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359

STATE OF ALASKA
THE LEGISLATURE

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Mary Van Nimwegen

SB 359

Senate Resources Committee

3/12/90

SB 359

SENATE BILL NO. 359 by Senators Szymanski and Adams, entitled:

"An Act concerning the exercise of authority by the state and its municipalities in matters relating to environmental conservation, to state assistance to municipalities and village councils for expenses relating to prevention and abatement of environmental degradation, and to state review of oil discharge contingency plans; 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."

was read the first time and referred to the Resources Committee, the Senate Special Committee on Oil and Gas and the Finance Committee.

SB 359

President Kelly stated the Resources Committee and the Senate Special Committee on Oil and Gas referrals on SENATE BILL NO. 359 (An Act concerning the exercise of authority by the state and its municipalities in matters relating to environmental conservation, to state assistance to municipalities and village councils for expenses relating to prevention and abatement of environmental degradation, and to state review of oil discharge contingency plans; 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) would be reversed.

SENATE BILL NO. 359 was referred to the Senate Special Committee on Oil and Gas, the Resources Committee and the Finance Committee.

SB 359

Senator Zharoff moved and asked unanimous consent that he be shown as a co-sponsor on SENATE BILL NO. 359 (An Act concerning the exercise of authority by the state and its municipalities in matters relating to environmental conservation, to state assistance to municipalities and village councils for expenses relating to prevention and abatement of environmental degradation, and to state review of oil discharge contingency plans; 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). Without objection, it was so ordered.

SB 359

Senator Faiks moved and asked unanimous consent that she be shown as a co-sponsor on SENATE BILL NO. 359 (An Act concerning the exercise of authority by the state and its municipalities in matters relating to environmental conservation, to state assistance to municipalities and village councils for expenses relating to prevention and abatement of environmental degradation, and to state review of oil discharge contingency plans; 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.) Without objection, it was so ordered.

SB 359

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 359 by Senators Szymanski, Adams, Zharoff, entitled:

"An Act concerning the exercise of authority and recovery of damages by the state and its municipalities and village councils in matters relating to environmental conservation; relating to state assistance to municipalities and village councils for expenses for

SB 359 cont'd

prevention and abatement of environmental degradation, and to state review of oil discharge contingency plans; 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."

was read the first time and referred to the Senate Special Committee on Oil and Gas, the Resources Committee and the Finance Committee.

January 31, 1990

SENATE JOURNAL

p. 2285

SB 359

Senator Faiks moved and asked unanimous consent that her name be withdrawn as a co-sponsor on SENATE BILL NO. 359 (An Act concerning the exercise of authority by the state and its municipalities in matters relating to environmental conservation, to state assistance to municipalities and village councils for expenses relating to prevention and abatement of environmental degradation, and to state review of oil discharge contingency plans; 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). Without objection, it was so ordered.

March 7, 1990

SENATE JOURNAL

p. 2753

SB 359

The Senate Special Committee on Oil and Gas considered SPONSOR SUBSTITUTE FOR SENATE BILL NO. 359 (An Act concerning the exercise of authority and recovery of damages by the state and its municipalities and village councils in matters relating to environmental conservation; relating to state assistance to municipalities and village councils for expenses for prevention and abatement of environmental degradation, and to state review of oil discharge contingency plans; establishing an oil and hazardous substance municipal impact fund in the Department of

SB 359 cont'd

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) and a majority of the committee recommended it be replaced with

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL
NO. 359 (O&G), entitled:

"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; authorizing the commissioner of community and regional affairs to make grants from the oil and hazardous substance release response fund to assist in costs relating to a disaster emergency; and providing for an effective date."

and do pass. The report was signed by Senator Pearce, Chair, and concurred in by Senators Halford, Fischer and Kelly.

Zero fiscal notes from Department of Administration and Department of Revenue, Treasury Division and fiscal notes from Department of Community and Regional Affairs, Department of Environmental Conservation and Department of Revenue, Oil and Gas Division, for SPONSOR SUBSTITUTE FOR SENATE BILL NO. 359 published today. Fiscal note from Department of Community and Regional Affairs for the Committee Substitute published today. Fiscal notes for the Committee Substitute forthcoming from Department of Environmental Conservation, Department of Revenue, Treasury Division, Department of Revenue, Oil and Gas Division, and Department of Law.

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 359 was referred to the Resources Committee.

March 13, 1990

SENATE JOURNAL

p. 2823

SB 359

Corrected fiscal note for Committee Substitute for Sponsor Substitute for Senate Bill No. 359 (O&G) (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

SB 359 cont'd

prevention and abatement of environmental degradation; authorizing the commissioner of community and regional affairs to make grants from the oil and hazardous substance release response fund to assist in costs relating to a disaster emergency; and providing for an effective date), as referenced on page 2754, published today from Department of Community and Regional Affairs.

Forthcoming fiscal note for the Committee Substitute, as referenced on page 2754, published today from Department of Environmental Conservation. Forthcoming zero fiscal notes for the Committee Substitute, as referenced on page 2754, published today from Department of Revenue, Treasury Division and Oil and Gas Division, and Department of Law.

Zero fiscal note for the Committee Substitute published today from Department of Administration.

March 21, 1990

SENATE JOURNAL

p. 2964

SB 359

Senator Kerttula moved and asked unanimous consent that he be shown as a co-sponsor on SPONSOR SUBSTITUTE FOR SENATE BILL NO. 359 (An Act concerning the exercise of authority and recovery of damages by the state and its municipalities and village councils in matters relating to environmental conservation; relating to state assistance to municipalities and village councils for expenses for prevention and abatement of environmental degradation, and to state review of oil discharge contingency plans; 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). Without objection, it was so ordered.

April 7, 1990

SENATE JOURNAL

p. 3284

SB 359

The Resources Committee considered SPONSOR SUBSTITUTE FOR SENATE BILL NO. 359 (An Act concerning the exercise of authority and recovery of damages by the state and its municipalities and village councils in matters relating to environmental conservation; relating to state assistance to municipalities and village councils for expenses for

SB 359 cont'd

prevention and abatement of environmental degradation, and to state review of oil discharge contingency plans; 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) and a majority of the committee recommended the Senate Special Committee on Oil and Gas Committee Substitute offered on page 2753 be adopted and do pass. The report was signed by Senator Fahrenkamp, Chair, and concurred in by Senators Sturgulewski, Kerttula and Zharoff. Senators Halford, Frank and Eliason signed "no recommendation."

Previous fiscal note and zero fiscal notes.

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 359 was referred to the Finance Committee.

April 23, 1990

SENATE JOURNAL

p. 3525

SB 359

The Finance Committee considered SPONSOR SUBSTITUTE FOR SENATE BILL NO. 359 (An Act concerning the exercise of authority and recovery of damages by the state and its municipalities and village councils in matters relating to environmental conservation; relating to state assistance to municipalities and village councils for expenses for prevention and abatement of environmental degradation, and to state review of oil discharge contingency plans; 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) and recommended it be replaced with

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 359 (Finance), entitled:

"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; and providing for an effective date."

Senators Binkley and Uehling, Co-Chairs, signed "no recommendation." Senators Pearce and Zharoff signed "do pass." Senator Fischer signed "do pass (with reduced fiscal note)."

Zero fiscal notes published today from Department of Administration, Department of Revenue (two) and Department of Law.

Indeterminate fiscal note published today from Department of Community and Regional Affairs.

Fiscal note forthcoming from Department of Environmental Conservation.

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 359 was referred to the Rules Committee.

April 24, 1990 .

SENATE JOURNAL

p. 3548

SB 359

Forthcoming fiscal note for Committee Substitute for Sponsor Substitute for Senate Bill No. 359 (Finance) (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; and providing for an effective date), as reference on page 3526, published today from Department of Environmental Conservation.

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act concerning authority by
State and its municipalities related to *
Sponsor: Szymanski, Adams
Requestor: _____

Agency Affected: Administration
BRU: Central Administration
Administrative Services
Components: Municipal Grants

* environmental conservation

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

There currently exists a fund used in making grants to municipalities and village councils for those costs attributed to oil and hazardous substance release response. The fund is administered solely by the Department of Community and Regional Affairs. This bill would create an additional fund, the same in all respects except that its use would be for oil and hazardous substance municipal impact. The new fund would also be administered only by the Department of Community and Regional Affairs. There is not anticipated to be any involvement by the Department of

Administration Municipal Grants Program

Prepared by: Mike Maher

Phone: 465-2277

Division: Administrative Services

Date: 01/17/90

Approved by Commissioner: Frank S. Baxter

Date: 1/19/90

Agency: Department of Administration

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

Changes in SSSB 359 (Fin)
have no fiscal impact.
This fiscal note is
appropriate. 4/23/90

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to municipal
assistance: oil spill response fund.
Sponsor: Senator Szymanski
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						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	*	*	*	*	*	*

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER	*	*	*	*	*	*
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

There is no fiscal effect for FY 90.

*Please see attachment.

Prepared by: Jim Plasman, Deputy Director Phone: 465-4750
Division: Municipal & Regional Assistance Date: _____

Approved by Commissioner: John Cowie, DC, CRA Date: 9/1/90
Agency: Department of Community & Regional Affairs

Distribution (by preparer):

Legislative Finance Changes in CS 595B 359 (Fin)
Legislative Sponsor have no fiscal impact.
Requestor This fiscal note is
Office of Management and Budget appropriate. 4/23/90
Impacted Agency(ies)

STATE OF ALASKA 1990 - 16TH LEGISLATURE
SECOND SESSION
FISCAL NOTE

Bill Number: CS SS for Senate Bill 359

Title: "An Act relating to municipal assistance: oil spills"

While this bill will have a specific fiscal impact upon the department, the impact will occur only if the release of oil or other hazardous substance triggers the operation of the fund. Because of the conditional nature of this impact, no fiscal impact is indicated in a specific fiscal year. It would be the intention of the department to take funding for these positions from the fund itself once the fund became operational. The anticipated impact would include positions and funds to manage the operation of the grant program.

Position Title Local Government Specialist IV		No. of Positions 1	Range/Step 19 A	Barg. Unit XC	
Time Status Temporary	Staff Months 12	Location Juneau		Election District	
Type of Expenditure		Justification			
Amount		<p>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. This position would be temporary and may not be needed for the full 12 months reflected, depending upon community progress. The funding source would be a percent of the total funds available.</p>			
1	2				3
Salary	40.2				
Benefits	13.5				
Premium Pay					
Other					
Total Personal Services					53.7
Travel					10.0
Contractual					3.0
Commodities					
Equipment					
Other					
Total Cost		66.7			
Funding Source for Total Cost					
Federal Receipts	1002				
G. F. Match	1003				
General Fund	1004	66.7			
I-A Receipts	1006				
CIP Receipts	1061				
Other					

**Request For
New Position**

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

Page 3 of 5
 Revised Date

FY 91

Position Title Grant Administrator II		No. of Positions 1	Range/Step 17A	Barg. Unit GGU
Time Status Temporary	Staff Months 12 Months	Location Anchorage/Juneau		Election District
Type of Expenditure		Amount		
1	2	3		
Salary	35.0			
Benefits	12.2			
Premium Pay				
Other				
Total Personal Services		47.2		
Travel				
Contractual				
Commodities				
Equipment				
Other				
Total Cost		47.2		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004			
I-A Receipts	1006			
CIP Receipts	1061			
Other		47.2		
Justification				
<p>During the recent oil spill, DCRA administered an oil spill grant program of \$1,160,000. Based on experience with this program, one temporary 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. Actual staff months worked depends on extent of disaster.</p>				

**Request For
New Position**

Agency Department of Community & Regional Affairs
 BRU Admin & Support
 Component Admin Services

Page 4 of 5
 Revised Date

FY 91

Position Title <u>Accountant II</u>		No. of Positions <u>1</u>	Range/Step <u>16A</u>	Barg. Unit <u>GGU</u>
Time Status Temp	Staff Months 12 Months	Location Juneau		Election District
Justification				
Type of Expenditure		Amount		
1	2	3		
Salary	32.4			
Benefits	11.9			
Premium Pay				
Other				
Total Personal Services		44.3		
Travel				
Contractual				
Commodities				
Equipment				
Other				
Total Cost		44.3		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004			
I-A Receipts	1006			
CIP Receipts	1061			
Other		44.3		

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. This position would be temporary during the time of highest fiscal activity. The position is described as 12 months but may be of shorter duration.

This position would have fiscal oversight of all billings, entries on the state accounting systems and report preparation for management.

Funding source would be part of a percent of total funds available.

**Request For
New Position**

Agency Department of Community & Regional Affairs
 BRU Admin & Support.
 Component Admin Services

Page 5 of 5
 Revised Date

FY 91

STATE OF ALASKA
1990 LEGISLATIVE SESSION

BILL VERSION: CSSB 359 (Finance)(C)
PUBLISH DATE: 4/24/90

FISCAL NOTE

REQUEST:

Revision Date: 4/23/90
Title: An act concerning municipal assistance/oil spill fund
Sponsor: Senator Szymanski
Requestor: Senate Finance

Agency Affected: Environ. Conservation
BRU: Environmental Quality
Components: Environmental Quality

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: 4/23/90

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

Date: 4/23/90

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

DEPARTMENT OF ENVIRONMENTAL CONSERVATION
ANALYSIS FOR CSSB 359 (Finance) FISCAL NOTE

Section 1-4

Sections 1-4 provide that municipalities exercising extraterritorial jurisdiction be consistent in their actions and ordinances with regional contingency plans for response. This ensures a coordinated effort. To accomplish this, the Department will work with communities on development of any ordinances and will review those that are adopted.

Section 5

Section 5 establishes authority in the Department of Community and Regional Affairs for community assistance grants for secondary social and economic assistance. These grants are funded from the existing Oil and Hazardous Substance Release Response Fund. Up to \$10 million from the Fund may be used for these grants. While there is no direct financial impact on the department's budget from this provision, it reduces the amount available for emergency first response, by either the state or communities, by up to \$10 million.

Section 10

Section 10 requires the department to consult with municipalities in developing agreements with federal agencies on response mechanisms and related topics. This will impose an increased workload upon the department.

Section 13

Section 13 authorizes the Commissioner of Community and Regional Affairs to spend an undefined amount of the Response Fund for "impact assessment." This will also reduce the amount available for emergency first response by the amount devoted to this task.

Section 14

Authorizes the Department to advance funds to communities for emergency first response, as provided in an agreement with the department. It also adds villages to the list of entities that may sign agreements for emergency first response with the department. This will increase the number of parties that may request agreements.

ANALYSIS FOR CSSB 359 (SENATE FINANCE) FISCAL NOTE (PAGE 3 OF 3)

The following positions are needed to carry out these efforts. The Ecologist positions are funded at 6 months and 12 months for the first year and fully funded for subsequent years.

FY 91

<u>Position</u>	<u>100</u>	<u>200</u>	<u>300</u>	<u>400</u>	<u>500</u>	<u>Total</u>
Ecologist III (6 months)	28.8	2.5	4.0	.5	2.5	38.3
Ecologist III (8 months)	57.7	5.0	8.0	1.0	5.0	76.7
Clerk Typist III	28.6	7.5	8.0	1.0	5.0	42.6
Totals	115.1		20.0	2.5	12.5	157.6

FY 92

<u>Position</u>	<u>100</u>	<u>200</u>	<u>300</u>	<u>400</u>	<u>500</u>	<u>Total</u>
Ecologist III	57.7	5.0	8.0	1.0	5.0	76.7
Ecologist III	57.7	5.0	8.0	1.0	5.0	76.7
Clerk Typist III	28.6		8.0	1.0	5.0	42.6
Totals	144.0	10.0	24.0	3.0	15.0	196.0

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Revenue
 Title: Municipal Assistance: Oil BRU: Treasury
 Response Fund: _____
 Sponsor: Szymanski Components: _____
 Requestor: Senate Oil & Gas

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: attach a separate page for analysis.

Fiscal year 1990 effect is zero.

Prepared By: Milt Barker MB
 Division: Treasury

Phone: 465-2350
 Date: February 1, 1990

Approved by Commissioner: [Signature]
 Agency: Department of Revenue

Date: 2/1/90

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

Changes in CS 358359 (Fin)
 have no fiscal impact.
 This fiscal note is
 appropriate. 4/23/90 [Signature]

STATE OF ALASKA 1990 - 16TH LEGISLATURE
SECOND SESSION
FISCAL NOTE

Bill Number: Sponsor Substitute for Senate Bill 359

Title: "An Act relating to municipal assistance: oil spills"

While this bill will have a specific fiscal impact upon the department, the impact will occur only if the release of oil or other hazardous substance triggers the operation of the fund. Because of the conditional nature of this impact, no fiscal impact is indicated in a specific fiscal year. It would be the intention of the department to take funding for these positions from the fund itself once the fund became operational. The anticipated impact would include positions and funds to manage the operation of the grant program.

DCN

2072

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Revenue
 Title: Municipal Oil Spill Fund BRU: Oil & Gas Audit Division
 Sponsor: Szymanski, Adams, Zharoff Components: _____
 Requestor: Senate Resources

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						
CAPITAL						
REVENUE	0	0	See Analysis			

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page for analysis.

Prepared By: Charles L. Logsdon Phone: 277-5627
 Division: Oil & Gas Audit Division Date: March 12, 1990

Approved by Commissioner: Hugh Malone Date: 3/12/90
 Agency: Department of Revenue

Distribution (by preparer):

Legislative Finance Changes in CS 99 98 359 (Fin)
 Legislative Sponsor have no fiscal impact.
 Requestor This fiscal note is
 Office of Management and Budget appropriate. 4/23/90 -244-
 Impacted Agency(ies)

CS SS SB 359
Fiscal Note Analysis

The bill leaves the cap under which the \$.05/bbl oil surcharge is levied at \$50 million. The zero revenues shown on the fiscal note show that the cap is unchanged. Collections of the surcharge through December amounted to \$11 million. The balance in the hazardous spill fund was \$32 million effective January 1990. (FY 90 collections were for 11 months of the year.)

The surcharge is directly dependent on oil production. The maximum amount of revenue that could be collected from a \$.05/bbl surcharge, assuming the Department of Revenue Mid Scenario production estimates, is as follows:

TOTAL MAXIMUM REVENUE FROM A \$.05/BARREL SURCHARGE

Fiscal Year	Production * (MM bbl/day)	Revenue (MM \$)	Cumulative Revenue
1990	1.816	26.6	26.6
1991	1.691	27.0	53.6
1992*	1.567	25.0	78.6
1993	1.504	24.0	102.6
1994	1.468	23.4	126.1
1995	1.350	21.5	147.6
1996	1.189	19.0	166.6
1997	1.032	16.5	183.1
1998	0.920	14.7	197.8
1999	0.800	12.8	210.6
2000	0.683	10.9	221.5

* Excludes NGLs.

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An Act... recovery of damages... state and its municipalities and villages..."
Sponsor: Senate Oil and Gas
Requestor: Senate Oil and Gas

Agency Affected: Department of Law
BRU: Legal Services
Components: Operations

EXPENDITURES/REVENUES: (Thousands of Dollar)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Please see the attached analysis.

Prepared by: Richard I. Pegues, Director Phone: 465-3672
Division: Administrative Services Date: March 7, 1990
Approved by Commissioner: Richard A. Pegues /FOR/ Date: March 7, 1990
Agency: Department of Law Attorney General

Distribution (by preparer):

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

Changes in CS SSSB 359 (Fin)
have no fiscal impact.
This fiscal note is
appropriate. 4/23/90

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSSB 359 (Oil and Gas)

The committee substitute for SB 359 amends AS 29 to provide for a state assistance grant program for municipalities and villages, from the oil and hazardous substance release response fund, for the containment and cleanup of oil and hazardous substance spills. Although the Department of Law may be involved in providing legal advice to the Departments of Community and Regional Affairs and Environmental Conservation, in respect to implementing the bills provisions, the department would not ordinarily be involved in the assistance program and fiscal note funds are therefore not required.

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Administration
 Title: An Act concerning authority by BRU: Central Administration
State and its municipalities related to * Administrative Services
 Sponsor: Szymanski, Adams Components: Municipal Grants
 Requestor: _____

* environmental conservation

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

There currently exists a fund used in making grants to municipalities and village councils for those costs attributed to oil and hazardous substance release response. The fund is administered solely by the Department of Community and Regional Affairs. This bill would create an additional fund, the same in all respects except that its use would be for oil and hazardous substance municipal impact. The new fund would also be administered only by the Department of Community and Regional Affairs. There is not anticipated to be any involvement by the Department of

Administration Municipal Grants Program.

Prepared by: Mike Maher *M. Maher*

Phone: 465-2277

Division: Administrative Services

Date: 01/17/90

Approved by Commissioner: Frank S. Baxter *Frank S. Baxter*

Date: 1/14/90

Agency: Department of Administration

Distribution (by preparer):

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

Changes in CS SB 359 (O&G) *JH*
 have no fiscal impact.
 This fiscal note is
 appropriate.

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: An Act relating to municipal
assistance: oil spill response fund.
 Sponsor: Senator Szymanski
 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						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	*	*	*	*	*	*
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER	*	*	*	*	*	*
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

There is no fiscal effect for FY 90.

*Please see attachment.

Prepared by: Jim Piasman, Deputy Director Phone: 465-4750
 Division: Municipal & Regional Assistance Date: _____

Approved by Commissioner: [Signature] DC, CRA Date: 9/1/90
 Agency: Department of Community & Regional Affairs

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

STATE OF ALASKA 1990 - 16TH LEGISLATURE
SECOND SESSION
FISCAL NOTE

Bill Number: CS SS for Senate Bill 359

Title: "An Act relating to municipal assistance: oil spills"

While this bill will have a specific fiscal impact upon the department, the impact will occur only if the release of oil or other hazardous substance triggers the operation of the fund. Because of the conditional nature of this impact, no fiscal impact is indicated in a specific fiscal year. It would be the intention of the department to take funding for these positions from the fund itself once the fund became operational. The anticipated impact would include positions and funds to manage the operation of the grant program.

Position Title Local Government Specialist IV			No. of Positions 1	Range/Step 19 A	Barg. Unit XE
Time Status Temporary	Staff Months 12		Location Juneau		Election District
Type of Expenditure			Amount		
1			2		
Salary			40.2		
Benefits			13.5		
Premium Pay					
Other					
Total Personal Services			53.7		
Travel			10.0		
Contractual			3.0		
Commodities					
Equipment					
Other					
Total Cost			66.7		
Funding Source for Total Cost					
Federal Receipts 1002					
G. F. Match 1003					
General Fund 1004			66.7		
I-A Receipts 1006					
CIP Receipts 1061					
Other					

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. This position would be temporary and may not be needed for the full 12 months reflected, depending upon community progress. The funding source would be a percent of the total funds available.

595

**Request For
New Position**

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

FY 91

Page 3 of 5
 Revised Date _____

Position Title Grant Administrator II		No. of Positions 1	Range/Step 17A	Barg. Unit GGU
Time Status Temporary	Staff Months 12 Months	Location Anchorage/Juneau		Election District
		Justification		
Type of Expenditure		Amount		
1	2	3		
Salary	35.0			
Benefits	12.2			
Premium Pay				
Other				
Total Personal Services		47.2		
Travel				
Contractual				
Commodities				
Equipment				
Other				
Total Cost		47.2		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004			
I-A Receipts	1006			
CIP Receipts	1061			
Other		47.2		

During the recent oil spill, DCRA administered an oil spill grant program of \$1,160,000. Based on experience with this program, one temporary 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. Actual staff months worked depends on extent of disaster.

507

**Request For
New Position**

Agency Department of Community & Regional Affairs
 BRU Admin & Support
 Component Admin Services

Page 4 of 5
 Revised Date

FY 91

Position Title Accountant II		No. of Positions 1	Range/Step 16A	Barg. Unit GGU
Time Status Temp	Staff Months 12 Months		Location Juneau	Election District
Type of Expenditure		Amount		
1	2	3		
Salary	32.4			
Benefits	11.9			
Premium Pay				
Other				
Total Personal Services		44.3		
Travel				
Contractual				
Commodities				
Equipment				
Other				
Total Cost		44.3		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004			
I-A Receipts	1006			
CIP Receipts	1061			
Other		44.3		
<p>Justification</p> <p>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. This position would be temporary during the time of highest fiscal activity. The position is described as 12 months but may be of shorter duration.</p> <p>This position would have fiscal oversight of all billings, entries on the state accounting systems and report preparation for management.</p> <p>Funding source would be part of a percent of total funds available.</p>				

5/8/5

**Request For
New Position**

Agency Department of Community & Regional Affairs
 BRU Admin & Support
 Component Admin Services

FY 91

Page **5** of **5**
 Revised Date

STATE OF ALASKA
1990 LEGISLATIVE SESSION

BILL VERSION: CS SSSB 359(O&G)(c)
PUBLISH DATE: 3/13/90

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Environ. Conservation
Title: An Act Concerning Municipal
assistance/oil spill fund BRU: Environmental Quality
Sponsor: Senator Szymanski Components: Environmental Quality
Requestor: Senate Oil & Gas Committee

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	144.0	144.0	144.0	144.0	144.0	144.0
TRAVEL	10.0	10.0	10.0	10.0	10.0	10.0
CONTRACTUAL	24.0	24.0	24.0	24.0	24.0	24.0
SUPPLIES	3.0	3.0	3.0	3.0	3.0	3.0
EQUIPMENT	15.0	15.0	15.0	15.0	15.0	15.0
LAND&STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
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	196.0	196.0	196.0	196.0	196.0	196.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING: (Thousands of Dollars)

GENERAL FUND	196.0	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	196.0	196.0	196.0	196.0	196.0	196.0

POSITIONS:

FULL-TIME	3.0	3.0	3.0	3.0	3.0	3.0
PART-TIME	0.0	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)
The impact for FY 90 is unclear and would depend on when the legislation is effective and what portions needed to be enacted immediately. Further analysis is attached.

Prepared by: Lynn Kent
Division: Environmental Quality

Phone: 465-2630
Date: 3/7/90

Approved by Commissioner: *ADL*
Agency: Environmental Conservation

Date: 3/7/90

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

DEPARTMENT OF ENVIRONMENTAL CONSERVATION
ANALYSIS FOR CSSB 359 (O & G) FISCAL NOTE

Section 1 - 4

Sections 1 - 4 provide that municipalities exercising extra-territorial jurisdiction be consistent in their actions and ordinances with regional contingency plans for response. This ensures a coordinated effort. To accomplish, the Department will work with communities on development of any ordinances and will review those that are adopted.

Section 5

Section 5 establishes authority in the Department of Community and Regional Affairs for community assistance grants for secondary social and economic assistance. These grants are funded from the existing Oil and Hazardous Substance Release Response Fund. Up to \$10 million from the Fund may be used for these grants. While there is no direct financial impact on the department's budget from this provision, it reduces the amount available for emergency first response, by either the state or communities, by up to \$10 million.

Section 10

Section 10 requires the department to consult with municipalities in developing agreements with federal agencies on response mechanisms and related topics. This will pose an increased workload upon the department.

Section 13

Section 13 authorizes the Commissioner of Community and Regional Affairs to spend an undefined amount of the Response Fund for "impact assessments." This will also reduce the amount available for emergency first response by the amount devoted to this task.

Section 14

Authorizes the Department to advance funds to communities for emergency first response, as provided in an agreement with the department. It also adds villages to the list of entities that may sign agreements for emergency first response with the department. This will increase the number of parties that may request agreements.

The following positions are needed to carry out these efforts.

<u>Position</u>	<u>100</u>	<u>200</u>	<u>300</u>	<u>400</u>	<u>500</u>	<u>Total</u>
Ecologist III	57.7	5.0	8.0	1.0	5.0	\$76.7
Ecologist III	57.7	5.0	8.0	1.0	5.0	\$76.7
Clerk Typist III	28.6		8.0	1.0	5.0	\$42.6
TOTALS	144.0	10.0	24.0	3.0	15.0	\$196.0

3 of 3

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Revenue
 Title: Municipal Assistance: Oil BRU: Treasury
 Response Fund _____ Components: _____
 Sponsor: Szymanski
 Requestor: Senate Oil & Gas

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: attach a separate page for analysis.

Fiscal year 1990 effect is zero.

Prepared By: Milt Barker MB
 Division: Treasury

Phone: 465-2350
 Date: February 8, 1990

Approved by Commissioner: [Signature]
 Agency: Department of Revenue

Date: 2/11/90

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

would continue through 1990.

Changes in CS58359 (ORU)
 have no fiscal impact.
 This fiscal note is
 appropriate.

STATE OF ALASKA 1990 - 16TH LEGISLATURE
SECOND SESSION
FISCAL NOTE

Bill Number: Sponsor Substitute for Senate Bill 359

Title: "An Act relating to municipal assistance: oil spills"

While this bill will have a specific fiscal impact upon the department, the impact will occur only if the release of oil or other hazardous substance triggers the operation of the fund. Because of the conditional nature of this impact, no fiscal impact is indicated in a specific fiscal year. It would be the intention of the department to take funding for these positions from the fund itself once the fund became operational. The anticipated impact would include positions and funds to manage the operation of the grant program.

DCN

2072

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Revenue
 Title: Municipal Oil Spill Fund BRU: Oil & Gas Audit Division
 Sponsor: Szymanski, Adams, Zharoff Components: _____
 Requestor: Senate Resources

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						
CAPITAL						
REVENUE	0	0	See Analysis			

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page for analysis.

Prepared By: Charles L. Logsdon Phone: 277-5627
 Division: Oil & Gas Audit Division Date: March 12, 1990
 Approved by Commissioner: Hugh Malone Date: 3/12/90
 Agency: Department of Revenue

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

CS 55 SB 359
Fiscal Note Analysis

The bill leaves the cap under which the \$.05/bbl oil surcharge is levied at \$50 million. The zero revenues shown on the fiscal note show that the cap is unchanged. Collections of the surcharge through December amounted to \$11 million. The balance in the hazardous spill fund was \$32 million effective January 1990. (FY 90 collections were for 11 months of the year.)

The surcharge is directly dependent on oil production. The maximum amount of revenue that could be collected from a \$.05/bbl surcharge, assuming the Department of Revenue Mid Scenario production estimates, is as follows:

TOTAL MAXIMUM REVENUE FROM A \$.05/BARREL SURCHARGE

Fiscal Year	Production * (MM bbl/day)	Revenue (MM \$)	Cumulative Revenue
1990	1.816	26.6	26.6
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1997	1.032	16.5	183.1
1998	0.920	14.7	197.8
1999	0.800	12.8	210.6
2000	0.683	10.9	221.5

* Excludes NGLs.

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An Act... recovery of damages...
state and its municipalities and villages..."
Sponsor: Senate Oil and Gas
Requestor: Senate Oil and Gas

Agency Affected: Department of Law
BRU: Legal Services
Components: Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Please see the attached analysis.

Prepared by: Richard I. Pegues, Director

Division: Administrative Services, A

Approved by Commissioner: Douglas B. Bailey, Attorney General

Agency: Department of Law

Phone: 465-3672

Date: March 7, 1990

Date: March 7, 1990

Distribution (by preparer):

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSSB 359 (Oil and Gas)

The committee substitute for SB 359 amends AS 29 to provide for a state assistance grant program for municipalities and villages, from the oil and hazardous substance release response fund, for the containment and cleanup of oil and hazardous substance spills. Although the Department of Law may be involved in providing legal advice to the Departments of Community and Regional Affairs and Environmental Conservation, in respect to implementing the bills provisions, the department would not ordinarily be involved in the assistance program and fiscal note funds are therefore not required.

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Administration
 Title: An Act concerning authority by BRU: Central Administration
State and its municipalities related to * Administrative Services
 SPONSOR: Szymanski, Adams Components: Municipal Grants
 Requestor: _____

* environmental conservation

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

There currently exists a fund used in making grants to municipalities and village councils for those costs attributed to oil and hazardous substance release response. The fund is administered solely by the Department of Community and Regional Affairs. This bill would create an additional fund, the same in all respects except that its use would be for oil and hazardous substance municipal impact. The new fund would also be administered only by the Department of Community and Regional Affairs. There is not anticipated to be any involvement by the Department of

Administration Municipal Grants Program

Prepared by: Mike Maher *Mike Maher*

Division: Administrative Services *Administrative Services*

Phone: 465-2277

Date: 01/17/90

Approved by Commissioner: Frank S. Baxter *Frank S. Baxter*

Agency: Department of Administration

Date: 1/19/90

Distribution (by preparer):

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

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: An Act relating to municipal assistance: oil spill response fund.
 Sponsor: Szymanski
 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						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	*	*	*	*	*	*
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

No fiscal impact anticipated in FY 90.

* See attached analysis.

Prepared by: *Jim Plasman* Phone: 465-4750
 Division: Municipal & Regional Assistance Date: _____
 Approved by Commissioner: *Howard G. Kilburn* Date: 7-1-90
 Agency: Community & Regional Affairs

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 19 A	Burg. Unit XE
Time Status Temporary	Staff Months 12	Location 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. This position would be temporary and may not be needed for the full 12 months reflected, depending upon community progress. The funding source would be a percent of the total funds available.				
Type of Expenditure		Amount		
1	2	3		
Salary	40.2			
Benefits	13.5			
Premium Pay				
Other				
Total Personal Services		53.7		
Travel		10.0		
Contractual		3.0		
Commodities				
Equipment				
Other				
Total Cost		66.7		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	66.7		
I-A Receipts	1006			
CIP Receipts	1061			
Other				

402

**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 Grant Administrator II			No. of Positions 1	Range/Step 17A	Barg. Unit GGU
Time Status Temporary	Staff Months 12 Months		Location Anchorage/Juneau		Election District
			Justification		
Type of Expenditure			Amount		
1			2		3
Salary			35.0		
Benefits			12.2		
Premium Pay					
Other					
Total Personal Services					47.2
Travel					
Contractual					
Commodities					
Equipment					
Other					
Total Cost					47.2
Funding Source for Total Cost					
Federal Receipts 1002					
G. F. Match 1003					
General Fund 1004					
I-A Receipts 1006					
CIP Receipts 1061					
Other					47.2

During the recent oil spill, DCRA administered an oil spill grant program of \$1,160,000. Based on experience with this program, one temporary 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. Actual staff months worked depends on extent of disaster.

4
3074

**Request For
New Position**

Agency Department of Community & Regional Affairs
 BRU Admin & Support
 Component Admin Services

Page 3 of 4
 Revised Date

FY 91

457 J

Position Title Accountant II			No. of Positions 1	Range/Step 16A	Barg. Unit GGU
Time Status Temp	Staff Months 12 Months		Location Juneau		Election District
Justification					
<p>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. This position would be temporary during the time of highest fiscal activity. The position is described as 12 months but may be of shorter duration.</p> <p>This position would have fiscal oversight of all billings, entries on the state accounting systems and report preparation for management.</p> <p>Funding source would be part of a percent of total funds available.</p>					
Type of Expenditure			Amount		
1	2	3			
Salary	32.4				
Benefits	11.9				
Premium Pay					
Other					
Total Personal Services		44.3			
Travel					
Contractual					
Commodities					
Equipment					
Other					
Total Cost		44.3			
Funding Source for Total Cost					
Federal Receipts	1002				
G. F. Match	1003				
General Fund	1004				
I-A Receipts	1006				
CIP Receipts	1061				
Other		44.3			

**Request For
New Position**

Agency Department of Community & Regional Affairs
 BRU Admin & Support
 Component Admin Services

Page 4 of 4
 Revised Date

FY 91

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: An Act Concerning Municipal
assistance/oil spill fund
 Sponsor: Senator Szymanski
 Requestor: Senate Oil & Gas Committee

Agency Affected: Environmental Conservation
 BRU: Environmental Quality
 Components: Environmental Quality

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	144.0	144.0	144.0	144.0	144.0	144.0
TRAVEL	10.0	10.0	10.0	10.0	10.0	10.0
CONTRACTUAL	95.5	95.5	95.5	95.5	95.5	95.5
SUPPLIES	3.0	3.0	3.0	3.0	3.0	3.0
EQUIPMENT	15.0	15.0	15.0	15.0	15.0	15.0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	267.5	267.5	267.5	267.5	267.5	267.5

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	267.5	267.5	267.5	267.5	267.5	267.5
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	267.5	267.5	267.5	267.5	267.5	267.5

POSITIONS:

FULL-TIME	3	3	3	3	3	3
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS : (Attach a separate page if necessary)

The impact for Fy 90 is unclear and would depend on when the legislation is effective and what portions needed to be enacted immediately. Further analysis is attached.

Prepared by: Lynn Kent
 Division: Environmental Quality

Phone: 465-2630
 Date: 1/26/90

Approved by Commissioner: [Signature]
 Agency: Environmental Conservation

Date: 1/31/90

Distribution (by preparer):

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

Sections 1-12

Sections 1-12 will not require additional resources for the Department of Environmental Conservation.

Section 14 and 19

Section 14 does not substantially add additional authority for the Department to enter into agreements with local governments. This section would increase the emphasis on local agreements. To expedite the development of these agreements, the Department would enter into agreements with many municipalities and village councils. Two additional FTE (\$153.4) will be necessary to develop, maintain, execute, and account for the agreements. The department does not support a mandated 48 hour deadline for review of agreements in catastrophic events, but would intend to establish agreements in advance.

The Department will require one clerk typist (\$42.6) to support the additional staff.

Position	100	200	300	400	500	Total
Ecologist III	57.7	5.0	8.0	1.0	5.0	\$76.7
Ecologist III	57.7	5.0	8.0	1.0	5.0	\$76.7
Clerk Typist III	28.6		8.0	1.0	5.0	\$42.6
TOTALS	144.0	10.0	24.0	3.0	15.0	\$196.0

Section 15

Section 15 of the bill requires that the Department carry out a public review process of all contingency plans. There are approximately 270 contingency plans that must be reviewed by the Department a minimum of every three years. This equates to about 90 full contingency plan reviews annually.

In order to provide for a public review process for all contingency plans -- as opposed to only the major plans -- contractual funding in the amount of \$71.5 will be required for copying, advertising, mailing, and public meeting rooms.

Position	100	200	300	400	500	Total
(Contractual)			71.5			\$71.5
TOTALS			71.5			\$71.5

2084

Position Title Ecologist III		No. of Positions 2	Range/Step 20A	Barg. Unit GGU
Time Status PFT	Staff Months 12	Location Juneau		Election District 04
Type of Expenditure		Amount		
1	2	3		
Salary	86.2			
Benefits	29.2			
Furniture Pay				
Other				
Total Personal Services		115.4		
Travel		10.0		
Contractual		16.0		
Commodities		2.0		
Equipment		10.0		
Other				
Total Cost		153.4		
Funding Source for Total Cost				
Federal Receipts	1002			
G. P. Match	1003			
General Fund	1004	153.4		
GP Program Receipts	1005			
Other				

Justification
The department currently has authority to enter into negotiations for memoranda of understanding or cooperative agreements with various agencies and persons to facilitate oil discharge responses, provide for review of oil discharge contingency plans and inspect oil terminal facilities. This legislation adds that we must enter into agreements with municipalities and village councils as well. In order to develop, maintain, execute and account for the many additional agreements that this will entail, these two new positions will be needed to handle the extra workload.

3084

**Request For
New Position**

Agency Environmental Conservation
 BRU Environmental Quality
 Component Oil and Hazardous Substance Spill Response

Page 3 of 4
 Revised Date

FY 91

Position Title Clerk Typist III			No. of Positions 1	Range/Step 8A	Barg Unit GGU
Time Status PFT	Staff Months 12		Location Juneau		Election District 04
Type of Expenditure			Amount		
1			2		
3					
Salary			19.6		
Benefits			9.0		
Premium Pay					
Other					
Total Personal Services			28.6 \$		
Travel			0		
Contractual			8.0		
Commodities			1.0		
Equipment			5.0		
Other					
Total Cost			42.6 \$		
Funding Source for Total Cost					
Federal Receipts 1002					
G. F. Match 1003					
General Fund 1004			42.6		
CF Program Receipts 1005					
Other					
Justification					
To carry out the requirements of this legislation, it will take two new positions. This position would provide support to the additional staff.					

4 of 4

**Request For
New Position**

Agency Department of Environmental Conservation
 BRU Environmental Quality
 Component Oil and Hazardous Substance Spill
 Response

Page 4 of 4
 Revised Date

FY 91

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Municipal Assistance: Oil
Response Fund _____
Sponsor: Szymanski
Requestor: Senate Oil & Gas

Agency Affected: Department of Revenue
BRU: Treasury
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: attach a separate page for analysis.

Fiscal year 1990 effect is zero.

Prepared By: Milt Barker MB
Division: Treasury

Phone: 465-2350
Date: February 7, 1990

Approved by Commissioner: [Signature]
Agency: Department of Revenue

Date: 2/11/90

Distribution (by preparer):

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

STATE OF ALASKA 1990 - 16TH LEGISLATURE
SECOND SESSION
FISCAL NOTE

Bill Number: Sponsor Substitute for Senate Bill 359

Title: "An Act relating to municipal assistance: oil spills"

While this bill will have a specific fiscal impact upon the department, the impact will occur only if the release of oil or other hazardous substance triggers the operation of the fund. Because of the conditional nature of this impact, no fiscal impact is indicated in a specific fiscal year. It would be the intention of the department to take funding for these positions from the fund itself once the fund became operational. The anticipated impact would include positions and funds to manage the operation of the grant program.

DCN

2072

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Municipal Oil Spill Fund

Agency Affected: Department of Revenue
BRU: Oil & Gas Audit Division

Sponsor: Szymanski
Requestor: _____

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
OPERATING						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						
CAPITAL						
REVENUE	.3600	21400	See Analysis			

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page for analysis.

Prepared By: Charles L. Logsdon
Division: Oil & Gas Audit Division

Phone: 277-5627
Date: January 31, 1990

Approved by Commissioner: Hugh Malone
Agency: Department of Revenue

Date: 2/1/1990

Distribution (by preparer):

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

SS SB 359
Fiscal Note Analysis

The bill creates a municipal oil spill fund and raises the cap under which the \$.05/bbl oil surcharge is levied from \$50 million to \$75 million. The revenues shown on the fiscal note of \$3.6 million and \$21.4 million reflect the additional collections attributed to raising the cap. The cap is based on the difference between the amount collected to date under this surcharge and the amount expended from the Oil and Hazardous Release Fund. Collections of the surcharge through December amounted to \$11 million. The balance in the hazardous spill fund was \$32 million effective January 1990. (FY 90 collections were for 11 months of the year.)

The surcharge is directly dependent on oil production. The maximum amount of revenue that could be collected from a \$.05/bbl surcharge, assuming the Department of Revenue Mid Scenario production estimates, is as follows:

TOTAL MAXIMUM REVENUE FROM A \$.05/BARREL SURCHARGE

Fiscal Year	Production * (MM bbl/day)	Revenue (MM \$)	Cumulative Revenue
1990	1.816	26.6	26.6
1991	1.691	27.0	53.6
1992	1.567	25.0	78.6
1993	1.504	24.0	102.6
1994	1.468	23.4	126.1
1995	1.350	21.5	147.6
1996	1.189	19.0	166.6
1997	1.032	16.5	183.1
1998	0.920	14.7	197.8
1999	0.800	12.8	210.6
2000	0.683	10.9	221.5

The table indicates that the surcharge will collect \$75 million by late FY 92.

* Excludes NGLs.

**THE FOLLOWING DEPARTMENTS HAVE SUBMITTED FISCAL NOTES FOR
CS SB 359 (O&G) AS ATTACHED:**

DEPARTMENT OF ADMINISTRATION

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

DEPARTMENT OF REVENUE DIVISION OF TREASURY

DEPARTMENT OF REVENUE OIL AND GAS AUDIT DIVISION

DEPARTMENT OF LAW

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Administration
 Title: An Act concerning authority by BRU: Central Administration
State and its municipalities related to * Administrative Services
 Sponsor: Szymanski, Adams Components: Municipal Grants
 Requestor: _____

* environmental conservation

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

There currently exists a fund used in making grants to municipalities and village councils for those costs attributed to oil and hazardous substance release response. The fund is administered solely by the Department of Community and Regional Affairs. This bill would create an additional fund, the same in all respects except that its use would be for oil and hazardous substance municipal impact. The new fund would also be administered only by the Department of Community and Regional Affairs. There is not anticipated to be any involvement by the Department of

Administration Municipal Grants Program

Prepared by: Mike Maher Phone: 465-2277

Division: Administrative Services Date: 01/17/90

Approved by Commissioner: Frank S. Baxter Date: 1/14/90

Agency: Department of Administration

Distribution (by preparer):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)

Changes in CS SB 359 (06)

have no fiscal impact.

This fiscal note is

appropriate.

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to municipal assistance: oil spill response fund.
Sponsor: Senator Szymanski
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						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	*	*	*	*	*	*

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER	*	*	*	*	*	*
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

There is no fiscal effect for FY 90.

*Please see attachment.

Prepared by: Jim Plasman, Deputy Director

Phone: 465-4750

Division: Municipal & Regional Assistance

Date: _____

Approved by Commissioner: John C. Carr D.C. Carr
Agency: Department of Community & Regional Affairs

Date: 9/11/90

Distribution (by preparer):

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

STATE OF ALASKA 1990 - 16TH LEGISLATURE
SECOND SESSION
FISCAL NOTE

Bill Number: CS SS for Senate Bill 359

Title: "An Act relating to municipal assistance: oil spills"

While this bill will have a specific fiscal impact upon the department, the impact will occur only if the release of oil or other hazardous substance triggers the operation of the fund. Because of the conditional nature of this impact, no fiscal impact is indicated in a specific fiscal year. It would be the intention of the department to take funding for these positions from the fund itself once the fund became operational. The anticipated impact would include positions and funds to manage the operation of the grant program.

Position Title Local Government Specialist IV		No. of Positions 1	Range/Step 19 A	Barg. Unit XE
Time Status Temporary	Staff Months 12	Location 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. This position would be temporary and may not be needed for the full 12 months reflected, depending upon community progress. The funding source would be a percent of the total funds available.				
Type of Expenditure		Amount		
1	2	3		
Salary	40.2			
Benefits	13.5			
Premium Pay				
Other				
Total Personal Services		53.7		
Travel		10.0		
Contractual		3.0		
Commodities				
Equipment				
Other				
Total Cost		66.7		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	66.7		
I-A Receipts	1006			
CIP Receipts	1061			
Other				

**Request For
New Position**

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

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 Revised Date

FY 91

Position Title Grant Administrator II			No. of Positions 1	Range/Step 17A	Barg. Unit GGU
Time Status Temporary	Staff Months 12 Months		Location Anchorage/Juneau		Election District
			Justification		
Type of Expenditure			Amount		
1	2			3	
Salary	35.0				
Benefits	12.2				
Premium Pay					
Other					
Total Personal Services				47.2	
Travel					
Contractual					
Commodities					
Equipment					
Other					
Total Cost				47.2	
Funding Source for Total Cost					
Federal Receipts	1002				
G. F. Match	1003				
General Fund	1004				
I-A Receipts	1006				
CIP Receipts	1061				
Other				47.2	

During the recent oil spill, DCRA administered an oil spill grant program of \$1,160,000. Based on experience with this program, one temporary 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. Actual staff months worked depends on extent of disaster.

**Request For
New Position**

Agency Department of Community & Regional Affairs
 BRU Admin & Support
 Component Admin Services

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 Revised Date

FY 91

Position Title Accountant II		No. of Positions 1	Range/Step 1GA	Barg. Unit CGU
Time Status Temp	Staff Months 12 Months	Location Juneau		Election District
Justification				
<p>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. This position would be temporary during the time of highest fiscal activity. The position is described as 12 months but may be of shorter duration.</p> <p>This position would have fiscal oversight of all billings, entries on the state accounting systems and report preparation for management.</p> <p>Funding source would be part of a percent of total funds available.</p>				
Type of Expenditure		Amount		
1	2	3		
Salary	32.4			
Benefits	11.9			
Premium Pay				
Other				
Total Personal Services		44.3		
Travel				
Contractual				
Commodities				
Equipment				
Other				
Total Cost		44.3		
Funding Source for Total Cost				
Federal Receipts 1002				
G. F. Match 1003				
General Fund 1004				
I-A Receipts 1006				
CIP Receipts 1061				
Other		44.3		

**Request For
New Position**

Agency Department of Community & Regional Affairs
 BRU Admin & Support
 Component Admin Services

Page 5 of 5
 Revised Date

FY 91

STATE OF ALASKA
1990 LEGISLATIVE SESSION

BILL VERSION : CSSB 359 (Oil & Gas)
PUBLISH DATE : 3/7/90

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Environ. Conservation
Title: An Act Concerning Municipal BRU: Environmental Quality
assistance/oil spill fund
Sponsor: Senator Szymanski Components: Environmental Quality
Requestor: Senate Oil & Gas Committee

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	144.0	144.0	144.0	144.0	144.0	144.0
TRAVEL	10.0	10.0	10.0	10.0	10.0	10.0
CONTRACTUAL	24.0	24.0	24.0	24.0	24.0	24.0
SUPPLIES	3.0	3.0	3.0	3.0	3.0	3.0
EQUIPMENT	15.0	15.0	15.0	15.0	15.0	15.0
LAND&STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
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	196.0	196.0	196.0	196.0	196.0	196.0

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	196.0	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	196.0	196.0	196.0	196.0	196.0	196.0

POSITIONS:

FULL-TIME	3.0	3.0	3.0	3.0	3.0	3.0
PART-TIME	0.0	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)

The impact for FY 90 is unclear and would depend on when the legislation is effective and what portions needed to be enacted immediately. Further analysis is attached.

Prepared by: Lynn Kent

Division: Environmental Quality

Phone: 465-2630

Date: 3/7/90

Approved by Commissioner: AD/Kyle

Agency: Environmental Conservation

Date: 3/7/90

Distribution (by preparer) :

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

DEPARTMENT OF ENVIRONMENTAL CONSERVATION
ANALYSIS FOR CSSB 359 (O & G) FISCAL NOTE

Section 1 - 4

Sections 1 - 4 provide that municipalities exercising extra-territorial jurisdiction be consistent in their actions and ordinances with regional contingency plans for response. This ensures a coordinated effort. To accomplish, the Department will work with communities on development of any ordinances and will review those that are adopted.

Section 5

Section 5 establishes authority in the Department of Community and Regional Affairs for community assistance grants for secondary social and economic assistance. These grants are funded from the existing Oil and Hazardous Substance Release Response Fund. Up to \$10 million from the Fund may be used for these grants. While there is no direct financial impact on the department's budget from this provision, it reduces the amount available for emergency first response, by either the state or communities, by up to \$10 million.

Section 10

Section 10 requires the department to consult with municipalities in developing agreements with federal agencies on response mechanisms and related topics. This will pose an increased workload upon the department.

Section 13

Section 13 authorizes the Commissioner of Community and Regional Affairs to spend an undefined amount of the Response Fund for "impact assessments." This will also reduce the amount available for emergency first response by the amount devoted to this task.

Section 14

Authorizes the Department to advance funds to communities for emergency first response, as provided in an agreement with the department. It also adds villages to the list of entities that may sign agreements for emergency first response with the department. This will increase the number of parties that may request agreements.

The following positions are needed to carry out these efforts.

<u>Position</u>	<u>100</u>	<u>200</u>	<u>300</u>	<u>400</u>	<u>500</u>	<u>Total</u>
Ecologist III	57.7	5.0	8.0	1.0	5.0	\$76.7
Ecologist III	57.7	5.0	8.0	1.0	5.0	\$76.7
Clerk Typist III	28.6		8.0	1.0	5.0	\$42.6
TOTALS	144.0	10.0	24.0	3.0	15.0	\$196.0

FISCAL NOTE

REQUEST:

Revision Date: _____	Agency Affected: Department of Revenue
Title: Municipal Assistance: Oil	BRU: Treasury
Response Fund _____	Components: _____
Sponsor: <u>Szymanski</u>	_____
Requestor: <u>Senate Oil & Gas</u>	_____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
OPERATING						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: attach a separate page for analysis.

Fiscal year 1990 effect is zero.

Prepared By: <u>Milt Barker</u> <i>MB</i>	Phone: <u>465-2350</u>
Division: <u>Treasury</u>	Date: <u>February 7, 1990</u>
Approved by Commissioner: <i>[Signature]</i>	Date: <u>2/11/90</u>
Agency: <u>Department of Revenue</u>	

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

would continue through 1990.

Changes in CS SB 359 (0+6) *7/88*
 have no fiscal impact.
 This fiscal note is
 appropriate.

STATE OF ALASKA 1990 - 16TH LEGISLATURE
SECOND SESSION
FISCAL NOTE

Bill Number: Sponsor Substitute for Senate Bill 359

Title: "An Act relating to municipal assistance: oil spills"

While this bill will have a specific fiscal impact upon the department, the impact will occur only if the release of oil or other hazardous substance triggers the operation of the fund. Because of the conditional nature of this impact, no fiscal impact is indicated in a specific fiscal year. It would be the intention of the department to take funding for these positions from the fund itself once the fund became operational. The anticipated impact would include positions and funds to manage the operation of the grant program.

JCN

2072

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An Act... recovery of damages... state and its municipalities and villages..."
Sponsor: Senate Oil and Gas
Requestor: Senate Oil and Gas

Agency Affected: Department of Law
BRU: Legal Services
Components: Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Please see the attached analysis.

Prepared by: Richard I. Pegues, Director Phone: 465-3672
Division: Administrative Services Date: March 7, 1990
Approved by Commissioner: Richard I. Pegues / FAR / Date: March 7, 1990
Agency: Department of Law Attorney General

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSSB 359 (Oil and Gas)

The committee substitute for SB 359 amends AS 29 to provide for a state assistance grant program for municipalities and villages, from the oil and hazardous substance release response fund, for the containment and cleanup of oil and hazardous substance spills. Although the Department of Law may be involved in providing legal advice to the Departments of Community and Regional Affairs and Environmental Conservation, in respect to implementing the bills provisions, the department would not ordinarily be involved in the assistance program and fiscal note funds are therefore not required.

SENATE COMMITTEE REPORT

DATE: 3/7/90

FURTHER: Finance

DATE TURNED INTO OFFICE: 4-6-90

Resources Committee considered

SSSB 359 (0+6)

MUNICIPAL ASSISTANCE: OIL RESPONSE FUND

and recommended:

- replace with _____ CS _____
- or adopt _____ CS _____
- attached amendment(s)
- _____ letter of intent adopted

- same title
- new title
- technical title change (HB only)

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

ATTACHES NEW FISCAL NOTE(S):

fiscal note(s) _____ Dept/Date: _____

zero fiscal note(s) _____

appropriation-no fiscal note

APPROVES PREVIOUS:

fiscal note(s) _____ Dept/Date: _____

zero fiscal note(s) _____

Governor's bill w/fiscal note

SIGNING DO PASS:

William Douglas Jr.

OTHER RECOMMENDATIONS:

Kirk Halford NO REC

D. D. ... NO REC

D. ...

Chair: Signature and Recommendation

 Chair: Signature and Recommendation

SB 359

#2 failed 7-12

Amendment #2

By Adams

Page 1, line 27 through page 2, line 3:

Delete:

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 inconsistent with the state's management of those resources when the state is the owner of the land, tideland, or submerged land;

EXPLANATION OF AMENDMENTS

AMENDMENT #1: Adds a requirement that any local government "extra-territorial jurisdiction" ordinance adopted under these sections must be consistent with regional master contingency plans.

AMENDMENT #2: The CS lists criteria CRA must consider when evaluating grant applications for municipal impact assistance. This amendment would delete the phrase "other criteria the department deems appropriate".

AMENDMENT #3: This amendment makes it clear that CRA may reject grant applications or approve an application for less than the amount requested.

AMENDMENT #4: Adds back a provision in the Sponsor Substitute that would give village councils limited immunity for emergency response cleanup activities. Municipalities already have this protection.

AMENDMENT #5: This amendment would require DEC to consult with municipalities and village councils when it is negotiating cooperative agreements (etc.) with federal agencies (and others) on oil discharge matters. The Sponsor Substitute and the proposed CS now require the Department to negotiate with municipalities and village councils on these matters.

AMENDMENT #6: The Sponsor Substitute clarifies that DEC is required to reimburse municipalities and village councils for emergency first response cleanup costs if there is an agreement between the parties which calls for reimbursement and the department determines that these expenditures were "necessary". The proposed CS added a requirement that the State's obligation to reimburse is also "subject to the availability of money for that purpose". This amendment would delete the additional language in the proposed CS.

AMENDMENT #7: This amendment would delete the emergency first response grant provisions contained in both the Sponsor Substitute and the proposed CS and simply allow the Commissioner of DEC to "advance" funds to municipalities and villages if the applicant can demonstrate that it has a need for the money and the proposed expenditures are necessary to carry out an emergency first response to a release or threatened release.

AMENDMENT #8: Emergency first response grant funds must be used in a manner consistent with regional contingency plans.

A M E N D M E N T #1

Sen. O+G

OFFERED IN THE SENATE

TO: CSSSSB 359(O&G), "M" version 2/28/90

Page 2, line 2, after "boundaries":

Insert "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 3:

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 7, 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 14, 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 #2

OFFERED IN THE SENATE

TO: CSSSSB 359(O&G), "M" version 2/28/90

Page 5, line 18, after "application;"

Insert "and"

Page 5, lines 21 - 22:

Delete "; and

(7) other criteria the department considers appropriate"

A M E N D M E N T #3

OFFERED IN THE SENATE

TO: CSSSSB 359(O&G), "M" version 2/28/90

Page 5, following line 22:

Insert a new subsection to read:

"(b) The department may reject an application for a grant under AS 29.60.510 or approve an application for a grant in an amount that is less than the amount requested by a municipality or village if the department determines that payment of the amount requested is not warranted under (a) of this section."

Reletter the following subsection accordingly.

Page 5, line 24, after "rank":

Insert "all or a portion of"

Page 6, lines 2 - 3, after "regulations.":

Insert "This subsection does not prevent the department from making a grant payment in an amount that is less than an amount requested by a municipality or village if the department determines that payment of the amount requested is not warranted under (a) of this section."

A M E N D M E N T #4

OFFERED IN THE SENATE

TO: CSSB 359(O&G), "M" version 2/28/90

Page 9, following line 11:

Insert a new bill section to read:

"* Sec. 6. AS 46.03.822(h) is amended to read:

(h) The state, [OR] a municipality, or a village is not liable under this section for costs or damages as a result of actions taken in response to an emergency created by a release or threatened release of a hazardous substance generated by or from a facility or vessel owned by another person unless the actions taken by the state, the [OR] municipality, or the village constitute gross negligence or intentional misconduct."

Renumber the following bill sections accordingly.

A M E N D M E N T #5

OFFERED IN THE SENATE

TO: CSSB 359(O&G), "M" version 2/28/90

Page 10, lines 4 - 17:

Delete all material and insert:

"* Sec. 7. AS 46.04.020 is amended by adding a new subsection to read:

(f) In fulfilling its responsibilities under (e) of this section, the department shall consult with the governing bodies of municipalities and with village councils."

Page 11, line 2:

After "village" insert "council"

After "means" insert "the governing body of"

A M E N D M E N T #6

OFFERED IN THE SENATE

TO: CSSSSB 359(O&G), "M" version 2/28/90

Page 12, lines 22 - 23:

Delete "Subject to availability of money for the purpose, the [THE]"

Insert "The"

A M E N D M E N T #7

OFFERED IN THE SENATE

TO: CSSSSB 359(O&G) "M" version 2/28/90

Page 12, line 17:

Delete "[AND]"

Insert "and"

Page 12, lines 19 - 20:

Delete "; and

(7) make grants under AS 46.08.072"

Page 12, line 25, after "threatened release":

Insert "and may advance money to a municipality or village to carry out an emergency first response to a release or threatened release"

Page 13, line 1:

After "that" insert "(A)"

After "expenses" insert "to be reimbursed"

Page 13, line 5, after "environment":

Insert ";

(B) the municipality or village has demonstrated a need for financial assistance, and the money to be advanced is necessary to enable the municipality or village to carry out an

emergency first response to a release or threatened release that,
at the time of the release or threatened release, poses an immi-
nent and substantial threat to the public health or welfare, or
to the environment"

Page 13, line 6 through page 14, line 6:

Delete all material.

Renumber the following bill sections accordingly.

A M E N D M E N T #8

OFFERED IN THE SENATE

TO: CSSB 359(O&G), "M" version 2/28/90

Page 13, line 15, after "costs.":

Insert "Containment and cleanup efforts paid for in whole or in part by a grant made under this section must be consistent with the regional master plan for the region in which the municipality or village is located if a plan has been prepared by the department under AS 46.04.210."



Alaska State Legislature

Senator Mike Szymanski

While in Session:
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Juneau, Alaska 99811
(907) 465-4978

Interim:
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Anchorage, Alaska 99503
(907) 561-7617
OR
165 E. Parks Highway
Wasilla, Alaska 99687
(907) 376-6453

SPONSOR STATEMENT CSSSSB 359 (Oil and Gas)

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. These communities experienced far-ranging social and economic impacts as a result of the spill. While Exxon did provide the communities with some assistance, it was not sufficient; in addition, there was no state funding mechanism earmarked specifically for the costs of additional and incremental services which the local communities incurred.

The Oil Spill Commission recognized this "gap" and addressed the need for local service impact funding in Recommendation 53 and 54 of the Commission Report. These recommendations are included in the committee packet.

CSSSSB 359 (Oil and Gas) 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 system of municipal grants under the Department of Community and Regional Affairs which are to be triggered by a declaration of a disaster emergency by the Governor. The legislation establishes criteria for evaluating whether a grant is to be made to a municipality or village. THESE GRANTS ARE NOT FOR EMERGENCY FIRST RESPONSE (which is covered under Title 46) BUT RATHER FOR THE ADDITIONAL AND INCREMENTAL COSTS OF FUNCTIONS AND SERVICES WHICH ARISE OUT OF THE RELEASE OF OIL OR A HAZARDOUS SUBSTANCE;
- 3) Up to \$10 million of the oil and hazardous release response fund (the "470" Fund) may be expended by the Department of Community and Regional Affairs for these municipal impact grants.
- 4) Under Title 46, the legislation authorizes the Department of Environmental Conservation to "advance" money to a municipality or village for emergency first response. This is in addition to the Department's existing authorization to reimburse a municipality for these same expenditures.

Senate District E

Mar-Su Borough • Sitka Anchorage • Bar/Indian • Girdwood • Nikiski • Cooper Landing • Hope • Seward • Prince William Sound

Alaska State Legislature

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During Session:
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Juneau, Alaska 99811
(907) 465-4993

Senator Drue Pearce District G

March 7, 1990

Senator Bettye Fahrenkamp, Chair
Senate Resources Committee
Capitol, Room 125
Juneau, Alaska

Dear Senator Fahrenkamp:

The Senate Special Committee on Oil and Gas has just passed out CS for Sponsor Substitute for Senate Bill 359. This legislation proposes a reasonable system which will allow municipalities and village councils to request and obtain state financial assistance from the "470 Fund" to mitigate social and economic impacts resulting from releases of oil or hazardous substances. The bill also would modify existing law to clarify the scope of liability under "strict liability" provisions contained in Title 46 and makes other changes designed to enhance a community's ability to deal with spills. While the Committee has spent many hours on this legislation and is generally satisfied with the final product, there are several issues I'd like to bring to your attention which may require further consideration:

1. **TRIGGER MECHANISM:** At the suggestion of the prime sponsor, Senator Szymanski, the Committee reviewed the question of whether to set up a mechanism to "trigger" the availability of state assistance. After considering several options, we decided a trigger mechanism was a good idea to promote stability but that we did not have to re-invent the wheel. Instead, the bill requires a declaration of a disaster emergency by the Governor under existing law before grant monies for municipal impact assistance under Section 5 of the bill may be expended. This often utilized system appears to work and should give the Administration the ability to respond quickly and appropriately in a variety of situations (see also Recommendation #53 from the Executive Summary of the Report of the Alaska Oil Spill Commission attached). Nevertheless, you should know that many of the

communities interested in this legislation do not agree with our decision and are concerned that this approach may be unnecessarily burdensome. Please note that we did not adopt a similar trigger system for emergency first response assistance.

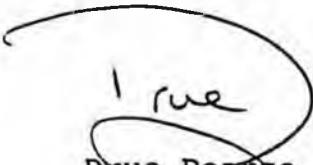
2. RETROACTIVITY. We were asked to make retroactive a change to the "strict liability" provisions of existing law which clarifies that "spillers" are liable for certain additional service costs incurred by the state, municipalities and village councils. The Committee considered and unanimously rejected this request. The Committee also intended to preclude use of state impact assistance for prior incidents.

3. LIMITS. The Committee has imposed a limit of \$10 million per declaration of disaster emergency for municipal impact assistance grants available through CRA under Section 5 of the bill but has not set a limit on the amount of "emergency first response" funds (cash advances and reimbursements) available through DEC under later sections of the bill. Due to time constraints, the latter provision was not fully evaluated by the Committee and probably requires further discussion along with the question of whether the \$10 million municipal impact assistance allocation should be modified to deal with situations where there isn't enough "470 fund" money to go around.

4. OTHER. There are at least two technical issues that were not settled for one reason or another: a) the question of whether to use the term "village" or "village council" is unresolved because we have received conflicting advice from the Administration; and b) other provisions in the bill may have to be modified to accommodate structural changes concerning "lead agency" and related matters that will be handled in separate legislation. Due to the complexity of the bill and the large number of amendments to the Sponsor Substitute, there also may be additional minor technical changes warranted although we tried our best to iron these out.

Thanks, Bettye. If you have any questions please let me know.

Sincerely,



Drue Pearce

DP:DR

**ALASKA MUNICIPAL LEAGUE
BOARD OF DIRECTORS**

**A RESOLUTION RELATING TO THE NEED FOR ADDITIONAL
LEGISLATION ON THE EFFECTS OF DISCHARGES OF
HAZARDOUS SUBSTANCES ON LOCAL GOVERNMENT**

WHEREAS, the Alaska Municipal League Board of Directors is aware of the devastating effects of the *Exxon Valdez* Oil Spill on the communities of Prince William Sound, the Kenai Peninsula, the Kodiak Island Archipelago, and the Alaska Peninsula, and

WHEREAS, similar disasters could occur both on land and at sea in other parts of the state with similar effects, and

WHEREAS, legislation is being considered during the 1990 session of the Alaska Legislature to deal with some of the problems which the experience of local governments affected by the *Exxon Valdez* Oil Spill has demonstrated arise in such situations,

NOW, THEREFORE, BE IT RESOLVED that the Alaska Municipal League Board of Directors supports the immediate enactment of legislation with the following goals:


(1) extend to all communities in the state broad powers, within and outside of their boundaries, to cleanup and otherwise mitigate the effects of a hazardous substance discharge;

(2) increase the cap on the oil and gas "properties production tax" to \$75,000,000 to create a \$25,000,000 fund to be administered by the Department of Community and Regional Affairs and distributed to local governments for incremental impacts related to such discharges, such as increased mental health services, or increased police protection services;

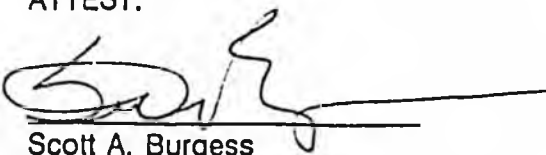
(3) clarify the state hazardous substance strict liability statutes to make sure the full range of municipal damages can be addressed;

(4) provide a structure for quick access by the communities to state money available for response to the discharges.

Adopted this 1st day of February 1990.


Dorothy A. Jones, President

ATTEST:


Scott A. Burgess
Executive Director

INTRODUCED BY: ALASKA CONFERENCE OF MAYORS
DATED: NOVEMBER 15, 1989

RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE

RESOLUTION SERIAL NO. 89-_____

A RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE SUPPORTING
FUNDING OF RESPONSE SERVICES AND IMPACT ASSESSMENT STUDIES FOR
ALASKA COMMUNITIES IMPACTED BY THE EXXON VALDEZ OIL SPILL DISASTER

WHEREAS, on March 24, 1989 the oil tanker Exxon Valdez ran aground in Prince William Sound spilling 11 million barrels of crude oil onto the waters and shores of the State of Alaska; and

WHEREAS, the Exxon Valdez oil spill caused severe physical, social and economic damage to the people living in the many small communities of coastal southcentral and southwestern Alaska; and

WHEREAS, the impacted communities have been forced to respond to the oil spill by providing extraordinary services and programs which require reimbursement and future funding; and

WHEREAS, the impacted communities need long-term studies of the damage and assessment of the physical, social and economic implications of the oil spill over the next five to six years; and

WHEREAS, under the auspices of the Alaska Conference of Mayors, the impacted communities have worked diligently with the parties responsible for the spill, the State of Alaska and the United States of America to develop reasonable remedies and legislative initiatives to pay for local response services and long-term damage and assessment studies; and

WHEREAS, the efforts of the impacted communities to address the natural and human consequences of the spill are of significant interest and importance to all Alaska communities which may be at risk of suffering an environmental catastrophe;

NOW, THEREFORE, BE IT RESOLVED that the Alaska Municipal League supports the efforts of the Alaska communities impacted by the Exxon Valdez oil spill to obtain reimbursement and continued funding for response services and funding of long-term damage and assessment studies on the effect of the spill in those communities.

This resolution was approved for submittal to the Alaska Municipal League membership by the Alaska Conference of Mayors oiled mayors committee on November 15, 1989.

UM
Senator Bettye M. Fahrenkamp

FROM: Matthew D. Jamin, Attorney to Oiled Mayors
DATE: March 8, 1990
RE: Requested Modifications to § 5 of CSSSSB 359

The Oiled Mayors' request that your committee consider an amendment to CSSSSB 359 to make its section 5, which modifies AS 46.03.822, retroactive to the date of the Exxon Valdez Oil Spill, March 24, 1989, and to remove the language "necessary and appropriate" from the section.

The request for retroactivity is completely consistent with what was done last year in HB 68, when the legislature made some important and retroactive modifications to AS 46.03.822. Among the changes made last year was a clarification that the damages which are recoverable under the statute include:

"damage to the natural resources of the state or a municipality, and for the costs of response, containment, removal, or remedial action incurred by the state or municipality, resulting from an unpermitted release of a hazardous substance or, with respect to response costs ..."

Section 5 of CSSSSB 359 seeks further clarification of the same statute by clarifying that damages also include the extra infrastructure costs incurred by the state, municipalities, and villages resulting from a spill. Just as the legislature did in making the amendment to AS 46.03.822 retroactive last year, it should do so again this year.

Questions have been raised about whether the enactment of such legislation retroactively might contravene any constitutional provisions. The answer is no. Concisely, the Ex Post Facto clause does not apply since changes to criminal laws are not envisioned. The Due Process Clause is not contravened because there is a rational legislative purpose -- clarifying what damages are included -- in the law.

We are prepared to provide you with extensive citation of case authority on these issues should you wish it. I know that our position is supported by the Department of Law. Please let me know if you need additional information.

On our second issue, we feel that the addition of the phrase "necessary and appropriate" which was made by the Oil and Gas Committee Substitute is unnecessary. We seek a statute that clarifies the statute, not one that creates additional language about which lawyers may bicker in courts. The intent is to clarify that increased infrastructure costs are covered; it should be left to the courts to determine if they result from a spill.

We look forward to working closely with you over the next few weeks. Thank you.

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

February 8, 1990

POSITION PAPER

RE: Sponsor Substitute for Senate Bill 359

SPONSOR: Senator Szymanski

Program Effects of Bill:

Sections 1 - 3 of the bill would expand municipal powers to respond to a release of oil or a hazardous substance by authorizing extraterritorial exercise of such powers and explicitly authorizing exercise of these powers by ordinance by second and third class boroughs. Section 4 establishes an oil and hazardous substance municipal impact fund in the Department of Community and Regional Affairs to provide assistance to municipalities and village councils affected by a release and provides guidelines for the administration of the fund. As provided in Sections 5 - 10, the source of money for the fund is the five-cent-a-barrel surcharge which shall be deposited in the fund until the cumulative total of the balances in this fund and the oil and hazardous substance release fund amounts to \$75,000,000.

Sections 11 - 13 deal with liability issues. Sections 14, 18 and 25 add definitions for public services and village council. Section 15 adds municipalities and village councils to the list of entities with which DEC may enter into agreements when dealing with the discharge of oil. Section 16 provides for expanded public participation in the contingency planning process. Section 17 adds incremental costs of public services to containment and cleanup costs. Section 19 adds to purposes of the oil and hazardous material clean up fund social and economic assessments. Section 20 would require DEC to reimburse a municipality or village council for actual expenses associated with the abatement of a spill. Section 20 gives DEC the authority to make grants to municipalities and village councils to carry out emergency first response to a release. Section 21 and section 25 would include additional costs eligible as containment and cleanup costs. Section 26 adds a definition for public services.

Comments:

The administration recognizes the need for a mechanism to address municipal social and economic impacts resulting from the catastrophic release of oil and hazardous substances into the environment. Rather than create a new fund, as proposed in

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Sponsor Substitute for Senate Bill 359
February 8, 1990
Page Two

this bill, however, the administration would prefer to see the utilization of existing structures. The most appropriate mechanism to address these impacts would be to amend the existing oil and hazardous substance release response fund statutes to address community needs. Under such a mechanism, ten percent of the fund balance, or as much as \$5 million, would be administratively transferred from the oil and hazardous substance release response fund to the Department of Community and Regional Affairs for distribution to respond to community social and economic impacts. At this time, the administration does not believe it is necessary to raise the existing \$50 million cap on the oil and hazardous substance release response fund.

John G. Hoffman DC, CNA
For David G. Hoffman, Commissioner



Oil Reform Alliance



SB 359--Oil and Hazardous Substances Municipal Impact Assistance

The Oil Reform Alliance strongly supports the intention of SB 359. However, we have a difficult time advocating for its passage due to specific changes made in the bill by the Senate Oil and Gas Committee. We would like to see the reinstatement of the following:

1. Creation of an Oil and Hazardous Substances Municipal Impact Assistance Fund administered by the Commissioner of the Department of Community and Regional Affairs. A separate fund clearly delineates the amount of money available for DCRA and allows the department to have quick access to deal with the impacts of a catastrophic oil discharge.

2. Raising the cap on the \$.05/barrel tax to \$75 million, with \$25 million stipulated for the Municipal Impact Assistance Fund. DCRA has already received over \$12 million in grant requests from affected communities.

3. Reimbursement of municipalities and village councils for responses to a release or threatened release, even if that response is after the initial time of the release. (Section 20.) Spill affected communities dealt with the threat of oil washing up on their beaches for many weeks after the initial release from the Exxon Valdez. Their response to this threat was an immediate first response and should be reimbursable.

In addition, it is far more appropriate for the Department of Community and Regional Affairs, rather than the Department of Environmental Conservation, to make an assesment of the social and economic effects of the release or threatened release of oil or a hazardous substance. This agency is the expert within the administration to determine how a community has been affected by a catastrophic oil release.

By sticking with these original concepts, SB359 would allow the state to be able to efficiently and adequately deal with all the costs of a catastrophic release. With these changes, we would again strongly support the bill. Alaska needs to be prepared for the next Exxon Valdez catastrophe and the industry must be held responsible for the costs of oil development within the state.



Alaska State Legislature

Senator Mike Szymanski

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March 7, 1990

TO: Senator Bettye Fahrenkamp
Chair, Senate Resources

FROM: Senator Mike Szymanski MS/pt

SUBJECT: CSSSSB 359 (Oil and Gas)

I am forwarding a packet of information on CSSSSB 359 (Oil and Gas) which is going to be heard in Senate Resources on Monday, March 12.

I expect that there will be an additional document from Matt Jaimin, who represents the "oiled mayors" on the subject of "retroactivity." Also, it is my understanding that the Department of Environmental Conservation is preparing a position paper on the legislation and will be sending you a copy this week. The Department of Community and Regional Affairs has indicated that the comments that they provided for the original Sponsor Substitute SB 359 still represent the Administration's position and therefore, I am including this original position paper as part of the packet because the essence of the commentary is still valid.

The oiled mayors will be in Anchorage on Monday and would like to be teleconferenced into the hearing from the Anchorage Legislative Information Office.

If I can be of further assistance, please let me know.

MS:pt
enclosure



Alaska State Legislature

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SPONSOR STATEMENT

CSSSSB 359 (Finance), Municipal Impact 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 Department of Environmental Conservation 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 harbors. Communities that rely on subsistence foods found themselves unable to harvest the fish and game because of the danger of toxicity.

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 still exists.

Of major consideration is the question, "What if it had not been Exxon?" What if the spill had been caused by a company with far fewer resources? What if there had been no claims process in place?

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.

CSSSSB 359 (Finance) 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 system of municipal grants under the Department

of Community and Regional Affairs which are to be triggered by a declaration of a disaster emergency by the Governor. The legislation establishes criteria for evaluating whether a grant is to be made to a municipality or village. These grants are not for emergency first response but rather for the additional and incremental costs of functions and services which arise out of the release of oil or a hazardous substance;

From the \$50 million fund which was established last year from the \$.05 per barrel surcharge (part of the 470 Fund), up to \$10 million would be available for these municipal impact grants.

3) Under Title 46, the legislation authorizes the Department of Environmental Conservation to "advance" money to a municipality or village for emergency first response. This is in addition to the Department's existing authorization to reimburse a municipality for these same expenditures.

The EPA has no significant presence in Alaska capable of responding to a major spill on the uplands, notwithstanding that the response planning assumes the EPA will be in charge. In Alaska, this responsibility has been transferred by contract to the Bureau of Land Management.

A declaration of emergency should trigger the ability of the governor or other appropriate officials to release funds collected from state oil revenues to cover all impact costs, including economic maintenance programs and local impacts which become an extra burden on local services, whether provided by state or local government.

Indirect government service costs can be as important as direct spill expenditures in meeting a spill emergency. Local governments in particular were hard hit by lack of funding for increased burdens which hit everything from phone service to mental health during the crisis following the *Exxon Valdez* spill.

Exxon released some funds to communities for service needs, which it was not obliged to do. But the availability of such funds should not depend on the policy of the spiller.

As a prevention incentive, existing regulations should be broadened to insure that in future spills the state can recapture all expenses directly or indirectly incurred by the state, its subdivisions and private parties to whom the state owes reimbursement or who have benefited under the state's oil spill disaster economic-maintenance program.

Disagreement on reimbursable costs that resulted in an economic loss to the state resulted in the cancellation of a contract by which, on the pipeline route, DEC exercised EPA authority over spills, all to the detriment of environmental protection.

Reimbursability became a criteria for state response in the *Exxon Valdez* spill, to the detriment of the environment and people injured by the spill.

A fund should be created in state government to help local governments cover public spill costs caused by oil and hazardous substance releases that cannot be charged back to responsible parties.

Recommendation 53
Local service impact funding

Recommendation 54
Full-cost reimbursement

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907 465 3800


LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 8, 1990

SUBJECT: CSSB 359 (Oil and Gas) -- sectional analysis

TO: Senator Mike Szymanski
ATTN: Paula Terrel

FROM: Jack Chenoweth
Legislative Counsel 

The following summarizes the provisions of the bill adopted by and referred from the Special Oil & Gas Committee yesterday. The explanation discusses sections as they relate to one another, not in bill order.

The committee's deliberations culminated with decisions to (1) eliminate separate funds as sources of assistance to municipalities, rolling together all assistance from the existing oil and hazardous substance release response fund (AS 46.08.040) without amending the trigger mechanisms in the existing surcharge; (2) condition payments from the impact assistance fund to declared disaster emergencies; (3) substitute cash advances to municipalities and villages to support emergency first response initiatives, an approach seen as less cumbersome than the more formal grant submission and approval process originally contemplated; (4) tighten the relationship between cash available and performance under regional master plans prepared by the Department of Environmental Conservation; and (5) make a series of related changes.

STATE FINANCIAL ASSISTANCE:

Bill section 5 establishes an oil and hazardous substance municipal impact assistance program in a manner that differs from the form appearing in earlier versions of the bill. While the statement of policy and purpose [AS 29.60.500] remains substantially as first drafted, and the version retains the general provision that assistance is to be provided for municipalities and villages affected by a release that "demonstrate [to the Department of Community and

Senator Mike Szymanski

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Regional Affairs] extraordinary expenditures that are beyond the reasonable capability of the municipality or village to meet from . . . current revenue sources," provision of impact assistance grants [AS 29.60.510] is more narrowly crafted than in earlier versions: impact assistance is limited to not more than \$10 million of the unrestricted balance of the oil and hazardous substance release response fund, and is available only when the governor has first declared a disaster emergency under AS 26.23. Impact assistance is available only for the functions, services, and purposes enumerated in AS 29.60.520.

Proposed AS 29.60.530 sets out criteria by which the department is to evaluate requests for assistance; the draft makes clear that the department need not accept a request as submitted, but may reduce or eliminate elements of the application. The section also directs the department to adopt regulations by which to rank applications when amounts of impact assistance requested exceed amounts available to the department from the fund.

"Boilerplate" provisions appearing as AS 29.60.540 ("limitations on grant uses"), 29.60.550 ("records"), 29.60.560 (annual report), and 29.60.580 (adoption of implementing regulations) are carried forward from earlier versions of the measure. AS 29.60.570 separately requires the commissioner of community and regional affairs to complete an impact assessment whenever the governor issues a disaster emergency declaration based on a discharge of oil or a hazardous substance.

The 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 authorizes a recovery of grant money paid under AS 29.60.500 - 29.60.599 if the commissioner determines that the municipality or village receiving the grant is responsible for the underlying spill.

Finally, AS 29.60.599 sets out definitions of terms used in the establishment of this grant process.

*

The oil and hazardous substance release response mechanism provides, as an alternative source of assistance--on an "emergency first response basis"--money payable either as

Senator Mike Szymanski
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reimbursement or as a cash advance to municipalities and villages under AS 46.08.070(c), amended by bill section 14. The amendments made in the bill section also require that, to trigger payment of a reimbursement or an advance, there be in place an agreement between the commissioner and the recipient that indicates how an emergency first response is to be carried out and compel the recipient to perform in accordance with pertinent provisions of a regional master plan.

A related provision, added by bill section 15, permits the commissioner to recover amounts paid as advancements or reimbursements if the commissioner subsequently determines that the recipient municipality or village is responsible for the underlying spill.

MUNICIPAL EXTRA-TERRITORIAL AUTHORITY:

In conjunction with containment and cleanup, as with the sponsor substitute, bill sections 1 - 4 extend the authority of municipalities to exercise containment and clean-up authority, but require that exercise of that authority must be consistent with directives in regional master plans if those plans have been prepared and are in place.

OTHER CHANGES:

Amendments to AS 46.03 are set out in bill sections 6 - 9.

Earlier, I had noted the addition by the Special Oil and Gas Committee of provisions allowing recovery of amounts paid out to municipalities and villages that are later determined to have been responsible for the underlying spill. In conjunction with those changes, and because of questions raised regarding the specific authority of the state to recover amounts expended in this area, the amendment made by bill section 6 is intended to make clear that a person who violates AS 46.03 in causing a spill is liable to the state for those amounts expended.

Bill section 7 amends the strict liability section, AS 46.-03.822, to clarify the expenditures and the parties that are intended to be covered by this section.

Bill section 8 adds "a village" to the list of entities who, under AS 46.03.822(h), are not generally liable for containment and clean-up actions taken unless done as a result of gross negligence or intentional misconduct.

Bill section 9 provides definitions for the terms "service" and "village" that are introduced into amendments made to AS 46.03 by bill sections 6 - 8.

*

Amendments to AS 46.04 are made in bill sections 10 - 12.

Bill section 10 directs that, in fulfilling responsibilities under AS 46.04.020(e), relating to preparation of memoranda of understanding and cooperative agreements, and obligations incurred under those documents, the Department of Environmental Conservation shall first "consult with the governing bodies of municipalities and villages."

Bill section 11 amends the term "containment and cleanup" applicable to the chapter to clarify the kinds of qualifying expenses relating to containment and cleanup within the phrase.

Bill section 12 provides definitions for the terms "service" and "village" that are introduced in amendments made to AS 46.04 by bill sections 10 and 11.

*

Amendments to AS 46.08 are made in bill sections 13 - 17.

The additional language inserted in AS 46.08.040 by bill section 13 authorizes the commissioner of community and regional affairs to draw from the oil and hazardous release response fund to make grants under the impact assistance program (AS 29.60.500 - 29.60.599) and for completing impact assessments required by AS 29.60.570. The amend to paragraph (4) clarifies that state impact assistance payable to villages is allowable as recoverable cost for which the balance of the fund may be used by the commissioner of environmental conservation.

Bill sections 14 and 15 have been previously discussed.

The changes made by bill sections 16 and 17 parallel those made to AS 46.04 by bill sections 11 and 12 and are included for substantially similar reasons.

*

Senator Mike Szymanski
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Amendments to AS 46.09 are made in bill sections 18 - 20.

The addition of "AS 46.04" as a reference, the amendment made by bill section 18, extends the authority of a municipality to act under all pertinent environmental-related chapters within AS 46 that are exercisable within the municipality's boundaries.

The changes made by bill sections 19 and 20 parallel those made to AS 46.04 by bill sections 11 and 12 and are included for substantially similar reasons.

*

The measure is given an immediate effective date by section 21, its last section.

JC:pl
WKP3/029

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

STEVE COWPER, GOVERNOR

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VIA FACSIMILE

March 7, 1990

Honorable Drue Pearce, Chair
Senate Special Committee
on Oil and Gas
Capitol Building
P.O. Box V
Juneau, AK 99811

Dear Chairwoman Pearce:

You have asked a question concerning SB 359 and the interaction between local spill response ordinances and regional contingency plans. In particular, you asked whether a regional oil discharge contingency plan developed pursuant to AS 46.04.210 would preempt a conflicting municipal oil spill response ordinance adopted pursuant to SB 359.

Our short answer is that a local ordinance which conflicts with the terms of a regional contingency plan would be preempted. However, local ordinances would not necessarily have to be consistent in that they could require more stringent actions or different actions and not necessarily be considered in conflict with the regional plan adopted by the Commissioner of Environmental Conservation. Our reasoning is set forth below.

1. Home Rule Municipalities

Under article X section 11 of the Alaska Constitution, a home rule borough or city "may exercise all legislative powers not prohibited by law or by charter." Article X section 1 of the Alaska Constitution mandates that "[a] liberal construction be given to the powers of local government units."

The Alaska Supreme Court has made clear on a number of occasions that:

a municipal ordinance of a home rule municipality is not necessarily invalid because it is inconsistent or in conflict with a state statute. The question of validity of the conflicting

ordinance rests on whether the exercise of authority has been prohibited to home rule municipalities. 'The prohibition must be by express terms or by implication such as where the statute and ordinance are so irreconcilable that one cannot be given its substantial effect if the other is to be accorded the weight of law.'

Area Dispatch, Inc. v. City of Anchorage, 544 P.2d 1024, 1025 (Alaska 1976) (quoting Jefferson v. State, 527 P.2d 37, 43 (Alaska 1974)).

There exists no express prohibition against a home rule municipality acting by ordinance to contain, clean up or prevent the release of oil or hazardous substances within its own borders.¹ Accordingly, unless state law and a municipal ordinance "are so irreconcilable that one cannot be given its substantial effect if the other is to be accorded the weight of law," then the ordinance is a valid exercise of a home rule power. Acevedo v. City of North Pole, 672 P.2d 130, 132 (Alaska 1982); Area Dispatch, Inc., supra.

AS 46.04.110 provides that "[i]f a conflict occurs between a provision of AS 46.04 or a "regulation, order, decision or other determination of the department" made under AS 46.04 and an municipal charter, ordinance or other action, the Department's action will prevail."² AS 46.04.210 directs the Commissioner of Environmental Conservation to prepare a regional master oil and hazardous substance discharge contingency plan for any region in which a person submits a contingency plan under AS 46.04.030. The plan must "clarify and specify the respective responsibilities" of agencies of the state, municipalities of the state, appropriate federal agencies and private parties. AS 46.04.210(b). The statute, however, does not expressly mandate that local response actions be consistent with the plan. The regional plan itself does not have the force of law since it is not a regulation or statute.

Assuming that a regional plan adopted by the Commissioner is a "decision or other determination of the department" under AS 46.04.210, local ordinances could not conflict with the plan.

¹ AS 29.10.200 does limit home rule municipalities powers by requiring compliance with the provisions in AS 29.35.500 -- 590 concerning hazardous chemicals, materials and wastes listed under federal regulations.

² 18 AAC 75.160 provides that the regulations implementing the oil and hazardous substance release statutes do "not preempt local or other governmental control as stringent or more stringent than the requirements of [that] chapter."

However, local ordinances would not necessarily have to be consistent in that they could require more stringent actions or different actions and not necessarily be considered in conflict with the plan.

Section 1 of SB 359 expands present law by allowing a municipality to enforce an oil or hazardous response ordinance outside of its boundaries. This is an additional grant of legislative power to both general law and home rule municipalities. Again, unless the statute granting this authority requires it to be exercised in a manner consistent with regional response plans, a home rule municipality would be free to impose inconsistent requirements as long as they were at least as stringent as the Department's requirements.

2. General Law Municipalities

A general law municipality may only exercise legislative powers conferred upon it by law. AS 29.04.020; AS 29.25.010. In construing general law municipalities' legislative authority, the Alaska Supreme Court has noted that

[m]erely because the state has enacted legislation concerning a particular subject does not mean that all municipal power to act on the subject is lost. We have consistently rejected application of any such concept in our cases dealing with home rule municipalities. We do so now with respect to general law municipalities because our constitution requires that their powers be liberally construed as well. We believe that the proper accommodation can be made between the state and general law municipalities by a rule, which determines preemption to exist, in the absence of an express legislative direction or a direct conflict with a statute, only where an ordinance substantially interferes with the effective functioning of a state statute or regulation or its underlying purpose.

Liberati v. Bristol Bay Borough, 584 P.2d 1115, 1122 (Alaska 1978).

Under section 1 of SB 359, a general law municipality could enforce an oil or hazardous response ordinance outside of its boundaries. Section 2 and 3 of SB 359 provide that second class boroughs and third class boroughs, respectively, may by ordinance exercise authority 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.

Chairwoman Pearce

March 7, 1990
Page 4

As discussed above in the context of charter municipalities, unless the statute granting this authority requires it to be exercised in a manner consistent with regional response plans, a general law municipality would, under AS 46.04.110, be free to impose inconsistent requirements as long as they did not conflict with the regional plan or AS 46.04 or a regulation adopted under that chapter.

In conclusion, if municipal oil or hazardous substance response ordinances are to be consistent with regional contingency plans under AS 46.04.210 then specific language should be included in SB 359 requiring consistency. Additionally, language might also be added to ensure that a regional contingency plan falls within the protections of AS 46.04.210 since it is arguably unclear whether a plan would be considered a "decision or other determination of the department." The committee also might consider clarifying the status of the state plan under AS 46.04.200 and regional plans under AS 46.04.210. For example, does the Commissioner's duty to clarify and specify the respective responsibilities of certain parties carry the authority of state law.

If you have any further questions, or if we can be of further assistance, please contact us.

Sincerely,

DOUGLAS B. BAILY
ATTORNEY GENERAL



Breck C. Tostevin
Assistant Attorney General

BCT:bi

cc: Jeff Bush

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

February 8, 1990

POSITION PAPER

RE: Sponsor Substitute for Senate Bill 359

SPONSOR: Senator Szymanski

Program Effects of Bill:

Sections 1 - 3 of the bill would expand municipal powers to respond to a release of oil or a hazardous substance by authorizing extraterritorial exercise of such powers and explicitly authorizing exercise of these powers by ordinance by second and third class boroughs. Section 4 establishes an oil and hazardous substance municipal impact fund in the Department of Community and Regional Affairs to provide assistance to municipalities and village councils affected by a release and provides guidelines for the administration of the fund. As provided in Sections 5 - 10, the source of money for the fund is the five-cent-a-barrel surcharge which shall be deposited in the fund until the cumulative total of the balances in this fund and the oil and hazardous substance release fund amounts to \$75,000,000.

Sections 11 - 13 deal with liability issues. Sections 14, 18 and 23 add definitions for public services and village council. Section 15 adds municipalities and village councils to the list of entities with which DEC may enter into agreements when dealing with the discharge of oil. Section 16 provides for expanded public participation in the contingency planning process. Section 17 adds incremental costs of public services to containment and cleanup costs. Section 19 adds to purposes of the oil and hazardous material clean up fund social and economic assessments. Section 20 would require DEC to reimburse a municipality or village council for actual expenses associated with the abatement of a spill. Section 20 gives DEC the authority to make grants to municipalities and village councils to carry out emergency first response to a release. Section 21 and section 25 would include additional costs eligible as containment and cleanup costs. Section 26 adds a definition for public services.

Comments:

The administration recognizes the need for a mechanism to address municipal social and economic impacts resulting from the catastrophic release of oil and hazardous substances into the environment. Rather than create a new fund, as proposed in

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Sponsor Substitute for Senate Bill 359
February 8, 1990
Page Two

this bill, however, the administration would prefer to see the utilization of existing structures. The most appropriate mechanism to address these impacts would be to amend the existing oil and hazardous substance release response fund statutes to address community needs. Under such a mechanism, ten percent of the fund balance, or as much as \$5 million, would be administratively transferred from the oil and hazardous substance release response fund to the Department of Community and Regional Affairs for distribution to respond to community social and economic impacts. At this time, the administration does not believe it is necessary to raise the existing \$50 million cap on the oil and hazardous substance release response fund.

John Lester DC, CNA
For David G. Hoffman, Commissioner

OIL SPILL GRANT SUMMARY

Page Three

COMMUNITY/PROJECT	PROJECT COST	DEC Clean-Up	Dept. of HHS	DCRA Project	DCRA Funded Projects	Referred Projects*	Second Round Consideration Projects
CITY OF WITTIER							
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 GREEN							
1. Gov't Coordination	\$103,600			\$103,600			103,600
2. Mental Health Prgm	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. Highway 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 CORDOVA							
1. Oil Spill Office	\$284,250			\$284,250			284,250
2. Child Care Facility	16,936		\$16,936			16,936	
3. Mental Health Prgm	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

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

<u>COMMUNITY/PROJECT</u>	<u>PROJECT COST</u>	<u>DEC Clean-Up</u>	<u>Dept. of HHS</u>	<u>DCRA Project</u>	<u>DCPA Funded Projects</u>	<u>Referred Projects*</u>	<u>Second Round Consideration Projects</u>
<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	707,055			707,055	655,000		52,055
<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	6,507,832	5,987,626	419,856	180,150		6,407,682	180,150
<u>CITY OF LAKEVIEW</u>							
1. Mini-Hydro project	141,517			141,517			141,517
TOTAL	141,517			141,517			141,517
<u>CITY OF OUZINKIE</u>							
1. Subsistence Foods	61,400			61,400	61,400		
TOTAL	61,400			61,400	61,400		

OIL SPILL GRANT SUMMARY

COMMUNITY/PROJECT	PROJECT COST	DCR Clean-Up	Dept. of HHS	DCRA Project	DCRA Funded Projects	Referred Projects*	Second Round Consideration Projects
<u>CITY OF VALDIZ</u>							
1. Land Fill	500,000			500,000			500,000
2. Impact Film	35,840			35,848			35,848
3. Police Staffing	45,336			45,116			45,336
4. Counseling Staff	90,000		90,000			90,000	
5. Animal Incinerator	12,771			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	<u>1,110,657</u>		<u>90,000</u>	<u>1,020,657</u>		<u>90,000</u>	<u>1,020,657</u>
<u>CITY OF SEWARD</u>							
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 Replcmt.	13,000			13,000			13,000
5. Media Marketing	100,000			100,000			100,000
6. Native Bldg. Prgrm.	178,500		178,500			178,500	
TOTAL	<u>530,393</u>		<u>291,006</u>	<u>247,387</u>		<u>291,006</u>	<u>247,387</u>
<u>COMMUNITY OF CHENECA</u>							
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	<u>1,001,600</u>	<u>21,600</u>		<u>980,000</u>		<u>21,600</u>	<u>980,000</u>
<u>CITY OF RENAI</u>							
1. Dock Revenue Loss	41,760			41,760			41,760
TOTAL	<u>41,760</u>			<u>41,760</u>			<u>41,760</u>

OIL SPILL GRANT SUMMARY

Page Four

COMMUNITY/PROJECT	PROJECT COST	DEC Clean-Up	Cont. of HMS	DCRA Project	DCRA Funded Projects	Referred Projects*	Second Round Consideration Projects
CITY OF TATUM							
1. VPSO HOUSING	53,625			53,625	53,625		
2. CHILD ACTIVITY CTR	62,240		82,240			82,240	
TOTAL	<u>115,865</u>		<u>82,240</u>	<u>53,625</u>	<u>53,625</u>	<u>82,240</u>	
CITY OF SELDovia							
1. Oil Spill Coord. Progm	89,811			89,811			89,811
2. Reimbursements	78,945			78,945			78,945
3. Counseling Progm	24,621			24,621			24,621
TOTAL	<u>193,377</u>			<u>193,377</u>			<u>193,377</u>
GRAND-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. Homes 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>
GRAND-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 HMS.

STATUS OF OIL SPILL RESPONSE FUND

February 1, 1990

FUND APPROPRIATIONS

Non Exxon Account Balance on 1/15/90	\$ 1,524.0
#48815 General Fund	32,000.0
#48715 General Fund	10,000.0
#48717 Program Receipts	10,000.0
#48701 Program Receipts	<u>20,000.0</u>
TOTAL	73,524.0

EXPENDITURES AND OBLIGATIONS

Exxon Spill Expenditures by DEC to 12/31/89	23,397.2
Exxon Spill Obligations by DEC to 12/31/89	<u>4,929.8</u>
SUBTOTAL	28,327.0
Exxon Spill Agency RSA's to 12/31/89	8,279.7
Exxon Spill Agency RSA's projected to 6/30/90	<u>2,202.8</u>
SUBTOTAL	10,482.5
Local Community Agreements to 5/31/90	8,203.0
DEC Exxon Spill Oversight and Monitoring to 6/30/90	19,248.8
261/264 Response Corps and Depots and Contingency Planning	4,371.8
Other Site Cleanup & Contracts & Spill Response Reserve	<u>2,890.9</u>
TOTAL	73,524.0

Note: Does not include direct expenditures by Exxon

EXXON VALDEZ OIL SPILL RESPONSE

On Scene Coordinators Office	554.5
Cleanup Monitoring	3,741.0
Waste Management & Disposal	694.9
Scientific Support	1,326.5
Treatment Technology Review	203.1
Documentation/Data Management	231.5
Logistical Support	12,820.2
Shoreline and Offshore Oil Tracking	2,633.8
Local Response Projects	610.5
Fish Inspection	530.2
Damage Assessment	<u>51.0</u>
TOTAL	23,397.2

ADEC REQUESTING RSA'S
VALDEZ OIL SPILL
ACTIVITY THROUGH 01/15/90

NUMBER	FY	SERVICING AGENCY	TOTAL	LIQUIDATION	BALANCE
1892050	89	LAW	50,900.00	-44,899.15	6,000.85
1892057	89	MARINE HIGHWAYS M/V AURORA	647,080.00	-487,559.35	159,520.65
1892058	89	MARINE HIGHWAYS M/V BARTLETT	122,700.00	-45,622.14	77,077.86
1892066	89	FISH AND GAME	1,379,100.00	00.00	1,379,100.00
1803003	90	ADMINISTRATION TELECOM.	3,000.00	-3,000.00	00.00
1803010	90	DNR	1,513,000.00	00.00	1,513,000.00
1803016	90	FISH AND GAME	2,446,500.00	00.00	2,446,500.00
1803020	90	ADMINISTRATION TELECOM.	450,000.00	00.00	450,000.00
1803021	90	ADMINISTRATION TELECOM.	1,198,000.00	00.00	1,198,000.00
1803025	90	ADMINISTRATION TELECOM.	9,000.00	-9,000.00	00.00
1803030	90	ADMINISTRATION OIL SPILL COMM.	490,000.00	-59,911.15	430,188.85
1803031	90	ADMINISTRATION TELECOM.	111,800.00	00.00	111,800.00
1803035	90	GOV. OFFICE ADMINISTRATION	185,200.00	-22,576.44	162,623.56
1803037*	90	ADMINISTRATION TELECOM	39,700.00	00.00	39,700.00
1803040	90	ADMINISTRATION GEN. SVC & SUPPLY	35,700.00	00.00	35,700.00
1803053	90	LABOR OCCUPATIONAL SAFETY	257,000.00	00.00	257,000.00
1803066	90	HEALTH AND SOCIAL SERVICES HUMAN SERVICES DEVELOPMENT	13,500.00	00.00	13,500.00
SUBTOTAL OTHER AGENCY:			8,952,180.00	-672,468.23	8,279,711.77

**OIL & HAZARDOUS SUBSTANCE RELEASE RESPONSE FUND
COMMUNITY RESPONSE
JANUARY 30, 1990 STATUS**

I. INITIAL AGREEMENTS

-- signed in early April 1989

COMMUNITY	AGREEMENT \$	PAID OUT	BALANCE CARRIED FORWARD
Valdez	500,000	15,000	0
Cordova	500,000	205,618	0
Chignik	50,000	0	0
Kenai Pen. Bor.	500,000	0	500,000
Kodiak Is. Bor.	500,000	332,354	167,646
Homer	100,000	44,992	0
Whittier	50,000	0	0
Chenega	50,000	50,000	0
TOTAL	\$2,250,000	\$647,964	\$667,646

WHAT DID THE MONEY BUY?

Cordova -- booming and protective measures of hatchery

Chenega -- support services in the port and harbor area in support of defense of hatchery and in water oil recovery. (community building, laundry, bank of telephones, water & power, 24 hour dock attendant, storage of materials dropped on beach, fax & copying)

Kodiak Is. Bor. -- baseline sampling of subsistence beaches (350K)
-- clean up on Tugidak Island (100K)

Homer -- supported HARC volunteer cleanup at Mars Cove

II. LOCAL RESPONSE PROJECTS - WINTER PLAN TO ADDRESS LOCAL PRIORITY BEACHES

- beach cleanup using type A techniques
- safety, planning, and implementation
- coordination of community response activities
- administration and overhead

COMMUNITY	AGREEMENT \$
Kodiak Is Bor.	2,060,000
Kenai Pen. Bor.	1,831,000
Valdez	485,000
Cordova	1,209,382
Chenega	572,000
Tatitlek	172,000
Chignik	222,000
Whittier	336,000
TOTAL	\$6,887,382

NOTE: TOTAL TO BE SPENT BY COMMUNITIES OF 470 FUNDS = \$8,202,992 (both agreements)



Alaska State Legislature

Senator Mike Szymanski

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April 2, 1990

TO: Senator Bettye Fahrenkamp
Chair, Senate Resources Committee

FROM: Senator Mike Szymanski *MS*

SUBJECT: CSSSSB 359 (Oil and Gas) Amendments

I am enclosing five amendments which I would like the Senate Resources Committee to consider this Friday and to urge their passage.

For your information, these amendments would accomplish the following:

1) Creates a separate municipal impact fund in the Department of Community and Regional Affairs, in the amount of \$10 million. Raises the cap on the \$.05 per barrel surcharge from \$50 million to \$60 million. Includes the provisions that were in last year's SB 260 which set up the \$.05 per barrel surcharge, such as the on-again-off-again clause and the blackmail clause.

This would delete the present language of the Oil and Gas CS which provides for up to \$10 million to be used of the existing \$.05 per barrel surcharge fund for municipal impact assistance. This particular fund has a maximum cap of \$50 million.

2) Eliminates the trigger mechanism in the bill which would require a declaration of a disaster emergency before the municipal impact monies would be made available. The thought here and in the original sponsor substitute is that the criteria set out for the grant applications and approval are sufficient "trigger".

3) Establishes a grant program in Department of Environmental Conservation for emergency first response and deletes the language which would make these funds advancements or reimbursements.

4) Deletes the provision in the the Oil and Gas CS for an impact assessment to be done by the Department of Community and Regional Affairs and puts the impact assessment under the Department of Environmental Conservation. This way there would be one impact assessment rather than having each community providing an assessment;

5) Retroactivity language is included to clarify that damages mean

"the incremental costs of providing services and the costs of providing additional services" and this would be retroactive to the date of the oil spill.

Thank you for your consideration of these amendments.

MS:pt
attachments

SECTIONAL ANALYSIS - SPONSOR SUBSTITUTE SENATE BILL 359

This legislation is based on proposals first offered by mayors of municipalities whose communities bore the brunt of the Exxon Valdez disaster. To a great extent, the document follows a suggested model prepared by Perkins Coie, an Anchorage-based law firm, to broaden the ability of municipalities and village councils to address and receive compensation for their efforts to contain and clean up spilled oil and hazardous substances. The earlier draft was then revised by eliminating selected elements in order to limit the sources from which municipalities and village councils may receive compensation.

This bill establishes a second fund, parallel to, but not duplicative of, the existing oil and hazardous release response fund. The principal distinction between the two funds is this: the existing 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 fund would serve as a source of assistance to municipalities and village councils (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, part of the Perkins Coie memo that resulted in an early draft, were sought by mayors and officials of municipalities who bore the burden of the Exxon Valdez spill and clean up.

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 Section 1 specifically prescribes how extrajurisdictional containment and clean up authority may be legally assumed by a municipality while the changes made by Sections 2 and 3 authorize the exercise of extrajurisdictional 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 the municipalities of those classes to so act.)

STATE FINANCIAL ASSISTANCE TO MUNICIPALITIES FOR MUNICIPAL SERVICES.

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 has 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 village councils" - 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 or village council that is

...affected by release of oil or a hazardous substance and demonstrating extraordinary expenditures that are beyond the reasonable capability of the municipality or village council to meet from the municipality's or council's current revenue sources." (page 3, lines 17-21).

The municipal expenditures that may qualify for grant assistance are those affected by prevention, containment, and clean up efforts related to functions or services and incidental administrative costs related to these functions or services in eight general areas (pages 3-4.

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 4, line 23). 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 (subsection d).

Subsection (e) authorizes the commissioner to prioritize or rank grant applications and specifies the ranking criteria.

The remainder of the new sections in 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.

For the purposes of this Section, a village council may apply for a municipal impact fund grant, a) independently, if the community is part of the unorganized borough, or b) through the organized borough if the community is part of the organized borough and the borough exercises the function or service for which the grant application is submitted or c) independently even if the village is part of the organized borough, if the borough does not exercise the function or service for which the grant application is submitted.

FINANCING THE NEW MUNICIPAL IMPACT ASSISTANCE FUND.

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 \$25 million available to assist municipalities.

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

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.

SECTIONS 7 and 8 increase the benchmark figure applicable to the trigger mechanism from \$50 million to \$75 million.

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 \$25 million.

SECTION 10. The amendment proposed by this section, 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 \$75 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 \$25 million in the proposed municipal impact fund.

The section also amends the existing statute to require the commissioner of administration to include the Commissioner of Community and Regional Affairs in its certification procedures.

OTHER TECHNICAL AND CORRECTIVE CHANGES.

The remaining bill sections make technical and corrective changes sought by mayors of municipalities and village council leaders who bore the brunt of the Exxon Valdez disaster and cleanup. Here, as noted earlier, there have been changes incorporated to assure that communities 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.

SECTION 11, an amendment to AS 46.03.822(a) defines the scope of a person's liability under the "Strict Liability" provisions of that section. That liability is extended to "incremental costs of providing public services that are incurred by state or a municipality or a village council

SECTION 12, amends the strict liability provisions to protect a village council, as well as the state or a municipality from liability for costs or damages incurred in response to release or threatened release of a hazardous substance.

SECTION 13 limits the amount a municipality or a village council may recover under the strict liability statutes if it also receives impact grant funds.

SECTION 14 offers a new definition of those "public services".

SECTIONS 15-18 AS 46.04 generally addresses oil discharge and cleanup.

SECTION 15 AS 46.04.020(e) establishes a basis for agreements between parties to facilitate containment and cleanup. Amends the reimbursement agreement provision of AS 46.020(e), adds to the parties with whom the Department of Environmental Conservation may enter into cooperative agreements to include municipalities and village councils. (The change supports a compensation arrangement modified by amendments made in section 19, later in the bill.)

SECTION 16 Oil discharge contingency plans are documents important to the protection of the environment. The amendment made by addition of subsection (h) directs the commissioner of

environmental conservation to consult with a larger number of groups and to disseminate the draft contingency plans to the public for review and comment.

SECTION 17 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 our purposes, 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 the oil or a pollutant" as an expense qualifying within the definition.

SECTION 18 sets out additional definitions for two terms, "public services" and "village council," that are added by the changes made to provisions of AS 46.04 in the bill. The definition of "public services" is limited to STATE public services; incremental municipal public services would be compensable under AS 29.60, the municipal impact assistance fund.

The definition of village council is consistent with the definitions in previous sections of the bill
SECTIONS 19-23 amend the scope of expenses incurred that are compensable from the oil and hazardous substance release response fund, the \$50 million dollar fund.

SECTION 19 amendments would 1) permit the money in the fund to be used for "assessments," including assessments of social and economic effects of a discharge or threatened discharge; 2) authorize compensation of costs incurred by a village council as a result of a discharge or threatened discharge; and 3) serve as a source of grants.

SECTION 20 incorporates amendments substituting mandated payment of compensation for actual abatement expenses incurred, whether by a municipality or by a village council 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.

SECTION 21. The grant provision of this section is new. The section spells out, in much greater detail than in existing law, how municipalities and village councils may receive "grants...to enable [them] to carry out an emergency first response to a release or threatened release." The grants would be payable on application, based on short deadlines under regulations approved by the Commissioner of Environmental Conservation.

SECTIONS 21 and 22 make the same amendments to the definition of "containment and cleanup" and add definitions of "public

services" and "village council" to AS 46.08 that are described earlier with reference to the changes made to AS 46.04.

SECTION 23. AS 46.09 is a chapter that addresses release of hazardous substances. This section is a technical amendment to AS 46.09.060(b) which gives municipalities, for the 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 SECTIONS 1-3 applicable to extra-jurisdictional authority outside the municipality's boundaries.)

SECTIONS 24 and 25 make the same amendment to the definition of "containment and cleanup" and add the definition of "public service" to AS 46.09 that are described earlier with reference to the changes made to AS 46.04 and AS 46.08.

SECTION 26 immediate effective date.

FEB 20 1990

PRINCE WILLIAM SOUND

COMMUNITY COLLEGE

February 7, 1990

The Honorable Drue Pearce
Alaska State Senate
Box V
Juneau, AK 99811

Dear Senator Pearce:

I realize the Alaska State Legislature will be considering a number of bills regarding the Exxon Valdez Oil Spill. Last week I attended a Senate Oil and Gas Committee meeting regarding SB 359 and today I testified on this bill via audioconference.

The attached materials may help give you insight into the many problems faced by the affected Alaskan communities. As mayor of Valdez at the time of the spill and as president of Prince William Sound Community College, I was very aware of the problems Valdez faced. As one of the Oiled Mayors, I learned of the many and varied problems faced by the other communities.

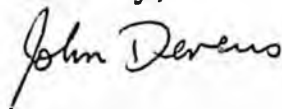
There is no community in our state that is totally immune from a disaster such as we faced. Earthquakes, mechanical failures, and human error can place any Alaskan community in jeopardy. A source of immediate financial aid is extremely important. During the Exxon Valdez spill, our only source of funding was our own reserves or Exxon. Going to Exxon with every one of our needs for community services placed us in a very difficult position.

The Exxon Valdez spill was a best case example. Exxon paid for more than many of us expected but they did not pay all of the costs the communities experienced. Another company may have refused to pay for any costs.

As you can see from the attached materials, our communities were faced with a number of problems that were either directly caused or aggravated by the financial situation and this was with a company that spent more than one billion dollars. The next time it could be a foreign-owned tanker or other type of disaster that will leave Alaskan communities without adequate resources to protect themselves.

I would encourage you to pass either SB 359 or a comparable bill to provide our communities with the protection they need.

Sincerely,



John Devens, Ph.D.
President
Prince William Sound Community College

cc: Mayor Robert Brodie, Chair, Oiled Mayors
Mayor Willie Goodman, President, Conference of Mayors

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The Exxon Valdez Oil Spill - A Community's Perspective

by John Devens, Ph.D.

Dr. Devens is President of Prince William Sound Community College and former Mayor of Valdez.

In the aftermath of the Exxon Valdez oil spill and other recent spills which have occurred since March 1989 in Morocco and Long Island, many people throughout the world are concerned about the environmental effects of oil spills. They question the immediate and long-term ecological impact. An area that is seldom addressed, however, is the effect that a major oil spill has upon the involved communities.

Since the Exxon Valdez spill, I had an opportunity to visit the Brittany coast and talk to the mayors of those communities devastated by seven oil spills in the last twenty years. The consistency in problems experienced by communities in both Alaska and France was evident, and I suspect this is the case with other areas of the world. As mayor of the community closest to the Exxon Valdez oil spill, I spent a considerable amount of time coping with the problems associated with this oil spill from March 1989 through October 1989.

First, I would like to give you a brief overview of Valdez. Valdez is unlike many other Alaskan communities in that our major tax revenue comes from the oil industry. Valdez is a very pro-development community with a long history of boom-and-bust economic activity. In 1972 we were in one of our bust phases when several of our business leaders met with the builders of the Trans Alaska Pipeline (TAPS) and offered to provide up to two billion dollars of taxfree revenue bonds to build the terminal in Valdez. Based on the offer of the City of Valdez, a decision was made to build TAPS to Valdez and place the terminal in our community.

Placing the terminal of the TransAlaskan pipeline in our community resulted in another boom phase, with additional population and an outstanding tax base. Shortly after the completion of TAPS, the community leaders of Valdez recognized the finite nature of the oil industry and the importance of using the new tax base to diversify our economy and provide for our future. At that time, we invested some of the tax revenues in developing our fisheries industry, promoting tourism, building our transportation infrastructure, and further developing our human service industries. At the same time, we decided to begin to diversify our industrial base while recognizing the need to protect these new industries from the problems caused by oil spills. Eight years ago, the mayor and city council considered building a major oil spill depot and having available the equipment and supplies that would be needed in a major oil spill.

The city's concerns regarding the potential of having a major oil spill came from comments made by individuals in our community, many who had worked in the oil industry.

Unfortunately, the city leaders' plan to build a warehouse and stock it with needed oil spill response materials was never completed due to assurances expressed by the oil industry. Despite the promises made by the oil industry regarding their readiness in dealing with a major oil spill, many citizens of our community were not convinced of their capability in dealing with a major spill. Three years ago, the city imposed an additional three mills of tax to provide additional services to the oil industry, including the building and maintenance of an oil spill response program. Unfortunately, the state of Alaska challenged the city's authority to impose a differential tax on the oil industry. Approximately six months before the oil spill, the city council of Valdez appointed an ad hoc committee to investigate the impact the oil industry was having on other industries in our community. Four hours before the Exxon Valdez oil spill, the ad hoc committee listened to a teleconference in which a geologist told us it was not a matter of "if" we had a major oil spill, but of "when" the oil spill would occur.

As mayor of Valdez, my initial reaction to the Exxon Valdez oil spill was to offer the city's help in dealing with the problems confronting the Exxon corporation. During the days following the spill, I made numerous calls to Exxon and Alyeska offering the city's help and cooperation in dealing with the critical situation. At the same time, I also requested that our city attorneys contact other cities that had similar oil spills. Our intention was to acquire information regarding the problems other communities had experienced. In general, other communities warned us that the oil industry had a reputation of not treating the local communities and affected businesses in a responsible manner. We were warned to be ready for litigation, to document everything that occurred regarding the oil spill, and to warn our business community of their potential losses.

Although the city of Valdez never had oil on its beaches, we were the most affected community in regard to "people pressure". Within hours of the oil spill, we were faced with a wave of people coming to Valdez, including the press, agency people, Exxon, and other industry people and individuals seeking employment. Our community which normally has about 3,500 people living on a permanent basis suddenly grew to over 10,000. Our local resources including housing were stretched beyond their capacity. Sometime during the first week of the oil spill, I became quite concerned about how Exxon would respond to both the community's needs and those of our businesses. At that time, I attempted to get a federal declaration of disaster for our area to assure that our businesses and the affected communities would receive financial aid. I believe many of my concerns were due to lack of information between the decision makers in the Exxon corporation, federal and state government representatives, and the city of Valdez. The federal government did provide some small business

administration loans to the people affected by the spill. However, a declaration of disaster was never given by the President of the U.S.

As I look back on it now, it appears that Exxon responded in a more responsible manner than predicted. A recent article in the Alaska Resource Development Council publication indicates that Exxon spent more than one billion dollars in the summer of 1989 on the oil spill. Of that money, more than two hundred million dollars was spent for chartering fishing boats and seventy-five million was paid to settle claims, especially to the commercial fishing industry. The article indicates that approximately sixty-one miles of booming material was purchased, eleven thousand, five-hundred people were hired, thirteen hundred barge and other floating hotel accommodations were provided, more than one hundred aircraft were chartered, and forty-four million pounds of equipment were placed on the beaches to clean the spilled oil. In retrospect, I believe most communities received more reimbursement than anticipated. However, it should be pointed out that Exxon did not reimburse communities for all of their costs.

Considering the amount of money spent on this cleanup, the number of individuals hired, and the number of fishermen and fishing boats used in the cleanup effort, I am certain there are Exxon officials who are quite confused with the reaction of the majority of affected Alaskans. There are probably groups of Exxon executives who have talked about the lack of appreciation and gratitude on the part of the affected communities.

However, I believe that Exxon does not fully grasp some of the perceptions and some of the problems associated with this summer's oil spill. From the beginning, many of the mayors and village leaders of the affected communities tried to tell Exxon that they wished to be kept within the information and decision-making loop. We felt we were losing control of our communities. This loss of control ranged from the attitudes of people placing temporary structures in our communities to the granting procedures used by Exxon. Although Exxon was frequently generous in providing grants to communities to pay for needed services, it was always at their discretion which services should be purchased and there were some needed services that the communities were never able to purchase with Exxon grants.

Many of the communities received what would appear to be an economic boom from money spent in the clean-up. It is important to note, however, that there was an unequal distribution of both benefits and losses within the communities. While some people who either owned restaurants or hotels or had boats for lease may have had an unexpected profit this summer, there were other individuals in all communities who suffered from lack of work, lack of tourists, lack of services, and general economic decline on our communities.

One of the things that Exxon could have avoided was in raising expectations in the minds of the people living in Alaska.

Our experience with oil spills was relatively limited and when we were told by Exxon that our beaches would be clean by the end of September, many Alaskans felt that the beaches would be returned to their natural state. As the summer wore on, we realized that Exxon had changed their terminology from "cleaned" to "treated" and finally used the expression "environmentally stable". Those individuals who anticipated having cleaned beaches by the end of the summer were obviously disappointed when they found out their beaches were only "treated" with oil residues still remaining.

A major problem was caused by some of the early communications from Exxon officials related to the amount of financial responsibility that Exxon would accept. Early in the spill, Exxon representatives indicated at press conferences that they took full financial responsibility for the oil spill and would pay any reasonable claim. Later, the claims were divided into primary, secondary and tertiary, with the primary claims being fishermen and the tertiary claims being individuals having businesses that were indirectly affected by the oil spill. Exxon did not seem generally well disposed toward paying any of the businesses that fell in the tertiary area, and many of the individuals that fell in the primary and secondary areas found it very frustrating to deal with the clerks hired to settle the claims. Associated with this frustration was the added difficulty in dealing with various individuals who were rotated about every three weeks. While the Exxon executive staff who made the promises in public meetings appeared to be honest and reasonable, the company representatives who the communities and the businesses dealt with often did not have public relations or, for that matter, the best interests of the business or community in mind.

Due to the problems that some of the communities were facing and a growing concern on the part of some communities that Exxon may not treat all of them consistently, a group was formed which later became known as the "oiled mayors of Alaska". This group was made up of representatives from twenty-nine communities, and met nearly every week to discuss common problems and communicate information that would help particularly the smaller communities. One of the initial goals of the "oiled mayors" was to develop an agreement between the Exxon corporation and all the affected communities that would guarantee a consistent treatment of all communities. After many efforts and numerous meetings, the "oiled mayors of Alaska" gave up their attempt to reach agreement with Exxon.

Each community faced its own particular set of problems. As I mentioned earlier, the city of Valdez never had oil on its beaches. However, we had a serious problem handling the numbers of people moving to Valdez to assist in the oil spill cleanup. Other communities were faced with oil on their beaches and the total disruption of their economies, and in some instances, a disruption of their traditional cultures. Many of the villages in the affected region had few permanent jobs or economic activities in their communities. The inhabitants have a subsistence lifestyle which requires using the summer months to gather much of their food from the sea and the tidelands that they consume.

during the winter months. Recent articles in Alaskan newspapers warn native communities not to eat oil-tainted shellfish that have been a major part of their diet for centuries. The influx of people and new sources of revenue caused a major disruption of the culture of these villages. Early in the oil spill, the village food supply was said to be safe if you could neither see nor smell crude oil in the fish or shellfish. More recently, native villages have been warned that the sight or smell test is not adequate and they should be extremely careful in consuming shellfish in oil contaminated areas.

The larger communities of Valdez, Cordova and Kodiak were faced with problems of waste disposal, sewer and water problems, competition for harbor space, child care, housing, sanitary conditions and other community services. In Valdez, we observed the use of our airport to increase from about twenty to four hundred takeoffs and landings per day. We saw a great increase in crime and mental health problems and were constantly faced with a shortage of labor since many of the potential workers were used in the oil spill cleanup. Many of the same communities were faced with a loss of revenue from their fish tax, and some of us found that projects which we had been developing for years were cancelled because of unreasonable fear of what the oil spill was going to do to our communities. For instance, we had a prospective brewery cancelled because of investors' fear of the public's attitude towards Valdez and Prince William Sound. We also lost several projects with a Japanese corporation to import glacier ice and mineral water from Valdez.

It is important to recognize that the Alaskan fisheries industry is market-driven. The state of Alaska is concerned with the reputation of Alaskan seafood and placed a zero tolerance regulation on our seafood as it relates to oil contamination. What this means is that any fish or shellfish that had as much as one tar ball in the catch would be destroyed. That resulted in the closure of many fisheries and the loss of considerable fishing revenue for the Prince William Sound, Kodiak and Kenai areas. If Alaska had not adopted the zero tolerance regulation, it was feared that the entire market price for Alaskan fish and seafood would have been reduced.

The final problem which I will discuss relates to the affected communities trying to obtain reimbursement for many of the additional costs resulting from the oil spill. I mentioned earlier that Exxon paid many, but not all claims. Exxon, for example, would not pay claims associated with attorney fees and other items associated with litigation. They also seemed to be particularly reticent about paying for any programs related to social problems resulting from the oil spill. Requests for funding additional mental health counselors were generally refused. Another area that was not consistently funded was research related to social and economic problems resulting from the spill. Although Exxon did pay for some public relations activities to help with the overall image of the state of Alaska, little funding has been made available to improve the damaged public image of Prince William Sound, Kodiak and Kenai - communities whose economies are based upon the tourism

industry. Finally, it is important to realize that Exxon had its own set of priorities which may not have been and, in many cases, were not consistent with the communities' priorities. If one watches the briefing program Exxon provided during the summer months, it can be seen that Exxon lists its highest priority as lightering the Exxon Valdez. I believe everyone will admit that Exxon did an outstanding job of removing the oil and saving the ship. Their second priority was protection of the hatcheries in Prince William Sound. Most Alaskans will recall that the initial protection provided the hatcheries was that of fishermen from communities such as Cordova and Homer. However, Exxon did provide booming material to help protect these hatcheries. Exxon's third priority was to protect the workers, and when one considers that Exxon had very little loss of life and injury it is reasonable to assume a good job was done with regard to the third priority. Removing the oil from the water was Exxon's fourth priority.

I cannot help wondering if we had another agency that would have placed removing the oil from the water as their highest priority, would not some of the damage to the beaches been avoided? It is possible that we are requesting the oil companies to respond to an emergency at a level of responsibility we would not ask of any other industry? As we have an opportunity to evaluate the Exxon Valdez spill, I am certain we will develop plans and procedures that will better protect us from similar catastrophes. Even though the spill took place in my community, there was nothing unique about the circumstances or the Alaskan environment which could explain the events of March 24, 1989 as an "Alaskan phenomenon". Human error, loose industry practices, and lack of state and federal oversight produced the most devastating environmental catastrophe in the history of the United States. For these same reasons, however, the Exxon Valdez oil spill could have occurred off the coast of Washington, Oregon, Maine, California, Massachusetts, Florida, Texas, or any state with tanker traffic off its coast or on its inland waterways. Prevention is clearly our only answer in dealing with future spills - i.e. double hulled tankers, escort vessels, tested contingency plans, better monitoring and tracking by the Coast Guard, a quasi-governmental agency for spill clean up, and stockpiles of materials and equipment near major shipping lanes. As a group of Prince William Sound citizens was told four hours before the spill, "it is not a matter of 'if' an oil spill occurs, but 'when' it will occur." It is imperative that the oil industry and the nation pick up the pieces from this disaster and proceed constructively in developing safeguards to protect against future calamities.

REPORT TO THE VALDEZ CITY COUNCIL
1 9 8 9 A N N U A L R E P O R T

Pursuant to Section 2-4(c) of the Valdez City Code which states, in part, that the City Manager shall "once a year present a detailed statement of what he has done during the year covered by the report." I have interpreted this to mean a report on what the City has done under the direction of the City Manager. The following is this detailed report for 1989:

SUMMARY:

The City of Valdez thought that the highlight of the year would be the violent wind and cold storm we experienced in January which froze a lot of water pipes and did damage mainly to the library (it would have been more extensive had it not been for a quick response from City and contractor personnel).

That potential assessment of the year all changed on March 24 with the grounding of the EXXON VALDEZ and the subsequent oil spill; media feeding frenzy; wildlife cleaning; invasion of all fashion of laborer, vendor, bureaucrat, scientist, dignitary, fast-buck artist, social scientist, EXXON/VECO/NORCON executive, etc. The City was in the middle of a world class "Chinese fire drill" which placed incredible and almost indescribable burdens on City services. The maintenance of basic sanitation, safety, and health was the immediate problem during April, and as the oil spill response evolved with a population peaking at an estimated 11,000 the demands on the City changed. The City of Valdez staff performed exceedingly well in meeting the dynamic situation that occurred.

The oil spill prevented the City from addressing many other planned activities for 1989. However, even in the year of the spill many of the priorities identified for 1989 were successfully handled. The highlights of these other accomplishments include:

- . Local taxing stability through the City's efforts to work effectively with the Senate Select Advisory Committee on Municipal Taxation of Oil and Gas properties which produced recommendations highly favorable to the City.
- . More efficient performance due to the installation of MENTOR software and training for Finance Department staff to effectively use this standardized software to replace a high maintenance customized system. Similarly new CHIEF software allows the Buildings and Grounds Department to more effectively track and account for maintenance work orders.
- . Improved public safety service due to the successful reorganization of the Department of Emergency Services as requested by City Council. The separate Police and Fire Departments are functioning well under the leadership of their new respective chiefs.
- . Improved quality of life due to successful paving of hospital parking lot, bus turnaround area, and several streets and pav-

-ing overlays of other critical areas.

The priorities identified for 1989 where the City did not perform as hoped include:

- . Preparation of the Comprehensive Development Plan.
- . Review of salaries and personnel ordinances and regulations.
- . Preparation of a comprehensive flood mitigation program.
- . Completion of municipal land selection entitlements.

After consultation with the City Council, these unmet priorities will be included, as directed, in the 1990 Work Plan.

In order to provide a simplified presentation of accomplishments for 1989, several departments have been merged into one of seven categories.

ADMINISTRATION/CITY CLERK/FINANCE

The oil spill responsibilities placed considerable demands on the City Manager's office to address the operational, governmental liaison, media, negotiation, and managerial demands of a seven-month crisis. The City Clerk's office was also affected by the need to provide support to the Mayor and City Council in working with the media, hosting dignitaries, sponsoring events, and responding to the mail and calls that poured into the City (including setting up a mechanism to accept donations).

The Finance Department drafted new purchasing and property control procedures which were formally adopted by the City in May 1989. Oil spill responsibilities it assumed included setting up a reimbursement program from Exxon for additional City services, increased billings for City services, and payroll for temporary hires to service oil spill demands. Exxon has been billed \$1,393,202 for local government services and has reimbursed the City to the tune of \$1,379,056. Additional funding of \$842,149 in capital projects for the City have also been added by Exxon.

Besides successfully addressing oil spill demands, Administration and Finance (with a great deal of technical/legal support from our attorneys and logistical help from Parks and Recreation Director Nancy Peterson) were able to successfully address the State Assessor's attempt to limit the amount of oil and gas property available for local taxation.

PUBLIC SAFETY

The major accomplishments of the Police and Fire/EMS Departments were the separation and reorganization of the former Department of Emergency Services back into more traditional public safety departments. Acting DES Chief Joe Michaud, Police Chief Bert Cottle, and Bob Preston, who held together the fire service side, deserve a lot of credit for making this reorganization successful. I be-

lieve the separation of the public safety service has accomplished what the City Council wanted: improved morale, increased technical expertise through greater specialization, increased emphasis on fire protection/prevention, growth and improved training of volunteer firefighters. The addition of Fire Chief Charlie Lundfelt provided renewed focus in the area of fire protection for the City.

The Police and Fire Departments were both impacted a great deal by the oil spill response activities. Overtime (reimbursed by Exxon) was required of the personnel to keep up with the demand. The statistical comparison between 1976 (peak of pipeline days), 1988, and 1989 graphically demonstrates the increased activity.

POLICE DEPARTMENT

	<u>1976</u>	<u>1988</u>	<u>1989</u>
Assaults	96	34	58
Accidents	469	112	298
Bar Disturbances	205	56	130
Disturbances	54	149	359
Driving While Intoxicated .	unavailable	76	153
Man-Days in Jail	520	1,845	2,660
Traffic Tickets	1,079	200	456
Arrests	346	301	673
Officer Responses	4,762	4,111	6,734

FIRE/EMS DEPARTMENT

	<u>1988</u>	<u>1989</u>
Ambulance Callouts	151	325
Fire Callouts	63	95
Fire Alarm Callouts	60	113

Animal Control operations experienced an estimated increase of 20% in demands for service. Direct and peripheral support to oil spill cleanup participants levied an especially heavy burden during June, July, and August. Animal Control capital resources were severely strained; the pathological incinerator, used to dispose of oil spill carcasses, was heavily damaged and will need replacement.

ANIMAL CONTROL

	<u>1988</u>	<u>1989</u>
License Fees	\$3,652	\$5,326
Impound Fees	\$4,410	\$9,408
Dogs/Cats Impounded	333/222	457/136
Dogs/Cats Adopted	45/77	52/33
Citations	36	34
Medical Assists	87	104
Agency Assists (Burns)	48	118
Misc. Animals (Deer, Birds, Ducks, etc.)	38	123

LIBRARY/MUSEUM

1989 was a year of destruction for the Valdez Library and construction for the Valdez Museum. The Library suffered the worst damage of any City operation from the "big blow" in late January. The freezing of fire suppression sprinkler pipes flooded the Library and damaged some equipment. Speedy response aided in keeping permanent damage to a minimum. The Library was closed for 7 days but reopened almost as good as new. The Library later set records due to the rapidly growing population of Valdez in response to the oil spill. 1,488 new library cards were issued, nearly doubling the old record of 795 in 1981. The gate count of 54,168 patrons topped the old count record (we have only had a gate since 1987) of 49,206 by 10%. The down side of oil spill is a higher than normal loss rate of Library materials. At year end 223 items valued at \$2,208 were overdue. The Library staff is in the process of reviewing policies regarding library card eligibility requirements and circulation.

The Valdez Museum saw the successful completion of the Egan Commons. This new addition provides much needed exhibit space for some of our more valuable larger pieces, like our vintage fire apparatus, and also gives the Museum a more conspicuous entry into our facility. Museum operations were somewhat hampered by the construction, but in most respects it was a normal year. Patron counts were down significantly, only 24,183 in 1989, compared to 37,693 in 1988. Donated revenue also declined by about \$6,700. This can be attributed to a reduced number of summer visitors, by some estimates tourist traffic in Valdez was down 40%, and construction disruptions. Buses from the tour ships did not let visitors off in front of the Museum as they had in the past.

ENGINEERING/COMMUNITY DEVELOPMENT/UTILITIES

The Engineering Department was drastically impacted by oil spill demands in the areas of building code enforcement, mobile home installation, building permit requests, sewer treatment plant operations, water demand, and supervision of City "force account" workers. In spite of the oil spill chaos, the major projects on the capital improvement projects agenda - Phase II of the Commercial Fisherman's Dock, Egan Commons, and various asphalt paving projects - were successfully completed. Some projects, like major maintenance at the Valdez Container Terminal, were delayed due to conflicts with oil spill activity. The biggest disappointment proved to be the picnic shelter. Its costs were underestimated and it could not be completed this year due to labor problems. Building also boomed. 217 commercial and residential construction permits were issued compared to 104 for 1988. The value of this construction is estimated to be at least \$5 million compared to \$3.6 million in 1988. The Department had the City Engineer and engineering secretary resign in June, and a new City Engineer has not yet been successfully recruited. Carol Smith

stepped in to cover the secretarial needs for both departments until a new secretary could be hired. Charlotte Burrill deserves much credit for keeping the operation on an even keel. Temporary staff was added to handle the increased activity, and Vern Ellwein remains as the building official.

The Community Development Department was also hammered by oil spill activity. New businesses, itinerant merchants, zoning questions, temporary structures, land leases, land use permits, myriad issues presented by a rapidly growing population, and the need to coordinate with State and Federal agencies on various subjects greatly hampered work on the Comprehensive Development Plan and the Air Service Study. These demands also made it impossible to service many requests for assistance from Valdez residents. Some additional contractual help was hired and a summer intern was hired to assist with population counts so we could keep track of our dynamic town. As a result of the work of the Community Development Department in this area, the Department of Community and Regional Affairs certified a population of 7,193 for 1989, about double our normal population. While this does not mean our State Revenue Sharing and Municipal Assistance payments, which totalled just over \$1 million in 1989, will double in 1990, they should increase significantly; the City is conservatively budgeting a 45% increase or \$450,000 more from these State aid programs. The inability to make further progress on the Comprehensive Development Plan was the biggest disappointment of the year. We also did not make as much progress as earlier projected on the flood mitigation plan for the City and municipal land selections. Even if staff time had been available for these projects, it is unlikely we would have received the community input and participation necessary to make these planning programs meaningful. People were simply too busy with the events surrounding the oil spill. The business survey and preliminary data gathering were accomplished for the Comprehensive Plan. Through the assistance of several consultants, work was begun on high priority projects such as Valdez Air Service Study, Gravel Management Plan, Municipal Land Selection, and the next phase of the Comprehensive Plan; and some work has begun on the other projects as well.

Gary Hennigh, the Community Development Director, resigned in November to pursue new opportunities after only a year in the position. Pamela Ulvestad was called upon throughout the summer and fall to carry much of the load of the Community Development office while Mr. Hennigh assisted with special oil spill projects and during the interim between directors. The City was able to recruit a highly qualified replacement in Mr. Dave Dengel. Dave started work on January 29, 1990.

1989 proved to be a test for some of the City's infrastructure. Both water and sewer capacities were stretched to the limits and many times almost overloaded. Under normal circumstances, the in-town system's water demands during the second and third quarters

are mainly affected by the local seafood processing activity. During 1989, these demands were compounded by the oil spill activity and showed an average increase of .5 million gallons per day (MGD). Listed below are the average demands and the peak flows the systems experienced this summer:

Potable Water Usage

1989 Peak Flow: 3.6 MGD
 Previous Peak Flow: 2.5 MGD

Average 2nd and 3rd Quarter demands:
 1988: 1.6 MGD
 1989: 2.1 MGD

The sewage treatment plant began showing signs of overloading around the end of May due to oil spill impact. It did not return to satisfactory operation until the middle of August. The plant could have possibly handled the 1989 loading better if it had not been for the sludge build-up in the first lagoon.

	<u>Hydraulic Loading</u> million gallons per day		<u>Solids Loading</u> pounds per day	
	<u>1988</u>	<u>1989</u>	<u>1988</u>	<u>1989</u>
April	.550	.810	367	980
May	.670	.830	525	1,322
June	.490	.750	417	1,532
July	.490	.690	699	1,266
August	.600	.600	676	1,006
September	.610	.900	930	1,208

PARKS AND RECREATION

The Parks and Recreation Department played an important role in the oil spill response. The Department continued to provide extensive recreation opportunities for the residents, visitors, and transients of Valdez, but over and above its normal activities the Department made other contributions. The Department played a leading role, in concert with the Public Works, Engineering, and Community Development Departments, in establishing temporary campgrounds with showers and toilets. The Parks and Recreation Department also provided an extended activity period under its Summer Fun program so that older children, whose parents were probably involved in oil spill cleanup jobs, could receive additional supervision.

The Civic Center was also the focus of much activity related to the oil spill. Early on it hosted press conferences for media from all over the world and later it entertained a congressional hearing. There were meetings held at the facility every day related to scientific examination of the effects of the oil spill on wildlife and the environment. The Civic Center policies and procedures, includ

ing a return to an exclusive catering contract, were revised and adopted by the City Council. These will greatly assist in the management of the facility.

The Parks and Recreation Department had a successful season running the Glacier Campground as receipts from the camping fees collected paid for the operation of the facility. This Department provided much of the assistance in the production of a newsletter for Valdez residents. It also sponsored cleanup days and the City beautification program.

Parks And Recreation Year-End Participant Totals

	<u>1988</u>	<u>1989</u>
Black Gold Rec. Hall	18,988	17,854*
Teen Center	16,802	20,152
Gym Activities	11,578	15,929
Senior High Pool	20,560	15,850**
Hydro Pool	3,643	4,630
Special Events	3,656	2,913
Summer Programs	<u>2,169</u>	<u>2,474</u>
TOTALS	77,396	79,802

*Rec. Hall Statistics for May and June:		<u>1988</u>	<u>1989</u>
	May	1,472	2,210
	June	1,026	2,095

**High School Pool was closed for 1-1/2 months.

Civic Center

	<u>#Events</u>	<u>Attendance</u>	<u>Rental Revenues</u>	<u>Catering Revenues</u>	<u>Movie Revenues</u>	<u>TOTAL REVENUES</u>
1988	398	26,699	\$14,227	\$ 8,855	\$ 0	\$23,082
1989	725	47,804	54,134	10,050	8,340	72,524

COUNSELING CENTER/HOSPITAL

The Counseling Center underwent significant changes this year as a result of the EXXON VALDEZ oil spill. Increased state grants were obtained to hire an additional counselor and a secretary to address the increased caseloads that started appearing at the Counseling Center. The Counseling Center also initiated a project to survey a statistically valid sample of residents from Valdez and Cordova for measuring psychological impacts of the tanker grounding and the subsequent oil spill cleanup activity. This project is approximately two-thirds complete and should provide some useful information on how people are affected by this type of event.

Valdez Counseling Center New Clients

	<u>1987</u>	<u>1988</u>	<u>1989</u>
New Clients	64	82	149
New ASAP Cases	105	0*	263
Average New Clients/Mo. ...	5.33	6.83	12.42
Average New ASAP Cases/Mo..	8.75	0.00*	21.90

*No Alcohol Safety Action Program during 1988.

The Valdez Community Hospital, managed under contract by Lutheran Health Services, also was dramatically impacted by oil spill activities.

	<u>1988</u>	<u>1989</u>
Outpatient Procedures	5,000	10,000
Emergency Room Visits	1,505	3,371
Revenues	\$ 871,635	\$1,279,194 est.
Expenses	\$1,381,727	\$1,799,040 est.
Percent of Occupancy	21.53%	23.90% est.

The Hospital carries over into 1990 a large accounts receivable balance that needs to continue to be worked. This large balance is attributable in large part, either directly or indirectly, to the oil spill.

On the positive side, the Hospital received more donations than ever before:

- | | |
|------------------------------|--|
| Exxon: | <ul style="list-style-type: none"> . 3 hand-held radios . computer upgrade system . hypothermia blanket system . 1/2 the cost of the Laboratory equipment for processing CBC's |
| Fairbanks Memorial Hospital: | <ul style="list-style-type: none"> . Ultrasound Machine |
| United Way: | <ul style="list-style-type: none"> . TV's for patient rooms |

PUBLIC WORKS

The Public Works Department contributed in numerous ways to oil spill response. The Department assisted in providing services for temporary campgrounds, kept the water and sewer functioning under unprecedented demand, managed the collection and disposal of solid waste four to five times the normal volume, and provided support for the wide range of services provided by the City. There was some turnover in staff which can be attributed to oil spill related opportunities, but the Department has largely been successful in finding qualified replacement personnel.

The installation and use of the CHIEF software system has greatly assisted in keeping track of work orders by the Buildings and Grounds section of the Department.

The Department was criticized for its oversight of the lawn maintenance contract. The criticism was proven unwarranted by a horticultural expert, but the vociferousness of the criticism continued unabated. This responsibility will be transferred to the Parks and Recreation Department for oversight so it can be managed in concert with the City beautification program. The Parks and Recreation Commission will also provide an additional level of appeal to address complaints.

The very wet December of 1989 proved to be quite a test for the snow removal forces of the Department. The crews were challenged and a few rough edges were smoothed, but on the whole the snow crew responded well.

Initial work was begun to bring the City's sanitary landfill into compliance with Department of Environmental Conservation standards. Improvements in landfill operations, including controlled access, increased attendant coverage, and improved litter control have also been instituted. Analysis of the existing landfill site, focusing primarily on problems attributable to a high water table, was conducted by the environmental engineering firm of Hart Crowser.

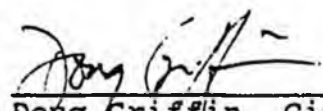
PORTS/HARBOR

No area of City operations was more severely impacted by the oil spill response than our ports, docks, harbor, and airport. The Valdez Container Terminal was a valuable asset shared with Exxon and its subcontractors. It provided staging area, storage space, and flexible dock facilities to support the armada of barges, ships, flotels, and boats used to clean up oil and support the effort. The Old City Dock also was used in various ways to service vessels and provide moorage for the Hotel Ship Prince George, along with its normal function of servicing some fishing boats and providing moorage for Alaska state ferries and a tour ship.

The boat harbor also served as a nerve center for oil spill cleanup operations. Cleanup vessels and crew boats were dispatched from the harbor and the facilities operated at full capacity all summer long. The harbor operated extended hours and generated enough revenue to pay for its operation this year.

The airport was incredibly busy this year in supporting aircraft activity and providing office space in the terminal. Normal flight operations of 12 per day rose to an average exceeding 300 operations per day. A portion of the airport roof was torn off by high winds on day four of the oil spill. This required immediate repair. Other, long overdue, maintenance and repair were needed as our building received some use.

This report of activities by the City Valdez and its dedicated employees is, hereby, respectfully submitted.


Doug Griffin, City Manager

1-30-90

STATE OF ALASKA 1990 - 16TH LEGISLATURE
SECOND SESSION
FISCAL NOTE

Bill Number: Sponsor Substitute for Senate Bill 359

Title: "An Act relating to municipal assistance: oil spills"

While this bill will have a specific fiscal impact upon the department, the impact will occur only if the release of oil or other hazardous substance triggers the operation of the fund. Because of the conditional nature of this impact, no fiscal impact is indicated in a specific fiscal year. It would be the intention of the department to take funding for these positions from the fund itself once the fund became operational. The anticipated impact would include positions and funds to manage the operation of the grant program.

DCN

TESTIMONY TO THE SENATE JOINT COMMITTEE ON OIL AND GAS
SP 888 - OIL AND GAS REVENUE FROM THE VALDEZ SPILL

W. Monte Taylor, Community Liaison Manager

Wednesday, February 7, 1990

The intent of my testimony today is to clarify the actions taken by Exxon since last spring to assist the municipal and village governmental entities that may have been impacted by the Exxon Valdez oil spill. I have been in charge of Community Liaison activities since April 1, 1989, and I would be glad to answer any questions you have on this subject, either during, or after my remarks this morning.

Within a few days of the spill, we recognized the emergency situation created for the municipalities that would be impacted by the advancing oil. We also recognized that the impact on each community would be different, depending on the location of that community and the status and diversity of the local economy, so that our approach to helping each community would be different and should be responsive to the community's unique circumstances.

Our objective then was straight forward and easily stated. It was to help the individual communities by working with their leadership in determining their immediate and longer term concerns and then to seek appropriate and realistic solutions.

In order to address these problems in a responsible manner, we rapidly mobilized a community liaison group to be located in the major affected communities and to be, in effect, the ombudsman for the community. We established community liaison presence in all of the major affected communities within a few days and had established full time representatives in Cordova, Valdez, Seward, Homer and

Kodiak. Within those weeks, we were offered a total of \$100,000 to help us reach the small native communities. During those first few weeks, we spent most of our time helping the communities minimize the impacts by protecting their critical resources, assisting in the prioritizing of their needs and helping them prepare for the influx of people and equipment.

On about May 15th, we heard about the formation of the so-called "Oiled Mayors Subcommittee" of the Alaska Conference of Mayors. We first heard about this organization when they presented us with a proposed expense reimbursement agreement in which they wanted us to advance them money based on their estimate of eligible expenses, to be spent for any purpose that "would not have been incurred but for the oil spill." Early in April, we had entered into Memoranda of Agreement with both the Kenai Peninsula Borough and the Kodiak Island Borough to reimburse expenditures for spill response activities, including boom deployment, spill tracking and reconnaissance, beach surveillance and baseline information. Therefore, the concept of advances or of entering into reimbursement agreements was not a new or objectionable approach to us.

After we analyzed the proposed agreement, however, we concluded the wording was too general and lacked a reasonable and fair role for Exxon. In essence, it called for us to advance funds without having any input or knowledge about the types of expenses that might be involved. We, therefore, counter-proposed an agreement and attempted to enter into negotiations to come up with an acceptable compromise. I won't go into the details of our negotiations but the Mayor's group had three major issues that they considered critical to the negotiations. They were: 1) a definition of the type of expenses that Exxon is willing to reimburse, 2) acceptance by Exxon of the concept of advance funding and, 3) the reimbursement of straight-time pay for the portion of regular employees time that is spent on the oil spill.

We agreed, however, to wait until we had more information to that effect that we could not continue to pay for the cleanup, over the formal advice of the State and agree with them to pay for the advance on the types of expenses we were being asked to cover. We thought it would be to our mutual advantage to come to agreement, before the advance, that the activity was appropriate for us to be paying for rather than leaving that to a later determination. On the other hand, the Mayor's Subcommittee wanted advance funding with at least the initial determination of justifiable expenditures of those funds to be under their absolute control. This disagreement on the procedure to be used for advances turned out to be the irreconcilable difference that terminated our negotiations with the Subcommittee, even though we had reached a general consensus on the major issues.

The net result was that on June 14th, we wrote each of the mayors and village council presidents, offering to reimburse or advance funds under the criteria that had been set forth in our latest proposal to the Subcommittee. I have attached copies of that letter and proposal to my written testimony for your information. You will see that we addressed the three major issues both in the letter and in the agreement.

Both prior to and since that time, we have attempted to advance or reimburse funds to the affected communities for all reasonable and necessary incremental expenses created by the oil spill. In fact, for expenses incurred prior to June 14th, while the guidelines were being defined in our negotiations, we reimbursed the communities for any reasonable expense they submitted, even if it was in one of the categories that we specifically excluded in our June 14th letter. We

felt that a high level of cooperation with the community, to address their unique needs, was important and earned extra given the emergency situation in those early days after the spill.

The net result is that we spent over \$12M on our various community assistance programs during 1989. This includes advances of over \$4M, reimbursements of another \$6M, about \$1M spent on our Community Employment Assistance Program, provision of conventional food and fuel to two of the villages (Tasitler and Cheeega) and assistance in the collection and transportation of over 100 thousand pounds of subsistence food to 10 native villages. We also spent over \$1M on a winter monitoring and discretionary clean-up program which allowed each of 16 communities to determine, for themselves, whether any clean-up of their local shorelines was warranted this winter and to do what they felt necessary.

As I understand it, one of the specific items your Committee wanted to know is what we did and did not reimburse under our guidelines.

The agreement I have attached is, as I mentioned, the basic guideline we have used to evaluate whether it was appropriate, or not appropriate, to reimburse. Paragraph 2 of that proposed agreement summarizes this. It defines reimbursable costs as those costs either:

1. "incremental to normal local government operations such as overtime, temporary personnel, office equipment, office supplies, travel expenses, or other out-of-pocket expenditures which were directly related to the oil spill and,
2. straight-time pay for the portion of any regular employee's time that can be specifically shown to result in incremental costs directly related to the oil spill."

Further details of this case paragraph 2 of the agreement disclosed those items of expense which we for the most part have not considered it appropriate to reimburse. The costs outlined in that section are:

1. "Costs for services that merely duplicate the activities of Exxon or its contractors.
2. Costs for environmental, socioeconomic, mental health, or other broad studies of a similar nature.
3. Costs for advertising or public relations programs.
4. Costs for attorneys."

I should note that Exxon gave \$4M to the Alaska Visitors Association and \$1.2M to the Alaska Seafood Marketing Association, neither of which are included in any of my numbers. This was the main reason we did not think it appropriate to reimburse costs of advertising or public relations to the individual communities. One other cost I should mention is damage assessment expenses. Although it was not covered in paragraph 2 of the proposed agreement, paragraph 1 makes it clear that damage assessment expenses also would not be reimbursed, since those expenses would be covered by the NRDA Trustees Fund to which we are providing \$15M.

The emergency situation which we faced last year is now behind us. We will be reviewing and working with the communities to assess whatever residual impacts may still exist and the appropriate responses. However, the situation is such that the needs are anticipated to be considerably less than last year.

I would be glad to answer any questions you have regarding our community assistance activities.

EXXON COMPANY, U.S.A.

POST OFFICE BOX 670 • VALDEZ, ALASKA 99686-0670

June 14, 1989

Dear Mayor _____:

At the meeting on June 12, 1989 with the representatives of the Oil Spill Subcommittee of the Alaska Conference of Mayors, Exxon presented a proposal for consideration. After a thorough review of Exxon's proposal, it was decided by the Mayor's representatives that there were still areas of difference that made it unlikely that an agreement that would be acceptable to all Mayors was close at hand.

Exxon stated at the meeting that we were willing to operate under the general guidelines of our proposal in the absence of a formal agreement. Our proposal addressed the three major issues that the Mayor's considered critical to the negotiations, namely:

- 1) A definition of the type of expenses that Exxon is willing to reimburse,
- 2) acceptance by Exxon of the concept of advance funding, and
- 3) the reimbursement of straight time pay for the portion of regular employee's time that is incremental to the oil spill.

To follow up on those commitments, we are attaching a copy of our proposed agreement so that you understand our criteria for advance funding and reimbursement. We will accept invoices either through our local Community Liaison representative _____ or _____ at the Exxon Command Center at _____ or directly to me at my Valdez address. Advance funding will also be considered based on appropriate justification as more fully described below and in the agreement.

The essential operating elements are summarized below with references to the appropriate paragraph of the attached Expense Reimbursement Agreement:

- o The local Government may submit invoices to Exxon for incremental costs to normal Local Government operations along with appropriate documentation. Exxon reserves the right to limit payment of any invoice.

REFERRALS TO ATTACHED AGREEMENT:

- + Para. 1, page 1 excludes "damage assessment expenses".
- + Para. 2, page 1, second paragraph describes specifically defined "reimbursable costs"

- + Para. 2, page 2, second paragraph starting with "Although" describes expenses Exxon does not presently contemplate reimbursing.
- + Para. 3, page 2, first paragraph describes how Exxon will respond to invoices submitted.

- o It should be understood that any invoice we pay will not be included in any future claim and that any equipment paid for by Exxon will become Exxon's property.

REFER TO:

- + Para. 5, page 3, last three lines.
- + Para 3, page 2, last four lines.

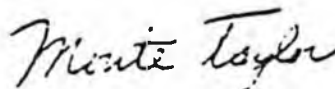
- o If a Local Government is prepared to provide appropriate justification, we will attempt to reach agreement to describe the services and amounts involved in some written form, and make advances on the agreed amounts.

REFER TO:

- + Para. 4, page 2 and 3.

As stated above, we are willing to work with the various Local Governments to reimburse documented incremental costs directly related to the spill and make appropriate advances where justified. We are prepared to be responsive to your needs and mitigate cash flow problems caused by the spill. We need your help to provide appropriately detailed documentation so that we can accomplish that objective.

Sincerely,



Monte Taylor
Community Liaison Manager
c/o Exxon Command Center
P. O. Box 670
Valdez, Alaska 99686

**LOCAL GOVERNMENTS-EXXON SHIPPING COMPANY
EXPENSE REIMBURSEMENT AGREEMENT**

THIS AGREEMENT is between Exxon Company U.S.A. (a division of Exxon Corporation) as contractor for Exxon Shipping Company (hereinafter referred to collectively as "Exxon"), and the following local governments and village entities:

City of Cordova, Alaska
City of Homer, Alaska
City of Kenai, Alaska
City of Kodiak, Alaska
Larsen Bay Tribal Council, Alaska
Port Graham, Alaska
City of Sand Point, Alaska
City of Seldovia, Alaska
City of Seward, Alaska
City of Valdez, Alaska
City of Whittier, Alaska
Aleutians East Borough, Alaska
Kenai Peninsula Borough, Alaska
Kodiak Island Borough, Alaska
Lake & Peninsula Borough, Alaska

1. Any local government or village entity which is signatory to this agreement (hereinafter referred to as "Local Government" or collectively as "Local Governments") may submit invoices to Exxon as the Local Government incurs expenses, debts, or obligations of any type, except damage assessment expenses (collectively "invoices") due to the oil spill from the M/V EXXON VALDEZ.

2. Each Local Government may submit invoices to Exxon for direct reimbursement. Subject to the terms of this agreement, invoices will be reimbursable as defined in the next paragraph.

"Reimbursable costs" are specifically defined as those costs (1) incremental to normal Local Government operations such as overtime, temporary personnel, office equipment, office supplies, travel expenses, or other out of pocket expenditures which were directly related to the oil spill and (2) straight time pay for the portion of any regular employees time that can be specifically shown to result in incremental costs directly related to the oil spill.

Other costs will be advanced or reimbursed pursuant to paragraph four of the Agreement.

Although the parties have agreed to discuss any item of expense, Exxon does not presently contemplate reimbursing Local Governments for the following types of expenses: 1) costs for services that merely duplicate the activities of Exxon or its contractors, 2) costs for environmental, socioeconomic, mental health or other broad studies of a similar nature, 3) costs for advertising or public relations programs, or 4) costs of attorneys.

The Local Governments use a variety of accounting systems and this Agreement is not intended to impose or require changes to those systems. If the Local Government is currently using an accounting system that provides for the charging of local government payroll, and other expenses to capital or grant projects (for example, State of Alaska capital improvement grant projects), the Local Government may use that system for record keeping. Each Local Government shall provide Exxon monthly, along with its invoice(s), documentation (including but not limited to) summaries of expenses for which reimbursement is sought plus copies of payroll summary sheets backed up by time records, and invoices for third party services and supplies. Each Local government and Exxon will attempt to agree on any further supporting documentation needed to substantiate expenses submitted by a Local Government.

3. Exxon agrees that it will within thirty (30) days from the date Exxon receives an invoice from the Local Government, either: a) reimburse the Local Government or b) notify the Local Government that Exxon will not pay the invoice in whole or in part. Each Local Government reserves the right to assert a claim against Exxon for any portion of an invoice that Exxon declines to pay. Any equipment, supplies, or other assets paid for by Exxon, directly or by way of reimbursement, shall unless consumed in the operation be turned over to Exxon upon the termination of this Agreement.

4. At such time as a Local Government is prepared to provide justification on the need, scope, and amount of expenses and services (hereinafter collectively referred to as Services), Exxon and such Local Government will then attempt to reach agreement on such Services and if successful will incorporate an initial list of the agreed upon Services along with the agreed upon maximum monthly amount (limit) for each as Attachment "A" to this Agreement. Attachment "A" may also contain the cost of agreed upon Services already incurred by each Local Government. Should a Local Government and Exxon subsequently agree upon a new list of Services, they will execute a revised Attachment "A" to be

incorporated into this Agreement. Once a Local Government and Exxon have reached such an agreement and incorporated an Attachment "A" to this Agreement, Exxon agrees that, upon written request, it will advance funds to such Local Government for the agreed upon estimated cost of anticipated Services for the upcoming month subject to refund as specified below. Each Local Government shall account monthly for all advance funding by providing specific invoices and documentation. Any advance funds not used for agreed upon Services and only to the extent of the agreed Attachment "A" limit for each such Service shall be credited to the following month's advance funding, or, to the extent such surplus funding exceeds the amount necessary for the following month's advance funding for each such Service, shall be repaid to Exxon.

5. By entering into this agreement, the Local Governments do not waive, release or acknowledge satisfaction of any claim or cause of action they may have against Exxon or any other party for damages or costs attributable to the oil spill from the M/V EXXON VALDEZ. The Local Governments specifically reserve the right to bring any action they may have against Exxon or other party. The Local Governments agree that they will not include any invoice paid by Exxon under this agreement as part of any future claim or demand on Exxon.

6. By entering into this agreement, Exxon does not admit any violation of law nor does it admit liability for any penalties, civil assessments, damages or costs attributable to the M/V EXXON VALDEZ oil spill or obligate itself to pay any invoices submitted by the Local Governments. However, Exxon is obligating itself to process all such invoices submitted by each Local Government hereunder in accordance with this Agreement.

7. Each Local Government agrees that Exxon may audit the Local Government's contracts, records and other documentation (including the Local Government's vendors' records and documentation) associated with any expense or invoice which Exxon reimburses the Local Government. Each Local Government agrees to reimburse Exxon for any overpayment made to such Local Government. Exxon and each Local Government agree to expend their best efforts to resolve by mutual agreement any overpayments made to reimburse the Local Government's expenses that may be revealed by audits conducted pursuant to this paragraph.

8. In the event that a court or other judicial or administrative body should determine that Exxon was not liable for any penalties, civil assessments, damages, or costs attributable to the M/V EXXON VALDEZ oil spill, Exxon's right to recover from

a Local Government funds paid pursuant to this agreement shall be limited to that specified in paragraph 7 above.

9. This Agreement shall cover Services not already reimbursed by Exxon that were incurred between March 24, 1989 and September 30, 1989, and thereafter on a monthly basis (term of this Agreement), provided the parties mutually agree such an extension is necessary. This Agreement will be interpreted under the laws of the State of Alaska. Exclusive venue for any claims or disputes arising under this Agreement shall be at Anchorage, Alaska.

This Agreement replaces prior agreements between the parties with respect to submittal and payment of expenses that are the subject of this Agreement, except to the extent a final accounting has not been made under any such agreement. In the event a final accounting has not been made under any such existing agreement, this Agreement shall only become effective as to such Local Government once a final accounting and settlement under such existing agreement has occurred.

This agreement may be executed in counterparts, each of which shall be an original, but all of which, when taken together, shall constitute one and the same instrument. This Agreement shall be effective as a separate agreement between Exxon and each Local Government that executes it even if all the listed Local Governments and village entities do not ultimately approve it. However, this Agreement is not intended to benefit or create any rights in any person or entity not a signatory hereto.

Dated: _____

EXXON COMPANY U.S.A. (a division of
Exxon Corporation) as a contractor
for EXXON SHIPPING COMPANY

MEMORANDUM

TO : Matt Jamin

FROM : Allen Field

DATE : February 1, 1990

RE : Retroactive Application of a Civil Statute: The WPPS Example.

While the WPPS litigation was in progress, the Washington Legislature, in 1985, passed an amendment raising the standard of fault applicable to municipal entities and officials from a negligence standard to scienter. The amendment, however, made no mention of retroactive effect. Consequently, a Washington federal district court ruled the statute (RCW sect. 21.20.430(7)) was only prospective in application. Within two weeks, the legislature introduced and later passed an amendment making the statute explicitly retroactive. Legislature history revealed that the sole purpose of the amendment was to effect the instant litigation to protect local ratepayers.

The Washington Supreme Court in related litigation upheld the legislature's actions and the retroactive application of the statute against a variety of constitutional challenges. Haberman v. Public Power Supply System, 744 P.2d 1032 (Wash. 1987).

1. Equal Protection

Notwithstanding that plaintiffs and intervenors lacked standing to assert this claim within the context of the particular statute, the court held there was a rational basis to the legislature's

purpose and the statute was a means reasonably related to this purpose. The court emphasized that "such a rational basis for a legislative decision need not have actually motivated the Legislature's decision." 744 P.2d at 1056. Under a rational basis test "a statutory classification will be upheld if any state of facts may reasonably be conceived to substantiate it." Id.

For similar reasons, the court rejected the argument that the statute violated the prohibition against special legislation, Wash. Const. art. 2 sect. 28(17).

2. Due Process

The court did not even reach the merits of the intervenors' federal and state due process claims, holding that claimants had not first established a legitimate claim of entitlement. Under Washington law, statutory tort claim rights do not vest until a final, unreviewable judgement. The intervenors had no claim of entitlement to the pre-amendment terms and, therefore, the retroactive application of the statute did not implicate any interest protected by state or federal due process guarantees. 744 P.d at 1058.

3. Separation of Powers

The court ruled that a statute which prescribes new rules to be applied to pending litigation does not infringe upon a judicial function and, therefore, does not violate the separation of powers clause. The court noted that it disagreed with the federal district court's initial ruling discussed supra. 744 P.2d at 1058 n.1.

4. Impairment of Contracts

The contracts clause does not prohibit generally states from enacting legislation with retroactive effects. 744 P.2d at 1059. Moreover, the negligence standard of the former statute was not expressly incorporated into the bond contract. Therefore, the amendment did not unconstitutionally impair any of the plaintiff's contractual rights.

TESTIMONY OF OILED MAYORS BEFORE THE SENATE OIL AND GAS COMMITTEE
ON SSSB 359.

FEBRUARY 1, 1990

MAYOR ROBERT BRODIE: GOOD AFTERNOON SENATOR PEARCE AND MEMBERS OF THE COMMITTEE.

THANK YOU FOR THE OPPORTUNITY TO BE HERE TODAY TO SPEAK WITH YOU ABOUT OUR LEGISLATIVE CONCERNS. I AM THE MAYOR OF THE CITY OF KODIAK. WITH ME TODAY ARE SEVERAL MEMBERS OF THE ALASKA CONFERENCE OF MAYORS, AND ITS OILED MAYORS SUBCOMMITTEE. LET ME FIRST INTRODUCE MAYOR VAN BROCKLIN FROM CORDOVA IN PRINCE WILLIAM SOUND, AND MAYOR DON GILLMAN, FROM KENAI PENINSULA BOROUGH. WE ALSO HAVE AVAILABLE MEAD TREADWELL WHO IS OIL SPILL COORDINATOR FOR THE CITY OF CORDOVA, AND MATT JAMIN, AN ATTORNEY WORKING WITH THE OILED MAYORS TO ANSWER TECHNICAL QUESTIONS YOU MAY HAVE ABOUT SB 359, AND OUR POSITION ON IT.

TO UNDERSTAND OUR POSITION, IT IS NECESSARY TO GIVE YOU A QUICK SYNOPSIS OF OUR PROBLEMS. THE OILED MAYORS HAVE BEEN MEETING SINCE ABOUT ONE MONTH AFTER THE EXXON VALDEZ OIL SPILL LAST MARCH. THE PROBLEMS WE HAVE FACED HAVE BEEN COMMON; SO TOO HAVE BEEN OUR FRUSTRATIONS. IF MY TESTIMONY OCCASIONALLY SEEMS HARSH, I DO NOT DO SO INTENTIONALLY. WE ARE FRUSTRATED; OUR CITIZENS ARE FRUSTRATED.

AS TO EXXON, WE WERE FIRST PRESENTED WITH A CORPORATE ACKNOWLEDGMENT OF ITS RESPONSIBILITY FOR THE CLEANUP. WE WERE PERHAPS TOO QUICK TO TRUST THAT PROMISE, FOR TOO SOON IT WAS BROKEN. WE LEARNED ALMOST IMMEDIATELY THAT EXXON WAS MORE INTERESTED IN THROWING MONEY AT THE SPILL FOR THE BENEFICIAL

EFFECTS OF PUBLICITY THAN IT WAS TO REALLY CLEAN UP THE ENVIRONMENT AND DEAL WITH THE ECONOMIC, SOCIAL AND PSYCHOLOGICAL EFFECTS OF THE SPILL WE EXPERIENCED.

WE HAD FRUSTRATIONS AS WELL WITH THE STATE. THE LEGISLATURE AUTHORIZED \$35,700,000 TO DEAL WITH THE SPILL, BUT NONE WAS EARMARKED FOR MUNICIPALITIES. WE HAVE TRIED TO GET MONEY RELEASED THROUGH THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS AND THROUGH THE DEPARTMENT OF ENVIRONMENTAL CONSERVATION, BUT IT HAS BEEN A FIGHT AT EVERY JUNCTURE. WE DO NOT SAY THERE HAS BEEN BAD FAITH FROM THE STATE, BUT WE NEED A REGULATORY STRUCTURE IN PLACE TO DEAL WITH DISTRIBUTION OF FUNDS TO US IN A RESPONSIBLE AND RESPONSIVE MANNER.

THE COSTS WE HAVE SUSTAINED, AND THE EFFECTS ON OUR MUNICIPALITIES ARE REAL. FOR EXAMPLE, CORDOVA SPENT \$200,000 ON BOOM WITHOUT ANY IDEA WHERE THE MONEY WOULD COME TO PAY FOR IT. WE IN KODIAK EXPERIENCED A 600 % INCREASE IN MENTAL HEALTH SERVICE DEMAND. THESE ARE JUST REPRESENTATIVE. WE HAD SHORTAGES IN HOUSING, INADEQUATE DAY CARE, AND A FULL RANGE OF NEW INFRASTRUCTURE SERVICES WE HAD TO PROVIDE. PEOPLE AND VILLAGES WHOSE LIFE DEPENDS ON SUBSISTENCE AND ITS RELATED LIFESTYLE SAW WHAT CHIEF MEGANICK HAS CALLED THE DEATH OF THE WATER.

ALMOST ALL OF US EXPERIENCED DECREASES IN OUR REVENUES. BY WAY OF EXAMPLE, OUR COMMUNITIES DEPEND ON RAW FISH TAX FOR FROM 25% TO 90 % OF THEIR REVENUES. CLOSED AND TRUNCATED SEASONS HAS MEANT WE CANNOT EXPECT THOSE REVENUES TO BE DISTRIBUTED THIS YEAR BASED ON LAST YEAR'S FISH REVENUES.

THE BUSINESSES OF OUR CITIZENS -- THE BASIS FOR OUR MUNICIPAL

ECONOMIES -- WERE OFTEN DEVASTATED. FISHERMEN LOST ENTIRE SEASONS, BUSINESSES LOST NORMAL REVENUES, PROCESSORS HAD NO FISH TO PROCESS. THE FALLOUT THROUGHOUT OUR COMMUNITIES WAS EXTREME. YOU MAY HEAR THAT THERE WERE "SPILLIONAIRES" WHO MADE THE BIG VECO MONEY AND THE LIKE, AND THERE WERE SOME, BUT EVEN THAT APPARENT BENEFIT WAS OFTEN NEGATIVE: IT MEANT SIGNIFICANT DISPLACEMENTS WITHIN OUR ECONOMIES. WE DO NOT YET KNOW HOW THE REST OF THE WORLD NOW PERCEIVES THE QUALITY OF ALASKA FISH PRODUCTS ON WHICH WE BASE OUR LIVELIHOODS. WE DO KNOW ALREADY THAT THE FISHING WE WERE ABLE TO DO LAST YEAR -- BECAUSE IT WAS OFTEN CLOSER TO THE STREAMS WHERE THEY SPAWN -- LED TO LOWER QUALITY FISH, AND THAT MEANS LOWER PRICES. THOSE LOWER PRICES AFFECT OUR ECONOMIES AS EVERY LEVEL.

EXXON TOLD US THEY HAD NO RESPONSIBILITY FOR THOSE EFFECTS OF THE SPILL, AND REFUSED TO HONOR THEIR COMMITMENT TO "MAKE US WHOLE." THOUGH WE ARE UNABLE EVEN NOW TO QUANTIFY THE LOSSES WE HAVE SUSTAINED BECAUSE THE FALLOUT IS STILL OCCURRING, WE CAN INFORM YOU THAT WE EXPECT LONG RANGE EFFECTS ON OUR INFRASTRUCTURES AS THEY ATTEMPT TO DEAL WITH THE EFFECTS OF THE SPILL, AND THE EFFECTS OF THE CLEANUP.

UNCERTAINTY WAS AND HAS BEEN THE NORM; TURMOIL WAS AND HAS BEEN THE NORM. OUR PEOPLE ASK: "WHERE IS MY NEXT DOLLAR COMING FROM? CAN I MAKE MY BOAT PAYMENT? WILL I BE ABLE TO PAY THE LIGHT BILL? WILL THE FISHERY BE CLOSED FOR ONE YEAR OR FOR FIVE YEARS?" ANSWERS WERE NOT CLEAR, AND ARE NOT CLEAR TO THIS DAY.

SO WE COME TO YOU FOR HELP. BEFORE YOU TODAY IS SENATE BILL 359 WHICH IS ONE STEP TOWARD THE GOAL OF RECOGNIZING THE EXTRA -- AND UNFUNDED -- COSTS THAT WE HAVE INCURRED AS CITIES AND TOWNS.

LET'S LOOK AT HOW IT SOLVES SOME OF THE PROBLEMS WE HAVE EXPERIENCED.

FIRST, THE BILL WOULD PUT INTO PLACE A SYSTEM WHEREBY A MUNICIPALITY IN AN EMERGENCY WOULD HAVE THE FUNDS AVAILABLE TO MEET THE CHALLENGES WE HAVE EXPERIENCED. IT CREATES A FUND OF \$25,000,000 FROM THE NICKEL A BARREL SURCHARGE TO DEAL WITH THE SORT OF MUNICIPAL IMPACTS WE HAVE SUSTAINED, AND I HAVE DISCUSSED.

SECOND, IT CLARIFIES THAT ALL KINDS OF LOCAL GOVERNMENTS HAVE THE FULL RANGE OF POWERS NEEDED TO ADDRESS A DISCHARGE OF HAZARDOUS SUBSTANCE SUCH AS THAT WE HAVE ENCOUNTERED, AND THAT THEY MAY DO IT BOTH WITHIN AND OUTSIDE OF THEIR BOUNDARIES.

THIRD, IT CLARIFIES THE STRICT LIABILITY SECTION OF TITLE 46 TO MAKE IT CLEAR THAT "ALL ECONOMIC DAMAGE" INCLUDES THE FULL RANGE OF COSTS WE HAVE SUSTAINED.

FOURTH, IT PROVIDES A STRUCTURE FOR QUICK ACCESS BY COMMUNITIES TO THE STATE FUND CREATED LAST YEAR FOR "FIRST RESPONSE" TO OIL AND OTHER HAZARDOUS SUBSTANCE SPILLS.

WE WANT YOU TO KNOW THAT WE HAVE ATTEMPTED TO WORK CLOSELY WITH OTHER GROUPS, NOTABLY THE GOVERNOR'S OIL SPILL COMMISSION AND THE ALASKA CONFERENCE OF MAYORS WHO SHARE OUR CONCERNS THROUGHOUT THE STATE ON THESE PROBLEMS.

WE'D LIKE TO QUOTE FROM THE SUMMARY OF THE RECOMMENDATIONS FROM THE OIL SPILL COMMISSION LAST MONTH. RECOMMENDATION 53, RELATING TO LOCAL SERVICE IMPACT FUNDING PROVIDES AS FOLLOWS:

"A DECLARATION OF EMERGENCY SHOULD TRIGGER THE ABILITY OF THE GOVERNOR OR OTHER APPROPRIATE OFFICIALS TO RELEASE FUNDS COLLECTED FROM STATE OIL REVENUES TO COVER ALL IMPACT COSTS,

INCLUDING ECONOMIC MAINTENANCE PROGRAMS AND LOCAL IMPACTS WHICH BECOME AN EXTRA BURDEN ON LOCAL SERVICES, WHETHER PROVIDED BY STATE OR LOCAL GOVERNMENT."

THE COMMISSION WENT ON TO EXPLAIN THE REASONS FOR ITS RECOMMENDATIONS, WHICH WE POINT OUT OVERLAP ALMOST COMPLETELY WITH BILL BEFORE THE COMMITTEE TODAY. THE COMMISSION SAID:

"INDIRECT GOVERNMENT SERVICE COSTS CAN BE AS IMPORTANT AS DIRECT SPILL EXPENDITURES IN MEETING A SPILL EMERGENCY. LOCAL GOVERNMENTS IN PARTICULAR WERE HARD HIT BY LACK OF FUNDING FOR INCREASED BURDENS WHICH HIT EVERYTHING FROM PHONE SERVICE TO MENTAL HEALTH DURING THE CRISIS FOLLOWING THE EXXON VALDEZ SPILL. "

WE'VE ATTACHED AS PART OF YOUR PACKET THE RESOLUTION PASSED BY THE ALASKA CONFERENCE OF MAYORS SUPPORTING OUR POSITION. ALL REALIZE THAT "SIMILAR DISASTERS COULD OCCUR BOTH ON LAND AND AT SEA IN OTHER PARTS OF THE STATE WITH SIMILAR EFFECTS."

WE DO HAVE SOME VERY LIMITED, BUT NONETHELESS IMPORTANT MODIFICATIONS, TO THE SPONSOR SUBSTITUTE WE WANT YOU TO CONSIDER AS A COMMITTEE TODAY.

FIRST, IT IS OUR PREFERENCE THAT YOU MAKE SECTIONS 11 THROUGH 13 RETROACTIVE TO THE DATE OF THE EXXON VALDEZ SPILL. THESE CLARIFY THE REMEDY THAT IS AVAILABLE TO LOCAL GOVERNMENTS, AND ARE CONSISTENT WITH YOUR INTENT LAST YEAR: TO PERMIT LOCAL GOVERNMENTS TO BE ABLE TO RECOVER THE FULL COST OF A SPILL FROM THE TORT FEASOR.

SECOND, WE THINK THAT THE LIST OF "SERVICES AND FUNCTIONS" WHICH CAN BE COMPENSABLE UNDER THE NEW FUND SHOULD INCLUDE THE COST OF LEASING HARBOR AND OTHER PUBLIC FACILITIES. WE DON'T WANT TO

USE THE FUND FOR CAPITAL CONSTRUCTION, BUT THOSE HARBOR AND FACILITIES COSTS CAN BE AN IMPORTANT PART OF OUR INCREMENTAL RESPONSE TO A SPILL.

THIRD, WE THINK THE WORDS "INCLUDING THOSE NOT USUALLY PERFORMED" SHOULD BE INCLUDED TO DESCRIBE THOSE SERVICES THAT ARE COMPENSABLE. LOCAL GOVERNMENTS MAY NOT HAVE EXERCISED A POWER PREVIOUS TO A TOXIC SPILL, BUT IT MAY BE ABSOLUTELY NECESSARY TO DEAL WITH ITS EFFECTS.

WE WANT TO EMPHASIZE THAT THOUGH WE HAVE THESE MINOR SUGGESTIONS, WE ARE VERY SUPPORTIVE OF THE CURRENT BILL, AND HOPE TO WORK WITH YOU, SENATOR PEARCE, AND ALL THE COMMITTEE MEMBERS, IN ACHIEVING ITS PASSAGE. THANK YOU FOR THE OPPORTUNITY TO SPEAK WITH YOU TODAY. ARE THERE ANY QUESTIONS YOU MAY HAVE FOR OUR CONTINGENT?

MEMORANDUM

State of Alaska

Department of Law

TO: Garrey Peska
Chief of Staff
Office of the Governor

DATE: September 12, 1989

FILE NO.:

TEL NO: 465-3600

SUBJECT: Oil and Hazardous
Substance Response Fund

FROM:

Douglas K. Mertz *DM*
Assistant Attorney General
Natural Resources Section-Juneau

You asked for our quick review of what we considered to be permissible expenditures under AS 46.08.005--46.08.900, the Oil and Hazardous Substance Release Fund.

The Fund was first established in 1980, as an appropriation line item to fund the Department of Environmental Conservation's new program on oil spills. The original appropriation merely noted "prevention & control/oil spills" as the purpose without elaboration. Since then the legislature has broadened the coverage of the Fund to include hazardous substances in addition to oil, and has set out in more detail the purposes of the Fund. (Section 1, ch. 59, SLA 1986). The Fund's statutory basis was amended as recently as last legislative session (sec. 2, ch. 113, SLA 1989).

AS 46.08.040 sets out four basic purposes:

- 1) "contain, clean up, and take other necessary action, such as monitoring, assessing, investigating, and evaluating the release or threatened release of oil or a hazardous substance that poses an imminent and substantial threat to the public health or welfare, or to the environment";
- 2) establish and maintain the oil and hazardous substance response corps and response depots;
- 3) provide matching funds for federal oil spill cleanups under CERCLA (42 U.S.C. § 9601-9657); and
- 4) recover the cost to the state or municipalities of containment and cleanup.

This language is quite broad and authorizes a wide range of responses to spill-related problems. It is clear that any response involving "containment and cleanup" activities is permissible; in fact, AS 46.08.900(3) defines "containment and cleanup" to include "direct and indirect" efforts "associated with

the prevention, abatement, containment, or removal of oil or a hazardous substance, the restoration of the environment, and incidental administrative costs." This language can be read as covering virtually any response costs related to a spill, including both preventative work in advance of a spill and restoration work after it. The preventative aspect is confirmed by the second purpose listed, establishment and maintenance of the response corps and depots, whose sole purpose is to maintain readiness for a major spill. (Chapter 113, SLA 1989). We believe it would also include scientific assessment work, either for the purpose of improving cleanup, designing restoration work, or assisting in recoupment to the state of damages. Since cost recovery is specifically mentioned in purpose 4), we believe litigation efforts, including scientific assessments, can also be funded from this source.

We also believe that the reference to "other necessary action" also supports use of the fund for indirect purposes associated with spill response, but which are one step removed from actual containment or cleanup work at the site of the spill. For example, disposal of oily waste material left behind after cleanup would be eligible. Likewise, the logistical support necessary to combat a major spill would be eligible. The Fund's purposes probably also include any increased costs in management of fish and game or other natural resources as a result of the spill. In short, the Fund was, we believe, intended to be available for payment of virtually all costs that relate to and result from an oil or hazardous substance spill, with few exceptions.

One of the exceptions is explicit: the fund cannot be used for capital improvements (except for dikes and retaining walls) (AS 46.08.010(c); AS 46.08.900(1)). We also believe the funds may not be used for expenses of entities other than the state, except to the extent that the entity contracts with the state to work on behalf of the state, or to reimburse an emergency response by a municipality (AS 46.08.070(c)). (And the exception for joint federal/state efforts under CERCLA is explicit.) There is nothing in the law that prevents efforts of state departments other than ADEC from being eligible for use of the Fund, however. The commissioner of ADEC, as manager of the Fund, may utilize and pay for the services of any state agency that fits within the stated purposes.

We do have one caution, however. Certain response costs to a major spill may include attending to problems in the human environment, as opposed to the natural environment. There may be an increased need for mental health services, law enforcement services, and social services of various kinds. The language of AS 46.08.040(1) is certainly broad enough to encompass such additional costs: ". . . take other necessary action . . . [regarding] . . . a release or threatened release of

oil . . . that poses an imminent and substantial threat to the public health or welfare, or to the environment." This language can be read as authorizing expenditures to deal with social problems that result from a spill as well as problems of the natural environment. But there is no indication in the legislative history that the legislature actually considered expenditures of this type when it passed the statute. Lack of explicit legislative history, one way or the other, certainly does not disqualify such expenditures, particularly in view of language that appears to authorize expenditures for purposes other than protecting the environment, i.e., the public health or welfare. But the fact that the use of the Fund was left to the discretion of the commissioner of environmental conservation, whose own statutory authority does not reach to social problems, rather than the Governor or some other interagency coordinating office, may suggest a more limited legislative purpose. The best advice we can offer is that, although payment from the Fund of expenditures for social problems resulting from a spill may be sustained, the legality of such expenditures is not nearly as clear as expenditures for the natural environment. Therefore we urge caution.

Finally, we note that the commissioner of environmental conservation, as manager of the Fund, does have a duty to manage with more than the expenses of the immediate spill in mind. When faced with a wide range of claims on the Fund, the commissioner may legitimately withhold monies in the Fund in order to have them available for responses to other spills; and the commissioner may legitimately reserve monies for setting up and maintaining the emergency response corps and depots as directed by ch. 113, SLA 1989.

This has necessarily been a hasty review of the subject. Please let us know if you have further questions.

cc: Douglas B. Baily, Attorney General
Department of Law

Dennis Kelso, Commissioner
Department of Environmental Conservation

D. Collinsworth, Commissioner
Department of Fish and Game

Lennie Boston-Gorsuch, Commissioner
Department of Natural Resources

Robert E. LeResche, Executive Director
Oil Spill Coordinating Office
Office of the Governor



FEB 26 1990

February 22, 1990

Senator Drue Pearce
Room 510, Capitol
P. O. Box V
Juneau, Alaska 99811

Dear Senator Pearce:

Enclosed for your consideration is Resolution No. 9007 which was adopted by the Valdez City Council on February 20, 1990.

This resolution urges the Alaska Legislature to adopt the Sponsor Substitute for Senate Bill 359 and the revisions thereto proposed by the Oiled Mayors Subcommittee of the Alaska Conference of Mayors.

Thank you for your consideration of this resolution.

Yours truly,

Jeanne Donald
City Clerk

Enclosure

CITY OF VALDEZ

RESOLUTION NO. 9007

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, AUTHORIZING LOBBYING IN FAVOR OF SPONSOR SUBSTITUTE FOR ALASKA STATE SENATE BILL 359

WHEREAS, the release of oil and hazardous substances into the environment has presented and can present in the future a real and substantial threat to the health, safety and welfare of the citizens of Valdez; and

WHEREAS, the release of oil and hazardous substances into the environment has presented and can present in the future a real and substantial threat to the economy of the City of Valdez; and

WHEREAS, the release of oil and hazardous substances into the environment has presented and can present in the future a real and substantial impact upon the delivery of public services and performance of public functions by the City of Valdez; and

WHEREAS, the City Council of the City of Valdez desires to have future releases of oil and hazardous substances prevented; and

WHEREAS, the City Council of the City of Valdez desires to containment and cleanup authority outside municipal boundaries; and

WHEREAS, the costs incurred by the City of Valdez in responding to cleanup and containment of oil and hazardous substances and in providing increased public services as a result of a past or future release of oil or a hazardous substance should be paid to the City by means of either grants or reimbursement from the State of Alaska or from the person responsible for the release; and

WHEREAS, Alaska State Senate Bill 359 clarifies a municipality's exercise of extraterritorial authority for containment and cleanup, clarifies a municipality's right of recovery against the responsible person for the increased costs of providing public services, creates two separate and distinct grant programs to aid a municipality in responding to a release, establishes an oil and hazardous substance municipal impact fund, clarifies the municipality's right to reimbursement from the State, and clarifies the State's obligation to consult with a municipality in preparing contingency plans; and

WHEREAS, Sponsor Substitute for Alaska State Senate Bill 359 amends Alaska State Senate Bill 359 by treating village councils the same as municipalities, increases the list of needs eligible for municipal impact fund grants, prohibits a municipality from recovering twice for the same costs without limiting the ability of a municipality to recover for all damages caused by the release of oil or a hazardous substance and contains miscellaneous technical revisions; and

WHEREAS, the Oiled Mayors group has proposed additional revisions to Alaska State Senate Bill 359, including expanding the list of needs eligible for grants and making the bill retroactive to March 1, 1989; and

WHEREAS, the City Council of the City of Valdez finds that it is in the public interest as well as the interest of the City of Valdez to support Sponsor Substitute for Alaska State Senate Bill 359 and support the revisions proposed by the Oiled Mayors group;


NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, that

Section 1. The City of Valdez strongly urges the Alaska Legislature to adopt the Sponsor Substitute for Alaska State Senate Bill 359 and the revisions thereto proposed by the Oiled Mayors Subcommittee of the Alaska Conference of Mayors.

Section 2. A copy of this resolution, properly certified, shall be sent to Governor Steve Cowper, Senator Jay Kerttula, Senator Mike Szymanski, Representative Gene Kubina, Senator Drue Pearce, and the Alaska Municipal League.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, this 20th day of February, 1990, at Valdez, Alaska.

CITY OF VALDEZ, ALASKA



Lynn Chrystal, Mayor

ATTEST:



Jeanne D. Donald, City Clerk

Sec. 26.23.210. Relationship to civil defense statute. The Alaska civil defense statute (AS 26.20), applies to preparedness, response, and recovery from disasters caused by enemy attack and other hostile military or paramilitary action. The provisions of this chapter, other than AS 26.23.130, apply to preparedness, response, and recovery in cases of natural and nonmilitary manmade disasters. (§ 3 ch 104 SLA 1977)

Sec. 26.23.220. Administration. This chapter shall be administered by the Department of Military and Veterans' Affairs, which is responsible to, and which may receive delegations of authority from, the governor. (§ 3 ch 104 SLA 1977; am E.O. No. 58, § 17 (1984))

Effect of amendment. — The 1984 amendment inserted "and Veterans'."

Sec. 26.23.230. Definitions. In this chapter

(1) "disaster" means the occurrence or imminent threat of widespread or severe damage, injury, or loss of life or property resulting from any natural or nonmilitary man-made cause including, but not limited to, fire, flood, earthquake, landslide, mudslide, avalanche, wind-driven water, weather condition, tsunami, volcanic activity, epidemic, air contamination, blight, infestation, explosion, riot, equipment failure, or shortage of food, water, fuel, or clothing, or the release of oil or a hazardous substance requiring prompt action to avert environmental danger or damage;

(2) "disaster emergency" means the condition declared by proclamation of the governor or declared by the principal executive officer of a political subdivision to designate the imminence or occurrence of a disaster;

(3) "emergency" has the meaning given in 42 U.S.C. 5122 (Disaster Relief Act of 1974);

(4) "major disaster" has the meaning given in 42 U.S.C. 5122;

(5) "political subdivision" means a home rule or general law borough or city including a unified municipality, an unincorporated village, or other unit of local government;

(6) "temporary housing" has the meaning given in the federal Disaster Relief Act of 1974 (P.L. 93-288, 88 Stat. 143);

(7) "unorganized militia" means all able-bodied persons between the ages of 17 and 59 years, inclusive, who reside in the state. (§ 3 ch 104 SLA 1977; am § 49 ch 74 SLA 1985; am § 4 ch 59 SLA 1986)

Revisor's notes. — With regard to (6) of this section, provisions related to temporary housing assistance can be found at 42 U.S.C. 5174 and in 44 C.F.R. 205.52 implementing that section.

Effect of amendments. — The 1985 amendment rewrote paragraph (5).

The 1986 amendment, in paragraph (1), deleted "oil spill or other water contami-

avert danger or damage" preceding "volcanic activity" and added the language be-

Chapter 25. National Guard Mutual Compact.

Section
10. Entry into Compact
20. Terms and provisions of Compact

Section
30. Rights and b-

Sec. 26.25.010. Entry into Compact. The National Assistance Compact is enacted into law and enters the State of Alaska with all other states and joins in it in a form substantially as contained in ch 77 SLA 1968)

Sec. 26.25.020. Terms and provisions of Compact and provisions of the Compact referred to in AS follows:

ARTICLE I. PURPOSES.

The purposes of this Compact are to:

- (1) provide for mutual aid among the party states of the National Guard to cope with emergencies;
- (2) permit and encourage a high degree of deployment of National Guard forces in the inter-
- (3) maximize the effectiveness of the National Guard units that call for its utilization under this Compact;
- (4) provide protection for the rights of National Guardsmen when serving in other states on emergency duty.

ARTICLE II. ENTRY INTO FORCE AND WITHDRAWAL.

(a) This Compact shall enter into force when enacted by any two states. Thereafter, this Compact becomes effective in any other state upon its enactment in that state.

(b) A party state may withdraw from this Compact by statute repealing it, but the withdrawal does not take effect until one year after the governor of the withdrawing state has written of the withdrawal to the governors of all other party states.

ARTICLE III. MUTUAL AID.

(a) In this Article:

- (1) "emergency" means an occurrence or condition of a nature, in which police and other public safety off-

Emergency Management Agency, see sections 4-201 and 4-203 of Ex.Ord. No. 12148, July 20, 1979, 44 F.R. 43239, set out as a note under section 2251 of Title 50, Appendix, War and National Defense.

References to Disaster Relief Act of 1970. Section 602(m) of Pub.L. 93-288 provided that: "Whenever reference is made in any provision of law (other than this Act [the Disaster Relief Act of 1974, see Short Title note

above]), regulation, rule, record, or document of the United States to provisions of the Disaster Relief Act of 1970 (84 Stat. 1744) repealed by this Act such reference shall be deemed to be a reference to the appropriate provision of this Act."

Legislative History. For legislative history and purpose of Pub.L. 93-288, see 1974 U.S. Code Cong. and Adm. News, p. 3070.

EXECUTIVE ORDER NO. 11749

Ex.Ord. No. 11749, Dec. 10, 1973, 38 F.R. 34177, which related to the consolidation of functions assigned to the Secretary of Housing and Urban Development, was revoked by

Ex.Ord. No. 12148, July 20, 1979, 44 F.R. 43239, set out as a note under section 2251 of the Appendix to Title 50, War and National Defense.

EXECUTIVE ORDER NO. 11795

Ex.Ord. No. 11795, July 11, 1974, 39 F.R. 25939, as amended, which related to the delegation of certain functions of the President of the United States, was revoked by Ex.Ord.

No. 12148, July 20, 1979, 44 F.R. 43239, set out as a note under section 2251 of the Appendix to Title 50, War and National Defense.

Library References

United States 82(5).

C.J.S. United States § 122.

§ 5122. Definitions

As used in this chapter—

(1) "Emergency" means any hurricane, tornado, storm, flood, high water, wind-driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, snowstorm, drought, fire, explosion, or other catastrophe in any part of the United States which requires Federal emergency assistance to supplement State and local efforts to save lives and protect property, public health and safety or to avert or lessen the threat of a disaster.

(2) "Major disaster" means any hurricane, tornado, storm, flood, high water, wind-driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, snowstorm, drought, fire, explosion, or other catastrophe in any part of the United States which, in the determination of the President, causes damage of sufficient severity and magnitude to warrant major disaster assistance under this chapter, above and beyond emergency services by the Federal Government, to supplement the efforts and available resources of States, local governments, and disaster relief organizations in alleviating the damage, loss, hardship, or suffering caused thereby.

(3) "United States" means the fifty States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, the Canal Zone, and the Trust Territory of the Pacific Islands.

(4) "State" means any State of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, the Canal Zone, or the Trust Territory of the Pacific Islands.

(5) "Governor" means the chief executive of any State.

(6) "Local government, or other political or tribal organization" includes any rural community public entity for which political subdivision thereof

(7) "Federal agency" means government corporation, Federal Government, and does not include the American

Pub.L. 93-288, Title I, § 1

References in Text. This chapter in text, in the original reading meaning Pub.L. 93-288, May Stat. 143. For complete classification to the Code, see Short Title under section 5121 of this title volume.

For definition of Canal Zone pars. (3) and (4), see section 322; Foreign Relations and Int

Major disaster as defined in the Disaster housing mortgage Dollar or percentage limit tional Housing Act Local educational agency section 646 of Title Local educational agency section 241-1 of T

1. Emergency

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SUBCHAPTER

§ 5131. Federal

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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*
City of Kodiak
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. Petterson, Ph.D.
President



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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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 businesses 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	COROOVA	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 HOHER	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	2625
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	\$4,998
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	323
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	\$5,392
HARBOR/PORT	519	303	0	1,722	91	885	0	0	1,648	5,153
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	9,542
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	\$1,395
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	CORDOVA	VALDEZ	KENAI BOROUGH	HOMER	CITY OF KENAI	SEWARD	SOLDOOTNA	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	36	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		SEWARD	KODIAK		TOTALS		
			BOROUGH	HOMER		BOROUGH	KODIAK			
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/Hotel	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 FORFEITURES	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 REVENUE	\$2,914		\$3,034	\$3,014		2%	-1%
PER CAPITA REVENUE 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	CY 89 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/Motel	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	918,025	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	FY89 Actual	FIRST HALF FY90 Actual	Average Annual Rate of Growth (Percent)	
						FY86-FY88	FY88-FY89
TAXES							
Property	12,866,927	23,325,702	28,377,486	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/Hotel	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	190,475	-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	694,493	376,272	0	-29%	-46%
Federal Grants - Capital	0	0	0	0	0		
Federal Grants - Operating	1,741,490	1,090,816	972,403	1,022,546	935,250	-16%	5%
SUBTOTAL INTERGOVERNMENTAL	68,550,002	70,568,783	66,239,285	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%	-34%
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 HOMER
 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 FORFEITURES	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%
Hotel/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	3,064,276	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%	-16%
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	37,606	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%	-13%
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%	0%
FINES AND FOREITURES	27,002	28,184	35,899	32,824	32,929	15%	-5%
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 FY 90 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	369,009	294,583	301,402	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 - VECD	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	FY 89 Actual	FIRST HALF FY 90 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	-3%	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%
Hospitals	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%	13%
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/Hotel	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	1,497,745	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	9,987		
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/Hotel	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	550,663	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%	16%
MISCELLANEOUS							
Rents and Leases	202,489	178,091	155,621	157,877	156,936	-12%	1%
Investment Income	845,532	669,119	764,306	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	-1%	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 clean-up 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	VALDEZ	KENAI BOROUGH	HOMER	CITY OF KENAI	SEWARD	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	\$1,627

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	12,660	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/BLDG. 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	32,061	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	32,061	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/BLDG. INSP.	14,496	49,874	21,508	20,675		22%	-4%
PUBLIC SAFETY-POLICE/FIRE/EMS	130,393	120,905	95,671	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	76,692	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			
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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/BLOG. 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	5,375,336	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 1983 - 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/BLDG. 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%
HA BOR	82,440	90,411	113,025	123,214		17%	3%
DEB: 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	3,605,440	2,178,698	-5%	3%
PLANNING/LAND USE/BLDG. INSP.	701,920	682,608	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	217,490	233,434	218,315	128,956		
Other	0	0	0	0	0		
SUBTOTAL PARKS & RECREATIONAL	254,634	217,490	233,434	218,315	128,956	-4%	
LIBRARIES & MUSEUMS	0	0	0	0	0		
SCHOOLS	41,507,393	40,366,690	39,014,097	42,802,825	0	-3%	10%
PUBLIC WORKS							
Administration/Engineering	657,765	467,750	447,878	566,587	119,879		
Maintenance/Shop	2,250,180	2,033,800	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	2,501,550	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	50,008,484	48,430,172	52,788,616	5,729,282	-3%	9%
TOTAL LOCAL GOV'T EMPLOYMENT	2,016	1,948	1,860	2,096	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	611,796	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 - 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	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	274,665	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	3,256,532	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/BLOG. 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		
Senior 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	101,111		
Power/Electric Utility	0	0	0	0	0		
Airport	117,457	120,925	127,538	129,716	66,451		
SUBTOTAL PUBLIC WORKS	924,989	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		125%
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%	70%
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/BLDG. INSP.	1,406	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	66,099	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/BLDG. 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	169	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		19%	-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	FY83-FY89
GENERAL GOVERNMENT	724,869	515,489	746,075	669,154		1%	-10%
PLANNING/LAND USE/BLOG. INSP.	73,594	53,586	47,656	20,586		-20%	-57%
PUBLIC SAFETY-POLICE/FIRE/EMS	191,063	157,520	194,235	179,074		1%	-8%
HEALTH AND HOSPITALS							
Hospitals	1,843,090	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		-9%	5%
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 - SOLDOTNA
 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)	
						FY85-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		41,946	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/BLOG. 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		
Campground	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		183,996	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		143,497	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 - KODIAK 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/BLDG. INSP.	95,909	73,197	70,340	160,141	40,040	-14%	128%
PUBLIC SAFETY-POLICE/FIRE/EHS	49,016	60,028	71,595	54,085	136,455	21%	-24%
HEALTH AND HOSPITALS							
Hospitals	4,838,558	5,208,417	5,416,197	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	13,458,525	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	\$1,283		\$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		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	258,654	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	6,056	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 C&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 C&M SPENDING	\$523		\$550	\$633		3%	15%
PER CAPITA C&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

Local Government Jurisdiction	Fiscal 1989		Fiscal 1990	
	<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 judgement, 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)

	COROONA a	VALDEZ b	KENAI BOROUGH d	HOMER d	CITY OF KENAI d	SEWARD g	SOLOOTNA i	KODIAK BOROUGH i	CITY OF KODIAK d	TOTALS
REVENUES										
STATE OF ALASKA	\$226	\$0		\$37	\$0	\$0		\$173		\$436
BOROUGH (Pass Through)			(432)	225	4	203		(99)	99	0
EXXON CORPORATION	477	1373c	1612	322	32	88h		1730	26	5,660
EXXON CONTRACTORS	40									40
TOTAL REVENUES	\$743	\$1373	\$1180	\$584	\$36	\$291	\$0	\$1804	\$125	\$5,136
EXPENDITURES										
PERSONNEL COSTS	\$115	\$790	\$38	\$186		\$64		\$399	\$103	\$1,695
OPERATION/MAINTENANCE	836	500	1087e	177	4	189		1282e	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	\$32f	\$(1)		\$23	\$0	\$45
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 EXPENDITURES 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 MOTEL 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	1373 ^a	ALL TO SPILL		
MISCELLANEOUS	230	LARGELY TO SPILL		
TOTAL REVENUE	\$2378			
EXPENDITURES				
MENTAL HEALTH/ALCOHOL	\$86	ALL TO SPILL		
PARKS AND RECREATION	5	ALL TO SPILL		
AIRPORT	24	ALL TO SPILL		
HARBOR/PORT	85	ALL TO SPILL		
OIL SPILL	1395 ^a	ALL TO 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 (PWSAC) 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.

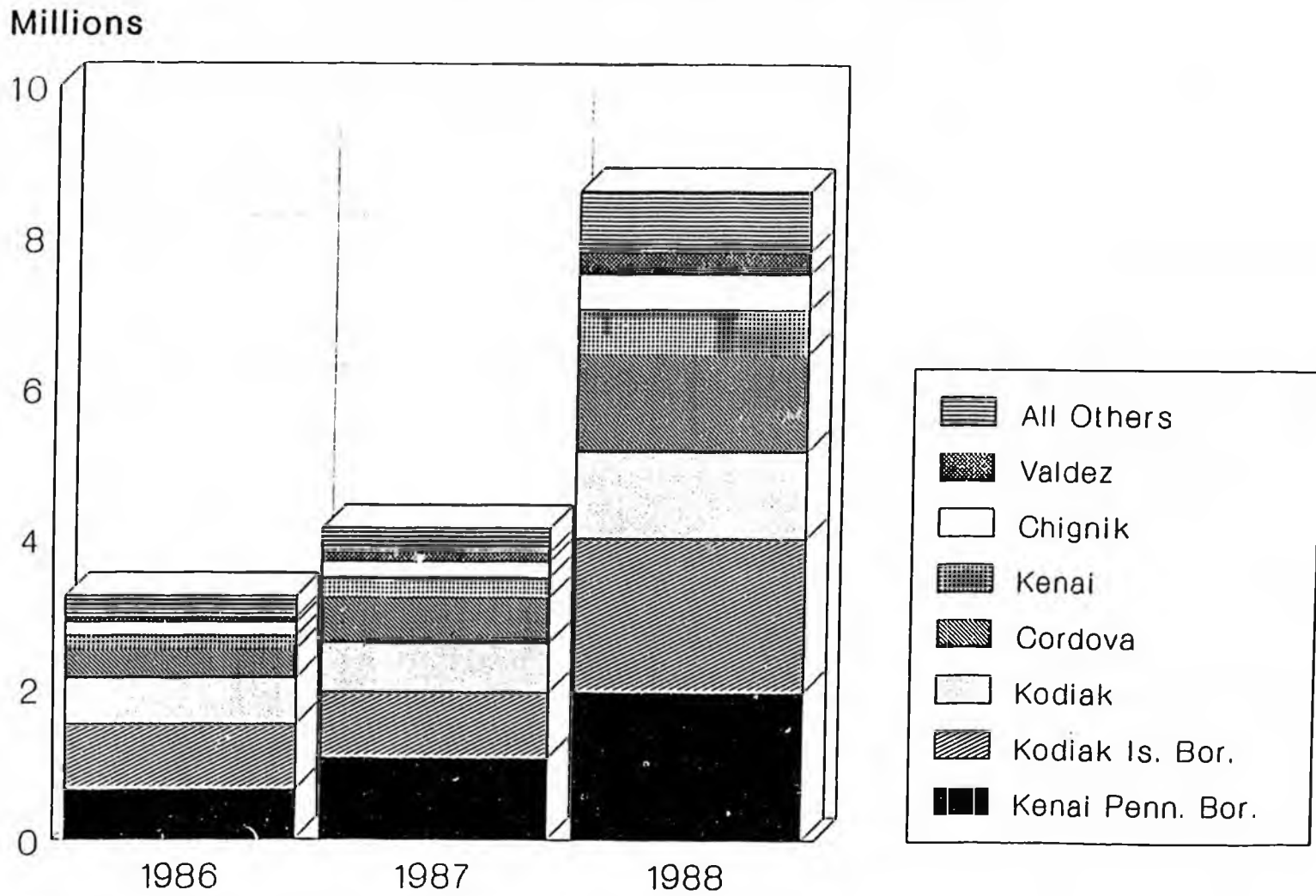
5.4 Analysis

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)



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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.

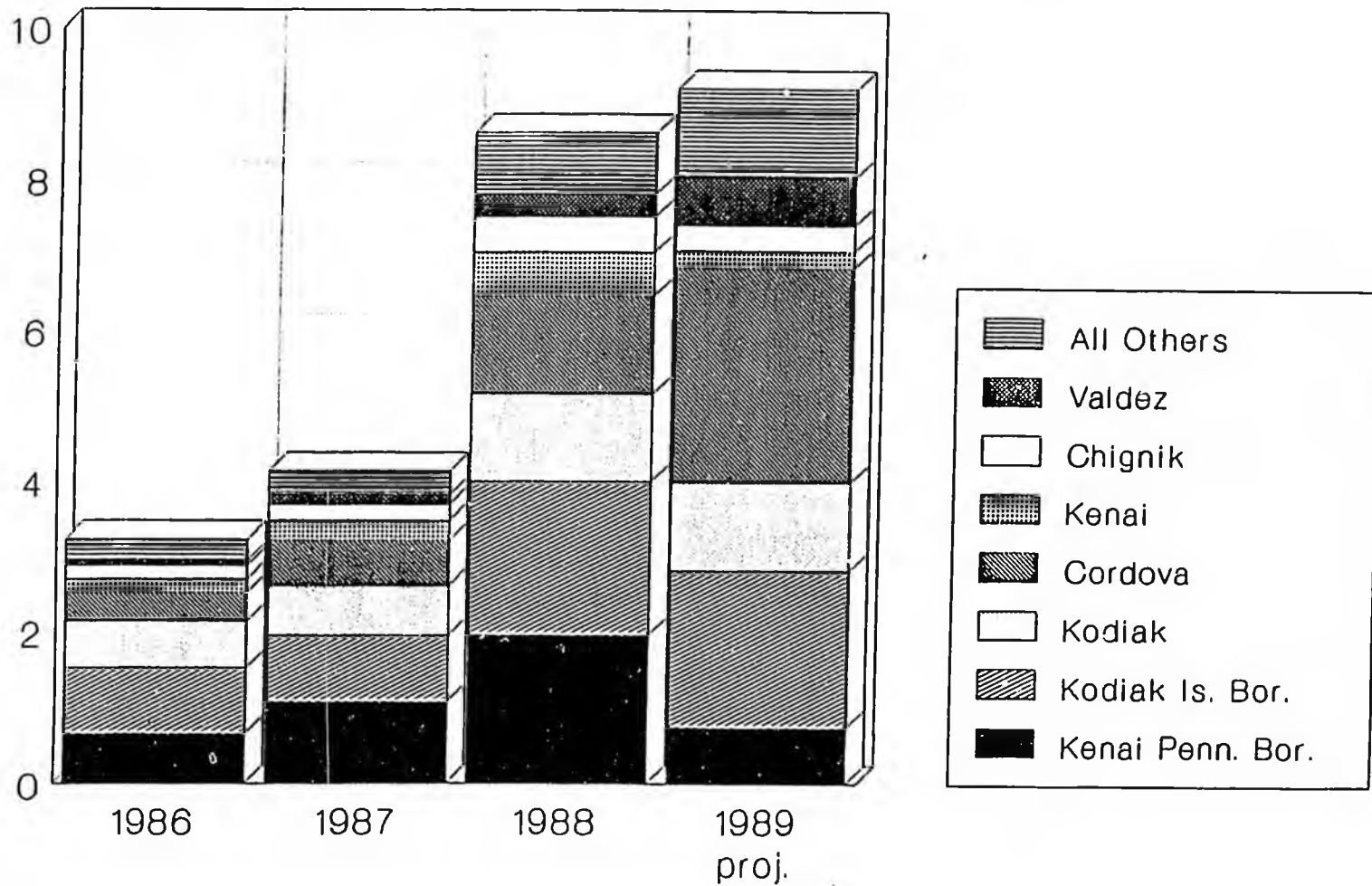
**EXHIBIT 4:
PROJECTION OF 1989 FISH TAX DISTRIBUTION BY FISHERY AREA ***

<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	

* 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



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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			KENAI			SEWARD	SOLDOTNA	KODIAK	
	CORDOVA	VALDEZ	BOROUGH	HOMER	KENAI			BOROUGH	KODIAK
	761	752	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	349	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	13.06	9.15	8.75	10.58	4.51	6.51
1988	7.90	14.16	5.75	12.65	9.15	8.75	10.58	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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