

SB355

SENATE FINANCE COMMITTEE REPORT

DATE: 2/12/92

FURTHER:

DATE TURNED INTO OFFICE: 2-25-92

The Finance Committee considered

SENATE BILL NO. 355

"An Act to extend the Alaska Regional Economic Assistance Program."

and recommends:

- replace with _____ CS _____ (FINANCE)
- or adopt previous _____ CS _____ (_____)
- attaches amendment(s)

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

adopts _____ Letter of Intent

further referral to the _____

do pass

do not pass

no recommendation

individual recommendations

NEW FISCAL NOTES: Dept/Date

zero fiscal notes _____

DECED 2-24-92
(Funding included in budget)

fiscal notes _____

appropriation--no fiscal note

DO PASS:

[Handwritten signatures: Lynn Hoff, Al Adams, and others]

PREVIOUS FISCAL NOTES: Dept/Date

zero fiscal notes _____

fiscal notes _____

OTHER RECOMMENDATIONS:

1. *[Signature]*
Co-Chair: Signature/Recommendation

[Signature] Do pass
Co-Chair: Signature/Recommendation

FISCAL NOTE

BILL NO. SB 356

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: 2/24/92
Title: An Act to extend the Alaska Regional Economic Assistance Program
Sponsor: Senator Sturgulewski
Requestor: Senator Sturgulewski

Department Affected: Commerce & Econ. Dev.
BRU: Economic Development
Component: _____

COMPONENT SERIAL NO.

8	0	1
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES		195.2	195.2	195.2	195.2	
TRAVEL		30.7	30.7	30.7	30.7	
CONTRACTUAL		35.0	35.0	35.0	35.0	
SUPPLIES		3.0	3.0	3.0	3.0	
EQUIPMENT		5.0	5.0	5.0	5.0	
LAND & STRUCTURES						
GRANTS, CLAIMS	0	750.0	750.0	750.0	750.0	0
MISCELLANEOUS						
TOTAL OPERATING	0	1,018.9	1,018.9	1,018.9	1,018.9	0
CAPITAL						
REVENUE FUND RESOURCE:						

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	1,018.9	1,018.9	1,018.9	1,018.9	0
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL	0	1,018.9	1,018.9	1,018.9	1,018.9	0

POSITIONS:

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

Estimate of current year impact: None

ANALYSIS (Attach a separate page if necessary.)

SEE ATTACHEE

Post-It™ brand fax transmittal form 7671 # of pages 2

To: <u>Sarah Barnett</u>	From: <u>Jo Galloway</u>
Co: <u>Sen. Pauschot</u>	Co: _____
Dupl. _____	Phone # <u>x 2500</u>
Fax # <u>465-2009</u>	Fax # _____

Prepared By: Tom Lawson, Section Chief Phone: 465-2011
Division: Economic Development Date: _____
Approved by Commissioner: Glenn A. Olds
Agency: Department of Commerce & Economic Development Date: 2-24-92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legl. Ofc., and Impacted Agency(ies).
Page 1 of 2

FISCAL NOTE - SB 355

ANALYSIS:

This program is fully funded in the Governor's FY 93 Budget Request. Therefore, the fiscal impact of this bill does not arise until FY 94 and ends with FY 97.

Full funding of \$50.0 for 15 ARDORs per year is provided. In addition, funding is provided for support staff consisting of two development specialist positions and partial funding for an additional position as well as limited travel and contractual services expenses. These positions are critical to the success of the ARDOR program as they, in effect, serve as extensions of the ARDORs' own limited staffs, enhancing their abilities to develop and implement programs, access available resources and analyze the potential costs/benefits of proposed economic development projects. These services are particularly important to the rural Alaska ARDORs (10 of the 13 now designated) whose limited resources can be more productively channeled if they do not have to maintain this level of expertise "on site."

ARDORs are the critical linkage between local communities and state government for the examination and determination of economic development policy and promotion of economic self-sufficiency. Retention of the three positions is vital as they actively assist each ARDOR and coordinate the functions of the ARDOR program with other division and department programs.

The support budget also allows the Division of Economic Development to facilitate interregional coordination and training through monthly teleconferences and quarterly meetings with ARDOR executives, and an annual statewide workshop for all ARDOR boards and staff.

If funding is not authorized, these positions and supporting coordination programs will be eliminated and the division will be forced to limit its role solely to the administration of the pass through grants referenced above.

TL/dg11394D
022492a

SENATE BILL NO. 355

IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY SENATORS STURGULEWSKI, Uehling

Introduced: 1/14/92
Referred: L&C, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act to extend the Alaska Regional Economic Assistance Program."

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

3 * Section 1. Section 3, ch. 94, SLA 1988, is amended to read:

4 Sec. 3. AS 44.33.026 is repealed July 1, 1997 [1993].

FISCAL NOTE

No. 1
 Bill version: SB 355
 (S) Publish Date: 2-12-92

**STATE OF ALASKA
 1992 LEGISLATIVE SESSION**

Revision Date: _____
 Title: An Act to extend the Alaska Regional
 Economic Assistance Program
 Sponsor: Senator Sturgulewski
 Requestor: Senator Sturgulewski

Department Affected: Commerce & Econ. Dev.
 BRU: Economic Development
 Component: _____

COMPONENT SERIAL NO.

	8	0	1
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EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	0	750.0	750.0	750.0	750.0	0
MISCELLANEOUS						
TOTAL OPERATING	0	750.0	750.0	750.0	750.0	0

CAPITAL

--	--	--	--	--	--	--

REVENUE FUND RESOURCE:

--	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	750.0	750.0	750.0	750.0	0
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL	0	750.0	750.0	750.0	750.0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS (Attach a separate page if necessary.)

This program is fully funded in the Governor's FY 93 Budget Request. Therefore, the fiscal impact of this bill does not arise until FY 94 and ends with FY 97.

Prepared By: Terry Miller, Development Specialist Phone: 465-2017
 Division: Economic Development Date: 2/5/92
 Approved by Commissioner: Glenn A. Olds Date: 2.7.92
 Agency: Department of Commerce & Economic Development

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., and Impacted Agency(ies).
 Page 1 of 1

SB 355: "An Act to extend the Alaska Regional Economic Assistance Program."

The Alaska Regional Economic Assistance Program was created in statute in June 1988. The program was designed to facilitate economic development at the regional and local levels by establishing a network of designated public/private economic development organizations. These organizations, which came to be called Alaska Regional Development Organizations (ARDORs), are charged with developing and implementing strategies to encourage economic development within their regions. The program's underlying goal is the creation of private sector employment through local economic development and capacity building. The statute allows up to fifteen ARDORs to be designated statewide and provides matching grants of up to \$50.0 per year to each organization. Administrative support for the program, as well as professional and technical assistance to the ARDORs, are provided by staff of the Division of Economic Development. On the assumption that the ARDORs could become operationally and financially self-sufficient after five years of state support (FYs 89-93), the program was scheduled for repeal in July 1993.

Although some ARDORs have been operational since FY 89, many have come into existence within the last year and two significant regions of the state are still in the process of structuring appropriate organizations. ARDORs now encompass 67 percent of the state's land area and 93 percent of its population. Nearly 200 community and business leaders throughout the state serve on ARDOR boards of directors. While the goal of creating self-sufficient regional entities remains, it is the position of this department that it is in the best interest of the state to continue this modest level of support to a highly successful and popular program that is making a significant contribution to encouraging local responsibility for economic development planning and program implementation.

The department recommends extending the Alaska Regional Economic Assistance Program to July 1997.

Glenn A. Olds

 Glenn A. Olds, Commissioner

Date: 2-6-92

Alaska Regional Development Organizations Program Funding History							
				FY 89	FY 90	FY 91	FY 92
Alaska Regional Development Organizations							
Kenai Peninsula Borough Economic Development District				\$50.0	\$29.2	\$37.5	\$50.0
Southwest Alaska Municipal Conference				50.0	12.5	50.0	50.0
Anchorage Economic Development Corporation				50.0	50.0	12.5	50.0
Southeast Conference				50.0	8.3	50.0	50.0
Northwest Arctic Borough Economic Development Commission				50.0		50.0	50.0
Matanuska-Susitna Regional Economic Development Development Corp.				50.0		50.0	
Bering Straits Economic Council					50.0	16.7	33.3
Interior Alaska Economic Development Council					50.0	16.7	50.0
Copper Valley Economic Development Council						34.6	37.5
Kuskokwim Economic Development Council					50.0		50.0
Arctic Development Council					50.0		50.0
Lower Kuskokwim Economic Development Council							50.0
Prince William Sound Deveopment Council							50.0
Lower Kuskokwim Development Council							50.0
G.F. Operating Budget Pass Through Grant Total				\$300.0	\$300.0	\$318.0	\$620.8
ARDOR Program Support							
Federal Economic Development Administration Technical Assistance Grant				44.9			
Federal Economic Development Administration Planning Grant					200.0	200.0	150.0
CIP State Match				40.0	100.0	120.0	150.0
Non-G.F. ARDOR Program Support Total				\$84.9	\$300.0	\$320.0	\$300.0
Total Funds all Sources				\$384.9	\$600.0	\$638.0	\$920.8
prepared 2/24/92							
Postions: FTE				1.0	3.5	3.5	3.0

and to produce the statutorily mandated annual performance report on the state's economy. This information is essential to the private sector for business decisions and for policy makers to make informed decisions about state policies affecting business and economic development.

Revised EDA 302(a) grant guidelines limit funding to a maximum of three years. FY 92 represents the division's third and final year of funding under these guidelines. ARDORs are the critical linkage between local communities and state government for the examination and determination of economic development policy and promotion of economic self-sufficiency. Retention of the three positions is critical as they actively assist each ARDOR and coordinate the functions of the ARDOR program with other division and department programs. If funding is not authorized, these positions will be eliminated and the division will be forced to limit its role solely to the administration of the pass through grants referenced above.

Budget:

100 - Personal Services		\$195.2
Development Specialist I (R18)	70.5	
Development Specialist I (R18)	64.3	
Research Analyst III (R18)	60.4	
200 - Travel		30.7
300 - Contractual		35.0
400 - Supplies		3.0
500 - Equipment		5.0
700 - Grants		<u>83.0</u>
TOTAL		\$351.9 -
		83.0
		<u>268.9</u>

**ADDITIONAL
EXPLANATION
FORM**

C5

9984M-3

AGENCY Commerce and Economic Development
 BRU Economic Development
 COMPONENT _____

page of 4
 Revised Date:

FY93
000434

11/20/91

08:59:08.3

PERSONAL SERVICES EXPENDITURES DETAIL REPORT

PAGE: 24

DEPT. OF COMMERCE & ECONOMIC DEVELOPMENT SCENARIO: 1 (FY93 AGENCY SCENARIO 1)

COMPONENT #: 08 7501000000 NAME: BUSINESS DEVELOPMENT

BRU NAME: BUSINESS DEVELOPMENT

PCN	JOB CLASS TITLE	T R D S C U	LOCATION NAME	S R & S	MOS BUDG	ANNUAL SALARY	PREMIUM PAY	ANNUAL BENEFITS	TOTAL PERSON. SVCS	GEN. FUND AMOUNT
081047	CLERK III	F A GG 00000	JUNEAU	AA 08D	12.00	22932	0	10718	33650.01	33650.01
081048	DEVELOPMENT SPEC II	F A GG 00000	JUNEAU	AA 20A	12.00	48711	0	17464	66176.13	66176.13
081049	GRANTS SPECIALIST	F A XE 00000	JUNEAU	AA 21D	12.00	54306	0	18865	73171.58	0.00
081201	DIVISION DIRECTOR	F A XE 00000	JUNEAU	AA 26J	12.00	87985	0	25504	113490.01	113490.01
081202	CORRESPONDENCE SEC II	F A GG 00000	JUNEAU	AA 10F	12.00	29169	0	12350	41519.23	41519.23
081205	DEVELOPMENT SPEC II	F A GG 00000	JUNEAU	AA 20F	12.00	57720	0	19804	77525.31	77525.31
081207	DEVELOPMENT SPEC II	F A GG 00000	JUNEAU	AA 20E	12.00	55666	0	19284	74951.51	74951.51
081228	DEVELOPMENT SPEC II	F A GG 00000	ANCHORAGE	AA 20K	12.00	61639	0	20560	82250.01	82250.01
081229	ADMIN ASST II	F A GG 00000	JUNEAU	AA 14B	12.00	33251	0	13418	46669.99	46669.99
08123X	DEVELOPMENT SPECIALIST	F A XE 00000	JUNEAU	AA 22D	12.00	62004	0	20557	82561.98	82561.98
08124X	DEVELOPMENT SPECIALIST	F A XE 00000	JUNEAU	AA 23D	12.00	66402	0	21394	87796.65	87796.65
081243	CLERK TYPIST III	F A GG 00000	FAIRBANKS	CC 08C	6.00	12297	0	4397	16695.05	16695.05
081244	DEVELOPMENT SPEC II	F A GG 00000	JUNEAU	AA 20K	12.00	61689	0	20560	82250.01	82250.01
081245	DEVELOPMENT SPEC II	F A GG 00000	FAIRBANKS	CC 20D	12.00	56196	0	19423	75619.20	75619.20
081260	DEVELOPMENT SPEC II	F A GG 00000	JUNEAU	AA 20K	12.00	61689	0	20560	82250.01	82250.01
081261	PLANNER VI	F A GG 00000	JUNEAU	AA 22F	12.00	66087	0	21397	87484.68	87484.68
081265	SECRETARY I	F A GG 00000	JUNEAU	AA 10B	12.00	25867	0	11486	37354.11	37354.11
081266	GRANTS ADMINISTRATOR II	F A GG 00000	JUNEAU	AA 17J	12.00	48711	0	17464	66176.13	66176.13
081268	DEVELOPMENT SPEC I	F A GG 00000	ANCHORAGE	AA 18D	12.00	47161	0	17058	64220.75	64220.75
081269	DEVELOPMENT SPEC I	F A GG 00000	JUNEAU	AA 18J	12.00	52101	0	18351	70452.54	70452.54
081270	RESEARCH ANALYST III	F A GG 00000	JUNEAU	AA 18B	12.00	44087	0	16254	60341.79	60341.79
					COLUMN TOTALS:	1055728	0	368877	1422606.68	

ARDOA
SUPPORT

FULL TIME POSITIONS	20	TOTAL PERSONAL SERVICES	1422606.68
PART TIME/SEASONAL POSITIONS	1	PLUS LUMP SUM PREMIUM PAY	0.00
NON PERMANENT POSITIONS		SUB-TOTAL	1422606.68
OTHER.....		MINUS 4.40787 % VACANCY ADJUSTMENT	62706.65

NUMBER OF POSITIONS IN COMPONENT 7501000000 = 21 PERSONAL SERVICES, LINE 100 1359900.03
 (INCLUDES 3 BUDGETED NEW POSITIONS)

STAFF MONTHS: 246.00

FUNDING DATA:
 1002 (FEDERAL RECEIPTS) 73171.58
 1004 (GENERAL FUND RECEIPTS) 1349435.10
 =====

TOTAL FUNDING: 1422606.68

000441

Encouraging ARDOR

Concerned about economic development in your region, but leery of getting involved with yet another government program? Wondering if there's support in your area for a new business and, if so, how to go about financing it? If you're nodding your head yes, you might want to check to see if a regional development agency has been organized in your area. Chances are good that one has and that its staff can help answer your questions.

The Alaska Regional Development Organizations Program was established by state legislators in 1988 in the hope it would foster economic development at a local and regional level - in other words, from the bottom up. The statute allowed for up to 15 ARDORs, each with its own board of directors, office and agenda, to be established statewide.

Since the first programs were designated in 1989, 13 ARDORs have been formed. Together these regional economic development organizations represent 91 percent of the state's population and 67 percent of its area. The Matanuska-Susitna Valley and a large portion of the Interior - excluding Fairbanks - remain unorganized. Those involved with the program hope that will soon change.

The newest ARDORs to join the program are the Prince William Sound and Lower Yukon economic development councils. Both joined the program Nov. 1.

Jayre Sontag, executive director of the Prince William Sound Economic Development Council, sees the organization as a way for communities in the sound to work together on issues affecting them all. In the past, says Sontag, towns and villages in the area have tended to look out for themselves and work independently.

Now there's a means for them to pull together and look at economic issues vital to the entire region. Top priorities for the newly formed ARDOR will be to strengthen the pink salmon industry and to encourage the development of small businesses. It also will work with existing groups to promote tourism.

"I was just very impressed," says Sontag of the cooperative attitude displayed at a recent council meeting. "My board of directors said, 'We've been wanting to do this for 10 years.'"

Those involved with the statewide ARDOR program, including state coordinator Terry Miller, are convinced that building economic development plans from the basement up is the most efficient approach. "We very often have the state come up with a plan and then it trickles down to the local level," says Miller, who's been with the program about two years. "This is a bottom-up approach. People locally know what they need, what they can do and what their resources are."

The program is monitored by the state Department of Commerce and Economic Development. The department approves applications from potential

ARDORs, offers them technical assistance and may allocate up to \$50,000 annually in matching grants to an ARDOR.

Despite the department's involvement, Miller stresses that the program is not another state-run project. Each ARDOR is an independent, incorporated, non-profit organization governed by a volunteer board of directors composed of both public- and private-sector representatives. And coming up with the matching funds necessary to secure a grant forces an ARDOR to muster the regional support necessary to make the program work, says Dan Golden, a development specialist with the department.

"We've really created economic states within the state," says Golden, in explaining the latitude given to each ARDOR. And individual communities within a region are realizing they can accomplish more together than apart.

Although each ARDOR must develop a strategic plan addressing the needs of its area, certain themes are common to most, say Miller and Golden. Everyone, says Miller, is interested in waste management and how to best participate in recycling programs. These subjects are of particular interest to those ARDORs in the Bush. Developing mineral resources, including fishing and timber, also is important to several groups. Tourism is another hot topic.

Donna Tollman, executive director of the Copper Valley Economic Development Council, says tourism development is a major theme in her area. "We've determined we're a pass-through location and not a destination, so we're working on that." Visitors must have a reason to come to the Copper Valley and something to do once they've arrived, says Tollman. Ideas being considered include developing a year-round, eco-tourism industry that attracts ecologically friendly participants such as wildlife observers and photographers, putting on a summer theater production and identifying hiking trails within walking distance of area hotels.

The council, which represents an area that includes Glennallen and Kennicott, wants to improve the region's quality of life by supporting existing businesses, creating employment and encouraging people to start new businesses, says Tollman, owner of a Sears catalog store and a Glennallen clothing store. Residents want to maintain the area's quiet and peaceful atmosphere while strengthening the economy. Gradually, says Tollman, she and the ARDOR board are seeing changes.

"People here are really excited," says Tollman, who emphasizes that the Copper Valley council represents the concerns of the entire region and not just Glennallen. "Slowly but surely we're turning the (initial) skepticism into positive energy. We're really seeing some changes."

- Robin Mackey Hill

Designated Alaska Regional Development Organizations

Alaska Regional Development Organizations Program

Department of Commerce and Economic Development
Division of Economic Development

Kenai Peninsula Borough Economic Development District

Designation Date: February 22, 1989
James Elson, Chairman
Stan Steadman, Executive Director
110 Willow Street, Suite 106
Kenai, AK 99611
Phone: 283-3335
Fax: 283-3913

Southwest Alaska Municipal Conference

Designation Date: April 6, 1989
Rich Wilson, President
Marideth Sandler, Executive Director
3300 Arctic Boulevard, Suite 203
Anchorage, AK 99503
Phone: 562-7380
Fax: 562-0432

Anchorage Economic Development Corporation

Designation Date: April 11, 1989
Ron Duncan, Chairman
Scott Hawkins, President
550 West 7th Avenue, Suite 1130
Anchorage, AK 99501
Phone: 258-3700
Fax: 258-6646

Southeast Conference

Designation Date: April 14, 1989
Frank Wallace, President
Jim Kohler, Executive Director
126 West Fifth Street
Juneau, AK 99801
Phone: 463-3445
Fax: 463-5670

Northwest Arctic Borough Economic Development Commission

Designation Date: June 28, 1989
Ross Schaeffer, Chairman
William Spencer, Executive Director
P.O. Box 1110
Kotzebue, AK 99752
Phone: 442-2500
Fax: 442-2930

Bering Straits Economic Council

Designation Date: January 11, 1990
Lonnle O'Connor, President
Yvonne Dazee, Executive Director
P.O. Box 1849
Nome, AK 99762
Phone: 443-5394
Fax: 443-2409

Interior Alaska Economic Development Council

Designation Date: January 31, 1990
Walter "Wally" Carlo, President
Wendy Warrick, Executive Director
520 Fifth Avenue, Suite 410
Fairbanks, AK 99701
Phone: 458-1210
Fax: 456-1942

Copper Valley Economic Development Council

Designation Date: November 1, 1990
Robert Wilkinson, President
Donna Tolman, Executive Director
P.O. Box 9
Glenallen, AK 99588
Phone: 822-5001
Fax: 822-5009

Kuskokwim Economic Development Council

Designation Date: February 15, 1991
Dennis Thomas, President
Jennie Wooderson, Executive Director
P.O. Box 207
Aniak, AK 99557
Phone: 675-4418
Fax: 675-4419

Arctic Development Council

Designation Date: March 1, 1991
Conrad Begne, President
Larry Meadows, Executive Director
P.O. Box 1353
Barrow, AK 99723
Phone: 852-4146
Fax: 852-4147

Lower Kuskokwim Economic Development Council

Designation Date: September 17, 1991
Ted Moses, Chairman
Carl Berger, Executive Director
P.O. Box 219
Bethel, AK 99559
Phone: 543-3521
Fax: 543-3596

Prince William Sound Economic Development Council

Designation Date: November 1, 1991
James Winchester, President
Jayne Sontag, Executive Director
P.O. Box 2353
Valdez, AK 99686
Phone: 835-3775
Fax: 835-2847

Lower Yukon Economic Development Council

Designation Date: November 1, 1991
Edwin Glotfelty, Interim Board Member
P.O. Box 9
Etmonak, AK 99581
Phone: 949-1249
Fax: 949-1926