked as the lowest source of FY 1986 revenue in seven jurisdictions, and were not a source in Kenai Peninsula Borough or City of Kodiak. These two sources switched fifth and sixth place rankings in FY 1989 in Cordova, Homer, City of Kenai, and City of Kodiak.

2.3 Revenue Impacts

This section examines patterns of change among revenue sources most likely to be impacted by the oil spill. Special attention is given to the timing of impacts, i.e., when the revenues were likely to be reflected in local government revenues. Some impacts may be observed during the year of impact while others are characterized by time lags in receipt of revenue. Several observations and tentative conclusions about oil spill cleanup impacts are drawn from these revenue data. Also, we suggest some precautions on interpreting these data in light of the differential timing of impacts.

Impact Linkages

The Exxon-Valdez oil spill on March 24, 1989 led to two major sources of impact: 1) the oil spill cleanup activity and 2) closure of the fisheries. Each has positive and negative effects on specific revenue sources which may be acting concurrently or at different times. The boom and bust nature of the spill cleanup activity and the fisheries closure affected communities differently. Consequently, revenue impacts were likely to have been distributed unevenly across time and among affected communities. The following discussion establishes how two sources of impact are linked to changes in population and business activity and ultimately to changes in selected sources of revenue.

These linkages are derived from a model in which the sources of impact (Cleanup and fishery closures) and characteristics of the affected communities interact to influence economic and demographic conditions, public service demand, and local government costs and revenues. Key characteristics include: (1) total work force requirements and local availability of labor which affect the amount and timing of population influx or out-migration, which in turn affect the nature and magnitude of public service demands; (2) resource requirements and linkages with other economic sectors which are key determinants of private sector economic impacts; and (3) the level of investment in project or event-related facilities. All of these characteristics may be factors in the local public sector revenues generated by the event.

Overview of Impacts

Demographic impacts are influenced by local community characteristics in several ways. First, the size of the local population, resident's skill levels, and the extent of underemployment and unemployment may determine the number of workers hired locally, and conversely, on the number who will be in-migrants. Second, local characteristics have a substantial influence on the settlement patterns of in-migrating workers and their families, as well as the number of workers who bring their families to the area. (City and Borough employment and population estimates, as well as other tax data, are summarized in Appendix A of this report.)

Private sector business impacts are influenced substantially by the local economic structure, which will affect the source of impact's ability to purchase supplies and materials locally and may influence the propensity of project workers to purchase goods and services locally.

Public service impacts are influenced by any excess capacity in the local public infrastructure, which will affect its ability to absorb new populations and the cost of meeting growing demands for services.

Fiscal impacts are also influenced substantially by local community characteristics. Differences in local tax structures can greatly affect the magnitude and timing of revenues derived from a source of impact and the accompanying population growth and related business activity. In addition, the arrangement of jurisdictional boundaries in relation to the places of changed economic activity and location of worker's residences can, in some cases, lead to substantial mismatches of cost and revenue impacts.

Demographic and Private Sector Business Impacts

Many in-migrants were attracted to the impacted communities in search of employment in clean-up activities. The closure of the fisheries also caused resident workers to be dislocated from the fishing industry to the cleanup effort and supporting service activity. Further demographic shifts, including out-migration, were reported after the September phaseout of clean-up activity; such as residents using their savings and money earned from the oil spill cleanup to buy property in and relocate to other Alaskan or outside communities.

Private sector business impacts include changes in jobs, payrolls and sales in the community due to the source of impact, plus investment or disinvestment in plant facilities, business enterprises and/or housing, and changes in the local cost of living. These business impacts of the oil spill contain both boom and bust components, occurring simultaneously in some communities. On one hand, local economies could expect to benefit from: 1) the clean-up activity payrolls spent on purchases of consumer goods and services; 2) direct purchases by the clean-up operation of goods and services; and 3) potential investment in property & new construction by clean-up industry, local business expansion, and in-migrating workers.

On the other hand, the economic boom from clean-up activity could be expected to be offset in some communities by loss of fishing and fish processing, resulting in decreased purchases of goods & services by local consumers and by the fishing industry for inputs or processing, as well as decreased investment by the fishing sector in plant and equipment, and by workers and support service business in property and construction. Many adverse impacts may be long-term, extending beyond the summer of 1989. For example, because many fishing supplies purchased last spring never got used, the spill's effect on support services may not be apparent until well into 1990. Similar economic decline in the local communities could be expected due to the September phaseout of clean-up activity and uncertainty over the status of continued cleanup in 1990.

Local Government Revenue Impacts

The timing of revenue receipts vary substantially by type of revenue source. Changes in some revenue sources might be received almost immediately and thus could be reflected in the revenue figures for FY 1989 ending June 1989. However, revenue impacts associated with the oil spill and cleanup activity during for the April - June 1989 period as well for the July - December 1989 period may not be reported until late FY90 or early FY91. Furthermore, some revenue sources (e.g., property tax and raw fish tax) are lagged such that the increased revenue will not be received by the local government until 1990 or even after July 1, 1990 in FY91.

Charges for Services. Local government services and infrastructure were subjected to a barrage of simultaneous expectations which should be reflected to some extent in revenues received as charges for services. These impacts include, for example: 1) direct demands on public services by the clean-up operation; 2) demands on public services by increased population with increased income; and 3) demands on public services by people dislocated from the fishing industry and from the subsequent phaseout of the cleanup effort.

The clean-up operation directly placed added demands on water and sewer harbor and port, and airport services, which should be reflected in increased charges for services in some jurisdictions. Concurrently, these service functions may have faced decreased demand and received declining revenues due to the closure of fisheries and/or fish processing.

The added population with increased income placed such demands on public services as: 1) social services, police and fire services, and other city or borough services; 2) school changes resulting from short-term increases in population, shifting work loads, cancellations of classes, and other shifts in school-related activities resulting from the oil spill; 3) public health services related to coping with increases in population, including wastewater, drinking water, and infectious disease issues related to population increase; and 4) costs related to changes in use-patterns of city facilities, including changes in maintenance and utility costs. Changed demand for some of these services impact the charges for services revenue source.

Not to be overlooked are demands placed on public services such as health and social services, public safety, and general government during severe economic decline by people dislocated from the fishing industry and from the subsequent phaseout of the cleanup effort. The linkage between changes in economic activity and public service impacts is asymmetric. Local governments face increasing service demands in response to times of economic boom and bust. Increased service demand would be reflected in increased charges for services only to the extent of peoples' ability to pay.

Taxes. Sales tax revenues are a direct reflection of private sector business activity. They can be expected to increase due to injection of new dollars spent on purchase of local taxable goods and services from increased payrolls or direct purchases from clean-up activity. Concurrently, sales tax revenues can decrease due to declining purchases from decreased payroll and/or direct purchases from loss of fishing and subsequent phaseout of cleanup activity. Therefore, the sales tax impact of the oil spill may be positive, negative or neutral, depending upon the timing and mix of spill cleanup and fisheries activity. Furthermore, there is a lag of several months between date of sale and the receipt of sales tax revenue.

Property tax revenues are directly related to the assessed valuation of property, which also reflects the level of private sector business activity. This revenue source can be expected to increase with new investment and new construction during economic expansion and in-migration, to decrease with economic decline and out-migration, or to show no change if the increase in one type of business activity is offset by decrease in another business sector. Property tax revenues are lagged due to the assessment, collection and distribution process. For example, new construction taking place in 1989 will be entered on the assessment rolls on April 1, 1990; thus the increased revenue will not be received by the local government until after July 1, 1990. Changes in property value due to either inflated or declining markets may take even longer to work through the assessment cycle and distribution of tax revenue.

Hotel/motel tax revenues reflect in-migration of short-term and transitory residents. Beyond the normal impacts of tourism, these revenues should increase with the spill cleanup activity and be adversely affected by fisheries decline and cleanup shutdown. Like the sales tax, the hotel/motel tax revenues are distributed with a three-month time lag.

Intergovernmental Revenues. State raw fish tax is recorded not as a source of tax revenue but as an intergovernmental revenue because local governments receive it from the state government. The level of this source is directly related to the sales volume of raw fish processed by facilities located within the local jurisdiction. Because of the time lag in distribution, impacts of 1989 fisheries closures will be reflected in revenues received by local governments in June 1990.

Some intergovernmental revenues may be directly related to the oil spill to the extent that population is a factor in the allocation formula for distribution to local governments. Such revenue impacts of population change, however, would likely not show up as revenues until 1990 due to the population estimate as of July 1, 1989 and the time lag in the distribution of funds. Other intergovernmental revenues, such as state or federal grants, with the exception of specific state grants directly related to the spill, would depend on decisions by higher levels of government and be only indirectly related to the oil spill, if at all, and not likely be received in 1989.

Other Revenue Sources. Two revenues sources, while providing a very small portion of total local government revenues, are potential indicators of oil spill impact. Licenses and permits is a source that is sensitive to changes in both business activity and population, and fines and forfeitures is a source reflecting population change.

Three sources of miscellaneous revenues may also indicate oil spill impact. Rents and leases would likely increase with expanded business activity and decrease with business decline. Valdez Oil Spill revenues represent spill-related payments from Exxon, VECO or other private parties. Investment income might increase or decrease depending upon the cash-flow situation created by the timing of spill-related revenues and expenditures.

Observations and Findings

Some preliminary observations about selected revenue impacts can be drawn from the revenue data that has been examined to date. These are based on partial analysis of fiscal year data from 1986 through 1989, augmented by an initial comparison of the available monthly data for the 1988 and 1989 calendar years, and reinforced by opinions expressed by the local finance directors about spill-related changes in 1989 revenues.

Taxes

Two sources of tax revenue should reflect oil spill impacts during calendar year 1989. These are sales tax and hotel/motel tax.

Sales tax impacts of events after March 24, 1989 could not be expected to be observed in FY 1989, however, due to the lag between sales and receipt of revenue. On the other hand, Homer reports on a calendar year basis and their data on the sales tax table shows 1989 sales tax revenues to be significantly higher than their 1986-88 trend, as shown in Table 2-1. Their 1988-89 increase of 35 percent exceeded their three percent average annual growth rate for 1986-88.

Preliminary comparison of 1989 and 1988 monthly sales tax revenues reported by five jurisdictions confirms that revenues increased following the spill, as shown in Table 2-2. The \$11 million total sales tax received by those entities during the second half of 1989 representing the post-spill period was 49 percent higher than what they received during the first half of 1989 representing the pre-spill period. This increase was more than the 39 percent increase for the 1988 second half over the 1988 first half. The second half total of 1989 also exceeded the \$9.4 million second half total of 1988 by 18 percent; in contrast, the total sales tax revenues received by those same jurisdictions during the first half of 1989 exceeded the \$6.8 million first half of 1988 total by only ten percent. Each entity reporting these data showed total July to December 1989 sales tax revenues greater than for the comparable 1988 period and for the first half of both years. Monthly sales tax revenues tended to be lower in 1989 than in 1988 for the six months representing the pre-spill period, and tended to be higher more often in 1989 during the six post-spill months.

To the extent this increase resulted from direct purchases of spill cleanup equipment, goods and services as well as purchases of consumer goods by people employed in cleanup activity, local jurisdictions should anticipate a dramatic reduction in sales tax revenues in 1990 coincident with the phase-out of the cleanup activity in fall 1989.

Hotel/motel tax revenues were reported separately by the Valdez and City of Kodiak, and included in sales tax revenues by other entities. Calendar year 1989 revenues from this source in Valdez, which keeps their financial records on a calendar year basis, were 64 percent higher than for CY 1988, while the average annual rate of change from CY 1986 to CY 1988 showed a ten percent decline. Comparison of the 1988 and 1989 monthly data appear to show total July to December 1989 revenues for this source considerably higher than for either the second half of 1988 or the first half of both years. Revenue from this source is also likely to decline in 1990 reflecting the late 1989 cutback in spill cleanup activity.

TABLE 2-1 SALES TAX REVENUES BY LOCAL GOVERNMENT JURISDICTION
 Fiscal Year 1986 - Fiscal Year 1990 (First Six Months)
 (Thousands of Dollars)

YEAR	CORDOVA	VALDEZ	KENAI BOROUGH	HOMER	CITY OF KENAI	SEWARD	SOLDOTNA	KODIAK BOROUGH	CITY OF KODIAK	TOTALS
FY 86	\$1,171	\$0	6,961	\$1,297	\$2,152	\$234	\$2,635	\$0	\$3,792	\$18,242
FY 87	1,142	0	6,589	1,124	1,978	448	2,509	0	3,776	17,566
FY 88	1,208	0	6,614	1,378	2,127	783	2,396	0	3,325	17,831
FY 89	1,444	0	7,114	1,859	2,277	918	2,522	0	3,657	19,791
FY 90			4,635		1,253		1,451		2,758	10,097

SOURCE OF DATA: Template # 2 for all communities

TABLE 2-2 COMPARISON OF 1989 AND 1988 SALES TAX REVENUES BY LOCAL GOVERNMENT JURISDICTION
 By Six Month Periods
 (Thousands of Dollars)

	CITY OF CORDOVA	KENAI BOROUGH	CITY OF HOMER	CITY OF KENAI	CITY OF KODIAK	TOTAL
JULY - DEC. 89	1092	4635	1284	1253	2758	11022
JAN. - JUNE 89	426	3226	575	1065	2128	7420
DIFFERENCE	666	1409	709	188	630	3602
PERCENT CHANGE	156%	44%	123%	18%	30%	49%
JULY - DEC. 88	922	3888	924	1212	2436	9382
JAN. - JUNE 88	414	2950	454	1039	1899	6756
DIFFERENCE	508	938	470	173	537	2626
PERCENT CHANGE	123%	32%	104%	17%	28%	39%
JAN. - JUNE 89	426	3226	575	1065	2128	7420
JAN. - JUNE 88	414	2950	454	1039	1899	6756
DIFFERENCE	12	276	121	26	229	664
PERCENT CHANGE	3%	9%	27%	3%	12%	10%
JULY - DEC. 89	1092	4635	1284	1253	2758	11022
JULY - DEC. 88	922	3888	924	1212	2436	9382
DIFFERENCE	170	747	360	41	322	1640
PERCENT CHANGE	18%	19%	39%	3%	13%	17%

SOURCE OF DATA: Templates # 3a and # 3b for all communities

Charges for Services

Water/sewer revenues were reported by eight jurisdictions, as shown in Table 2-3. The \$6.1 million FY 1989 total was four percent higher than their \$5.9 million FY 1988 total; however this growth was less than the FY 1986-88 average annual rate of growth of nine percent. Five entities showed FY 1988-89 increases. Preliminary comparison of monthly data reported by six jurisdictions suggest that 1989 water/sewer revenues may have exceeded 1988 revenues during some post-spill months in Cordova, Valdez and City of Kodiak. The 1989 monthly revenues appear to reflect the 1988 pattern in Homer, City of Kenai and Kodiak Island Borough.

Harbor/port revenues were reported by six entities (Table 2-3). Their \$6.3 million percent FY 1989 total was 22 percent higher than their \$5.2 million FY 1988 total. This growth exceeded the ten percent FY 1986-88 average annual rate of growth. Five of the six entities had FY 1988-89 increases, which the changes ranging from a 110 percent increase in Valdez to a two percent decrease in City of Kodiak. The monthly data for harbor/port revenues reported by four jurisdictions appear to suggest increased use activity during the post-spill months in each entity.

Airport revenues were reported by three jurisdictions (Table 2-3). Their \$322,000 FY 1989 total was four percent less than their \$334,000 FY 1988 total, which had remained fairly level since FY 1986. Valdez had a FY 1988-89 increase of 73 percent and Soldotna had a one percent increase, while City of Kenai had an 18 percent FY 1988-89 decrease.

Hospital revenues were reported by four jurisdictions in FY 1989 (Valdez showed hospital revenues in the previous years.) All four showed FY 1988-89 increases in revenues ranging from nine percent in Cordova to less than one percent in Kodiak Island Borough. However, the monthly data reported by Kodiak Island Borough shows a 27 percent increase for CY89, with ten months where revenues in 1989 exceeded those in 1988 in both the pre-spill and post-spill months.

Eight jurisdictions reported charges for services in the "All Other" category. These totaled \$10.4 million in FY 1989 which was four percent higher than their \$9.9 million total in FY 1988, compared with a nine percent average annual FY 1986-88 growth rate. Seven entities showed an FY 1988-89 increase in this revenue source. Five jurisdictions reported 1988 and 1989 monthly data for this category. It appears that the 1989 revenues were higher than those in 1988 during most months in all five entities, but to a greater extent during the post-spill months in most jurisdictions.

TABLE 2-3 CHARGES FOR SERVICE REVENUES BY LOCAL GOVERNMENT JURISDICTION
 Fiscal Year 1986 - Fiscal Year 1990 (First Six Months)
 (Thousands of Dollars)

	CORDOVA	VALDEZ	KENAI BOROUGH	HOMER	CITY OF KENAI	SEWARD	SOLDOTNA	KODIAK BOROUGH	CITY OF KODIAK	TOTALS
FY 86										
WATER/SEWER	\$399	\$238	\$0	\$830	\$678	\$603	\$424	\$190	\$1,636	\$4,398
HARBOR/PORT	506	204	0	1,398	0	793	0	0	1,396	4,297
AIRPORT	0	29	0	0	233	0	66	0	0	328
HOSPITAL	1,445	616	13,755	0	0	1,552	0	5,261	0	22,629
ALL OTHER	410	0	283	1,049	90	5,244	477	105	721	8,379
TOTAL	\$2,759	\$1,086	\$14,038	\$3,276	\$1,001	\$8,192	\$967	\$5,655	\$3,753	\$40,727
FY 87										
WATER/SEWER	\$408	\$256	\$0	\$885	\$711	\$625	\$432	\$436	\$1,763	\$5,516
HARBOR/PORT	448	227	0	1,597	1	834	0	0	1,551	4,658
AIRPORT	0	40	0	0	224	0	76	0	0	340
HOSPITAL	1,735	731	13,730	0	0	1,612	0	5,009	0	22,817
ALL OTHER	148	0	1,782	571	78	5,042	613	258	650	9,142
TOTAL	\$2,740	\$1,254	\$15,511	\$3,054	\$1,014	\$8,113	\$1,120	\$5,703	\$3,964	\$42,473
FY 88										
WATER/SEWER	\$418	\$242	\$0	\$958	\$709	\$648	\$519	\$422	\$1,966	\$5,892
HARBOR/PORT	519	303	0	1,722	91	885	0	0	1,548	5,158
AIRPORT	0	37	0	0	226	0	71	0	0	334
HOSPITAL	1,848	818	14,173	0	0	1,488	0	6,088	0	24,415
ALL OTHER	357	0	1,850	572	60	5,263	676	553	611	9,942
TOTAL	\$3,143	\$1,400	\$16,023	\$3,253	\$1,085	\$8,284	\$1,266	\$7,062	\$4,226	\$45,742
FY 89										
WATER/SEWER	\$437	\$384	\$0	\$937	\$691	\$713	\$523	\$415	\$2,003	\$6,103
HARBOR/PORT	538	637	0	2,324	205	986	0	0	1,620	6,310
AIRPORT	0	64	0	0	186	0	72	0	0	322
HOSPITAL	2,018	0	15,492	0	0	1,590	0	6,106	0	25,206
ALL OTHER	361	0	296	1,679	66	5,609	848	873	644	10,376
TOTAL	\$3,354	\$1,085	\$15,787	\$4,977	\$1,149	\$8,898	\$1,444	\$7,393	\$4,267	\$48,354
FY 90										
WATER/SEWER					\$351		\$211	\$220	\$1,113	\$1,895
HARBOR/PORT					76		0	0	753	829
AIRPORT					89		48	0	0	137
HOSPITAL					0		0	3,503	0	3,503
ALL OTHER			382		72		294	809	305	1,362
TOTAL			\$382		\$588		\$552	\$4,532	\$2,171	\$8,225

SOURCE OF DATA: Template # 2 for all communities

Miscellaneous Revenues

Rents & leases revenues were reported by five jurisdictions, of which three showed a FY 1988-89 increase. The FY 1988-89 changes ranged from a 59 percent increase by the Valdez to a 96 percent decrease by the City of Soldotna. The five jurisdictions reporting monthly data showed a 1989 second half total of \$1 million, which was a 15 percent increase over the 1989 first half total of \$873,000. The 1989 second half total was nine percent less than the \$1.1 million second half total of 1988, while the 1989 first half total was 23 percent less than the \$1.14 million first half total for 1988. To the extent the 1989 second half increases were related to spill cleanup activity, the jurisdictions might expect this revenue source to decline in 1990.

Investment income revenues were reported by all nine jurisdictions, of which seven showed FY 1988-89 increases. The FY 1988-89 changes ranged from a 48 percent increase in the City of Kodiak to a 24 percent decrease in Kodiak Island Borough. Seven jurisdictions reported monthly data on investment income. Preliminary comparison of these monthly data indicate that during the nine post-spill months, 1989 investment income tended to exceed that for the 1988 months in four jurisdictions, but not during the three pre-spill months. In three other entities, 1989 investment income appeared to be higher in 1989 than in 1988 during the pre-spill months and to be lower during the post-spill months in 1989 than in 1988.

Other Revenue Sources

Licenses and permits revenues reported by eight jurisdictions totaled \$1.1 million in 1989, a 16 percent increase over their \$977,000 total for 1988, which compared with a 19 percent average annual rate of decline for the 1986-88 period, as shown in Table 2-4. Only four entities showed increases in 1989 over 1988, and the percentage increase for each exceeded their average annual rate of growth for 1986-88. In addition, the 1988-89 declines for two entities were less than their average annual rate of decline for 1986-88. Initial comparison of the 1988 and 1989 monthly data reported by five entities show monthly revenues tended to be lower in 1989 than in 1988 for the three months representing the pre-spill period, but tended to be lower less often in 1989 during the nine post-spill months. Three of the entities showed total April - December 1989 licenses and permits revenues higher than for the comparable 1988 period.

TABLE 2-4 LICENSE AND PERMIT REVENUE BY LOCAL GOVERNMENT JURISDICTION
 Fiscal Year 1986 - Fiscal Year 1990 (First Six Months)
 (Thousands of Dollars)

YEAR	COROOVA	VALDEZ	KENAI BOROUGH	HOMER	CITY OF KENAI	SEWARD	SOLDOTNA	KODIAK BOROUGH	CITY OF KODIAK	TOTALS
FY 86	\$35	\$27	\$0	\$99	\$52	\$187	\$90	\$957	\$38	\$1,485
FY 87	36	25	0	36	38	62	40	1,803	41	2079
FY 88	47	35	0	45	16	73	39	677	45	977
FY 89	0	83	0	41	15	132	40	779	41	1131
FY 90					7		5	59	34	105

SORCE OF DATA: Template # 2 for all communities

Fines and forfeitures revenues reported by seven jurisdictions totaled \$276,000 in 1989, 26 percent less than the 1988 total of \$375,000, which compared with a 49 percent average annual rate of growth for the 1986-88 period, as shown in Table 2-5. Much of this decrease was in by Homer which reported a 58 percent decline in CY89 from their CY88 total of \$228,000. On the other hand, four jurisdictions had 1988-89 increases, each of which also exceeded their average annual percentage growth rate for 1986-88. Quick comparison of the 1988 and 1989 monthly data reported by four entities show that monthly revenues tended to be higher in 1989 than in 1988 more often during the post-spill period than prior to the spill. Three jurisdictions showed total April - December 1989 fines and forfeitures revenues to be higher than during the comparable 1988 period.

Tables 2-6 through 2-15, below, provide a more detailed picture of the magnitude and composition of local government revenue sources by jurisdiction for the period FY 1986 through FY 1989. These table are reproductions of Fiscal Template No. 2 results, modified to depict changing grow rate patterns for various revenue sources.

TABLE 2-5 FINE AND FORFEITURE REVENUE BY LOCAL GOVERNMENT JURISDICTION
Fiscal Year 1986 - Fiscal Year 1990 (First Six Months)
(Thousands of Dollars)

YEAR	CORDOVA	VALDEZ	KENAI BOROUGH	HOMER	KENAI	SEVARD	SOLDOTNA	KODIAK BOROUGH	KODIAK	TOTALS
FY 86	\$4	\$17	\$0	\$61	\$27	\$9	\$19	\$0	\$33	\$170
FY 87	6	18	0	199	28	13	16	0	77	357
FY 88	11	21	0	228	36	14	16	0	49	375
FY 89	9	34	0	97	33	27	19	0	57	276
FY 90					33		18	1	26	78

SORCE OF DATA: Template # 2 for all communities

TABLE 2-6. TEMPLATE #2 FOR COMMUNITY OF CORDOVA
 REVENUES BY SOURCE FOR FY 86, FY 87, FY 88, FY 89, AND FY 90
 (Dollars)

SOURCE OF REVENUE	FY 86 Actual	FY 87 Actual	FY 88 Actual	FY 89 Actual	FIRST HALF FY 90 Actual	Average Annual Rate of Growth (Percent)	
						FY86-FY88	FY88-FY89
TAXES							
Property	187,559	195,313	189,587	495,520	0	1%	161%
Sales	1,171,270	1,142,235	1,207,722	1,443,784	0	2%	20%
Hotel/Motel	0	0	0	0	0		
Other	0	0	0	0	0		
SUBTOTAL TAXES	1,358,829	1,337,548	1,397,309	1,939,304	0	1%	39%
LICENSES AND PERMITS	35,486	35,517	46,909	0	0	15%	-100%
INTERGOVERNMENTAL REVENUES							
State General Revenue Sharing	220,583	213,152	259,539	255,258	0	8%	-2%
State School Revenues	0	0	0	0	0		
State Raw Fish Tax	434,403	434,742	570,574	1,294,707	0	15%	127%
State Municipal Assistance	317,156	294,861	256,488	256,037	0	-10%	0%
Other State Shared Revenues	52,764	322,714	64,173	40,184	0	10%	-37%
State Grants - Capital	0	0	0	0	0		
State Grants - Operating	282,917	204,518	111,711	105,615	0	-37%	-5%
State Oil Spill	0	0	0	0	0		
Federal Grants - School	0	0	0	0	0		
Federal Grants - Capital	0	0	0	0	0		
Federal Grants - Operating	0	0	0	0	0		
SUBTOTAL INTERGOVERNMENTAL	1,307,823	1,469,987	1,262,485	1,951,801	0	-2%	55%
CHARGES FOR SERVICES							
Water/Sewer	398,929	408,330	417,851	437,131	0	2%	5%
Harbor/Port	505,926	448,259	519,138	538,457	0	1%	4%
Airport	0	0	0	0	0		
Hospital	1,444,556	1,735,439	1,848,362	2,018,223	0	13%	9%
All Other	410,015	148,370	357,490	360,675	0	-7%	1%
SUBTOTAL CHARGES FOR SERVICES	2,759,426	2,740,398	3,142,841	3,354,486	0	7%	7%
FINES AND FOREITURES	4,030	5,698	11,308	8,676	0	68%	-23%
MISCELLANEOUS							
Rents and Leases	50,198	109,613	60,262	65,597	0	10%	9%
Investment Income	467,021	229,908	292,590	344,490	0	-21%	18%
Valdez Oil Spill - Exxon	0	0	0	188,000	0		
Valdez Oil Spill - VECO	0	0	0	35,750	0		
Valdez Oil Spill - Other Private	0	0	0	4,446	0		
Other Miscellaneous	0	0	0	0	0		
SUBTOTAL MISCELLANEOUS	517,219	339,521	352,852	638,283	0	-17%	81%
TOTAL REVENUES	5,982,813	5,928,669	6,213,704	7,892,550	0	2%	27%
COMMUNITY POPULATION	2,053	NA	2,048	2,619	NA	0%	28%
PER CAPITA REVENUES	\$2,914		\$3,034	\$3,014		2%	-1%
PER CAPITA REVENUES IN CONSTANT 1989 DOLLARS	\$3,019		\$3,122	\$3,014		2%	-3%

TABLE 2-7. TEMPLATE #2 FOR COMMUNITY OF VALDEZ
REVENUES BY SOURCE FOR CY 86, CY 87, CY 88, AND CY 89
(Dollars)

SOURCE OF REVENUE	CY 86 Actual	CY 87 Actual	CY 88 Actual	CY89 Actual	Average Annual Rate of Growth (Percent)	
					FY86-FY88	FY88-FY89
TAXES						
Property	27,878,579	27,161,321	25,692,433	25,417,854	-4%	-1%
Sales	0	0	0	0		
Hotel/Hotel	153,272	135,899	123,174	201,799	10%	64%
Other	0	3,237	0	0		
SUBTOTAL TAXES	28,031,851	27,300,457	25,815,607	25,619,653	-4%	-1%
LICENSES AND PERMITS	27,039	25,091	35,077	83,223	14%	137%
INTERGOVERNMENTAL REVENUES						
State General Revenue Sharing	284,353	686,071	582,115	331,949	43%	-43%
State School Revenues	2,519,497	2,668,900	3,353,538	2,705,487	2%	-19%
State Raw Fish Tax	100,158	79,137	121,317	294,382	10%	143%
State Municipal Assistance	845,040	733,414	669,416	668,774	-11%	0%
Other State Shared Revenues	168,505	86,776	91,976	70,961	-26%	-23%
State Grants - Capital	2,531,560	1,018,124	1,015,219	1,629,788	-14%	61%
State Grants - Operating	595,559	1,691,889	439,730	516,953	-14%	18%
State Oil Spill	0	0	0	0		
Federal Grants - School	0	0	0	0		
Federal Grants - Capital	0	0	0	0		
Federal Grants - Operating	152,427	4,139	0	0		
SUBTOTAL INTERGOVERNMENTAL	7,197,099	6,968,450	6,273,311	6,218,294	-7%	-1%
CHARGES FOR SERVICES						
Water/Sewer	238,052	255,836	241,704	384,339	1%	59%
Harbor/Port	203,708	227,222	303,085	637,322	22%	110%
Airport	28,782	40,429	36,974	63,817	30%	73%
Hospital	615,538	730,898	818,025	0	15%	
All Other	0	0	0	0		
SUBTOTAL CHARGES FOR SERVICES	1,086,080	1,254,385	1,399,788	1,085,478	14%	-22%
FINES AND FOREITURES	17,331	17,844	21,284	33,781	11%	59%
MISCELLANEOUS						
Rents and Leases	100,825	152,365	137,929	219,829	17%	59%
Investment Income	5,139,055	5,740,000	4,957,022	5,903,696	-2%	19%
Valdez Oil Spill - Exxon	0	0	0	1,373,381		
Valdez Oil Spill - VECO	0	0	0	0		
Valdez Oil Spill - Other Private	0	0	0	0		
Other Miscellaneous	231,120	116,040	196,989	427,354	23%	117%
SUBTOTAL MISCELLANEOUS	5,471,000	6,008,405	5,291,940	7,924,260	-2%	50%
TOTAL REVENUES	41,830,400	41,574,632	38,837,007	40,964,689	-4%	5%
COMMUNITY POPULATION	3,263	NA	3,313	7,193	1%	117%
PER CAPITA REVENUE	\$12,820		\$11,723	\$5,695	-4%	-51%
PER CAPITA REVENUE IN CONSTANT 1989 DOLLARS	\$13,281		\$12,063	\$5,695	-5%	-53%

TABLE 2-8. TEMPLATE #2 FOR KENAI PENINSULA BOROUGH
 REVENUES BY SOURCE FOR FY 86, FY 87, FY 88, FY 89, AND FY 90
 (Dollars)

SOURCE OF REVENUE	FY 86 Actual	FY 87 Actual	FY 88 Actual	FY 89 Actual	FIRST HALF FY 90 Actual	Average Annual Rate of Growth (Percent)	
						FY86-FY88	FY88-FY89
TAXES							
Property	12,866,927	23,325,702	28,377,489	24,606,751	24,450,351	49%	-13%
Sales	6,960,999	6,588,619	6,613,622	7,114,238	4,635,307	-3%	
Hotel/Motel	0	0	0	0	0		
Other	0	0	0	0	0		
SUBTOTAL TAXES	19,827,926	29,914,321	34,991,108	31,720,989	29,085,658	33%	-9%
LICENSES AND PERMITS	0	0	0	0	0		
INTERGOVERNMENTAL REVENUES							
State General Revenue Sharing	3,128,012	2,985,799	3,121,211	2,803,630	2,615,101	0%	-10%
State School Revenues	54,735,164	57,134,772	56,114,034	56,849,761	8,232,464		
State Raw Fish Tax	538,703	683,847	1,087,437	1,975,001	0	42%	82%
State Municipal Assistance	3,191,859	2,939,051	2,489,847	2,485,275	0	-12%	0%
Other State Shared Revenues	385,122	473,095	500,923	161,296	0	14%	
State Grants - Capital	3,125,624	4,023,124	602,832	2,707,069	193,475	-5%	349%
State Grants - Operating	671,499	833,787	656,105	255,685	1,807	-1%	
State Oil Spill	0	0	0	0	0		
Federal Grants - School	1,032,529	404,490	594,493	378,272	0	-29%	-46%
Federal Grants - Capital	0	0	0	0	0		
Federal Grants - Operating	1,741,490	1,090,818	972,403	1,022,546	935,250	-16%	5%
SUBTOTAL INTERGOVERNMENTAL	68,550,002	70,568,783	66,292,855	68,636,535	11,975,097	-2%	4%
CHARGES FOR SERVICES							
Water/Sewer	0	0	0	0	0		
Harbor/Port	0	0	0	0	0		
Airport	0	0	0	0	0		
Hospital	13,754,863	13,729,617	14,173,020	15,491,686	0	2%	
All Other	282,738	1,781,776	1,850,037	295,794	382,238	156%	-84%
SUBTOTAL CHARGES FOR SERVICES	14,037,601	15,511,393	16,023,057	15,787,480	382,238	7%	-1%
FINES AND FOREITURES	0	0	0	0	0		
MISCELLANEOUS							
Rents and Leases	0	0	0	0	290,483		
Investment Income	5,158,401	7,832,977	4,526,101	5,759,979	2,047,021	-6%	27%
Valdez Oil Spill - Exxon	0	0	0	1,545,926	0		
Valdez Oil Spill - VECO	0	0	0	0	0		
Valdez Oil Spill - Other Private	0	0	0	0	0		
Other Miscellaneous	2,382,809	1,488,298	1,400,979	3,039,128	222,401	8%	117%
SUBTOTAL MISCELLANEOUS	7,541,210	9,321,275	5,927,080	10,345,033	2,559,905	-11%	75%
TOTAL REVENUES	109,956,739	125,315,772	123,180,530	126,490,037	44,002,898	6%	3%
COMMUNITY POPULATION	40,414	39,170	39,949	40,312	NA	-1%	1%
PER CAPITA REVENUES	\$2,721		\$3,083	\$3,138		6%	2%
PER CAPITA REVENUES IN CONSTANT 1989 DOLLARS	\$2,819		\$3,173	\$3,138		6%	-1%

TABLE 2-9. TEMPLATE #2 FOR COMMUNITY OF HOHER
REVENUES BY SOURCE FOR CY 86, CY 87, CY 88, AND CY 89
(Dollars)

SOURCE OF REVENUE	CY 86 Actual	CY 87 Actual	CY 88 Actual	CY 89 Actual	Average Annual Rate of Growth (Percent)	
					FY86-FY88	FY88-FY89
TAXES						
Property	1,040,570	1,060,022	929,372	961,920	-5%	4%
Sales	1,297,100	1,124,369	1,378,052	1,858,985	3%	35%
Hotel/Motel	0	0	0	0		
Other	14,513	7,142	7,119	15,976	3%	124%
SUBTOTAL TAXES	2,352,183	2,191,533	2,314,543	2,836,881	-1%	23%
LICENSES AND PERMITS	99,086	36,209	44,904	40,536	-33%	-10%
INTERGOVERNMENTAL REVENUES						
State General Revenue Sharing	435,807	327,351	388,408	231,045	-6%	-41%
State School Revenues	0	0	0	0		
State Raw Fish Tax	87,034	89,375	126,220	290,153	20%	130%
State Municipal Assistance	555,680	460,224	390,536	389,835	-16%	0%
Other State Shared Revenues	52,379	34,621	64,339	35,425	11%	-45%
State Grants - Capital	1,150,919	82,327	737	56,800	-63%	7607%
State Grants - Operating	105,446	121,770	157,738	88,560	22%	-44%
State Oil Spill	0	0	0	0		
Federal Grants - School	0	0	0	0		
Federal Grants - Capital	142,807	3,922	0	0		
Federal Grants - Operating	0	0	0	0		
SUBTOTAL INTERGOVERNMENTAL	2,530,072	1,119,590	1,127,978	1,091,818	-33%	-3%
CHARGES FOR SERVICES						
Water/Sewer	829,652	885,456	958,359	973,494	7%	2%
Harbor/Port	1,310,844	1,507,995	1,596,014	2,084,074	10%	31%
Airport	0	0	0	0		
Hospital	0	0	0	0		
All Other	1,048,540	571,211	571,957	1,679,393	-26%	194%
SUBTOTAL CHARGES FOR SERVICES	3,189,036	2,964,662	3,126,330	4,736,961	-1%	52%
FINES AND FOREITURES	60,875	198,967	227,732	97,479	93%	-57%
MISCELLANEOUS						
Rents and Leases	0	0	0	0		
Investment Income	649,753	220,090	203,453	210,539	-44%	3%
Valdez Oil Spill - Exxon	0	0	0	321,557		
Valdez Oil Spill - VECO	0	0	0	0		
Valdez Oil Spill - Other Private	0	0	0	225,442		
Other Miscellaneous	0	1,758,572	44,404	0		-100%
SUBTOTAL MISCELLANEOUS	649,753	1,978,662	247,857	757,538	-38%	206%
TOTAL REVENUES	8,881,005	8,489,623	7,089,344	9,561,213	-11%	35%
COMMUNITY POPULATION	3,706	NA	4,338	4,338	8%	0%
PER CAPITA REVENUES	\$2,396		\$1,634	\$2,204	-17%	35%
PER CAPITA REVENUES IN CONSTANT 1989 DOLLARS	\$2,483		\$1,682	\$2,204	-18%	31%

TABLE 2-10. TEMPLATE #2 FOR COMMUNITY OF KENAI
REVENUES BY SOURCE FOR FY 86, FY 87, FY 88, FY 89, AND FY 90
(Dollars)

SOURCE OF REVENUE	FY 86 Actual	FY 87 Actual	FY 88 Actual	FY 89 Actual	FIRST HALF FY 90 Actual	Average Annual Rate of Growth (Percent)	
						FY86-FY88	FY88-FY89
TAXES							
Property	549,992	911,534	867,629	748,874	675,096	26%	-14%
Sales	2,152,418	1,978,328	2,127,338	2,276,884	1,253,442	-1%	7%
Motel/Motel	0	0	0	0	0		
Other	23,179	26,836	30,795	38,518	0	18%	25%
SUBTOTAL TAXES	2,725,589	2,916,698	3,025,762	3,064,275	1,928,538	5%	1%
LICENSES AND PERMITS	51,639	35,618	16,364	15,309	7,407	-44%	-6%
INTERGOVERNMENTAL REVENUES							
State General Revenue Sharing	613,616	453,308	353,111	349,674	348,432	-24%	-1%
State School Revenues	0	0	0	0	0		
State Raw Fish Tax	217,159	187,244	253,329	587,009	340	8%	132%
State Municipal Assistance	978,046	794,345	680,868	679,726	0	-17%	0%
Other State Shared Revenues	56,415	48,436	49,429	50,594	(435)	-6%	2%
State Grants - Capital	4,958,804	3,599,624	1,237,743	1,045,863	975,483	-40%	-15%
State Grants - Operating	225,989	263,489	322,054	440,010	125,459	19%	37%
State Oil Spill	0	0	0	0	0		
Federal Grants - School	62,586	34,476	37,806	122,606	25,156	25%	226%
Federal Grants - Capital	66,923	638,645	587,220	470,288	471,215	92%	-20%
Federal Grants - Operating	251,844	49,805	10,993	12,695	9,565	-63%	15%
SUBTOTAL INTERGOVERNMENTAL	7,431,382	6,069,372	3,532,353	3,758,465	1,955,215	-31%	6%
CHARGES FOR SERVICES							
Water/Sewer	678,101	711,114	708,966	691,438	351,108	2%	-2%
Harbor/Port	0	595	90,580	205,392	76,219		127%
Airport	232,963	224,195	226,067	186,428	89,498	-7%	-18%
Hospital	0	0	0	0	0		
All Other	90,215	78,172	59,869	66,059	71,572	-19%	10%
SUBTOTAL CHARGES FOR SERVICES	1,001,279	1,014,076	1,085,482	1,149,317	588,397	4%	6%
FINES AND FOREITURES	27,002	28,184	35,899	32,824	32,929	15%	-9%
MISCELLANEOUS							
Rents and Leases	527,022	502,274	497,992	495,136	269,003	-3%	-1%
Investment Income	1,845,520	1,421,546	1,512,590	1,858,361	930,716	-9%	23%
Valdez Oil Spill - Exxon	0	0	0	0	32,264		
Valdez Oil Spill - VECO	0	0	0	0	0		
Valdez Oil Spill - Other Private	0	0	0	0	4,044		
Other Miscellaneous	210,001	453,386	626,552	710,802	143,258	50%	13%
SUBTOTAL MISCELLANEOUS	2,582,543	2,377,206	2,637,134	3,064,299	1,379,285	1%	16%
TOTAL REVENUES	13,819,434	12,441,154	10,332,994	11,084,490	5,891,271	-14%	7%
COMMUNITY POPULATION	6,647	NA	6,543	6,543	NA	-1%	0%
PER CAPITA REVENUE	\$2,079		\$1,579	\$1,694		-13%	7%
PER CAPITA REVENUE IN CONSTANT 1989 DOLLARS	\$2,154		\$1,625	\$1,694		-13%	4%

TABLE 2-11. TEMPLATE #2 FOR COMMUNITY OF SEWARD
 REVENUES BY SOURCE FOR FY 86, FY 87, FY 88, FY 89, AND FY 90
 (Dollars)

SOURCE OF REVENUE	FY 86 Actual	FY 87 Actual	FY 88 Actual	FY 89 Actual	FIRST HALF FY90 Actual	Average Annual Rate of Growth (Percent)	
						FY86-FY88	FY88-FY89
TAXES							
Property	565,720	393,815	535,312	452,319		-3%	-16%
Sales	233,843	448,304	783,122	918,470		83%	17%
Hotel/Motel	0	0	0	0			
Other	0	0	0	0			
SUBTOTAL TAXES	799,563	842,119	1,318,434	1,370,789		28%	4%
LICENSES AND PERMITS	187,393	62,029	72,681	132,059		-38%	82%
INTERGOVERNMENTAL REVENUES							
State General Revenue Sharing	653,679	591,008	422,139	420,061		-20%	0%
State School Revenues	0	0	0	0			
State Raw Fish Tax	107,947	151,669	166,778	270,699		24%	62%
State Municipal Assistance	313,596	271,368	231,861	231,464		-14%	0%
Other State Shared Revenues	19,636	16,297	23,001	20,814		8%	-10%
State Grants - Capital	567,690	1,419,505	1,941,732	420,746		-10%	-78%
State Grants - Operating	336,762	281,445	501,127	119,369		22%	-76%
State Oil Spill	0	0	0	0			
Federal Grants - School	0	0	0	0			
Federal Grants - Capital	0	0	555,329	44,671			-92%
Federal Grants - Operating	91,248	13,550	0	0			
SUBTOTAL INTERGOVERNMENTAL	2,090,558	2,744,842	3,841,967	1,527,824		36%	-60%
CHARGES FOR SERVICES							
Water/Sewer	603,265	624,529	647,848	713,001		4%	10%
Harbor/Port	792,858	834,284	885,240	986,149		6%	11%
Airport	0	0	0	0			
Hospital	1,552,000	1,612,174	1,488,348	1,589,980		-2%	
All Other	5,244,134	5,042,296	5,263,045	5,608,957		0%	7%
SUBTOTAL CHARGES FOR SERVICES	8,192,257	8,113,283	8,284,481	8,898,087		1%	7%
FINES AND FOREITURES	9,152	13,495	14,465	26,729		26%	85%
MISCELLANEOUS							
Rents and Leases	369,003	294,583	301,432	348,700		-10%	16%
Investment Income	393,550	203,410	227,522	291,282		-24%	28%
Valdez Oil Spill - Exxon	0	0	0	163,347			
Valdez Oil Spill - VECO	0	0	0	0			
Valdez Oil Spill - Other Private	0	0	0	0			
Other Miscellaneous	2,322,638	171,423	1,039,920	823,471		-29%	-21%
SUBTOTAL MISCELLANEOUS	3,085,197	669,416	1,568,844	1,626,800		-29%	4%
TOTAL REVENUES	14,364,120	12,445,184	15,100,872	13,582,288		3%	-10%
COMMUNITY POPULATION	2,072	NA	2,463	2,400		9%	-3%
PER CAPITA REVENUE	\$6,932		\$6,131	\$5,659		-6%	-8%
PER CAPITA REVENUE IN CONSTANT 1989 DOLLARS	\$7,182		\$6,309	\$5,659		-6%	-10%

TABLE 2-12. TEMPLATE #2 FOR COMMUNITY OF SOLDOTNA
REVENUES BY SOURCE FOR FY 86, FY 87, FY 88 FY 89, AND FY 90
(Dollars)

SOURCE OF REVENUE	FY 86 Actual	FY 87 Actual	FY 88 Actual	FY89 Actual	FIRST HALF FY90 Actual	Average Annual Rate of Growth (Percent)	
						FY86-FY88	FY88-FY89
TAXES							
Property	698,095	815,939	812,900	658,386	495,267	8%	-19%
Sales	2,635,186	2,396,051	2,509,320	2,521,867	1,450,894	-2%	1%
Hotel/Hotel	0	0	0	0	0		
Other	0	0	0	0	0		
SUBTOTAL TAXES	3,333,281	3,211,990	3,322,220	3,180,253	1,946,161	0%	-4%
LICENSES AND PERMITS	89,654	38,742	39,822	40,366	5,443	-33%	1%
INTERGOVERNMENTAL REVENUES							
State General Revenue Sharing	326,056	305,101	298,035	302,126	221,973	-4%	1%
State School Revenues	0	0	0	0	0		
State Raw Fish Tax	0	0	0	1,881	(75)		
State Municipal Assistance	568,208	415,010	459,306	414,344	34,605	-10%	-10%
Other State Shared Revenues	51,992	208,797	194,564	161,351	107,151	93%	-17%
State Grants - Capital	638,042	1,666,178	1,749,925	795,843	241,911	8%	-55%
State Grants - Operating	0	0	0	0	0		
State Oil Spill	0	0	0	0	0		
Federal Grants - School	0	0	0	0	0		
Federal Grants - Capital	203,377	200,000	4,114	0	0		
Federal Grants - Operating	0	0	0	0	0		
SUBTOTAL INTERGOVERNMENTAL	1,787,675	2,795,086	2,705,944	1,675,545	605,565	23%	-38%
CHARGES FOR SERVICES							
Water/Sewer	423,639	518,585	432,094	523,285	211,332	1%	21%
Harbor/Port	0	0	0	0	0		
Airport	66,042	71,457	75,564	72,344	47,522	3%	-4%
Hospital	0	0	0	0	0		
All Other	477,413	676,317	612,699	848,218	293,540	13%	38%
SUBTOTAL CHARGES FOR SERVICES	967,094	1,266,359	1,120,357	1,443,847	552,394	8%	29%
FINES AND FOREITURES	18,887	16,203	15,713	18,598	17,740	-9%	18%
MISCELLANEOUS							
Rents and Leases	0	143,225	144,033	6,270	0		-96%
Investment Income	537,664	512,845	678,489	648,142	250,008	12%	-4%
Valdez Oil Spill - Exxon	0	0	0	0	0		
Valdez Oil Spill - VECO	0	0	0	0	0		
Valdez Oil Spill - Other Private	0	0	0	0	0		
Other Miscellaneous	40,342	545,915	197,520	873,129	56,068	179%	342%
SUBTOTAL MISCELLANEOUS	578,006	1,201,985	1,020,042	1,527,541	306,076	33%	50%
TOTAL REVENUES	6,774,597	8,530,365	-8,224,098	7,886,150	3,433,379	10%	-4%
COMMUNITY POPULATION	4,021	NA	3,733	3,668	NA	-4%	-2%
PER CAPITA REVENUE	\$1,685		\$2,203	\$2,150		14%	-2%
PER CAPITA REVENUE IN CONSTANT 1989 DOLLARS	\$1,745		\$2,267	\$2,150		14%	-5%

TABLE 2-13. TEMPLATE #2 FOR KODIAK ISLAND BOROUGH
 REVENUES BY SOURCE FOR FY 86, FY 87, FY 88, FY 89, AND FY 90
 (Dollars)

SOURCE OF REVENUE	FY 86 Actual	FY 87 Actual	FY 88 Actual	FY 89 Actual	FIRST HALF FY 90 Actual	Average Annual Rate of Growth (Percent)	
						FY86-FY88	FY88-FY89
TAXES							
Property	2,227,944	2,384,653	2,672,156	2,725,708	2,841,196	10%	2%
Sales	0	0	0	0	0		
Hotel/Motel	0	0	0	0	0		
Other	0	0	0	0	0		
SUBTOTAL TAXES	2,227,944	2,384,653	2,672,156	2,725,708	2,841,196	10%	2%
LICENSES AND PERMITS	957,058	1,802,531	676,699	779,306	58,808	-16%	15%
INTERGOVERNMENTAL REVENUES							
State General Revenue Sharing	1,827,894	1,476,743	1,897,745	2,126,287	865,595	2%	12%
State School Revenues	19,968,064	17,396,012	17,423,440	17,546,005	8,195,128		
State Raw Fish Tax	647,057	871,703	875,085	2,044,881	0	16%	134%
State Municipal Assistance	791,596	621,255	527,690	526,608	0	-18%	0%
Other State Shared Revenues	0	0	0	0	9,387		
State Grants - Capital	4,606,720	6,419,199	1,280,557	957,200	346,286	-41%	-25%
State Grants - Operating	0	0	0	0	565,140		
State Oil Spill	0	0	0	0	173,324		
Federal Grants - School	795,632	582,850	788,491	1,005,261	0	8%	27%
Federal Grants - Capital	63,361	311,639	0	0	0	-100%	
Federal Grants - Operating	184,166	41,346	1,620	5,036	144,723	-70%	211%
SUBTOTAL INTERGOVERNMENTAL	28,884,490	27,720,747	22,794,628	24,211,278	10,300,183	-11%	6%
CHARGES FOR SERVICES							
Water/Sewer	289,711	436,126	422,014	414,546	219,719	21%	-2%
Harbor/Port	0	0	0	0	0		
Airport	0	0	0	0	0		
Hospital	5,261,182	5,009,194	6,087,580	6,105,723	3,503,197	8%	
All Other	104,551	258,130	552,821	872,853	809,427	130%	58%
SUBTOTAL CHARGES FOR SERVICES	5,655,444	5,703,450	7,062,415	7,393,122	4,532,343	12%	5%
FINES AND FOREITURES	0	0	0	0	650		
MISCELLANEOUS							
Rents and Leases	0	0	0	0	187,182		
Investment Income	1,581,641	2,210,335	1,943,025	1,469,534	549,833	11%	-24%
Valdez Oil Spill - Exxon	0	0	0	1,013,079	726,620		
Valdez Oil Spill - VECO	0	0	0	0	0		
Valdez Oil Spill - Other Private	0	0	0	0	0		
Other Miscellaneous	535,223	493,230	588,547	1,391,970	861,175	38%	137%
SUBTOTAL MISCELLANEOUS	2,116,864	2,703,565	2,531,572	3,874,583	2,324,810	9%	53%
TOTAL REVENUES	39,841,800	40,314,946	35,737,470	38,983,997	20,057,990	-5%	9%
COMMUNITY POPULATION	11,846	13,658	13,669	15,558	NA	7%	14%
PER CAPITA REVENUE	\$3,363		\$2,614	\$2,506		-12%	-4%
PER CAPITA REVENUE IN CONSTANT 1989 DOLLARS	\$3,484		\$2,690	\$2,506		-12%	-7%

TABLE 2-14. TEMPLATE #2 FOR COMMUNITY OF KODIAK CITY
REVENUES BY SOURCE FOR FY 86, FY 87, FY 88, FY 89, AND FY 90
(Dollars)

	FY 86 Actual	FY 87 Actual	FY 88 Actual	FY 89 Actual	FIRST HALF FY 90 Actual	Average Annual Rate of Growth (Percent) FY86-FY88 FY88-FY89	
TAXES							
Property	437,777	447,941	441,429	463,777	478,199	0%	5%
Sales	3,791,598	3,776,303	3,325,342	3,657,343	2,757,610	-6%	10%
Hotel/Motel	52,381	53,067	69,949	86,151	71,710		
Other	0	0	0	0	0		
SUBTOTAL TAXES	4,281,756	4,277,311	3,836,720	4,207,271	3,307,519	-5%	10%
LICENSES AND PERMITS	38,475	41,140	45,140	40,785	33,760	8%	-10%
INTERGOVERNMENTAL REVENUES							
State General Revenue Sharing	706,974	726,063	499,591	491,720	349,693	-16%	-2%
State School Revenues	0	0	0	0	0		
State Raw Fish Tax	469,833	550,683	664,548	880,678	906,924	19%	33%
State Municipal Assistance	1,016,322	822,979	708,448	707,283	0	-17%	0%
Other State Shared Revenues	49,677	61,506	55,340	75,257	40,106	6%	36%
State Grants - Capital	575,028	668,851	483,796	813,412	46,344	12%	68%
State Grants - Operating	7,899	11,137	46,682	38,536	17,169	143%	-17%
State Oil Spill	0	0	0	0	134,000		
Federal Grants - School	0	0	0	0	0		
Federal Grants - Capital	0	0	0	0	0		
Federal Grants - Operating	0	0	0	0	0		
SUBTOTAL INTERGOVERNMENTAL	2,825,733	2,841,199	2,458,405	3,006,886	1,494,236	-7%	22%
CHARGES FOR SERVICES							
Water/Sewer	1,636,005	1,763,292	1,966,450	2,003,068	1,113,146	10%	2%
Harbor/Port	1,395,966	1,551,114	1,648,119	1,620,085	752,540	9%	-2%
Airport	0	0	0	0	0		
Hospital	0	0	0	0	0		
All Other	721,138	650,007	611,279	643,525	305,157	-8%	5%
SUBTOTAL CHARGES FOR SERVICES	3,753,109	3,964,413	4,225,848	4,266,678	2,170,843	6%	1%
FINES AND FOREITURES	33,095	77,080	48,841	56,649	25,908	21%	15%
MISCELLANEOUS							
Rents and Leases	202,489	178,091	155,621	157,877	156,936	-12%	1%
Investment Income	845,532	669,119	764,308	1,127,655	189,872	-5%	48%
Valdez Oil Spill - Exxon	0	0	0	0	26,028		
Valdez Oil Spill - VECO	0	0	0	0	0		
Valdez Oil Spill - Other Private	0	0	0	0	0		
Other Miscellaneous	1,502,093	2,495,135	1,435,105	2,110,765	494,768	12%	47%
SUBTOTAL MISCELLANEOUS	2,550,114	3,342,345	2,355,034	3,396,297	867,604	-4%	44%
TOTAL REVENUES	13,482,282	14,543,488	12,969,988	14,974,566	7,899,870	-2%	15%
COMMUNITY POPULATION	6,619	NA	6,651	6,774	NA	0%	2%
PER CAPITA REVENUE	\$2,037		\$1,950	\$2,211		-2%	13%
PER CAPITA REVENUE IN CONSTANT 1989 DOLLARS	\$2,110		\$2,007	\$2,211		-2%	10%

2.4 Summary

Interpretation

Several precautions must be reemphasized when interpreting data from financial statements and drawing fiscal impact implications.

1. The FY 1989 data covers the period July 1, 1988 through June 30, 1989, reflecting only the earliest three and one-half months of the post-spill impact period.
2. Different revenue sources have different time lags between dates of the impacting event and receipt of revenue by the local entity. Therefore, many changes in some revenues sources observed in 1989 may well have been triggered by event(s) some months (or even one or two years) prior to the change in revenue received, and may thus be unrelated to the oil spill.
3. Therefore, this analysis has focused only on those revenue sources which in 1989 would have likely been affected by the two sources of impact of the oil spill event. Excluded are sources of revenues for which 1989 receipts reflect events or decisions occurring in 1988 or prior years.
4. Monthly comparisons of 1988 and 1989 revenues are suggestive of fiscal impact, but not conclusive. Using 1988 revenue as a proxy for 1989 no-spill baseline revenue estimates does not control for the effects of inflation or other factors that might effect certain revenue sources.

Major Findings

The Exxon-Valdez oil spill on March 24, 1989 led to two major sources of impact: (1) the oil spill cleanup activity and (2) fishery closures. These events continue to have concurrent positive and negative effects on specific revenue sources. The boom and bust nature of the spill cleanup activity and the fisheries closure has affected and will continue to affect different communities in different ways and at different times. Thus revenue impacts are being distributed unevenly among affected communities and across fiscal years. We explained how these two sources of impact are logically linked to changes in population and business activity, and then to changes in selected sources of revenue.

Many in-migrants were attracted to the impacted communities in search of employment in clean-up activities. The closure of the fisheries also caused resident workers to be dislocated from the fishing industry to the cleanup effort and supporting service activity. Out-migration of population and wealth was reported after the September phaseout of clean-up activity. The business impacts of the oil spill contain both boom and bust components, occurring simultaneously in some communities. Local economies could expect to benefit from: 1) the clean-up activity payrolls spent on purchases of consumer goods and services; 2) direct purchases by the clean-up operation of goods and services; and 3) potential investment in property & new construction by clean-up industry, local business expansion, and in-migrating workers. This boom could also be offset in some communities by loss of fishing and fish processing, resulting in decreased purchases of goods & services by local consumers and by the fishing industry for inputs or processing, as well as decreased investment by the fishing sector in plant and equipment, and by workers and support service businesses in property and construction. Many adverse impacts may be long-term, extending beyond the summer of 1989. Similar economic decline in the local communities could be expected due to the September phaseout of clean-up activity and uncertainty over the status of continued cleanup in 1990.

Local governments receive most of their revenues from four major sources: charges for services, taxes, intergovernmental revenues, and miscellaneous revenues. These sources vary in order of importance by jurisdiction. Property and sales taxes are the primary sources of tax revenue. Most of the intergovernmental revenue is provided by the State of Alaska through several programs. State raw fish tax has become a more important source of intergovernmental revenue in recent years. Investment income and rents/leases are the major sources of miscellaneous revenues. We have focused only on those revenue sources which in 1989 would have been affected by the two sources of impact of the oil spill event. Excluded are sources of revenues for which 1989 receipts reflect events or decisions occurring in 1988 or prior years.

Preliminary observations about selected revenue impacts are based on partial analysis of the trend data for fiscal years 1986 through 1989, and augmented by initial comparison of monthly data for the 1988 and 1989 calendar years, to the extent it was available. Seven of the nine jurisdictions provided data for the full 1989 calendar year. The most dramatic observation is that each of these jurisdictions received more total revenue in 1989 than in 1988, with one exception where a large state capital grant was received in 1988.

Sales tax revenues are a direct reflection of private sector business activity. Therefore, the sales tax impact of the oil spill may be positive, negative or neutral, depending upon the timing and mix of spill cleanup and fisheries activity. Sales tax revenues in 1989 reflect sales activity in the post-spill months of April through September. They were 49 percent above the revenues representing the two pre-spill quarters. This compares with a 39 percent increase for comparable time periods in 1988.

Hotel/motel tax revenues reflect in-migration of short-term and transitory residents. Beyond the normal impacts of tourism, these revenues should increase with the spill cleanup activity and be adversely affected by fisheries decline and cleanup shutdown. Hotel/motel taxes were also higher in 1989 than in 1988. Much of this increase is observed in the post-spill months.

Impacts on charges for services revenues varied by service and by jurisdiction. Water and sewer revenues appeared to exceed 1988 revenues during the post-spill months in three jurisdictions, but tended to follow the 1988 pattern in three others. Harbor and port revenues increased 22 percent from FY 1988 to FY 1989. This increase was more than double the average annual growth rate observed in earlier years. Revenues during the post-spill months tended to exceed the 1988 revenues in most jurisdictions.

Three sources of miscellaneous revenues may also indicate oil spill impact. Rents and leases would likely increase with expanded business activity and decrease with business decline. Rents and leases revenue for the second half of 1989 appeared to be higher than for the first half; however, both halves of 1989 showed lower amounts than in 1988. Investment income might increase or decrease depending upon the cash-flow situation created by the timing of spill-related revenues and expenditures. Investment income revenues were generally stronger in 1989 than in 1988; however the pre-spill and post-spill pattern was mixed among jurisdictions. Valdez Oil Spill revenues represent spill-related payments from Exxon, VECO or other private parties, and are covered in the reimbursements and claims section of this report.

While providing only a very small portion of total local government revenues, two other revenue sources are potential indicators of oil spill impact. Licenses and permits is a source that is sensitive to changes in both business activity and population. Licenses and permits revenues showed a 16 percent FY 1988-89 increase and monthly comparisons of 1988 and 1989 revenues suggest weak a positive impact on this source during the post-spill months. Fines and forfeitures is also a source generally reflecting population change. Fines and forfeitures revenues were 26 percent less in FY 1989 than in FY 1988, with a 58 percent decrease in Homer offsetting increases in four entities that generally carried through the post-spill months.

3.0 LOCAL GOVERNMENT EXPENDITURES

3.1 Introduction

This section examines local government expenditures over recent years. The objective is to quantify the nature and extent of direct oil spill expenditures by local government jurisdictions. Furthermore, the analysis will probe for evidence of expenditure patterns that indirectly may be related to the oil spill and cleanup.

3.2 Recent Patterns in Local Government Spending

In general, the pattern of real (inflation-adjusted), per-capita local government spending among study jurisdictions is somewhat mixed, but appears to be in decline. Table 3-1 shows real, per-capita total expenditures for the nine local government jurisdictions. Taken together, all nine jurisdictions exhibited real (inflation adjusted) per-capita spending increased from \$3,833 to \$3,920 between 1986 and 1988. Real, per-capita local government fell sharply to \$3,590 in fiscal year (FY) 1989. In part, this later-period spending decline is explained by population expansion. According to records with the Alaska Department of Community and Regional Affairs (ADCRA) and the Alaska Department of Labor (ADOL), between 1988 and 1989 the collective population within the nine jurisdictions increased more than 11 percent, from 58,979 to 65,682 people. Population expansion in Valdez accounts for a major portion of this overall growth. Valdez population more than doubled from 3,313 to 7,193 between 1988 and 1989. Most local government population figures are based on July estimates and therefore reflect the influence of oil spill clean-up immigration into study communities. Valdez, Cordova, and the Kodiak Island Borough registered the strongest gains from 1988 to 1989.

The figures in Table 3-1 indicate that between 1986 and 1988, five out of nine jurisdictions experienced real, per capita decline in total spending. The number of jurisdictions that exhibited decline in real, per capita total spending increased to seven out of nine between 1988 and 1989. These figures suggest an overall setting of economic decline in study area local government operations, in spite of an observed increase in absolute spending levels among collective study-area jurisdictions. This decline is largely population driven. For example, if Valdez population expanded at a rate more consistent with recent historic trends from FY 1986 to FY 1988, then local-government spending in FY 1989 would have remained constant in real, per-capita terms,

Table 3-2 summarizes total local government expenditures over the period FY 86 through FY 89 for each local government jurisdiction. Also shown in Table 3-2 is the breakdown of total local government expenditures by five major object categories: personnel, operations and maintenance (O&M), depreciation, capital outlay, and debt service. Figures for the first six months of FY 90 are shown in some cases. A number of findings emerge from this table.

First, personnel and O&M account for the bulk of local government spending. With few exceptions, personnel and O&M account for more than half of total local government spending across each of the nine jurisdictions from 1986 to 1989. In general, personnel and O&M spending account for about two-thirds of total local government spending.

Second, the level of spending in the remaining three object categories vary considerably across study communities. As a proportion of total spending, capital outlays vary from five percent or less to more than 25 percent across jurisdictions. The City of Kenai exhibited consistently high capital outlay expenditures between 1986 and 1989; ranging from 26-to-53 percent of total spending.

Third, the figures in Table 3-2 indicate that personnel and O&M spending is a fairly stable element in the local government budget process. In contrast, the three remaining object categories appear to be subject to greater variation within and across communities. Observed patterns may be consistent with the notion that, where as personnel and O&M spending is governed by factors closely linked to local economic conditions, local government expenditures for the remaining object categories tend to be driven by factors determined outside of the local economy such as legislative intent and export-market economic development priorities. Events or factors that effect the local economy in the short run are more likely to effect personnel and O&M object categories as compared with capital outlay, depreciation, and debt service.

Thus, the analysis of local government spending in this interim report focuses on personnel and O&M expenditures. A set of summary tables were constructed for each community from Fiscal Templates Number 5 (1986 through 1990). These summary tables depict personnel and O&M expenditures by service function (General Government, Public Safety, Social Services, Schools, Public Works, etc.) in each study community for the period FY 86 through FY 89. The first six months of FY 90 are included in some cases.

TABLE 3-1. REAL PER CAPITA LOCAL GOVERNMENT EXPENDITURES
Fiscal Year 1986 - Fiscal Year 1989 (1989 Dollars)

	CORDOVA	VALDÉZ	KENAI BOROUGH	HOMER	CITY OF KENAI	SEVARD	SOLDOTNA	KODIAK BOROUGH	CITY OF KODIAK
FY 86	\$2,802	\$3,016	\$2,878	\$2,860	\$2,302	\$6,301	\$1,634	\$3,656	\$2,102
FY 87			\$4,440					\$3,146	
FY 88	\$3,042	\$2,866	\$3,378	\$2,252	\$1,615	\$6,745		\$3,166	\$1,974
FY 89	\$2,396	\$1,258	\$3,262	\$2,666	\$1,698	\$6,038	\$2,127	\$2,822	\$1,827

Sources: Fiscal Templates Number 5 (1986 - 1990).
Appendix A.

TABLE 3-2. SUMMARY OF LOCAL GOVERNMENT EXPENDITURES BY OBJECT CATEGORY
 Fiscal Year 1986 - Fiscal Year 1990 (First Six Months)
 (Thousands of Dollars)

	CORDOVA	VALDEZ	KENAI BOROUGH	HOMER	CITY OF KENAI	SEWARD	SOLDOTNA	KODIAK BOROUGH	CITY OF KODIAK	TOTALS
FY 86										
PERSONNEL	1,943	6,375	51328	3,516	4,073	3,248	2,373	10,311	5,035	88,202
O & M	2,878	2,739	37350	2,522	1,948	6,320	1,782	15,198	3,461	74,198
DEPRECIATION	672	0	0	861	110	807	366	369	448	3,633
CAPTIAL OUTLAY	58	383	6491	2,829	7,899	1,930	1,609	9,109	3,825	34,133
DEBT SERVICE	0	0	17065	502	740	295	212	6,808	659	26,281
TOTAL	5,551	9,497	112,234	10,230	14,770	12,600	6,342	41,795	13,428	226,447
FY 87										
PERSONNEL	1,955	5,750	50024	2,688	4,044	4,416	2,063	12,011	4,927	87,878
O & M	3,069	2,899	37228	3,400	2,049	5,135	2,262	13,459	7,336	76,837
DEPRECIATION	1,115	0	0	1,209	111	1,356	73	446	437	4,747
CAPTIAL OUTLAY	130	242	60459	1,754	6,758	1,837	3,617	10,518	207	85,522
DEBT SERVICE	5	0	26203	422	844	445	1,089	6,538	541	36,087
TOTAL	6,274	8,891	173,914	9,473	13,806	13,189	9,104	42,972	13,448	291,071
FY 88										
PERSONNEL	2,052	5,623	48430	2,915	4,144	4,703	NA	11,482	5,254	84,603
O & M	3,126	3,275	37070	3,257	2,487	6,162	NA	14,941	3,656	73,974
DEPRECIATION	820	0	0	1,346	157	1,392	NA	626	484	4,825
CAPTIAL OUTLAY	53	333	18603	1,475	2,643	3,282	NA	9,544	2,832	38,765
DEBT SERVICE	6	0	27096	506	840	614	NA	5,481	540	35,083
TOTAL	6,057	9,231	131,199	9,499	10,271	16,153	NA	42,074	12,766	237,250
FY 89										
PERSONNEL	2,026	5,564	52789	3,478	4,330	4,998	2,117	12,151	5,373	92,826
O & M	3,508	2,818	41303	3,724	2,670	6,358	2,626	17,053	4,291	84,351
DEPRECIATION	528	0	0	1,346	161	1,430	105	718	535	4,823
CAPTIAL OUTLAY	183	668	10429	2,475	3,122	1,077	1,879	7,404	1,946	29,183
DEBT SERVICE	30	0	26968	540	825	627	1,074	6,585	230	36,879
TOTAL	6,275	9,050	131,489	11,563	11,108	14,490	7,801	43,911	12,375	248,062
FY 90 (First 6 Months)										
PERSONNEL			5729		2,173		1,356	220	2,993	
O & M			5122		1,345		850	0	3,033	
DEPRECIATION			0		0		0	0	0	
CAPTIAL OUTLAY			3518		2,431		944	3,503	3,023	
DEBT SERVICE			11693		528		262	809	461	
TOTAL			26,062		6,477		3,412	4,532	9,510	

3.3 City of Cordova

Personnel Expenditures (Table 3-3a). Total personnel spending by the City of Cordova remained constant at an absolute level of just over \$2 millions in FY 1989. This represents a real decrease per-employee of six percent since 1988 and reverses a pattern of constant-dollar spending stability in earlier years. Cordova allocated a total of \$51,000 for oil spill disaster response coordination. Oil Spill Cleanup spending was larger than all other service function increases in FY 1989. Other service function categories that exhibited spending increases in FY 1989 are:

<u>Service Function</u>	<u>Change from FY 88 to FY 89</u>
Oil Spill Cleanup	+\$51,000
Public Safety	+\$47,000
Port/Harbor	+\$34,000
Public Works	+\$35,000
Libraries & Museums	+\$24,000

Collectively, these personnel-expenditure increases were sufficient to more than offset a \$221,000 absolute decline in personnel spending for general government.

Operation and Maintenance Expenditures (Table 3-3b). Cordova's O&M budget increased 13 percent from \$3.1 to \$3.5 million in FY 1989. However, the 28 percent increase in community population contributed to an overall real, per capita O&M spending decline of 14 percent (\$1,561 in 1988 to \$1,339 in 1989). The service function categories that contributed most to the absolute increase in O&M expenditures include:

<u>Service Function</u>	<u>Change from FY 88 to FY 89</u>
General Government	+\$510,000
Oil Spill Cleanup	+\$462,000
Libraries & Museums	+\$91,000
Port/Harbor	+\$28,000

O&M oil spill cleanup expenditures (\$462,000) include city expenditures for legal fees, Oil Spill Disaster Response Office operations, meetings and travel, and oil spill cleanup supplies.

3.4 City of Valdez

Personnel Expenditures (Table 3-4a). Total spending on city personnel exhibited a modest but steady decline from calendar year (CY) 1986 and CY 1989. Between 1988 and 1989, personnel spending declined by about \$59,000. This represents a real (inflation-adjusted) decline of seven percent per city employee. Service function categories that exhibited the greatest decline include Health and Hospitals and Public Safety. (Note, the Valdez hospital operates as a separate entity; figures not available.) General government personnel expenditures declined in CY 1989, reversing a pattern of steady growth over the previous three fiscal years. Personnel spending for oil spill cleanup was \$753,565 in CY 1989. This represents the largest increase among all service function categories from CY 1988 and FY 1989.

Operation and Maintenance Expenditures (Table 3-4b). Valdez total O&M spending exhibited a strong 14-percent decline in FY 1989, following a three-year period of modest, but steady growth. A major factor in this decline was the reduction in O&M spending for General Government (down \$261,000 from CY 1988) and Hospital (separate entity). Valdez City O&M spending for Oil Spill Cleanup was \$250,000 in CY 1989.

3.5 Kenai Peninsula Borough

Personnel Expenditures (Table 3-5a). Kenai Peninsula Borough personnel spending increased nine percent from FY 1988 to FY 1989, reversing a pattern of gradual but steady decline in previous years. Real personnel spending per employee fell as a consequence of strong local government employment growth (13 percent). Nevertheless, Kenai Borough spending per employee was highest of all nine jurisdictions during the four-year period from FY 1986 to FY 1989. Factors that contributed most to the increase in personnel spending include:

<u>Service Function</u>	<u>Change from FY 88 to FY 89</u>
School	+\$3,789,000
Public Works	+\$225,000
Public Safety	+\$190,000
Oil Spill Cleanup	+\$28,000

Also, as shown in Table 3-5a, the Kenai Borough spent personnel funds on oil spill cleanup in the first six months of FY 1990.

Operation and Maintenance Expenditures (Table 3-5b). As with personnel expenditures, O&M spending exhibited strong 11-percent growth from FY 1988 to FY 1989. Viewed in terms of real, per capita growth, Kenai Borough spending increased by seven percent from FY 1988 to FY 1989. The service function categories that contributed most to rising O&M spending include:

<u>Service Function</u>	<u>Change from FY 88 to FY 89</u>
Hospital	+\$1,988,000
School	+\$1,664,000
Oil Spill Cleanup	+\$1,468,000

Oil spill O&M cleanup expenditures of \$1,468,000 in FY 1989 include pass-through expenditures to other jurisdictions (\$660,000), as well as contractual services, beach patrol, and other cleanup operations. The Kenai Peninsula Borough also spent an additional \$130,000 on oil spill O&M in the first six months of FY 1990. Oil spill expenditures for Kenai Peninsula Borough and other jurisdictions are reviewed in greater detail in Section 4.0 of this interim report.

3.6 City of Homer

Personnel Expenditures (Table 3-6a). The City of Homer increased personnel spending by 19 percent in Calendar Year (CY) 1989. This overall personnel spending increase was sufficient to produce a real gain of four percent per local government employee from 1988 to 1989. Personnel spending for Oil Spill Cleanup ranked highest among factors contributing to increased personnel expenditures. Other service function categories that exhibited the strong increases included Public Works and Port/Harbor, as shown below:

<u>Service Function</u>	<u>Change from CY 88 to CY 89</u>
Oil Spill Cleanup	+\$184,000
Public Works	+\$170,000
Port/Harbor	+\$90,000

Operation and Maintenance Expenditures (Table 3-6b). City of Homer O&M spending also exhibited growth from CY 1988-to-1989 sufficient to sustain a real per capita gain of 11 percent. Service function categories that contributed most to O&M spending increase were:

<u>Service Function</u>	<u>Change from CY 88 to CY 89</u>
Port/Harbor	+\$245,000
Public Safety	+\$112,000
Oil Spill Cleanup	+\$90,000

3.7 City of Kenai

Personnel Expenditures (Table 3-7a). Kenai City personnel expenditures increased four percent from \$4.1 to \$4.3 millions in FY 1989. This represents a continued pattern of gradual but steady growth in absolute spending over the previous four years. Real, per capita personnel expenditures increased more dramatically as a result of a steady reduction in the total number of local government employees in Kenai City. Factors that contributed most to this increase include:

<u>Service Function</u>	<u>Change from FY 88 to FY 89</u>
General Government	+\$81,000
Public Safety	+\$53,000
Public Works	+\$35,000

Operation and Maintenance Expenditures (Table 3-7b). Kenai City O&M expenditures increased steadily from FY 1986 to 1989. General Government and Public Works accounted for most the overall seven-percent increase exhibited from FY 1988 to FY 1989. With the exception of about \$4,000 in oil spill O&M expenditures, Kenai City did not report any other direct oil spill spending for O&M or personnel object categories.

3.8 City of Seward

Personnel Expenditures (Table 3-8a). Total personnel expenditures in Seward exhibited steady growth throughout the later 1980s. Viewed from the stand point of real spending per employee, Seward personnel expenditures declined from FY 1988 to FY 1989. This occurred, in part because of a 13-percent increase in local government employment during same period. Direct Oil Spill Cleanup expenditures totaled about \$23,000 in FY 1989. Other factors that contributed most to increases in absolute personnel spending in 1989 include:

<u>Service Function</u>	<u>Change from FY 88 to FY 89</u>
Port/Harbor	+\$108,000
Public Safety	+\$84,000
General Government	+\$65,000
Parks & Rec.	+\$59,000
Oil Spill Cleanup	+\$23,000

Operation and Maintenance Expenditures (Table 3-8b). O&M spending increased by three percent in both absolute and real, per-capita terms from FY 1988 to FY 1989. Several service function categories exhibited a down turn between FY 1988 and 1989. These include General Government, Planning, Public Safety, Health and Hospitals, Social Services. Reduced O&M expenditures for these categories was offset by increases in the following service function categories:

<u>Service Function</u>	<u>Change from FY 88 to FY 89</u>
Harbor	+\$384,000
Oil Spill Cleanup	+\$140,000

Oil Spill cleanup O&M spending (\$140,000) covers beach operations, cleanup supplies, and contractual services. It is likely that the increase in harbor O&M spending is partially related to the oil spill cleanup activity.

3.9 City of Soldotna

Personnel Expenditures (Table 3-9a). Total personnel spending increased at an average rate of about two percent per year from FY 1987 to FY 1989. However, real personnel spending per employee decrease over the same two-year period. Spending increases were distributed somewhat evenly across service function categories. The City of Soldotna reported zero personnel expenditures for the Oil Spill Cleanup service function.

Operation and Maintenance Expenditures (Table 3-9b). Total O&M spending between 1987 and 1989 increased more strongly than did personnel spending during the same period. Real, per-capita spending in 1989 was sharply higher than in 1986; suggesting real, per-capita growth of 16 percent per year. Increased O&M spending in Public Works (\$211,000) contributed most to overall O&M increases in FY 1989. The City of Soldotna reported zero Oil Spill Cleanup O&M expenditures in FY 1989.

3.10 Kodiak Island Borough

Personnel Expenditures (Table 3-10a). Kodiak Island Borough personnel expenditures increased six percent from \$11.5 to \$12.2 million in FY 1989. Viewed from the stand point of real personnel spending per employee, this represents a four-percent increase. Factors that contributed most to overall personnel spending growth include:

<u>Service Function</u>	<u>Change from FY 88 to FY 89</u>
Public Works	+\$267,000
Oil Spill Cleanup	+\$175,000
Health & Hospitals	+\$127,000

Note that, in addition to \$175,000 in direct oil spill personnel expenditures in FY 1989, Kodiak Island Borough report \$224,000 in oil spill personnel spending during the first six months of FY 1990. Personnel spending increases in the Public Works service function are associated with solid waste operations.

Operation and Maintenance Expenditures (Table 3-10b). Kodiak Island Borough O&M expenditures exhibited strong 14-percent growth from FY 1988 to FY 1989. In absolute terms this represents an increase of about \$2.1 million dollars. O&M spending declined a modest three percent from FY 1988 to 1989, when expressed in real, per-capita terms. This real, per-capita decline is largely a result of dramatic borough-wide population expansion between 1988 and 1989. Service function categories that contributed most to overall O&M expenditure growth include:

<u>Service Function</u>	<u>Change from FY 88 to FY 89</u>
Health & Hospitals	+\$967,000
Oil Spill Cleanup	+\$890,000
Public Works	+\$170,000

Direct, oil spill cleanup spending in FY 1989 represents nearly half of the overall O&M expenditure increase in that fiscal year. Kodiak Island Borough reported an additional \$543,000 in direct oil spill O&M expenditures in the first six months of FY 1990.

3.11 City of Kodiak

Personnel Expenditures (Table 3-11a). Total personnel expenditures for Kodiak City increased two percent to \$5.4 millions in FY 1989. Growth in personnel expenditures was concentrated in the following service function categories:

<u>Service Function</u>	<u>Change from FY 88 to FY 89</u>
Planning/Land-use	+\$78,000
Public Works	+\$26,000

Kodiak City reported zero Oil Spill Cleanup personnel expenditures in FY 1989. However, \$23,000 in personnel spending was reported for oil spill cleanup in the first six months of FY 1990.

Operation and Maintenance Expenditures (Table 3-11b). Total O&M spending for the City of Kodiak increased in both absolute and real, per-capita terms in FY 1989. Service function categories that exhibited the strongest growth during FY 1989 include:

<u>Service Function</u>	<u>Change from FY 88 to FY 89</u>
Port	+\$376,000
Public Works	+\$267,000

Kodiak City reported zero oil spill O&M expenditures in FY 1989. In the first six months of FY 1990, O&M spending for Oil Spill Cleanup was reported to be over \$600,000.

TABLE 3-3a. PERSONNEL EXPENDITURES BY SERVICE FUNCTION - CORDOVA
Fiscal Year 1986 - Fiscal Year 1989
(Dollars)

SERVICE FUNCTION	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	Average Annual Rate of Growth (Percent)	
						FY86-FY88	FY88-FY89
GENERAL GOVERNMENT	\$320,377	\$320,550	\$350,873	\$130,128		5%	-63%
PLANNING/LAND USE/BLOG. INSP.	62,301	14,068	94,837	89,572		23%	-6%
PUBLIC SAFETY-POLICE/FIRE/EMS	551,271	595,078	618,757	666,072		6%	8%
HEALTH AND HOSPITALS							
Hospitals	0	0	0	0			
Mental Health	0	0	0	0			
Alcoholism	0	0	0	0			
Other	0	0	0	0			
SUBTOTAL HEALTH AND HOSPITALS	0	0	0	0			
SOCIAL SERVICES							
Child Care	0	0	0	0			
Senior Citizens	32,081	49,199	0	0			
Family Planning	0	0	0	0			
Other - Shelters, etc.	0	0	0	0			
Other	0	0	0	0			
SUBTOTAL SOCIAL SERVICES	32,081	49,199	0	0			
PARKS & RECREATIONAL							
Parks	13,760	16,072	12,277	21,054		-6%	
Campground	0	0	0	0			
Teen Center	0	0	0	0			
Swimming Pool	0	0	0	0			
Other	0	0	159	182			
SUBTOTAL PARKS & RECREATIONAL	13,760	16,072	12,436	21,236		-5%	71%
LIBRARIES & MUSEUMS	84,614	90,734	89,819	113,889		3%	27%
SCHOOLS	0	0	0	0			
PUBLIC WORKS							
Administration/Engineering	0	61,881	0	0			
Maintenance/Shop	0	0	87,761	111,158			
Public Buildings	22,216	25,513	38,546	34,300			
Streets/Roads	342,507	306,163	178,739	237,233			
Solid Waste	67,346	20,258	107,933	17,190			
Water/Sewer	211,312	188,140	204,721	253,499			
Power/Electric Utility	0	0	0	0			
Airport	0	0	0	0			
SUBTOTAL PUBLIC WORKS	643,381	601,955	617,700	653,380		-2%	6%
PORT	58,079	59,006	98,759	300,723		30%	205%
HARBOR	177,103	208,183	168,430	0		-2%	-100%
DEBT SERVICE	0	0	0	0			
OIL SPILL CLEANUP	0	0	0	50,980			
OTHER	0	0	0	0			
TOTAL PERSONNEL EXPENDITURES	1,942,947	1,954,845	2,051,611	2,025,980	NA	3%	-1%
TOTAL LOCAL GOV'T EMPLOYMENT	166	162	174	178	NA	2%	2%
TOTAL SPENDING PER EMPLOYEE	\$11,705	\$12,067	\$11,791	\$11,382		0%	-3%
TOTAL SPENDING PER EMPLOYEE IN CONSTANT 1989 DOLLARS	\$12,126	\$12,453	\$12,133	\$11,382		0%	-6%

TABLE 3-3b. OPERATIONS & MAINTENANCE EXPENDITURES BY SERVICE FUNCTION - CORDOVA
Fiscal Year 1986 - Fiscal Year 1989
(Dollars)

SERVICE FUNCTION	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	Average Annual Rate of Growth (Percent)	
						FY86-FY88	FY88-FY89
GENERAL GOVERNMENT	374,980	277,616	238,599	749,076		-20%	214%
PLANNING/LAND USE/BLOG. INSP.	14,496	49,874	21,508	20,675		22%	-4%
PUBLIC SAFETY-POLICE/FIRE/EMS	130,393	120,905	96,671	140,733		-14%	46%
HEALTH AND HOSPITALS							
Hospitals	1,614,809	1,780,724	1,962,967	1,338,495			
Mental Health	0	0	0	0			
Alcoholism	0	0	0	0			
Other	0	0	0	0			
SUBTOTAL HEALTH AND HOSPITALS	1,614,809	1,780,724	1,962,967	1,338,495		10%	-32%
SOCIAL SERVICES							
Child Care	2,742	2,567	0	0			
Senior Citizens	100,729	63,138	0	0			
Family Planning	0	0	0	0			
Other - Shelters, etc.	0	0	0	0			
Other	0	0	0	0			
SUBTOTAL SOCIAL SERVICES	103,471	65,705	0	0			
PARKS & RECREATIONAL							
Parks	3,947	5,987	5,701	7,462			
Campground	0	0	0	0			
Teen Center	121,780	122,000	0	0			
Swimming Pool	0	0	0	0			
Other	8,092	15,722	24,894	21,611			
SUBTOTAL PARKS & RECREATIONAL	133,819	143,709	30,595	29,073		-52%	-5%
LIBRARIES & MUSEUMS	62,897	59,699	23,267	113,945		-39%	390%
SCHOOLS	9,949	11,776	100,826	0		218%	-100%
PUBLIC WORKS							
Administration/Engineering	0	9,857	0	0			
Maintenance/Shop	0	0	43,124	57,102			
Public Buildings	(22,216)	(3,671)	60,451	78,624			
Streets/Roads	103,221	77,715	115,802	125,520			
Solid Waste	22,769	132,615	28,118	33,726			
Water/Sewer	184,199	236,017	248,046	194,211			
Power/Electric Utility	0	0	0	0			
Airport	0	0	0	0			
SUBTOTAL PUBLIC WORKS	287,973	452,533	495,541	489,183		31%	-1%
PORT	33,953	29,753	41,645	164,343		11%	295%
HARBOR	102,543	76,592	94,449	0		-4%	-100%
DEBT SERVICE	0	0	0	0			
OIL SPILL CLEANUP	0	0	0	462,047			
OTHER	8,425	0	0	0			
TOTAL O&M EXPENDITURES (\$)	2,877,708	3,068,986	3,106,068	3,507,570	NA	4%	13%
COMMUNITY POPULATION	2,053	NA	2,048	2,619	NA	0%	28%
PER CAPITA O&M SPENDING	\$1,402		\$1,517	\$1,339		4%	-12%
PER CAPITA O&M SPENDING IN CONSTANT 1989 DOLLARS	\$1,452		\$1,561	\$1,339		4%	-14%

TABLE 3-4a. PERSONNEL EXPENDITURES BY SERVICE FUNCTION - VALDEZ
 Calendar Year 1986 - Calendar Year 1989
 (Dollars)

SERVICE FUNCTION	CY 1986	CY 1987	CY 1988	CY 1989	CY 1990	Average Annual Rate of Growth (Percent)	
						CY86-CY88	CY88-CY89
GENERAL GOVERNMENT	539,416	567,003	612,371	585,354		7%	-4%
PLANNING/LAND USE/BLDG. INSP.	189,344	92,775	29,266	136,679		-61%	367%
PUBLIC SAFETY-POLICE/FIRE/EMS	2,150,614	2,023,448	1,735,724	1,638,152		-10%	-6%
HEALTH AND HOSPITALS							
Hospitals	888,511	722,318	860,378	0			
Mental Health	78,815	71,772	85,649	135,913			
Alcoholism	72,135	66,879	67,956	80,404			
Other	0	0	0	0			
SUBTOTAL HEALTH AND HOSPITALS	1,039,461	860,969	1,013,983	216,317		-1%	-79%
SOCIAL SERVICES							
Child Care	0	0	0	0			
Senior Citizens	0	0	0	0			
Family Planning	0	0	0	0			
Other - Shelters, etc.	149,458	124,958	105,956	123,596			
Other	0	0	0	0			
SUBTOTAL SOCIAL SERVICES	149,458	124,958	105,956	123,596		-16%	17%
PARKS & RECREATIONAL							
Parks	175,467	163,148	172,632	158,233			
Campground	0	0	0	13,721			
Teen Center	44,569	35,772	33,506	32,949			
Swimming Pool	77,224	35,340	34,481	32,434			
Other	35,309	35,730	31,455	34,617			
SUBTOTAL PARKS & RECREATIONAL	332,569	269,990	272,074	271,954		-10%	0%
LIBRARIES & MUSEUMS	326,285	333,821	361,625	350,689		5%	-3%
SCHOOLS	0	0	0	0			
PUBLIC WORKS							
Administration/Engineering	230,711	182,167	208,077	189,012			
Maintenance/Shop	166,989	116,390	105,943	101,350			
Public Buildings	258,602	198,190	210,003	199,686			
Streets/Roads	336,010	389,828	344,805	336,446			
Solid Waste	197,600	188,664	156,398	162,073			
Water/Sewer	207,132	224,414	197,262	207,055			
Power/Electric Utility	0	0	0	0			
Airport	25,874	0	0	0			
SUBTOTAL PUBLIC WORKS	1,422,918	1,299,653	1,222,488	1,195,622		-7%	-2%
PORT	75,428	12,713	93,867	110,020		12%	17%
HARBOR	149,843	165,162	175,985	182,513		8%	4%
DEBT SERVICE	0	0	0	0			
OIL SPILL CLEANUP	0	0	0	753,565			
OTHER	0	0	0	0			
TOTAL PERSONNEL EXPENDITURES	6,375,336	5,750,492	5,623,339	5,564,461	NA	-6%	-1%
TOTAL LOCAL GOV'T EMPLOYMENT	286	288	280	291	NA	-1%	4%
TOTAL SPENDING PER EMPLOYEE	\$22,291	\$19,967	\$20,083	\$19,122		-5%	-5%
TOTAL SPENDING PER EMPLOYEE IN CONSTANT 1989 DOLLARS	\$23,094	\$20,606	\$20,666	\$19,122		-5%	-7%

TABLE 3-4b. OPERATIONS & MAINTENANCE EXPENDITURES BY SERVICE FUNCTION - VALDEZ
 Calendar Year 1986 - Calendar Year 1989
 (Dollars)

SERVICE FUNCTION	CY 1986	CY 1987	CY 1988	CY 1989	CY 1990	Average Annual Rate of Growth (Percent)	
						FY86-FY88	FY88-FY89
GENERAL GOVERNMENT	471,034	512,228	866,617	605,814		36%	-30%
PLANNING/LAND USE/BLOG. INSP.	62,519	22,203	5,256	27,199		-71%	417%
PUBLIC SAFETY-POLICE/FIRE/EMS	197,472	134,504	147,268	174,944		-14%	19%
HEALTH AND HOSPITALS							
Hospitals	379,501	581,162	520,688	0			
Mental Health	28,044	28,043	25,412	45,644			
Alcoholism	12,952	12,588	14,730	14,571			
Other	0	0	0	0			
SUBTOTAL HEALTH AND HOSPITALS	420,497	621,793	560,830	60,215	0	15%	-89%
SOCIAL SERVICES							
Child Care	0	0	0	0			
Senior Citizens	52,310	55,226	71,052	49,308			
Family Planning	0	0	0	0			
Other - Shelters, etc.	96,474	82,009	79,432	72,828			
Other	0	0	0	0			
SUBTOTAL SOCIAL SERVICES	148,784	137,235	150,484	122,136	0	1%	-19%
PARKS & RECREATIONAL							
Parks	41,013	32,099	29,975	30,478			
Campground	0	0	0	1,083			
Teen Center	18,251	21,007	20,204	15,908			
Swimming Pool	1,558	1,996	1,563	1,875			
Other	9,248	10,527	8,690	11,672			
SUBTOTAL PARKS & RECREATIONAL	70,070	65,629	60,432	61,016	0	-7%	1%
LIBRARIES & MUSEUMS	111,581	120,524	128,899	127,498		7%	-1%
SCHOOLS	0	0	0	0			
PUBLIC WORKS							
Administration/Engineering	17,326	22,208	81,022	72,352			
Maintenance/Shop	154,056	167,042	177,356	174,156			
Public Buildings	85,278	84,482	107,334	150,975			
Streets/Roads	247,094	251,582	240,796	201,553			
Solid Waste	25,881	19,267	16,351	21,799			
Water/Sewer	299,879	309,508	302,683	299,836			
Power/Electric Utility	0	0	0	0			
Airport	87,939	99,234	86,771	110,937			
SUBTOTAL PUBLIC WORKS	917,453	953,323	1,012,313	1,031,608	0	5%	2%
PORT	257,264	240,779	230,280	234,852		-5%	2%
HARBOR	82,440	90,411	113,025	123,214		17%	9%
DEBT SERVICE	0	0	0	0			
OIL SPILL CLEANUP	0	0	0	249,598			
OTHER	0	0	0	0			
TOTAL O&M EXPENDITURES (\$)	2,739,114	2,898,629	3,275,404	2,818,094	0	9%	-14%
COMMUNITY POPULATION	3,263	NA	3,313	7,193	NA	1%	117%
PER CAPITA O&M SPENDING	\$839		\$989	\$392		9%	-60%
PER CAPITA O&M SPENDING IN CONSTANT 1989 DOLLARS	\$870		\$1,017	\$392		8%	-61%

TABLE 3-5a. PERSONNEL EXPENDITURES BY SERVICE FUNCTION - KENAI PENINSULA BOROUGH
Fiscal Year 1986 - Fiscal Year 1990 (First 6 Months)
(Dollars)

SERVICE FUNCTION	FY 1986	FY 1987	FY 1988	FY 1989	FIRST HALF FY 1990	Average Annual Rate of Growth (Percent)	
						FY86-FY88	FY88-FY89
GENERAL GOVERNMENT	3,921,471	3,785,042	3,508,887	3,805,440	2,178,698	-5%	1%
PLANNING/LAND USE/BLDG. INSP.	701,920	682,698	667,582	712,682	369,541	-2%	7%
PUBLIC SAFETY-POLICE/FIRE/EMS	2,034,160	2,470,208	2,387,319	2,576,917	1,376,112	8%	8%
HEALTH AND HOSPITALS							
Hospitals	0	0	0	0	0		
Mental Health	0	0	0	0	0		
Alcoholism	0	0	0	0	0		
Other	0	0	0	0	0		
SUBTOTAL HEALTH AND HOSPITALS	0	0	0	0	0		
SOCIAL SERVICES							
Child Care	0	0	0	0	0		
Senior Citizens	0	0	0	0	0		
Family Planning	0	0	0	0	0		
Other - Shelters, etc.	0	0	0	0	0		
Other	0	0	0	0	0		
SUBTOTAL SOCIAL SERVICES	0	0	0	0	0		
PARKS & RECREATIONAL							
Parks	0	0	0	0	0		
Campground	0	0	0	0	0		
Teen Center	0	0	0	0	0		
Swimming Pool	254,634	217,498	233,434	218,315	128,956		
Other	0	0	0	0	0		
SUBTOTAL PARKS & RECREATIONAL	254,634	217,498	233,434	218,315	128,956	-4%	
LIBRARIES & MUSEUMS	0	0	0	0	0		
SCHOOLS	41,507,393	40,365,698	39,014,097	42,802,825	0	-3%	10%
PUBLIC WORKS							
Administration/Engineering	657,765	467,759	447,878	566,587	119,879		
Maintenance/Shop	2,250,180	2,033,805	2,170,975	2,277,662	1,217,782		
Public Buildings	0	0	0	0	67,956		
Streets/Roads	0	0	0	0	93,622		
Solid Waste	0	0	0	0	147,081		
Water/Sewer	0	0	0	0	0		
Power/Electric Utility	0	0	0	0	0		
Airport	0	0	0	0	0		
SUBTOTAL PUBLIC WORKS	2,907,945	2,501,564	2,618,853	2,844,249	1,646,320	-5%	9%
PORT	0	0	0	0	0		
HARBOR	0	0	0	0	0		
DEBT SERVICE	0	0	0	0	0		
OIL SPILL CLEANUP	0	0	0	28,188	29,655		
OTHER	0	0	0	0	0		
TOTAL PERSONNEL EXPENDITURES	51,327,523	50,023,708	48,430,172	52,788,616	5,729,282	-3%	9%
TOTAL LOCAL GOV'T EMPLOYMENT	2,016	1,948	1,860	2,036	NA	-4%	13%
TOTAL SPENDING PER EMPLOYEE	\$25,460	\$25,680	\$26,038	\$25,185		1%	-3%
TOTAL SPENDING PER EMPLOYEE IN CONSTANT 1989 DOLLARS	\$26,377	\$26,501	\$26,793	\$25,185		1%	-6%

TABLE 3-5b. OPERATIONS & MAINTENANCE EXPENDITURES BY SERVICE FUNCTION - KENAI PENINSULA BOROUGH
 Fiscal Year 1986 - Fiscal Year 1989
 (Dollars)

SERVICE FUNCTION	FY 1986	FY 1987	FY 1988	FY 1989	FIRST HALF FY 1990	Average Annual Rate of Growth (Percent)	
						FY86-FY88	FY88-FY89
GENERAL GOVERNMENT	2,304,733	1,664,325	1,938,067	1,610,757	1,997,282	-8%	-17%
PLANNING/LAND USE/BLOG. INSP.	527,641	532,529	578,409	767,441	198,533	5%	33%
PUBLIC SAFETY-POLICE/FIRE/EMS	551,873	611,798	742,806	842,014	370,192	16%	13%
HEALTH AND HOSPITALS							
Hospitals	16,560,848	17,361,468	17,703,234	19,691,528	0		
Mental Health	0	0	0	0	0		
Alcoholism	0	0	0	0	0		
Other	0	0	0	0	0		
SUBTOTAL HEALTH AND HOSPITALS	16,560,848	17,361,468	17,703,234	19,691,528	0	3%	11%
SOCIAL SERVICES							
Child Care	0	0	0	0	0		
Senior Citizens	121,138	130,321	115,772	118,721	62,480		
Family Planning	0	0	0	0	0		
Other - Shelters, etc.	0	0	0	0	0		
Other	0	0	0	0	0		
SUBTOTAL SOCIAL SERVICES	121,138	130,321	115,772	118,721	62,480	-2%	3%
PARKS & RECREATIONAL							
Parks	0	0	0	0	0		
Campground	0	0	0	0	0		
Teen Center	0	0	0	0	0		
Swimming Pool	162,075	113,218	129,262	124,606	60,844		
Other	0	0	0	0	0		
SUBTOTAL PARKS & RECREATIONAL	162,075	113,218	129,262	124,606	60,844	-11%	5%
LIBRARIES & MUSEUMS	0	0	0	0	0		
SCHOOLS	10,916,091	9,985,542	8,848,287	10,512,071	0	-10%	19%
PUBLIC WORKS							
Administration/Engineering	1,601,947	1,831,423	1,554,936	1,643,837	31,466		
Maintenance/Shop	1,757,460	1,885,120	2,123,958	1,896,849	980,727		
Public Buildings	0	0	0	0	344,567		
Streets/Roads	1,255,943	1,072,614	1,032,621	765,682	317,390		
Solid Waste	0	0	0	0	628,164		
Water/Sewer	0	0	0	0	0		
Power/Electric Utility	0	0	0	0	0		
Airport	0	0	0	0	0		
SUBTOTAL PUBLIC WORKS	4,615,350	4,789,157	4,711,515	4,306,368	2,302,314	1%	-9%
PORT	0	0	0	0	0		
HARBOR	0	0	0	0	0		
DEBT SERVICE	0	0	0	0	747		
OIL SPILL CLEANUP	0	0	0	1,467,880	129,936		
OTHER	1,590,222	2,039,486	2,302,173	1,861,498	0		
TOTAL O&M EXPENDITURES (\$)	37,349,971	37,227,844	37,069,525	41,302,884	5,122,328	0%	11%
COMMUNITY POPULATION	40,414	39,170	39,949	40,312	NA	-1%	1%
PER CAPITA O&M SPENDING	\$924		\$928	\$1,025		0%	10%
PER CAPITA O&M SPENDING IN CONSTANT 1989 DOLLARS	\$957		\$955	\$1,025		0%	7%

TABLE 3-6a. PERSONNEL EXPENDITURES BY SERVICE FUNCTION - MOMFR
 Calendar Year 1986 - Calendar Year 1989
 (Dollars)

SERVICE FUNCTION	CY 1986	CY 1987	CY 1988	CY 1989	CY 1990	Average Annual Rate of Growth (Percent)	
						CY86-CY88	CY88-CY89
GENERAL GOVERNMENT	666,414	445,755	480,360	527,288		-15%	10%
PLANNING/LAND USE/BLDG. INSP.	0	0	0	0			
PUBLIC SAFETY-POLICE/FIRE/EMS	978,900	998,938	1,004,909	1,079,961		1%	7%
HEALTH AND HOSPITALS							
Hospitals	0	0	0	0			
Mental Health	0	0	0	0			
Alcoholism	0	0	0	0			
Other	0	0	0	0			
SUBTOTAL HEALTH AND HOSPITALS	0	0	0	0			
SOCIAL SERVICES							
Child Care	0	0	0	0			
Senior Citizens	0	0	0	0			
Family Planning	0	0	0	0			
Other - Shelters, etc.	0	0	0	0			
Other	0	0	0	0			
SUBTOTAL SOCIAL SERVICES	0	0	0	0			
PARKS & RECREATIONAL							
Parks	21,305	32,940	32,416	28,833			
Campground	0	0	0	0			
Teen Center	0	0	0	0			
Swimming Pool	0	0	0	0			
Other	0	0	0	0			
SUBTOTAL PARKS & RECREATIONAL	21,305	32,940	32,416	28,833		23%	-11%
LIBRARIES & MUSEUMS	164,016	160,201	167,388	170,482		1%	2%
SCHOOLS	0	0	0	0			
PUBLIC WORKS							
Administration/Engineering	3,129	3,840	3,907	1,970			
Maintenance/Shop	0	0	0	0			
Public Buildings	0	0	0	0			
Streets/Roads	691,438	171,919	303,810	509,153			
Solid Waste	0	0	0	0			
Water/Sewer	209,715	196,480	194,224	159,109			
Power/Electric Utility	0	0	0	0			
Airport	0	0	0	0			
SUBTOTAL PUBLIC WORKS	904,282	372,239	501,941	670,232		-25%	34%
PORT	274,885	197,393	289,407	225,097		3%	-22%
HARBOR	506,403	480,396	438,409	591,796		-7%	35%
DEBT SERVICE	0	0	0	0			
OIL SPILL CLEANUP	0	0	0	184,449			
OTHER	0	0	0	0			
TOTAL PERSONNEL EXPENDITURES	3,515,985	2,687,862	2,914,830	3,478,138	NA	-9%	19%
TOTAL LOCAL GOV'T EMPLOYMENT	351	347	336	376	NA	-2%	12%
TOTAL SPENDING PER EMPLOYEE	\$10,017	\$7,746	\$8,675	\$9,250		-7%	7%
TOTAL SPENDING PER EMPLOYEE IN CONSTANT 1989 DOLLARS	\$10,378	\$7,994	\$8,927	\$9,250		-7%	4%

TABLE 3-6b. OPERATIONS & MAINTENANCE EXPENDITURES BY SERVICE FUNCTION - HOMER
 Calendar Year 1986 - Calendar Year 1989
 (Dollars)

SERVICE FUNCTION	CY 1986	CY 1987	CY 1988	CY 1989	CY 1990	Average Annual Rate of Growth (Percent)	
						CY86-CY88	CY88-CY89
GENERAL GOVERNMENT	(76,577)	301,222	336,495	346,458			3%
PLANNING/LAND USE/BLDG. INSP.	0	0	0	0			
PUBLIC SAFETY-POLICE/FIRE/EMS	514,775	489,732	493,131	605,383		-2%	23%
HEALTH AND HOSPITALS							
Hospitals	0	0	0	0			
Mental Health	0	0	0	0			
Alcoholism	0	0	0	0			
Other	0	0	0	0			
SUBTOTAL HEALTH AND HOSPITALS	0	0	0	0	0		
SOCIAL SERVICES							
Child Care	0	0	0	0			
Senior Citizens	0	0	0	0			
Family Planning	0	0	0	0			
Other - Shelters, etc.	0	0	0	0			
Other	240,080	157,561	240,698	247,695			
SUBTOTAL SOCIAL SERVICES	240,080	157,561	240,698	247,695	0	0%	3%
PARKS & RECREATIONAL							
Parks	83,837	46,360	80,222	82,505			
Campground	0	0	0	0			
Teen Center	0	0	0	0			
Swimming Pool	0	0	0	0			
Other	0	0	0	0			
SUBTOTAL PARKS & RECREATIONAL	83,837	46,360	80,222	82,505	0	-2%	3%
LIBRARIES & MUSEUMS	52,861	66,844	58,330	50,336		5%	-14%
SCHOOLS	0	0	0	0			
PUBLIC WORKS							
Administration/Engineering	2,728	2,859	4,441	10,958		28%	
Maintenance/Shop	0	0	0	0			
Public Buildings	0	0	0	0			
Streets/Roads	253,724	652,711	523,174	440,915		44%	
Solid Waste	0	0	0	0			
Water/Sewer	646,461	767,020	795,526	880,086		11%	
Power/Electric Utility	0	0	0	0			
Airport	0	0	0	0			
SUBTOTAL PUBLIC WORKS	902,913	1,422,590	1,323,141	1,331,959	0	21%	1%
PORT	692,727	334,999	635,462	277,772		-4%	-56%
HARBOR	111,275	581,063	89,113	691,176		-11%	676%
DEBT SERVICE	0	0	0	0			
OIL SPILL CLEANUP	0	0	0	90,289			
OTHER	0	0	0	0			
TOTAL O&M EXPENDITURES (\$)	2,521,891	3,400,371	3,256,592	3,723,573	0	14%	14%
COMMUNITY POPULATION	3,706	NA	4,338	4,338	NA	8%	0%
PER CAPITA O&M SPENDING	\$680		\$751	\$858		5%	14%
PER CAPITA O&M SPENDING IN CONSTANT 1989 DOLLARS	\$705		\$772	\$858		5%	11%

TABLE 3-7a. FISCAL YEAR PERSONNEL EXPENDITURES BY SERVICE FUNCTION - KENAI CITY
 Fiscal Year 1986 - Fiscal Year 1990 (First 6 Months)
 (Dollars)

SERVICE FUNCTION	FY 1986	FY 1987	FY 1988	FY 1989	FIRST HALF FY 1990	Average Annual Rate of Growth (Percent)	
						FY86-FY88	FY88-FY89
GENERAL GOVERNMENT	619,027	565,213	573,854	654,792	306,501	-4%	14%
PLANNING/LAND USE/BLDG. INSP.	409	35,352	36,278	37,579	18,305	842%	4%
PUBLIC SAFETY-POLICE/FIRE/EMS	1,976,165	1,939,949	1,962,871	2,016,208	1,025,080	0%	3%
HEALTH AND HOSPITALS							
Hospitals	0	0	0	0	0		
Mental Health	0	0	0	0	0		
Alcoholism	0	0	0	0	0		
Other	0	0	0	0	0		
SUBTOTAL HEALTH AND HOSPITALS	0	0	0	0	0		
SOCIAL SERVICES							
Child Care	0	0	0	0	0		
Seniors Citizens	170,530	201,355	217,879	227,325	113,508		
Family Planning	0	0	0	0	0		
Other - Shelters, etc.	0	0	0	0	0		
Other	0	0	0	0	0		
SUBTOTAL SOCIAL SERVICES	170,530	201,355	217,879	227,325	113,508	13%	4%
PARKS & RECREATIONAL							
Parks	70,103	67,223	78,809	60,531	42,500		
Campground	0	0	0	0	0		
Teen Center	176,772	195,208	212,032	210,139	99,292		
Swimming Pool	0	0	0	0	0		
Other	12,079	9,211	13,747	17,482	5,593		
SUBTOTAL PARKS & RECREATIONAL	258,954	271,642	304,588	288,152	147,385	8%	-5%
LIBRARIES & MUSEUMS	122,773	117,302	123,057	127,839	72,593	0%	4%
SCHOOLS	0	0	0	0	0		
PUBLIC WORKS							
Administration/Engineering	176,317	173,564	175,768	178,219	100,847		
Maintenance/Shop	123,202	136,287	132,856	130,776	67,480		
Public Buildings	91,037	87,568	91,562	94,763	44,333		
Streets/Roads	198,399	187,284	179,374	201,340	94,892		
Solid Waste	0	0	0	0	0		
Water/Sewer	218,577	207,960	204,660	211,886	101,511		
Power/Electric Utility	0	0	0	0	0		
Airport	117,457	120,925	127,538	129,716	66,451		
SUBTOTAL PUBLIC WORKS	924,988	913,588	911,758	946,700	475,514	-1%	4%
PORT	0	0	0	0	0		
HARBOR	0	0	14,037	31,734	13,618		126%
DEBT SERVICE	0	0	0	0	0		
OIL SPILL CLEANUP	0	0	0	0	0		
OTHER	0	0	0	0	0		
TOTAL PERSONNEL EXPENDITURES	\$4,072,847	\$4,044,401	\$4,144,322	\$4,330,329	\$2,172,504	1%	4%
TOTAL LOCAL GOV'T EMPLOYMENT	851	823	786	685	NA	-4%	-13%
TOTAL SPENDING PER EMPLOYEE	\$4,786	\$4,914	\$5,273	\$6,322		5%	20%
TOTAL SPENDING PER EMPLOYEE IN CONSTANT 1989 DOLLARS	\$4,958	\$5,071	\$5,426	\$6,322		5%	17%

TABLE 3-7b. OPERATIONS & MAINTENANCE EXPENDITURES BY SERVICE FUNCTION - KENAI CITY
Fiscal Year 1986 - Fiscal Year 1989
(Dollars)

SERVICE FUNCTION	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990	Average Annual Rate of Growth (Percent)	
						FY86-FY88	FY88-FY89
GENERAL GOVERNMENT	657,027	705,100	724,248	926,377	516,738	5%	28%
PLANNING/LAND USE/BLOG. INSP.	1,408	3,726	3,097	2,846	1,496	48%	-8%
PUBLIC SAFETY-POLICE/FIRE/EMS	194,646	208,195	183,101	186,854	102,668	-3%	2%
HEALTH AND HOSPITALS							
Hospitals	0	0	0	0	0		
Mental Health	0	0	0	0	0		
Alcoholism	0	0	0	0	0		
Other	0	0	0	0	0		
SUBTOTAL HEALTH AND HOSPITALS	0	0	0	0	0		
SOCIAL SERVICES							
Child Care	0	0	0	0	0		
Senior Citizens	124,099	111,780	134,141	127,641	64,447		
Family Planning	0	0	0	0	0		
Other - Shelters, etc.	0	0	0	0	0		
Other	0	0	0	0	0		
SUBTOTAL SOCIAL SERVICES	124,099	111,780	134,141	127,641	64,447	4%	-5%
PARKS & RECREATIONAL							
Parks	17,261	21,007	17,694	15,809	7,252		
Campground	0	0	0	0	0		
Teen Center	54,948	66,008	67,029	74,001	50,153		
Swimming Pool	0	0	0	0	0		
Other	37,026	14,621	13,803	18,185	3,986		
SUBTOTAL PARKS & RECREATIONAL	109,235	101,636	98,526	107,995	61,391	-5%	10%
LIBRARIES & MUSEUMS	92,736	96,413	108,589	110,155	66,009	8%	1%
SCHOOLS	0	0	0	0	0		
PUBLIC WORKS							
Administration/Engineering	14,669	10,764	10,559	12,852	6,243		
Maintenance/Shop	190,293	164,974	151,350	189,405	100,005		
Public Buildings	4,052	5,230	5,360	34,630	16,507		
Streets/Roads	94,233	200,436	136,248	188,273	35,984		
Solid Waste	0	0	0	0	0		
Water/Sewer	243,288	250,753	245,805	232,682	186,318		
Power/Electric Utility	0	0	0	0	0		
Airport	222,248	189,198	188,451	207,596	157,290		
SUBTOTAL PUBLIC WORKS	768,783	821,355	737,773	865,438	502,347	-2%	17%
PORT	0	0	0	0	0		
HARBOR	248	399	35,595	80,892	29,700		127%
DEBT SERVICE	0	0	461,717	257,635	0		-44%
OIL SPILL CLEANUP	0	0	0	3,931	113		
OTHER	0	0	0	0	0		
TOTAL O&M EXPENDITURES (\$)	1,948,180	2,048,604	2,486,787	2,669,764	1,344,909	13%	7%
COMMUNITY POPULATION	6,647	NA	6,543	6,543	NA	-1%	0%
PER CAPITA O&M SPENDING	\$293		\$380	\$408		14%	7%
PER CAPITA O&M SPENDING IN CONSTANT 1989 DOLLARS	\$304		\$391	\$408		13%	4%

TABLE 3-8a. PERSONNEL EXPENDITURES BY SERVICE FUNCTION - SEWARD
Fiscal Year 1986 - Fiscal Year 1990 (First 6 Months)
(Dollars)

	FY 1986	FY 1987	FY 1988	FY 1989	FIRST HALF FY 1990	Average Annual Rate of Growth (Percent)	
						FY86-FY88	FY88-FY89
GENERAL GOVERNMENT	566,911	557,287	524,935	590,395		-4%	12%
PLANNING/LAND USE/BLOG. INSP.	56,657	57,538	52,230	52,755		-4%	1%
PUBLIC SAFETY-POLICE/FIRE/EMS	1,006,724	969,477	963,450	1,047,239		-2%	9%
HEALTH AND HOSPITALS							
Hospitals	0	1,299,641	1,423,406	1,431,387			
Mental Health	0	0	0	0			
Alcoholism	0	0	0	0			
Other	0	0	0	0			
SUBTOTAL HEALTH AND HOSPITALS	0	1,299,641	1,423,406	1,431,387			1%
SOCIAL SERVICES							
Child Care	0	0	0	0			
Senior Citizens	0	0	0	0			
Family Planning	0	0	0	0			
Other - Shelters, etc.	0	0	0	0			
Other	0	0	0	0			
SUBTOTAL SOCIAL SERVICES	0	0	0	0			
PARKS & RECREATIONAL							
Parks	109,867	99,246	134,129	193,794			
Campground	0	0	0	0			
Teen Center	43,294	35,023	41,231	40,322			
Swimming Pool	0	0	0	0			
Other	0	0	0	0			
SUBTOTAL PARKS & RECREATIONAL	153,161	134,269	175,360	234,116		7%	34%
LIBRARIES & MUSEUMS	0	0	0	86,086			
SCHOOLS	0	0	0	0			
PUBLIC WORKS							
Administration/Engineering	241,508	173,850	167,693	180,495			
Maintenance/Shop	157,319	159,615	132,061	107,967			
Public Buildings	46,494	44,963	45,912	30,222			
Streets/Roads	217,745	235,261	205,224	200,803			
Solid Waste	0	0	0	0			
Water/Sewer	102,140	102,360	104,988	142,430			
Power/Electric Utility	403,093	491,017	496,819	394,841			
Airport	0	0	0	0			
SUBTOTAL PUBLIC WORKS	1,168,299	1,207,066	1,152,697	1,056,758		-1%	-8%
PORT	0	0	0	0			
HARBOR	296,375	190,793	326,283	434,188		5%	33%
DEBT SERVICE	0	0	0	0			
OIL SPILL CLEANUP	0	0	0	23,025			-73%
OTHER	0	0	84,336	42,175			
TOTAL PERSONNEL EXPENDITURES	3,248,127	4,416,071	4,702,697	4,998,124		20%	6%
TOTAL LOCAL GOV'T EMPLOYMENT	166	175	174	197	NA	1%	13%
TOTAL SPENDING PER EMPLOYEE	\$19,220	\$25,235	\$27,027	\$25,371		19%	-6%
TOTAL SPENDING PER EMPLOYEE IN CONSTANT 1989 DOLLARS	\$19,912	\$26,042	\$27,811	\$25,371		18%	-9%

TABLE 3-8b. OPERATIONS & MAINTENANCE EXPENDITURES BY SERVICE FUNCTION - SEWARD
 Fiscal Year 1986 - Fiscal Year 1989
 (Dollars)

SERVICE FUNCTION	FY 1986	FY 1987	FY 1988	FY 1989	FIRST HALF FY 1990	Average Annual Rate of Growth (Percent)	
						FY86-FY88	FY88-FY89
GENERAL GOVERNMENT	724,869	515,489	748,075	669,154		1%	-10%
PLANNING/LAND USE/BLDG. INSP.	73,594	53,586	47,656	20,588		-20%	-57%
PUBLIC SAFETY-POLICE/FIRE/EMS	191,063	157,520	194,235	179,074		1%	-8%
HEALTH AND HOSPITALS							
Hospitals	1,848,090	811,891	845,539	773,513			
Mental Health	0	0	0	0			
Alcoholism	0	0	0	0			
Other	0	0	0	0			
SUBTOTAL HEALTH AND HOSPITALS	1,848,090	811,891	845,539	773,513		-32%	-9%
SOCIAL SERVICES							
Child Care	58,288	41,445	58,779	56,254			
Senior Citizens	2,469	0	4,461	2,088			
Family Planning	0	0	0	0			
Other - Shelters, etc.	0	0	0	0			
Other	0	0	0	0			
SUBTOTAL SOCIAL SERVICES	60,757	41,445	63,240	58,342		2%	-8%
PARKS & RECREATIONAL							
Parks	27,776	51,572	85,806	104,903			
Campground	0	0	0	0			
Teen Center	1,803	6,155	14,007	12,387			
Swimming Pool	0	0	0	0			
Other	0	0	0	0			
SUBTOTAL PARKS & RECREATIONAL	29,579	57,727	99,813	117,290		84%	18%
LIBRARIES & MUSEUMS	35,044	32,471	34,011	51,044		-1%	50%
SCHOOLS	0	0	0	0			
PUBLIC WORKS							
Administration/Engineering	235,504	7,185	24,216	30,587			
Maintenance/Shop	19,156	21,767	34,902	43,464			
Public Buildings	45,636	39,901	56,983	52,326			
Streets/Roads	54,269	14,452	214,800	105,637			
Solid Waste	0	0	0	0			
Water/Sewer	370,381	364,479	431,289	523,679			
Power/Electric Utility	2,182,158	2,247,810	2,365,603	2,344,480			
Airport	0	0	0	0			
SUBTOTAL PUBLIC WORKS	2,907,104	2,695,594	3,127,793	3,100,173		4%	-1%
PORT	0	0	0	0			
HARBOR	450,327	769,184	716,399	1,100,015		26%	54%
DEBT SERVICE	0	0	0	0			
OIL SPILL CLEANUP	0	0		140,322			-51%
OTHER	0	0	287,055	148,283			
TOTAL O&M EXPENDITURES (\$)	6,320,427	5,134,907	6,161,816	6,357,796	NA	-1%	3%
COMMUNITY POPULATION	2,072	NA	2,463	2,400	NA	9%	-3%
PER CAPITA O&M SPENDING	\$3,050		\$2,502	\$2,649		3%	6%
PER CAPITA O&M SPENDING IN CONSTANT 1989 DOLLARS	\$3,160		\$2,574	\$2,649		-10%	3%

TABLE 3-9b. OPERATIONS & MAINTENANCE EXPENDITURES BY SERVICE FUNCTION - SOLOOTNA
Fiscal Year 1986 - Fiscal Year 1989
(Dollars)

SERVICE FUNCTION	FY 1986	FY 1987	FY 1988	FY 1989	FIRST HALF FY 1990	Average Annual Rate of Growth (Percent)	
						FY86-FY87	FY87-FY89
GENERAL GOVERNMENT	59,212	157,008	NA	171,289	92,592	165%	4%
PLANNING/LAND USE/BLOG. INSP.	0	0		0	0		
PUBLIC SAFETY-POLICE/FIRE/EMS	251,958	456,879		425,744	185,049	81%	-3%
HEALTH AND HOSPITALS							
Hospitals	0	0		0	0		
Mental Health	0	0		0	0		
Alcoholism	0	0		0	0		
Other	0	0		0	0		
SUBTOTAL HEALTH AND HOSPITALS	0	0	0	0	0		
SOCIAL SERVICES							
Child Care	0	0		0	0		
Senior Citizens	0	0		0	0		
Family Planning	0	0		0	0		
Other - Shelters, etc.	0	0		0	0		
Other	0	0		0	0		
SUBTOTAL SOCIAL SERVICES	0	0	0	0	0		
PARKS & RECREATIONAL							
Parks	33,670	78,340		100,197	61,879		
Campground	0	0		0	0		
Teen Center	0	0		0	0		
Swimming Pool	0	0		0	0		
Other	194,936	261,380		243,775	60,640		
SUBTOTAL PARKS & RECREATIONAL	228,606	339,720	0	343,972	122,519	49%	1%
LIBRARIES & MUSEUMS	40,599	41,329		41,846	24,279	2%	1%
SCHOOLS	0	0		0	0		
PUBLIC WORKS							
Administration/Engineering	12,808	15,300		17,968	7,535		
Maintenance/Shop	6,343	7,275		9,498	86,934		
Public Buildings	46,756	26,693		38,673	19,954		
Streets/Roads	158,114	257,592		297,996	127,423		
Solid Waste	0	0		0	0		
Water/Sewer	154,352	270,895		449,187	116,673		
Power/Electric Utility	0	0		0	0		
Airport	65,153	195,677		171,238	63,012		
SUBTOTAL PUBLIC WORKS	443,526	773,432	0	984,560	421,531	74%	13%
PORT	0	0		0	0		
HARBOR	0	0		0	0		
DEBT SERVICE	0	0		0	130		
OIL SPILL CLEANUP	0	0		0	0		
OTHER	757,876	493,762		658,401	3,890		
TOTAL O&M EXPENDITURES (\$)	1,781,777	2,262,130	NA	2,625,812	849,990	27%	8%
COMMUNITY POPULATION	4,021	NA	3,733	3,668	NA		
PER CAPITA O&M SPENDING	\$443			\$716			
PER CAPITA O&M SPENDING IN CONSTANT 1989 DOLLARS	\$459			\$716			

TABLE 3-9a. PERSONNEL EXPENDITURES BY SERVICE FUNCTION - SOLDOTNA
Fiscal Year 1986 - Fiscal Year 1990 (First 6 Months)

SERVICE FUNCTION	FY 1986	FY 1987	FY 1988	FY 1989	FIRST HALF FY 1990	Average Annual Rate of Growth (Percent)	
						FY86-FY87	FY87-FY89
GENERAL GOVERNMENT	361,544	303,137	NA	320,300	140,200	-16%	3%
PLANNING/LAND USE/BLDG. INSP.	0	0		0	0		
PUBLIC SAFETY-POLICE/FIRE/EMS	910,912	601,656		620,906	297,904	-34%	2%
HEALTH AND HOSPITALS							
Hospitals	0	0		0	0		
Mental Health	0	0		0	0		
Alcoholism	0	0		0	0		
Other	0	0		0	0		
SUBTOTAL HEALTH AND HOSPITALS	0	0	0	0	0		
SOCIAL SERVICES							
Child Care	0	0		0	0		
Senior Citizens	0	0		0	0		
Family Planning	0	0		0	0		
Other - Shelters, etc.	0	0		0	0		
Other	0	0		0	0		
SUBTOTAL SOCIAL SERVICES	0	0	0	0	0		
PARKS & RECREATIONAL							
Parks	28,678	33,209		30,036	17,981		
Camoground	0	0		0	0		
Teen Center	0	0		0	0		
Swimming Pool	0	0		0	0		
Other	114,320	145,429		149,330	60,739		
SUBTOTAL PARKS & RECREATIONAL	142,998	178,638	0	179,366	78,720	25%	0%
LIBRARIES & MUSEUMS	69,290	73,827		82,705	37,767	7%	6%
SCHOOLS	0	0	0	0	0		
PUBLIC WORKS							
Administration/Engineering	239,192	170,554		183,396	101,647		
Maintenance/Shop	106,228	108,234		108,119	92,653		
Public Buildings	42,384	33,050		30,540	15,933		
Streets/Roads	99,798	152,754		143,457	82,376		
Solid Waste	0	0		0	0		
Water/Sewer	221,296	248,355		255,859	122,877		
Power/Electric Utility	0	0		0	0		
Airport	43,130	42,260		42,932	24,907		
SUBTOTAL PUBLIC WORKS	752,028	755,207	0	764,943	440,393	0%	1%
PORT	0	0		0	0		
HARBOR	0	0		0	0		
DEBT SERVICE	0	0		0	0		
OIL SPILL CLEANUP	0	0		0	0		
OTHER	136,607	150,861		148,340	360,682		
TOTAL PERSONNEL EXPENDITURES	2,373,379	2,063,326	NA	2,116,560	1,355,666	-13%	1%
TOTAL LOCAL GOV'T EMPLOYMENT	286	382	349	406	NA	34%	3%
TOTAL SPENDING PER EMPLOYEE	\$8,299	\$5,401		\$5,213		-35%	-2%
TOTAL SPENDING PER EMPLOYEE IN CONSTANT 1989 DOLLARS	\$8,597	\$5,574		\$5,213		-35%	-3%

TABLE 3-10a. PERSONNEL EXPENDITURES BY SERVICE FUNCTION - KOOIAK BOROUGH
 Fiscal Year 1986 - Fiscal Year 1990 (First 6 Months)
 (Dollars)

SERVICE FUNCTION	FY 1986	FY 1987	FY 1988	FY 1989	FIRST HALF FY 1990	Average Annual Rate of Growth (Percent)	
						FY86-FY88	FY88-FY89
GENERAL GOVERNMENT	858,352	920,960	962,985	972,439	466,807	6%	1%
PLANNING/LAND USE/BLDG. INSP.	294,844	286,876	318,162	244,891	150,904	4%	-23%
PUBLIC SAFETY-POLICE/FIRE/EMS	72,579	67,030	69,888	64,074	35,991	-2%	-8%
HEALTH AND HOSPITALS							
Hospitals	0	0	0	0	0		
Mental Health	716,433	749,626	869,079	996,353	583,890		
Alcoholism	0	0	0	0	0		
Other	0	0	0	0	0		
SUBTOTAL HEALTH AND HOSPITALS	716,433	749,626	869,079	996,353	583,890	10%	15%
SOCIAL SERVICES							
Child Care	0	0	0	0	0		
Senior Citizens	0	0	0	0	0		
Family Planning	0	0	0	0	0		
Other - Shelters, etc.	0	0	0	0	0		
Other	0	0	0	0	0		
SUBTOTAL SOCIAL SERVICES	0	0	0	0	0		
PARKS & RECREATIONAL							
Parks	0	0	0	0	29,166		
Campground	0	0	0	0	0		
Teen Center	0	0	0	0	0		
Swimming Pool	0	0	0	0	0		
Other	0	0	0	0	0		
SUBTOTAL PARKS & RECREATIONAL	0	0	0	0	29,166		
LIBRARIES & MUSEUMS	0	0	0	0	0		
SCHOOLS	8,159,987	9,782,920	9,083,422	9,252,676	4,762,415	6%	2%
PUBLIC WORKS							
Administration/Engineering	208,803	203,732	178,904	222,238	139,422		
Maintenance/Shop	0	0	0	0	0		
Public Buildings	0	0	0	0	4,222		
Streets/Roads	0	0	0	0	2,097		
Solid Waste	0	0	0	223,343	90,783		
Water/Sewer	0	0	0	0	17,173		
Power/Electric Utility	0	0	0	0	0		
Airport	0	0	0	0	0		
SUBTOTAL PUBLIC WORKS	208,803	203,732	178,904	445,581	253,697	-7%	149%
PORT	0	0	0	0	0		
HARBOR	0	0	0	0	0		
DEBT SERVICE	0	0	0	0	0		
OIL SPILL CLEANUP	0	0	0	175,026	223,919		
OTHER	0	0	0	0	0		
TOTAL PERSONNEL EXPENDITURES	10,310,998	12,011,144	11,482,440	12,151,040	6,506,789	6%	6%
TOTAL LOCAL GOV'T EMPLOYMENT	700	610	671	661	NA	-2%	1%
TOTAL SPENDING PER EMPLOYEE	\$14,730	\$19,690	\$17,112	\$18,383		8%	7%
TOTAL SPENDING PER EMPLOYEE IN CONSTANT 1989 DOLLARS	\$15,260	\$20,320	\$17,609	\$18,383		7%	4%

TABLE 3-10b. OPERATIONS & MAINTENANCE EXPENDITURES BY SERVICE FUNCTION - KODIAK BOROUGH
Fiscal Year 1986 - Fiscal Year 1989
(Dollars)

SERVICE FUNCTION	FY 1986	FY 1987	FY 1988	FY 1989	FIRST HALF FY 1990	Average Annual Rate of Growth (Percent)	
						FY86-FY88	FY88-FY89
GENERAL GOVERNMENT	550,719	607,465	451,469	424,149	404,499	-9%	-6%
PLANNING/LAND USE/BLOG. INSP.	95,909	73,197	70,340	160,141	40,040	-14%	123%
PUBLIC SAFETY-POLICE/FIRE/EMS	49,016	60,028	71,595	54,085	136,455	21%	-24%
HEALTH AND HOSPITALS							
Hospitals	4,838,558	5,208,417	5,410,197	6,235,027	3,827,379		
Mental Health	275,108	265,038	267,697	354,198	158,028		
Alcoholism	50,000	60,500	56,800	56,300	60,000		
Other	115,799	31,965	46,800	108,662	0		
SUBTOTAL HEALTH AND HOSPITALS	5,279,465	5,565,920	5,787,494	6,754,187	4,045,407	5%	17%
SOCIAL SERVICES							
Child Care	229,676	188,682	225,215	261,949	107,037		
Senior Citizens	14,000	20,000	20,000	20,000	20,000		
Family Planning	0	0	0	0	0		
Other - Shelters, etc.	36,000	34,250	35,400	34,900	110,900		
Other	90,000	101,900	177,388	115,350	0		
SUBTOTAL SOCIAL SERVICES	369,676	344,832	458,003	432,199	237,937	11%	-6%
PARKS & RECREATIONAL							
Parks	0	0	0	0	10,834		
Campground	0	0	0	0	0		
Teen Center	0	0	0	0	0		
Swimming Pool	0	0	0	0	0		
Other	0	0	0	0	0		
SUBTOTAL PARKS & RECREATIONAL	0	0	0	0	10,834		
LIBRARIES & MUSEUMS	84,500	84,500	80,990	80,960	41,000	-2%	0%
SCHOOLS	8,179,811	5,817,425	6,728,036	6,824,218	1,796,122	-9%	1%
PUBLIC WORKS							
Administration/Engineering	(136,176)	(71,701)	(119,208)	(138,059)	(514)		
Maintenance/Shop	0	0	0	0	0		
Public Buildings	326,118	282,541	211,600	300,406	445,754		
Streets/Roads	135,062	96,425	131,240	119,596	46,824		
Solid Waste	0	148,890	680,843	721,514	451,853		
Water/Sewer	264,177	408,938	358,251	429,542	146,408		
Power/Electric Utility	0	0	0	0	0		
Airport	0	0	0	0	0		
SUBTOTAL PUBLIC WORKS	589,181	865,093	1,262,726	1,432,999	1,090,325	46%	13%
PORT	0	0	0	0	0		
HARBOR	0	0	0	0	0		
DEBT SERVICE	0	0	0	0	0		
OIL SPILL CLEANUP	0	0	0	890,039	542,582		
OTHER	0	40,065	30,000	0	0		
TOTAL O&M EXPENDITURES (\$)	15,198,277	13,450,525	14,940,653	17,052,977	8,345,201	-1%	14%
COMMUNITY POPULATION	11,846	13,658	13,669	15,558	NA	7%	14%
PER CAPITA O&M SPENDING	\$1,293		\$1,093	\$1,096		-8%	0%
PER CAPITA O&M SPENDING IN CONSTANT 1989 DOLLARS	\$1,329		\$1,125	\$1,096		-8%	-3%

TABLE 3-11a. PERSONNEL EXPENDITURES BY SERVICE FUNCTION - KODIAK CITY
Fiscal Year 1986 - Fiscal Year 1990 (First 6 Months)
(Dollars)

SERVICE FUNCTION	FY 1986	FY 1987	FY 1988	FY 1989	FIRST HALF FY 1990	Average Annual Rate of Growth (Percent)	
						FY86-FY88	FY88-FY89
GENERAL GOVERNMENT	491,802	484,834	532,823	531,543	271,226	4%	0%
PLANNING/LAND USE/BLOG. INSP.	0	0	23,644	101,677	58,390		330%
PUBLIC SAFETY-POLICE/FIRE/EMS	2,150,849	2,220,609	2,384,900	2,398,086	1,335,641	5%	1%
HEALTH AND HOSPITALS							
Hospitals	0	0	0	0	0		
Mental Health	0	0	0	0	0		
Alcoholism	0	0	0	0	0		
Other	0	0	0	0	0		
SUBTOTAL HEALTH AND HOSPITALS	0	0	0	0	0		
SOCIAL SERVICES							
Child Care	0	0	0	0	0		
Senior Citizens	0	0	0	0	0		
Family Planning	0	0	0	0	0		
Other - Shelters, etc.	0	0	0	0	0		
Other	0	0	0	0	0		
SUBTOTAL SOCIAL SERVICES	0	0	0	0	0		
PARKS & RECREATIONAL							
Parks	75,816	86,737	103,138	119,926	74,570		
Campground	0	0	0	0	0		
Teen Center	90,247	76,183	89,065	79,321	41,722		
Swimming Pool	88,051	80,854	93,512	73,500	40,887		
Other	0	0	0	0	0		
SUBTOTAL PARKS & RECREATIONAL	254,114	243,774	285,715	272,747	157,179	6%	-5%
LIBRARIES & MUSEUMS	282,650	286,970	319,600	330,353	180,839	6%	3%
SCHOOLS	0	0	0	0	0		
PUBLIC WORKS							
Administration/Engineering	379,377	324,761	271,830	210,597	123,521		
Maintenance/Shop	102,238	91,737	109,082	111,125	59,564		
Public Buildings	0	0	0	0	0		
Streets/Roads	186,287	150,874	211,760	223,106	116,641		
Solid Waste	0	0	0	0	0		
Water/Sewer	544,043	463,684	476,300	549,728	310,368		
Power/Electric Utility	0	0	0	0	0		
Airport	0	0	0	0	0		
SUBTOTAL PUBLIC WORKS	1,211,945	1,031,056	1,068,972	1,094,556	610,094	-6%	2%
PORT	93,520	85,759	86,373	89,331	53,784	-4%	3%
HARBOR	549,684	524,229	552,266	554,474	295,437	0%	0%
DEBT SERVICE	0	0	0	0	0		
OIL SPILL CLEANUP	0	0	0	0	22,843		
OTHER	0	50,150	0		7,385		
TOTAL PERSONNEL EXPENDITURES	5,034,564	4,927,381	5,254,293	5,372,767	2,992,818	2%	2%
TOTAL LOCAL GOV'T EMPLOYMENT	NA	NA	530	567	NA		7%
TOTAL SPENDING PER EMPLOYEE			\$9,914	\$9,476			-4%
TOTAL SPENDING PER EMPLOYEE IN CONSTANT 1989 DOLLARS			\$10,201	\$9,476			-7%

TABLE 3-11b. OPERATIONS & MAINTENANCE EXPENDITURES BY SERVICE FUNCTION - KODIAK CITY
Fiscal Year 1986 - Fiscal Year 1989
(Dollars)

SERVICE FUNCTION	FY 1986	FY 1987	FY 1988	FY 1989	FIRST HALF FY 1990	Average Annual Rate of Growth (Percent)	
						FY86-FY88	FY88-FY89
GENERAL GOVERNMENT	258,854	216,334	195,102	170,806	122,401	-13%	-12%
PLANNING/LAND USE/BLDG. INSP.	0	0	2,149	9,462	12,377		340%
PUBLIC SAFETY-POLICE/FIRE/EMS	406,262	424,362	422,069	404,955	198,884	2%	-4%
HEALTH AND HOSPITALS							
Hospitals	0	0	0	0	0		
Mental Health	0	0	0	0	0		
Alcoholism	0	0	0	0	0		
Other	0	0	0	0	0		
SUBTOTAL HEALTH AND HOSPITALS	0	0	0	0	0		
SOCIAL SERVICES							
Child Care	0	0	0	0	0		
Senior Citizens	0	0	0	0	0		
Family Planning	0	0	0	0	0		
Other - Shelters, etc.	0	0	0	0	0		
Other	0	0	0	0	0		
SUBTOTAL SOCIAL SERVICES	0	0	0	0	0		
PARKS & RECREATIONAL							
Parks	39,444	31,551	32,324	49,294	15,259		
Campground	0	0	0	6,055	4,487		
Teen Center	43,712	35,423	23,641	25,918	11,770		
Swimming Pool	983	1,231	772	1,724	104		
Other	0	0	0	0	0		
SUBTOTAL PARKS & RECREATIONAL	84,139	68,205	56,737	82,991	31,620	-18%	46%
LIBRARIES & MUSEUMS	127,134	138,799	153,706	145,211	72,342	10%	-6%
SCHOOLS	0	0	0	0	0		
PUBLIC WORKS							
Administration/Engineering	112,205	29,922	32,350	51,411	12,082		
Maintenance/Shop	38,232	34,617	33,859	44,975	16,738		
Public Buildings	0	0	0	0	0		
Streets/Roads	109,389	1,098,486	105,466	121,260	129,383		
Solid Waste	0	0	0	0	0		
Water/Sewer	712,952	748,010	821,360	1,042,727	504,231		
Power/Electric Utility	0	0	0	0	0		
Airport	0	0	0	0	0		
SUBTOTAL PUBLIC WORKS	972,778	1,911,035	993,035	1,260,373	662,434	1%	27%
PORT	389,736	392,547	451,701	827,949	301,949	8%	83%
HARBOR	352,167	429,701	395,515	400,766	222,532	6%	1%
DEBT SERVICE	0	0	0	0	0		
OIL SPILL CLEANUP	0	0	0	0	602,339		
OTHER	869,827	3,755,509	986,212	988,680	806,172		
TOTAL O&M EXPENDITURES (\$)	3,460,697	7,336,492	3,656,226	4,291,193	3,033,050	3%	17%
COMMUNITY POPULATION	6,619	NA	6,651	6,774	NA	0%	2%
PER CAPITA O&M SPENDING	\$523		\$550	\$633		3%	15%
PER CAPITA O&M SPENDING IN CONSTANT 1989 DOLLARS	\$542		\$566	\$633		2%	12%

3.12 Summary

During FY 1989, a total of \$4.5 million in personnel and O&M expenditures were directly allocated to oil spill cleanup by the nine local government jurisdictions reviewed in this interim report. An additional \$1.6 million in personnel and O&M funds were spent for oil spill cleanup in the first six months of FY 1990. The O&M object category accounts for 80 percent of total personnel and O&M oil spill cleanup expenditures. Eight out of nine local government jurisdictions reported direct personnel or O&M expenditures for oil spill cleanup during FY 1989 or the first six months of FY 1990. These expenditures are summarized by local government jurisdiction in Table 3-12, below.

Table 3-12. Summary of Direct Oil Spill Cleanup Expenditures
Fiscal Year 1989 and First Half Fiscal Year 1990

<u>Local Government Jurisdiction</u>	<u>Fiscal 1989</u>		<u>Fiscal 1990</u>	
	<u>Personnel</u>	<u>O&M</u>	<u>Personnel</u>	<u>O&M</u>
Cordova	\$51,000	\$462,000		
Valdez	754,000	250,000		
Kenai Borough	28,000	1,468,000	\$30,000	\$130,000
Homer	184,000	90,000		
Kenai City	-0-	4,000		
Seward	23,000	140,000		
Soldotna	-0-	-0-		
Kodiak Island Borough	175,000	890,000	224,000	543,000
Kodiak City	<u>-0-</u>	<u>-0-</u>	<u>23,000</u>	<u>602,000</u>
	\$1,215,000	\$3,304,000	\$277,000	\$1,275,000

This examination of local government expenditures did not reveal systematic spending patterns that might be conclusively linked to the oil spill and cleanup events of 1989 other than the direct oil-spill cleanup expenditures outlined above. However, if the type of service function was ranked according to frequency in which they were reported to increase, then a pattern in local government spending increases did emerge during 1989. Local governments reported spending increases in the Public Works service function category most frequently. Public Safety and Port/Harbor service functions were ranked equally in second place, in terms of the incidence of reported spending increases. Health and Hospital, followed by General Government, were the next highest-ranking service functions categories for which spending increases were reported across the nine local government jurisdictions. Taken together, these five service function categories account for the bulk of local government expenditure increases for the personnel and O&M object categories. Furthermore, they represent the kind of public service functions that would most likely be impacted by an event like the *Exxon-Valdez* oil spill and cleanup. A question for further analysis is whether or not this service-function ranking is markedly different from patterns observed in earlier years.

4.0 SPILL RELATED REVENUES AND EXPENDITURES

4.1 Introduction

All boroughs and cities within the oil spill area, except Soldotna, were directly affected by the *Exxon Valdez* oil spill. This section summarizes the direct fiscal impact each city or borough sustained in coping with the spill. It also includes community estimates of the effect of the spill on future revenues and expenditures.

The fiscal reports reveal that, except for Cordova, the direct costs of the oil spill response generally have been met. However, there may be further losses which would occur in future years. The financial information submitted quantifies, in dollars, the results of activities carried out prior to and during the spill response period. A review of this data shows distortion in revenues and expenditures which may be a result of the spill. This distortion points to possible long-term losses in revenues and possible increases in expenditures.

"Oil Spill" expenditures for purposes of this section are incremental increases in general governmental costs resulting from increased workloads, as well as direct expenditures incurred in assisting with the cleanup. "Oil Spill" revenues include funds made available by the State of Alaska or Exxon Corporation to finance expected increases in costs and/or funds received to reimburse the entity for incurred expenses directly attributable to the spill. It should be noted that due to differences in accounting treatment of such revenues and expenditures, the reports submitted are not uniform. For instance, in some jurisdictions, all costs were collected in a special revenue fund, while in others additional personnel expenses and related costs were recorded in the department normally charged within the general ledger. Also, most invoices to Exxon included a ten percent overhead charge. As a result, comparing only reported revenues and expenditures would have produced inaccuracies and was judged to be impractical. The comparison of revenues and expenditures is based on use of the greatest amounts reported, whether taken from the financial templates, invoices, or other information submitted to Impact Assessment, Inc.

Participating local government jurisdictions were requested to estimate how the spill affected 1989 fiscal year revenues and expenditures and, in their judgment, how 1990 would be affected. The estimates made were sketchy, at best, and are subjective in nature. Little or no estimating was done as to how revenues and expenditures would be affected for all of the 1990 fiscal year. It should be noted there was insufficient time for each entity to gather all facts necessary to make objective estimates of future events due to the time limits placed on the entities to complete their report.

Interest has been shown in quantifying oil spill related expenditures by local government service function, e.g., Public Safety, General Government, etc. Neither the information provided in responding to the templates nor the copies of the invoices provided this information. For the most part, jurisdictions, due to the sudden increase in workloads in responding to the spill, had little chance to modify their accounting systems to process the mass of detail produced into meaningful information categorized by service function.

4.2 Quantified Oil Spill Revenues and Expenditures.

Table 4-1 summarizes the *Exxon Valdez* oil spill related revenues, expenditures, and invoicing through December 31, 1989, by both borough and city. Total spill-related revenue reported is \$6,293,000. Of this amount, \$131,000 or two percent of the total is in outstanding invoices. Due to differences in accounting treatment, this \$6,293,000 may also include advances of funds made by Exxon or the State which may be applied to continuing oil spill response expenditures. Total expenditures to date are reported at \$6,183,000. Of this amount, \$5,310,000 has been billed and/or reported as expended to date, leaving \$873,000 as unbilled or unreported. As near as can be determined, of amounts billed for reimbursement, less than one percent of the total was deleted from payments by Exxon Corporation.

Kenai Peninsula Borough was advanced \$2,000,000 by Exxon Company, USA, to finance oil spill response activities within the Borough. Under their accounting system, this money was treated as an advance. Funds applied to offset expenditures are taken as revenue at the time the expenditure is incurred, and the outstanding balance of the advance is then reduced. As of December 31, 1989, approximately \$387,000 was being held for continuing oil response costs. Of the \$1,612,000 expended, they report that \$661,000 was passed through to other agencies (\$432,000 to Group A cities, approximately \$180,000 to U.S. Parks Service, and \$50,000 to Seldovia). All applicable expenditures within the Borough have been reported to Exxon as drawdowns from the \$2,000,000 advance.

Kodiak Island Borough reports they have received \$1,730,000 from Exxon of which \$99,000 was passed through to the City of Kodiak. To date they have reported \$1,455,000 being invoiced, of which \$354,000 was to the State of Alaska and \$1,101,000 was billed to Exxon. Based on information provided and taking into account \$326,000 in unbilled or unreported expenditures, the Borough has \$204,000 in unapplied funds remaining. It is unknown whether these are for expenditures in other operating accounts which have not yet been included, or whether the entire amount is available for continuing oil spill response.

TABLE 4-1 OIL SPILL RELATED REVENUES AND EXPENDITURES BY LOCAL GOVERNMENT JURISDICTION
 March 24, Through December 31, 1989
 (Thousands of Dollars)

	CORDOVA	VALDEZ	KENAI BOROUGH	HOMER	CITY OF KENAI	SEWARD	SOLOOTNA	KODIAK BOROUGH	CITY OF KODIAK	TOTALS
	a	b	d	d	d	g	i	i	d	
REVENUES										
STATE OF ALASKA	\$226	\$0		\$37	\$0	\$0		\$173		\$436
BOROUGH (Pass Through)			(432)	225	4	203		(99)	99	0
EXXON CORPORATION	477	1373 ^c	1612	322	32	88 ^h		1730	26	5,660
EXXON CONTRACTORS	40									40
TOTAL REVENUES	\$743	\$1373	\$1180	\$584	\$36	\$291	\$0	\$1804	\$125	\$6,136
EXPENDITURES										
PERSONNEL COSTS	\$115	\$790	\$38	\$186		\$64		\$399	\$103	\$1,695
OPERATION/MAINTENANCE	836	500	1087 ^e	177	4	189		1282 ^e	18	4,091
CAPITAL EXPENDITURES		105	50					48		203
LEGAL COSTS			5			40		52	5	102
TOTAL EXPENDITURES	\$951	\$1395	\$1180	\$363	\$4	\$292	\$0	\$1781	\$125	\$6,091
REVENUE EXCESS (DEFICIENCY)	\$(208)	\$(22)	\$0	\$221	\$32 ^f	\$(1)		\$23	\$0	\$35
AMOUNT BILLED/REPORTED	\$748	\$1395	\$1180	\$363	\$4	\$292	\$0	\$1455	\$125	\$5,562
UNBILLED/NOT REPORTED	\$203	\$0	\$0	\$0	\$0	\$0		\$326	\$0	\$529

NOTES ON DATA:

- (a) SOURCE: Revenues from Template # 3b Expenditures Template 5-89 and Dale Daigger by telephone
- (b) SOURCE: Revenue Template # 2 Expenditures from Billings to EXXON
- (c) Includes \$94 thousand accrued and billed to EXXON, but not yet paid
- (d) SOURCE: Template # 8
- (e) Reduced for "Pass Through" Expenditures, only for cities included in this report
- (f) Contribution to mitigate loss of Dock Revenues
- (g) SOURCE: Billings to EXXON and Kenai Peninsula Borough
- (h) Includes \$37 thousand accrued but not billed to EXXON until February 6, 1990
- (i) SOURCE: Revenues from Template # 2 Expenditures from Templates 5-89, 5-90

SLIGHT DIFFERENCES DUE TO ROUNDING

Cities reporting reimbursements less than expenditures include:

	<u>Revenue</u>	<u>Expenditure</u>	<u>Shortfall</u>
Cordova	\$743,000	\$951,000	\$208,000
Valdez	1,373,000	1,395,000	22,000
Seward	291,000	292,000	1,000
Total	\$2,407,000	\$2,638,000	\$231,000

Both Valdez and Seward reported invoice amounts being reduced by Exxon. The reduction was less than two percent of the totals submitted. Cordova reported that they were told by Exxon that invoices for services after their September billing would not be honored. They have made no billings for services after September 8, 1989. Valdez and Seward have made \$131,000 in claims for services performed after that date. It is not known if these claims have been honored.

Only the City of Kenai has reported receiving funds from Exxon for loss of revenues. They requested \$41,900 due to loss of dock revenues and fuel oil sales during July and August. This claim was settled for \$32,264, taking into account a reduction in dock expenses due to the decrease in dock activities. Other coastal communities report increased harbor/dock revenues apparently due to the spill response efforts.

The City of Soldotna reported no oil spill-related expenditures or revenues. The City Manager, Richard Underkofler, stated that it may have helped their economy due to the increased sports fishing opportunities resulting from commercial fishing closures.

4.3 Estimated Effect of Spill on 1989 and 1990 Revenues and Expenditures.

The entities in this report were requested to quantify their estimates as to how the oil spill affected revenues and expenditures for 1989, and to estimate how they would be affected during 1990. As previously discussed, this is a subjective area, and although the accuracy of such estimates for 1989 may be fairly reliable, the 1990 estimates must take into account factors over which the estimator has no control. Further, the estimates as submitted by the entities were sketchy or almost non-existent. A review of the general financial information submitted reveals that in most coastal areas there were substantial increases in sales taxes, business licenses, fines, and enterprise fees and charges. It must be assumed, where otherwise not reported, these increases resulted primarily from oil spill cleanup response. The increases were sufficient in size to offset losses in the same revenue sources resulting from decreased fishing and tourist activity. Increases due to oil spill response are of a one time nature affecting only the entity's economy during 1989, while losses from commercial fishing activities resulting from the spill may well continue into future years.

Sales taxes were strongly impacted, as reported above in Section 2, Local Government Revenues. The influx of large numbers of people required for the massive cleanup efforts created increased consumer purchases. At the same time, a substantial amount of the materials and supply purchases by Exxon, or their contractors, were channeled through local merchants. The resulting increase in taxable sales was more than sufficient to offset short-term loss of sales taxes due to declines in business resulting from commercial fishing closures. Also, as fisherman gear up early in the year, the gear purchased for 1989 due to this spill, may not have been used, making it available for the 1990 fishing season. This may materially reduce the need to purchase new gear in the spring of 1990. Such loss of business will be reflected in 1990 sales tax collections. In addition, if further major fishing closures are required, this will have a further deleterious effect on local businesses, causing further reductions in sales tax collection.

A slowdown in one facet of the local economy tends to have a domino effect on other sections of the economy. Thus, such a slowdown can have also adversely affect other revenues dependent on the economic well being of the area. Coping for this loss of revenue may require that the jurisdiction either reduce the quality of services to its residents or that the loss be made up by increasing property tax rates, which in turn would increase property revenue.

The immensity of the oil spill diverted management from planning and initiating normal construction and maintenance projects to crisis management of oil spill response. The cleanup also absorbed much of the labor, materials, and equipment which would normally have been available to meet planned maintenance and construction, causing such projects to be delayed to future years. As a result, these delays will cause increased costs, not only from inflation, but also by having to increase the scope of a project. For instance, if a street which was scheduled to have a minimal repaving job done to prevent water from destroying the sub-grade was delayed until the next year, this delay could cause the sub-grade to be damaged sufficiently to require a complete reconstruction, and this would materially increase the repair cost. Again, it must be emphasized that such adverse financial impacts will not be revealed using current financial information.

Table 4-2 summarizes estimated spill-related revenues and expenditures by type for each local government jurisdiction in fiscal year 1989 and fiscal year 1990. The estimates as shown reflect the thinking of the reporting local government jurisdiction, and in no way reflect the opinion of Impact Assessment, Inc.

No "In Kind" transactions were reported by any local government jurisdiction. Although most entities recognize there was volunteer labor used and materials were sometimes furnished by Exxon contractors, there was no documentation of such transactions in the financial records. As a result, any amounts reported would be of very limited value for financial analysis purposes.

TABLE 4-2 ESTIMATED SPILL RELATED CHANGES IN REVENUES AND EXPENGITURES BY LOCAL GOVERNMENT JURISDICTION
 FISCAL YEAR 1989 AND FISCAL YEAR 1990 (First Six Months)
 (Thousands of Dollars)
 PAGE 1 OF 3

	FY 1989	AMOUNT ALLOCATED TO SPILL	FY 1990	AMOUNT ALLOCATED TO SPILL
CORDOVA	NOTHING REPORTED		NOTHING REPORTED	
VALDEZ				
REVENUES				
HOTEL HOTEL TAX	\$79	ALL TO SPILL		NO ESTIMATES MADE
LICENSES AND PERMITS	48	PARTIALLY TO SPILL		
MENTAL HEALTH GRANT	77	ALL TO SPILL		
WATER/SEWER CHARGES	143	ALL TO SPILL		
HARBOR/PORT FEES	334	ALL TO SPILL		
FINES AND FORFEITURES	12	ALL TO SPILL		
RENTS AND LEASES	82	ALL TO SPILL		
OIL SPILL	1373a	ALL TO SPILL		
MISCELLANEOUS	230	LARGELY TO SPILL		
TOTAL REVENUE	\$2378			
EXPENDITURES	\$86	ALL TO SPILL		
MENTAL HEALTH/ALCOHOL	5	ALL TO SPILL		
PARKS AND RECREATION	24	ALL TO SPILL		
AIRPORT	85	ALL TO SPILL		
HARBOR/PORT	1395a	ALL TO SPILL		
OIL SPILL				
TOTAL EXPENDITURES	\$1595			

NOTES ON DATA:

(a) Adjusted to Actual Reported Revenue

TABLE 4-2 ESTIMATED SPILL RELATED CHANGES IN REVENUES AND EXPENDITURES BY LOCAL GOVERNMENT JURISDICTION
 FISCAL YEAR 1989 AND FISCAL YEAR 1990 (First Six Months)
 (Thousands of Dollars)
 PAGE 2 OF 3

	FY 1989	AMOUNT ALLOCATED TO SPILL	FY 1990	AMOUNT ALLOCATED TO SPILL
KENAI PENINSULA BOROUGH				
REVENUES				
SALES TAX			\$2,331	ALL FOR SPILL
VALDEZ OIL SPILL-EXXON	\$1,546	ALL TO SPILL		
STATE OIL SPILL			600	2nd and 3rd QUARTERS OF 1989 ADDITIONAL REVENUE
TOTAL REVENUE	\$1,546		\$2,931	
EXPENDITURES				
OIL SPILL CLEANUP	\$1,546	ALL TO SPILL	\$2,931	ALL TO SPILL
HOMER				
REVENUES				
SALES TAX	\$481	PARTIALLY TO SPILL		
HARBOR/PORT	602	ALL TO SPILL		
VALDEZ OIL SPILL-EXXON	322	ALL TO SPILL		
VALDEZ OIL SPILL- KENAI BOROUGH	225	ALL TO SPILL		
TOTAL REVENUE	\$1,630			
EXPENDITURES				
PUBLIC SAFETY	\$177	PARTIALLY TO SPILL		
PORT	245	PARTIALLY TO SPILL		
OIL SPILL CLEANUP	275	ALL TO SPILL		
TOTAL EXPENDITURES	\$697			
CITY OF KENAI				
REVENUES				
HARBOR/PORT	\$0		\$42	REIMBURSEMENT FOR LOST WHORFAGE AND PETROLEUM SALES
EXPENDITURES				
HARBOR			\$9	REDUCED PERSONNEL COSTS
OIL SPILL CLEANUP	\$4	MAYOR'S MEETING COSTS		
TOTAL EXPENDITURES	\$4		\$9	
SEWARD	NOTHING REPORTED			
SOLDOTNA	NOTHING REPORTED			

TABLE 4-2 ESTIMATED SPILL RELATED CHANGES IN REVENUES AND EXPENDITURES BY LOCAL GOVERNMENT JURISDICTION
 FISCAL YEAR 1989 AND FISCAL YEAR 1990 (First Six Months)
 (Thousands of Dollars)
 PAGE 3 OF 3

	FY 1989	AMOUNT ALLOCATED TO SPILL	FY 1990	AMOUNT ALLOCATED TO SPILL
KODIAK ISLAND BOROUGH				
REVENUES				
STATE RAW FISH TAX			(\$1,200)	CLOSURE OF COMMERCIAL FISHING
STATE OIL SPILL	500	ALL TO SPILL	500	ALL TO SPILL
VALDEZ OIL SPILL-EXXON	500	GRANT FOR SPILL	1,500	ADDITIONAL GRANT FOR SPILL
TOTAL REVENUE	\$1,000		\$800	
EXPENDITURES				
OIL SPILL CLEANUP	\$1,000	ALL TO SPILL	\$2,000	ALL TO SPILL
CITY OF KODIAK				
REVENUES	NO ESTIMATES MADE			
EXPENDITURES				
GENERAL GOVERNMENT	\$63	OVERTIME AND ADDITIONAL PERSONNEL	\$33	ADDITIONAL PERSONNEL

SOURCE OF DATA: Templates # 4 and # 7

5.0 FISH TAX ANALYSIS

5.1 Introduction

This section addresses issues in the estimation of fish tax revenues for 1989. The analysis focuses on estimation because actual fish tax revenues for 1989 will not be allocated until the summer of 1990. Thus the possible effects of the *Exxon Valdez* oil spill on fish tax revenues cannot be included using the actual fish tax data. However, given the importance of fish tax revenues for many of the affected communities, there must be consideration of potential impacts on this revenue source. Consequently, we briefly develop the basic issues for estimating any lost fish tax revenues in the affected communities; and we present a preliminary analysis of what these revenues would have been if the *Exxon Valdez* oil spill had not occurred.

Unfortunately, changes in fish taxes resulting from the oil spill are not reflected in the completed fiscal impact assessment templates because processors are not required to file fish taxes with the state until March 30 of the following year. Thus, fish tax receipts recorded for 1989 were actually earned in 1988, and the actual fish tax generated in 1989 will not be known until mid-1990. More importantly, fish taxes, unlike most other sources of municipal revenue, are not based on population, property values, sales receipts or other formula-based relationships that remain relatively constant from one year to the next. They are based solely on the value of fish landed within any particular jurisdiction, and this value varies from year to year. Thus, in order to quantify the loss of fish tax resulting from the *Exxon Valdez* oil spill we must first project the value of fish that would have been landed in 1989 had the fisheries been conducted under normal conditions.

While such an assessment is beyond the scope of the present report on the Group-A template information, it is nevertheless our belief that without some general sense of the scale of these losses in fish tax revenue, the report would lack a critical dimension of fiscal impacts.

There are, however, a number of factors which add complexity to such an analysis. Our objectives in the following discussion, then, are: (1) to present the set of simplifying assumptions which can be used to quantify the loss of fish taxes to local communities as a result of the spill; (2) to describe the analytic procedures employed to generate ranges of impacts; and (3) to provide a description of some of the factors that must be taken into consideration in establishing this range.

5.2 Simplifying Assumptions

A number of assumptions have been used to simplify our analysis: (1) that the distribution of the shared fish tax revenue remains constant between the state and affected local jurisdictions (boroughs and cities); (2) that the portion allocated to communities (and boroughs) is distributed in a manner consistent with the projected harvest levels for that jurisdiction; (3) that the most recent ADF&G harvest projections for 1989 are accurate; and (4) that the price paid per pound of fish landed is calculated on the basis of rates established in the preceding uninterrupted fishing year (i.e., 1988). Since these assumptions will have a significant impact on the outcome of the analysis, the rationale for each is described in some detail below.

First, we have assumed that the affected jurisdictions would have received their accustomed percentage of the raw fish tax revenue collected by the state. Alaska cities are entitled to no less than one half of the fish tax collected from onshore processors. The exception to this rule is that cities that are also part of boroughs are entitled to 25% of the tax collected, with the remaining 25% going to the borough. This is not likely to change as a result of the spill.

The second assumption, that the portion of fish tax allocated to affected communities (and boroughs) is distributed in a manner consistent with projected fish harvests for their fishery area, is somewhat more problematic. First, some communities, or local processors, may have been better prepared than others for the events of 1989. Second, fish runs could have been better or worse than anticipated in particular fishing areas. Third, off-shore processors or fish buyers could have targeted certain specific fisheries. Some processors were anticipating boom conditions in certain fisheries, while others may not have planned or been able to respond in a timely manner to changing conditions. There is, invariably, a great deal of uncertainty to every fishing season. Thus, the actual fish taxes generated could be expected to show considerable inter-annual and inter-community variation.

The third assumption is that the ADF&G revised estimates for actual salmon harvests for 1989 are accurate. We are also assuming that there is no significant change in the relative role of salmon to the value of the combined fisheries of the region.

The fourth assumption is that all fish prices remain unchanged from 1988. This is the most problematic assumption because, at any particular point in the season, a multitude of conflicting variables simultaneously affect price -- for example, the kind of gear employed (e.g., seine vs. gill net), the location of the harvest, the developmental stage of the fish, etc. In addition, a unique set of market conditions affect the price of each fish product (e.g., the five varieties of salmon, five or six sources of herring, halibut, crab, shrimp, etc.) These include, for example, the level of stocks on hand, the availability of competing stocks from other regions or nations, total anticipated harvest levels, actual harvests to date, product transportation (tenders, lighterage, etc.) costs, as well as numerous others. These are in addition to processor and fish buyer strategies to convince fishermen that they should accept

lower prices. In addition, fisherman/processor negotiation strategies have evolved that use as a basis the price of canned product, or the wholesale prices of fish, and involve post-season percentage bonuses based on these differences. Such strategies make it all the more difficult to establish the ultimate price actually received for the fish until well after the season.

5.3 Bases for Estimation

It is not our intention in this Interim Report on the fiscal impact assessment templates to conduct a complex and detailed analysis of fish tax impacts by species, by fishery, by gear, and by community. There are, however, three relatively straight-forward bases for estimating what fish prices would have been for 1989. These include: (1) the actual price received for the fisheries that were ultimately opened during 1989; (2) the price received during the preceding normal fishing year (i.e., 1988); and (3) the pre-season anticipated price.

We begin with a brief discussion of the actual price paid during the 1989 season, focussing on pink salmon as the key species in terms of inter-seasonal variability. The fishermen who ultimately participated in the much delayed, on-again, off-again, 1989 terminal pink salmon season received approximately \$.35 per pound for their catch. The unpredictable and problematic conditions of this terminal fishery, the direct influence of the oil spill on fishing openings, the induced effects of the cleanup contracting process, and the presence of competing economic opportunity in the form of contract cleanup support for vessel owners may have served to limit lost fishery claims and the vigor with which fishermen pursued more equitable fish prices. In addition to the direct physical oil contamination of fisheries, the perception of possible contamination, fear of potential contamination, and market manipulations by wholesale middlemen effectively served to diminish the price per pound paid for virtually all species harvested in the affected region during 1989. It should therefore not be seen as surprising that the ultimate fish prices negotiated with fishermen for 1989 were less than half the prices established in 1988 (e.g., \$3.28 vs. \$1.25 for Chinook, \$3.07 vs. \$1.60 for Sockeye, \$2.01 vs. \$.60 for Coho, \$.84 vs. \$.35 for Pink, and \$1.08 vs. \$.40 for Chum).

Given all of the above factors, the rates ultimately negotiated in 1989 must be discarded as irrelevant to the estimation of what an appropriate price for pink salmon should have been in 1989. It might be possible, though again problematic, to use the price paid for Prince William Sound Aquaculture Corporation (FWSAC) hatchery pink salmon (i.e., about \$.61 per pound compared with \$.35 for the wild fishery), as the lowest appropriate base rate. Since there was no way that these reared fish could have been physically affected by the spill, the assumption might be that their price was unaffected. This would not necessarily be true, however, since fish buyers would have employed many tactics to insure that the perception of association between these fish and potentially tainted fish was applied to lowering the negotiated price for the fish. Thus, \$.61 per pound for pink salmon must be viewed as the absolute minimum price that could be considered applicable for computing lost fish tax.

A second basis for estimating the price per pound for pink salmon would be the pre-spill projected settlement price for the 1989 harvest. While acknowledging that the 1988 season saw prices as high as \$1.12 per pound, fishermen contacted in preparation of this report agree that the actual pre-season estimate of "settlement" prices ranged between \$.62-\$.65. There is, of course, a close correspondence between the PWSAC price (\$.61/lb.) discussed above and the lower end of anticipated settlement price (\$.62/lb.).

The third potential basis for computing the 1989 fish prices assumes no change in price per pound from the previous year (1988). Under this assumption, the total projected harvest of pink salmon (46 million fish), could be multiplied by historical average weight (3.6 lbs.), times an average of \$.84 per pound, to derive total pink salmon harvest values. This computation would yield over 3.4 times the total ex-vessel value of the 1989 pink salmon harvest over the 1988 harvest, and would have generated a major increase in fish tax for the affected communities. This must be tempered, however by the fact that most fishermen and processors agree that pink salmon prices in excess of \$1.00 per pound, as occurred during the later phases of the 1988 season, could not have been expected for 1989. As one fisherman put it, "I doubt that any processor would have paid a dollar a pound for pinks regardless of whether the *Exxon Valdez* oil spill had occurred or not." It must also be acknowledged that extraordinarily high harvest levels in combination with limited processing capacity, have a generally negative effect on markets, and, ultimately, on ex-vessel price. On the other hand, a number of important factors support the idea of a relatively high price per pound for pink salmon in 1989, including the high price placed on existing reserves and canned product, the early absence of competing international sources, and unusually strong domestic and overseas demand. With minor exceptions, the same could be said for all of the salmon species. While recognizing all the weaknesses, we believe the 1988 fish prices are the most accurate indicators of the actual value of the 1989 fisheries.

The problem of computing the loss sustained by each individual community is even more complex. First, the anticipated harvest of any particular species cannot be converted directly to fish tax. This is because only fish processed within a particular jurisdiction are subject to payment of such a tax. Floating processors and fish buyers, which pay no fish tax to the state, purchase a significant portion of each year's harvest. Second, the allocation between processors and, thus, between jurisdictions is highly variable from year to year. Third, the number of processors may vary at any particular point in the season, or particular fishery, from 10 to more than 50. Fourth, while fish processors are required to submit to the state a standardized report, with their annual fish tax payment, that documents the pounds landed, the species, and the total amount paid to fishermen, the state of Alaska Department of Revenue only records the total amount of taxes paid. The remaining entries identifying individual species and quantities, which could have been used to compute the relative role of each particular species in determining fish tax payments, have not been entered into the department's data base. We could, of course, compute total harvests of all species, compute relative prices, and so on, but we would still be left with the problem of allocating the catch to particular processing areas and even individual processors in order to come up with the relative role of individual species in affecting total fish tax.

An even more complex, but quantitatively more precise, approach would involve computing the returns from each of previous year's fisheries, by fishery area, by level of effort, by kind of fish (salmon, herring, sac roe, etc.), by price for fish ultimately negotiated between fishermen and processors, developing a trend analysis for each element, entering in anticipated harvests and prices for 1989, and computing changes likely to result in the distribution of fish taxes among affected communities (processor locations) as a consequence of changes in relative prices of various harvested species. This would be a complicated process that would result in little more than a larger range (high and low) of potential impacts.

An alternative approach is to take the rate of annual increase by community and compute a trend line to estimate, on the basis of historical change, the corresponding fish tax for 1989. This approach, however, yields total production and price levels that exceed even the most optimistic projections for 1989. We do not believe that assumptions of this nature provide the most direct and defensible basis for computing community and borough fish tax entitlements.

5.4 Analysis

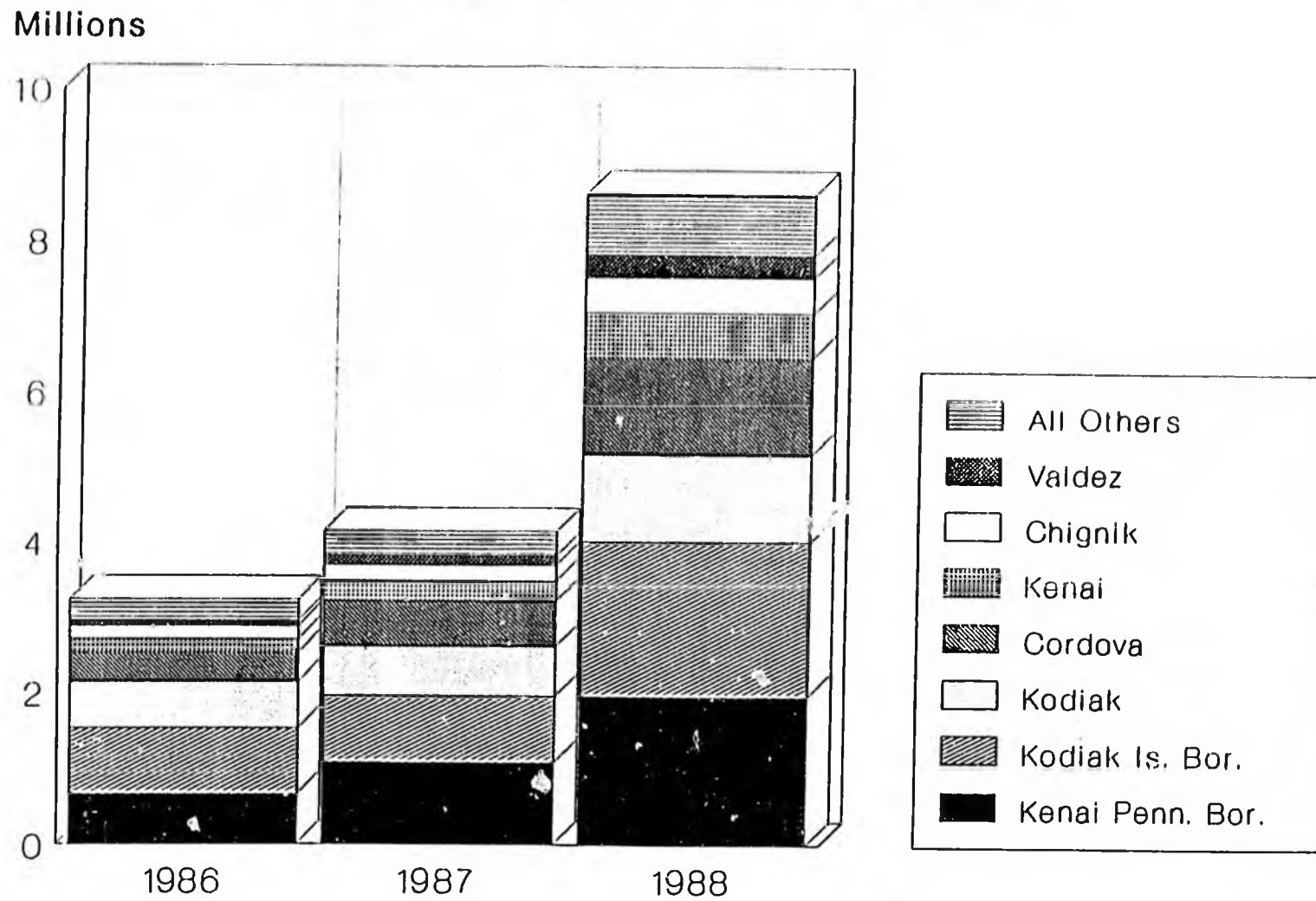
The steps required to carry out an analysis of lost fish tax are: (1) determine the total fish tax distributed to communities as a result of the 1988 fishing season; (2) examine projected fish run and harvest levels for 1989; (3) compute total value of fish that would have been landed in 1989; (4) establish the traditional distribution by community or borough of the 2% portion allocated to local governments; (5) compute the amount of fish tax due each local jurisdiction; and (6) subtract each community's fish tax entitlement (derived from the actual 1989 season) from the amount to which it would have been entitled in the absence of the oil spill. All of these steps have been completed, with the exception of step 6, which must await the state's raw fish tax disbursements.

First, on the basis of information provided by the Alaska Department of Revenue, the aggregate fish tax distributed to all affected communities (i.e., the 13 communities and 2 boroughs entitled to fish tax revenues) was \$3,242,572 for the 1986 season, \$4,158,836 for the 1987 season, and \$8,640,153 for the 1988 season. The estimated 1989 aggregate fish tax that would have accrued to affected communities under no-spill conditions is \$9,218,674.

The following figure (Exhibit 1) provides a graphic presentation of the actual proportion of total fish tax distribution received by each jurisdiction during the period 1986-1988.

Exhibit 1: Local Government Fish Tax Earnings (1986-1988)

Page 5-6



In order to estimate the loss of fish tax for 1989, it is first necessary to compute the actual fish tax paid in 1988, and its relationship to our indicator species (i.e., salmon). The following table (Exhibit 2), then, is based on CFEC data for each of the five species of salmon in 1988 and demonstrates both the distribution of salmon among the various fisheries, as well as the ex-vessel value for each species and fishery.

The retrospective projection of harvest levels for 1989 is potentially complex. We have elected to reduce this complexity by simply accepting the most up-to-date ADF&G projections for the number of fish that would have been harvested in all fisheries in 1989. The following table (Exhibit 3) presents the relevant information for the five directly affected salmon fisheries: Cordova Area, Upper Cook Inlet, Lower Cook Inlet, Kodiak Area, and Chignik Area. As noted earlier, we have adopted as the basis for our analysis the price per pound for each species established in the prior year (i.e., 1988).

This table is essentially a duplicate of the preceding table, only based on the most current estimates of probable 1989 harvest levels. In order to compute the total ex-vessel value of each species, we have multiplied average price per pound times the CFEC estimate of average fish weight for each species, times the 1988 per pound value for each species.

The 1988 distribution formed the basis for computing the relationship between total salmon harvest values in 1988 and total projected salmon harvests by fishery area in 1989. This ratio, in turn, was applied the total projected value of the 1989 season to derive the relative distribution between jurisdictions. This relationship is depicted in the following figure (Exhibit 4).

The final graphic (Exhibit 5) converts the above projected harvest and value information into the format of Exhibit 1 in order to portray the relative changes in distributions that would likely have resulted had the 1989 fishing season proceeded unaffected by the *Exxon Valdez* oil spill.

**EXHIBIT 2:
VALUE OF 1988 SALMON HARVESTS*
(1000s of fish)**

Species	Chinook	Sockeye	Coho	Pink	Chum	Total Value (by \$1000)
Cordova Area	32	768	478	11736	1841	77,562
Upper Cook Inlet	29	6805	559	470	707	154,340
Lower Cook Inlet	2	319	8	921	322	12,437
Kodiak Area	22	2700	303	14600	1400	117,282
Chignik	7	796	370	3000	267	33,785
Totals	92	11388	1718	30727	4537	
Average Weight	14.9	6.5	8	3.6	8.8	
Total Weight (X 1000 lbs)	1371	74022	13744	110617	39926	
Price per lb. 1988 (\$)	\$3.28	\$3.07	\$2.01	\$0.84	\$1.08	
Total Value (X \$1000)	\$4,496	\$227,248	\$27,625	\$92,918	\$43,120	\$395,407

* Based on CFEC records of actual prices paid per pound.

Note: Price varies by gear employed. For example, CFEC reports seine caught sockeye at \$2.62/lb. and \$3.07/lb. for drift gill net.

We have utilized only the rates for fish harvested by drift gill net.

**EXHIBIT 3:
VALUE OF PROJECTED 1989 SALMON HARVESTS*
(1000s of fish)**

Fishery	Species	Chinook	Sockeye	Coho	Pink	Chum	Total Value (by \$1000)
Cordova Area		42	1314	440	46000	1149	185,373
Upper Cook Inlet		30	2500	400	100	800	65,691
Lower Cook Inlet		1	425	10	900	130	12,648
Kodiak Area		4.8	2628	141	22548	836	131,074
Chignik		3	1150	100	448	120	27,198
Totals		80.8	8017	1091	69996	3035	
Average Weight		14.9	6.5	8	3.6	8.8	
Total Weight (X 1000 lbs)		1204	52111	8728	251986	26708	
Price per lb. 1988 (\$)		\$3.28	\$3.07	\$2.01	\$0.84	\$1.08	
Total Value (X \$1000)		\$3,949	\$159,979	\$17,543	\$211,668	\$28,845	\$421,984

* Using 1988 price per pound and latest available ADF&G projections for 1989.

**EXHIBIT 4:
PROJECTION OF 1989 FISH TAX DISTRIBUTION BY FISHERY AREA ***

<i>Community or Borough</i>	<i>1988 Salmon Harvest Value (\$1000)</i>	<i>Fishery Percent</i>	<i>1988 Fish Tax</i>	<i>% of Total</i>	<i>1989 Projected Salmon Value (\$1000)</i>	<i>Fishery Percent</i>	<i>1989 Projected Fish Tax</i>	<i>% of Total</i>
Kenai Peninsula Borough			1,975,001	22.9%			748,889	8.1%
Kenai			583,068	6.7%			223,695	2.4%
Homer			240,153	2.8%			200,170	2.2%
Seldovia			45,116	0.5%			46,100	0.5%
Total Cook Inlet	166,777	42.2%		32.9%	78,339	18.6%	1,218,854	13.2%
Kodiak Island Borough			2,044,869	23.7%			2,084,675	22.6%
Kodiak			1,167,693	13.5%			1,181,316	12.8%
Larsen Bay			194,034	2.2%			208,468	2.3%
Total Kodiak Area	117,282	29.7%		39.4%	131,074	31.1%	3,474,459	37.7%
Cordova			1,294,703	15.0%			2,841,210	30.8%
Valdez			294,382	3.4%			626,737	6.8%
Seward			270,699	3.1%			584,957	6.3%
Whittier			55,864	0.6%			125,347	1.4%
Total Cordova Area	77,562	19.6%		22.2%	185,373	43.9%	4,178,251	45.3%
Chignik								
Total Chignik Area	33,785	8.5%	472,468	5.5%	27,198	6.4%	347,110	3.8%
	\$395,406	100.0%	\$8,638,050		\$421,984	100.0%	\$9,218,674	

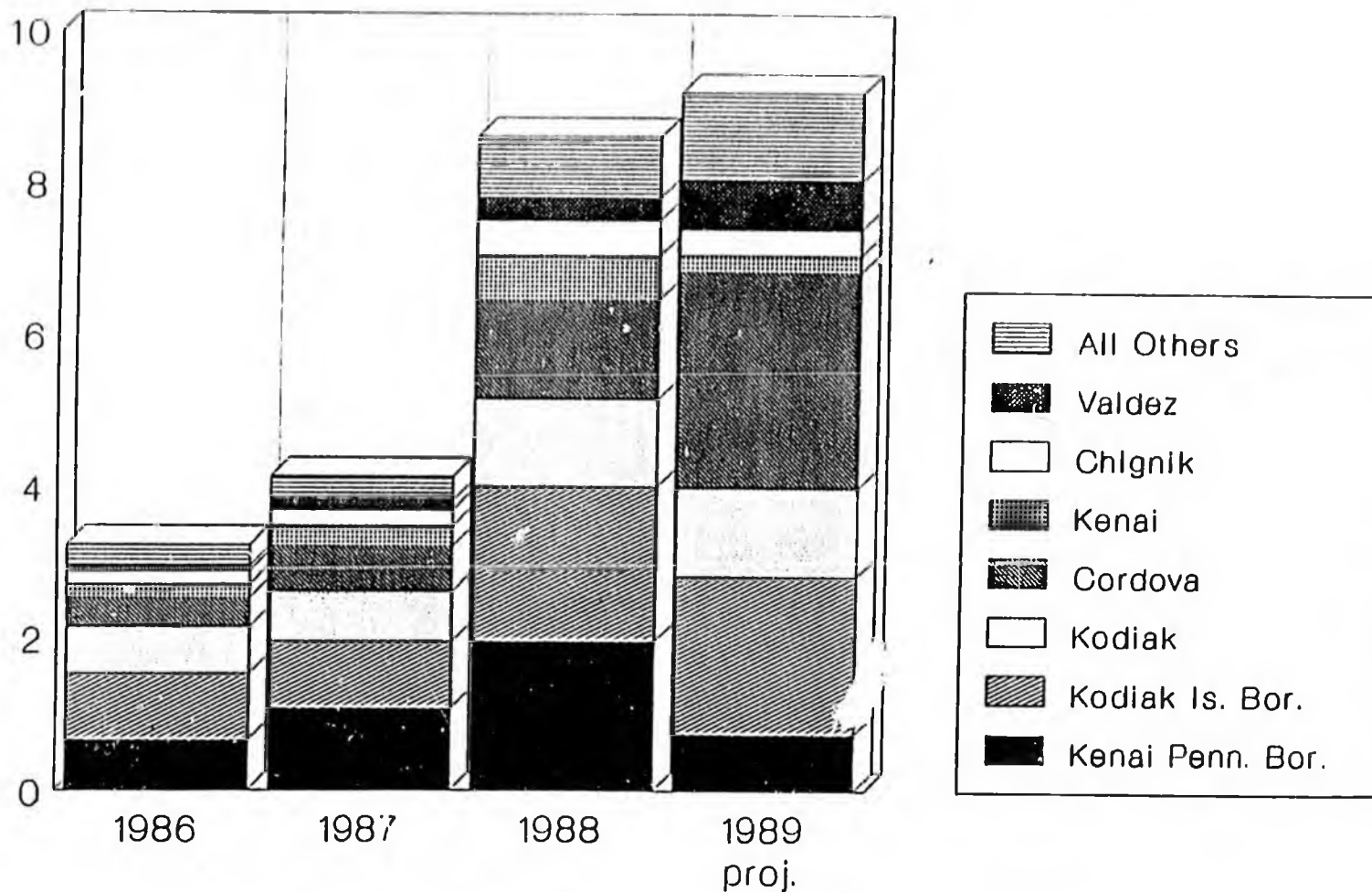
Page 5-10

* Post season summaries of all fishery areas, available in March, may require an adjustment in these distributions.

Exhibit 5: Local Government Fish Tax Earnings (1986-1988, 1989 proj.)

Millions

Page S-11



5.5 Summary

The determination of fish tax revenues lost, of course, cannot be completed until it is known just how much fish tax has actually been distributed to the affected communities for the 1989 terminal fishery. Once this figure is determined, only the simple task of subtracting actual from projected distributions remains to establish actual loss.

Finally, a note of caution should be raised. The same perceptions and beliefs that effectively depressed returns from the 1989 fishery will be used to depress the price per pound paid to fisherman during the 1990 season as well. Since many fishermen will be financially "up" from the proceeds of the previous year's cleanup contracts, this could also contribute toward a greater willingness to settle early and low. These additional losses should also be taken into consideration in computing appropriate fish tax distributions for the upcoming 1990 season and beyond.

APPENDIX A
LOCAL GOVERNMENT DEMOGRAPHIC AND TAX DATA

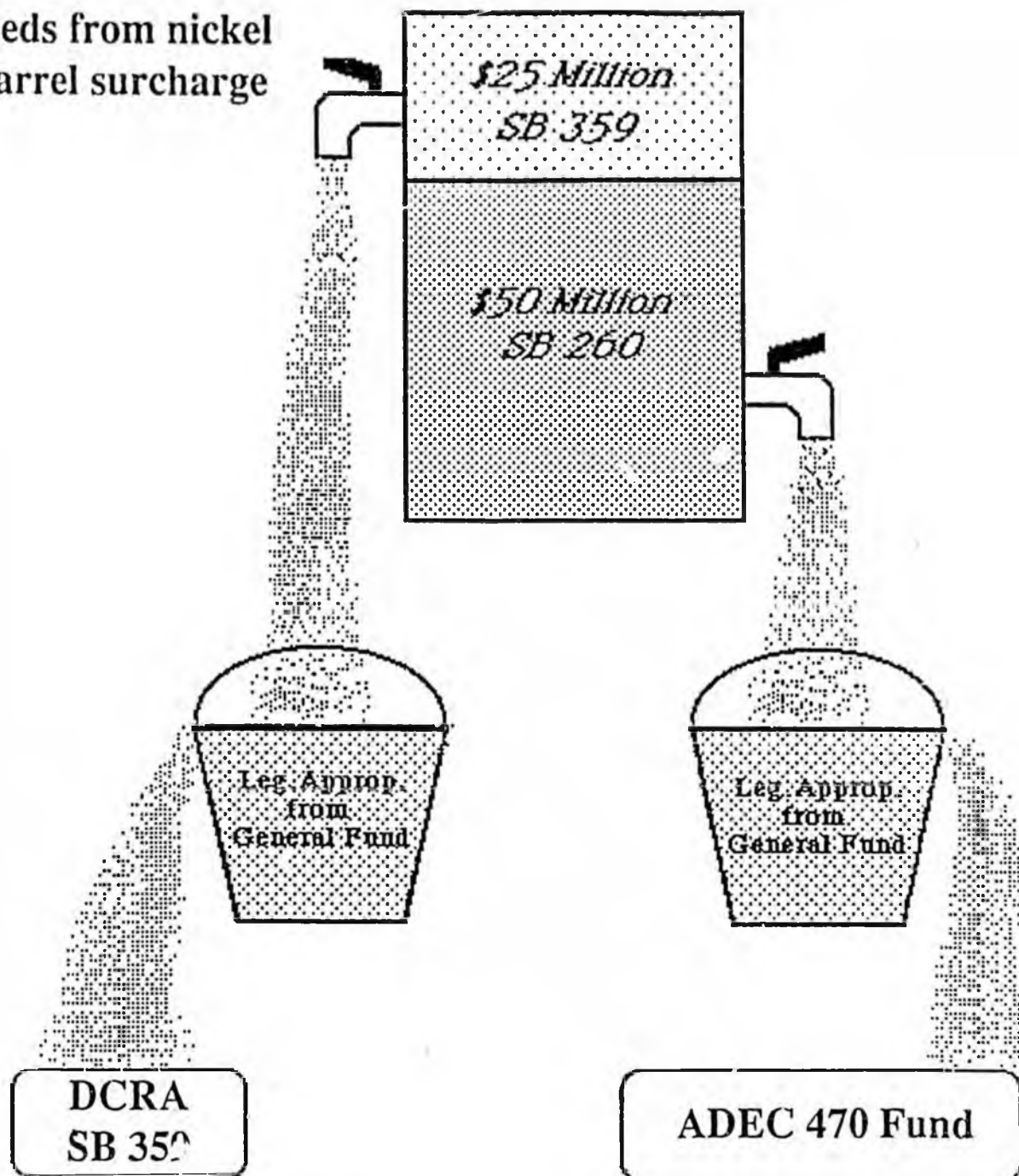
ADOL SUBAREA NUMBER	CORDOVA		KENAI		SEWARD	SOLCOTNA	KODIAK		
	761	752	BOROUGH	HOMER			BOROUGH	KODIAK	
			122	716	712	721	713	150	741
POPULATION									
1986	2,053	3,263	40,414	3,706	6,647	2,072	4,021	11,846	6,619
1987	NA	NA	39,170	NA	NA	NA	NA	13,658	NA
1988	2,048	3,313	39,949	4,338	6,543	2,463	3,733	13,669	6,651
1989	2,619	7,193	40,312	4,338	6,543	2,400	3,668	15,558	6,774
LOCAL GOV'T EMPLOYMENT									
1986	166	286	2,016	351	851	169	286	700	NA
1987	162	288	1,948	347	823	175	382	610	NA
1988	174	280	1,860	336	786	174	49	671	530
1989 (Estimate)	178	291	2,096	376	685	197	406	661	567
SALES TAX RATE									
1986	4%	-0-	2%	4%	5%	3%	5%	-0-	5%
1987	4%	-0-	2%	4%	5%	5%	5%	-0-	5%
1988	4%	-0-	2%	5%	5%	5%	5%	-0-	5%
1989	4%	-0-	2%	3%	5%	3%	3%	-0-	5%
PROPERTY TAX RATE (Mills)									
1986	3.00	13.57	4.00	12.32	7.62	7.00	9.10	3.75	5.75
1987	3.00	13.71	5.75	13.08	9.15	8.75	10.58	4.51	6.51
1988	7.90	14.16	5.75	12.65	9.15	8.75	10.50	4.50	6.50
1989	NA	NA	NA	NA	NA	NA	NA	NA	NA
ANCHORAGE CONSUMER PRICE INDEX (CPI)									
1985	105.8								
1986	107.8								
1987	108.2								
1988	108.6								
1989	111.7								

- Sources: (1) Population: ADCRA, "1990 Community/Borough Map" for 1989 figures.
ADOL, "Population Estimates for Boroughs, Census Areas and Places," 1988.
ADOL, "Population Overview" for 1986 and 1987.
- (2) Local Gov't
Employment: ADOL, Special tabulations of ES-202 Quarterly Employment
1st Q. 1986 through 2nd Q. 1989.
Estimates for 1989 based on trends in 1988 and in first six months of 1989.
- (3) Sales Taxes: ADCRA, Alaska Taxable, 1987 and 1988.
- (4) Property
Taxes: ADCRA, Alaska Taxable, 1987 and 1988.
- (5) CPI: ADOL, Special tabulations.

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- 1989 Alaska Taxable 1988, Anchorage: ADCRA.
- 1988 Alaska Taxable 1987, Anchorage: ADCRA.
- Alaska Department of Labor
- 1990 "Consumer Price Index." Unpublished Special Tabulations 1985-1989.
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- 1987 "Population Overview." Anchorage: ADOL.
- 1986 "Population Overview." Anchorage: ADOL.
- Alaska Department of Revenue.
- n.d. "Shared Revenue Spread Sheet." Unpublished Special Tabulations for FY 1987, FY 1988, and FY 1989. Juneau: ADOR.
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Proceeds from nickel
per barrel surcharge



- * Social and economic impact assistance fund in DCRA
- * Grants to municipalities and village councils for costs of incremental and additional public services
- * Changes to Title 29 to broaden authority of municipalities and village councils to deal with oil and hazardous substance discharges
- * DCRA lead agency

CHANGES TO TITLE 46

- * 470 Fund may pay for social and economic impact assessment
- * Establishes grant program to communities for emergency first response
- * Expands powers of municipalities and village councils to deal with oil and hazardous substance discharges

- * Emergency first response cleanup, containment and abatement
- * Contingency plan
- * Reimbursement agreements with communities for emergency 1st response
- * Costs relating to response office, response depots, response corps (including administrative expenses)
- * Costs related to reimbursement actions
- * Matching funds for CERCLA
- * Need for State to seek recovery
- * No capital expenditures
- * ADEC lead agency

OIL SPILL GRANT SUMMARY

CITY/PROJECT	PROJECT COST	DEC Clean-Up	Dept. of IMIS	DCRA Project	DCRA Funded Projects	Referred Projects*	Second Round Consideration Projects
CITY OF WILMINGTON							
1. Public Safety	42,000			42,000	25,000		17,000
2. Public Health Service	38,000		38,000			38,000	
3. Police Vehicle	18,000			16,000			18,000
4. Clinic	17,000		17,000			17,000	
5. EMT Training	4,000		4,000			4,000	
6. City Shop Fees	2,000			2,000			2,000
7. Garbage Disposal	3,375			3,375			3,375
8. Lost Market Revenues	5,385			5,385			5,385
TOTAL	129,760		59,000	70,760	25,000	59,000	45,760
CITY OF FORT GRAHAM							
1. Gov't Coordination	\$103,600			\$103,600			103,600
2. Mental Health Prgrm	74,304		\$74,304			74,304	
3. VISO Trainee	16,680			16,680			16,680
4. Septic System Maint.	70,000			70,000			70,000
5. Runway Resurface	200,000			200,000			200,000
6. Recreation Fac.	100,000			100,000			100,000
TOTAL	564,584		74,304	490,280		74,304	490,280
CITY OF CORONA							
1. Oil Spill Office	\$284,250			\$284,250			284,250
2. Child Care Facility	16,936		\$16,936			16,936	
3. Mental Health Prgrm	45,750		45,750			45,750	
4. Eyak Bldg. Expansion	26,500			26,500			26,500
5. Heritage Celebration	10,000			10,000			10,000
TOTAL	383,436		62,686	320,750		62,686	320,750

JAN 31 '90 11:08 CORONA CITY HALL

OIL SPILL GRANT SUMMARY - ROUND #1 - APPLICATION DEADLINE SEPTEMBER 15, 1989

COMMUNITY/PROJECT	PROJECT COST	DEC Clean-Up	Dept. of HHS	DCRA Project	DCPA Funded Projects	Referred Projects*	Second Round Consideration Projects
<u>CITY OF KODIAK</u>							
1. Spill Admin Costs	52,055			52,055			52,055
2. Oiled Mayors Travel	30,000			30,000	30,000		
3. Oiled Mayors Admin.	25,000			25,000	25,000		
4. Socio/Econ. Study	600,000			600,000	600,000		
TOTAL.	<u>707,055</u>			<u>707,055</u>	<u>655,000</u>		<u>52,055</u>
<u>KODIAK ISLAND BOROUGH</u>							
1. Mental Health	260,000		260,000			260,000	
2. Drug/Alcohol Program	45,942		45,942			45,942	
3. Batters Program	38,648		38,648			38,648	
4. Village Alcohol Program	75,266		75,266			75,266	
5. Admin. Support	13,257	\$13,257				13,257	
6. Admin./Communication	155,150			\$155,150			155,150
7. Oil Cleanup Program	4,433,289	4,433,289				4,433,289	
8. Bounty Bag Program	1,231,000	1,231,000				1,231,000	
9. Geo-Textile Program	310,280	310,280				310,280	
10. Re-appraisal Impact	25,000			25,000			25,000
TOTAL.	<u>6,587,832</u>	<u>5,987,826</u>	<u>419,856</u>	<u>180,150</u>		<u>6,407,682</u>	<u>180,150</u>
<u>CITY OF TUGHI BAY</u>							
1. Mini-Hydro project	141,517			141,517			141,517
TOTAL.	<u>141,517</u>			<u>141,517</u>			<u>141,517</u>
<u>CITY OF OZIERKE</u>							
1. Subsistence Foods	61,400			61,400	61,400		
TOTAL.	<u>61,400</u>			<u>61,400</u>	<u>61,400</u>		

JAN 31 1990 11:04 CORDOVA CIT. HALL

OIL SPILL GRANT SUMMARY

Page Two

COMMUNITY/PROJECT	PROJECT COST	DEC Clean-Up	Dept. of HHS	DCRA Project	DCRA Funded Projects	Referred Projects*	Second Round Consideration Projects
CITY OF VALDEZ							
1. Land Fill	500,000			500,000			500,000
2. Impact Film	35,840			35,840			35,848
3. Police Staffing	45,336			45,336			45,336
4. Counselor Staff	90,000		90,000			90,000	
5. Animal Incinerator	12,773			12,773			12,773
6. Tourism Marketing	79,000			79,000			79,000
7. Police Computer	23,311			23,311			23,311
8. Press Program	35,000			35,000			35,000
9. Socio-Econ. Study	245,000			245,000			
10. Civic Center Staff	10,014			10,014			10,014
11. Airport Carpeting	34,375			34,375			34,375
TOTAL	1,110,657		90,000	1,020,657		90,000	1,020,657
CITY OF SEWARD							
1. Police Impact	134,387			134,387			134,387
2. Mental Health Staff	105,421		105,421			105,421	
3. New Tele. System	7,085		7,085			7,085	
4. Vessel Motor Replcm.	13,000			13,000			13,000
5. Media Marketing	100,000			100,000			100,000
6. Native Hlth. Prgrm.	170,500		170,500			170,500	
TOTAL	530,393		291,006	247,387		291,006	247,387
COMMUNITY OF CHIENEGA							
1. Shoreline Cleanup	21,600	21,600				21,600	
2. Solid Waste Site	230,000			230,000			230,000
3. School Addition	750,000			750,000			750,000
TOTAL	1,001,600	21,600		980,000		21,600	980,000
CITY OF KENAI							
1. Dock Revenue Loss	41,760			41,760			41,760
TOTAL	41,760			41,760			41,760

OIL SPILL GRANT SUMMARY

Page Four

COMMUNITY/PROJECT	PROJECT COST	DEC Clean-Up	Dept. of HHS	DCRA Project	DCRA Funded Projects	Referred Projects*	Second Round Consideration Projects
COMMUNITY OF TATLEEG							
1. VPSO HOUSING	53,625			53,625	53,625		
2. CHILD ACTIVITY CTR	82,240		82,240			82,240	
TOTAL	<u>135,865</u>		<u>82,240</u>	<u>53,625</u>	<u>53,625</u>	<u>82,240</u>	
CITY OF SELDEVIA							
1. Oil Spill Coord Prgm	89,811			89,811			89,811
2. Reimbursements	78,945			78,945			78,945
3. Counseling Prgm	24,621			24,621			24,621
TOTAL	<u>193,377</u>			<u>193,377</u>			<u>193,377</u>
GRANT-TOTALS:	<u>11,597,236</u>	<u>6,009,426</u>	<u>1,079,092</u>	<u>4,508,718</u>	<u>795,025</u>	<u>7,088,518</u>	<u>3,713,693</u>
PROJECTS NOT ELIGIBLE FOR CURRENT FUNDING CYCLE DUE TO LATE SUBMISSION							
CITY OF HOMER							
1. Main Dock Repair	50,000			50,000			50,000
2. User Fee Credits	136,600			136,600			136,600
3. Homer Public Safety	41,000			41,000			41,000
4. Alcohol/Drug Abuse	24,200		24,200			24,200	
5. Comm. Mental Health	53,720		53,720			53,720	
6. Staff Augmentation	16,000			16,000			16,000
7. Port Harbor Impact	30,300			30,300			30,300
8. Revenue Replacement	281,600			281,600			281,600
TOTAL	<u>633,420</u>		<u>77,920</u>	<u>555,500</u>		<u>77,920</u>	<u>555,500</u>
GRANT-TOTAL OF ALL PROJECTS SUBMITTED UNDER THE OIL SPILL ASSISTANCE GRANT PROGRAM	<u>12,230,656</u>	<u>6,009,426</u>	<u>1,157,012</u>	<u>5,064,218</u>	<u>795,025</u>	<u>7,166,438</u>	<u>4,269,193</u>

* The column, "Referred Projects", refers to potential funding through DEC and HHS.