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FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

No. 1
Bill Version: HR 198
(H) Publish Date: 3/266/93

Revision Date: N/A
Title: Regional Economic Assistance Program
Sponsor: Representative Foster
Requestor: Representative Foster

Department Affected: Commerce and Economic Development
BRU: Economic Development
Component: N/A
COMPONENT SERIAL NO. _____

EXPENDITURES/REVENUES:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	750.0	750.0	750.0	750.0	0.0	0.0
MISCELLANEOUS						
TOTAL OPERATING	750.0	750.0	750.0	750.0	0.0	0.0

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING:

1002 Federal Receipts						
1003 GF Match						
1004 GF	750.0	750.0	750.0	750.0	0.0	0.0
1005 GF/Program Receipts						
1006 GFMHTIA						
OTHER						
TOTAL	750.0	750.0	750.0	750.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY 93) impact: N/A

ANALYSIS: (Attach a separate page if necessary.)
See attached.

Prepared by: Tom Lawson, Section Chief, Business & Regional Dev.
Division: Economic Development

Phone: 465-2017
Date: _____

Approved by Commissioner: Paul Fuhs
Agency: Commerce and Economic Development

Date: 3/8/93

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From: Stephan H. Williams at (907) 276-2109

04-19-93 05:33 pm

To: Steve Hartung, MarkAir at #266-6824

003 of 015

THE SUPERIOR COURT FOR THE STATE OF ALASKA
THIRD JUDICIAL DISTRICT AT ANCHORAGE

FRONTIER FLYING SERVICE, INC.,
CAPE SMYTHE AIR SERVICE, INC.,
MARKAIR EXPRESS, INC.,
and MARKAIR, INC.,

Plaintiffs,

vs.

FRANK G. TURPIN, COMMISSIONER
of the ALASKA DEPARTMENT OF
TRANSPORTATION AND PUBLIC
FACILITIES, the ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES,
and the STATE OF ALASKA,

Defendants.

Case No. 3AN-91-8086 Civil

STIPULATION CONCERNING JUDGMENT AMOUNTS
AND AWARD OF CIVIL RULE 82 ATTORNEY'S FEES

The Court's March 12, 1993, Order Granting Plaintiffs' Motion For Partial Summary Judgment invalidated the rural airport landing fee scheme ("Scheme") adopted by the defendants. That Order also provided for the entry of judgment in favor of plaintiffs Frontier Flying Service, Inc., Cape Smythe Air Service, Inc., MarkAir Express, Inc., and MarkAir, Inc., for the amounts of the landing fees that they paid under the Scheme, plus statutory prejudgment interest.

STEPHAN H. WILLIAMS
ATTORNEY-AT-LAW

500 L Street, Suite 403
Anchorage, Alaska 99501
(907) 276-8022

STIPULATION CONCERNING JUDGMENT AMOUNTS
Page 1

From: Stephan H. Williams at #(907) 276-2169
To: Steve Hartung, MarkAir at #766-6024

04-15-93 05:34 PM
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The defendants and the plaintiffs stipulate that the following amounts, the principal fee payments and statutory prejudgment interest through March 31, 1993, may be used for purposes of entry of judgments in plaintiffs' favor:

Plaintiff	Fees Paid	Prejudgment Interest Through 3/31/93	TOTAL Through 3/31/93
FRONTIER FLYING SERVICE, INC.	\$5,794.75	\$313.22	\$6,107.97
CAPE SMYTHE AIR SERVICE, INC.	\$33,410.80	\$2,776.69	\$36,187.29
MARKAIR EXPRESS, INC.	\$151,700.00	\$12,920.11	\$164,620.11
MARKAIR, INC.	\$585,952.85	\$46,721.44	\$612,674.29

In addition, the following are agreed to be the appropriate per diem prejudgment interest amounts to be added for each day after March 31, 1993, until the date judgments are actually entered for each plaintiff:

FRONTIER FLYING SERVICE, INC.	\$1.67
CAPE SMYTHE AIR SERVICE, INC.	\$9.61
MARKAIR EXPRESS, INC.	\$43.64
MARKAIR, INC.	\$162.81

Copies of work sheets with prejudgment interest calculations for each plaintiff are attached as Exhibits 1 through 4 to this stipulation, for the Court's information and review.

The judgments filed with this Stipulation have been approved as to form by counsel for the defendants. As those judgments indicate, the parties have further agreed that the Court

STEPHAN H. WILLIAMS
ATTORNEY AT LAW

200 L. Drive, Suite 400
Andalusia, Alabama 36401
1807 276-6832

MAY-3-93 MON 14:52

DUIPF COMMISSIONER
MARKHIR

FHA NO. 9010000000

FAX NO. 9072666824

P. 04

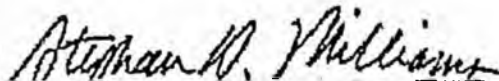
04-19-93 05:35 pm
005 of 015

From: Stephan H. Williams at (907) 276-2109
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may award attorney's fees to plaintiffs based on the application of Civil Rule 82(a)(1)'s schedule for fee awards in cases that are contested "Without Trial," without the need for plaintiffs to move for the award of such fees.

RESPECTFULLY SUBMITTED this 19th day of April, 1993, at Anchorage, Alaska.

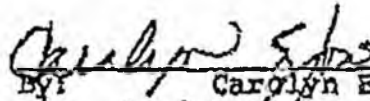
LAW OFFICE OF STEPHAN WILLIAMS



By: Stephan H. Williams

Attorney for Plaintiffs

BRUCE M. BOTELHO
DEPUTY ATTORNEY GENERAL

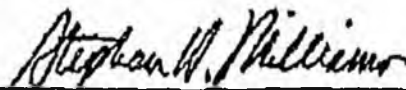


By: Carolyn E. Jones
Assistant Attorney General

CERTIFICATE OF MAILING

I, Stephan H. Williams, hereby certify that a copy of the foregoing Stipulation was served this 19th day of April, 1993, by first class mail, on the following counsel of record for the proposed intervenors in this action:

Mr. James N. Reeves
Bogle & Gates
1021 West 4th Avenue, Suite 800
Anchorage, Alaska 99501



Stephan H. Williams

STEPHAN H. WILLIAMS
ATTORNEY AT LAW

500 E. St. Ste. 400
Anchorage, Alaska 99501
(907) 276-2122

STIPULATION CONCERNING JUDGMENT AMOUNTS
Page 3

Alaska Airlines

April 23, 1993

The Honorable Bert Sharp, Chairman
Senate Transportation Committee
State Capitol, Room 514
Juneau, AK 99801

Via FAX (907) 465-2070

Dear Senator Sharp:

I want to convey to you the strong support of Alaska Airlines, Inc. for Senate Bill 198 in its current unamended version.

Since 1985, the rates and fees paid by the airlines serving Anchorage and Fairbanks Airports have been established and adjusted periodically in accordance with a lease and operating agreement negotiated between the carriers and the State DOTPF. The formulas contained in these agreements are consistent with and typical of the practice at major airports throughout the country.

Exempting the International airports from the regulatory requirements of those mandated by recent court action for the rural airport fee schedules is very important to the orderly and efficient operation of both Anchorage and Fairbanks. The additional burden created by this process would not be in the best interest of the airports or the citizens of Alaska.

~~Additionally, there are serious legal questions about the conflict that failure to exempt international airports would create with the airline operating agreements at those airports.~~ We have maintained an excellent working relationship with DOTPF and the management of Anchorage and Fairbanks Airports. We are opposed to introducing a cumbersome regulatory process into our rate setting mechanism.

Thank you for your consideration of our comments. If you have any questions, please call me at (206) 431-3805 or our Staff Vice President of Properties and Facilities, Clifford T. Argue, at (206) 433-3184. Mr. Argue is Chairman of the Anchorage/Fairbanks Airlines Airport Affairs Committees and is most knowledgeable of the finances and agreements at the two airports.

Sincerely,

ALASKA AIRLINES, INC.



Robert J. O'Neil
Vice President
Public Affairs

/pc

MAY 3-93 MON 14:55

DOT/PT COMMISSIONER
TEL: 1-907-243-6848

FHA NO. 5010000000
Apr 22, 93

17:28 No.020 P.02



April 22, 1993

The Honorable Richard Foster
Alaska House of Representatives
Juneau, Alaska

Dear Mr. Foster:

PenAir is a signatory carrier at the Anchorage International Airport and has been operating in Alaska for more than 35 years. We support SB 198 and feel the bill is necessary to allow the international airports to continue to operate efficiently and to adjust to the changing conditions in revenue requirements.

Sincerely,

A handwritten signature in cursive script that reads "Orin Seybert".

Orin Seybert
President

SPONSOR STATEMENT

~~HB 198~~

"AN ACT RELATING TO THE ALASKA REGIONAL ECONOMIC ASSISTANCE PROGRAM; AND PROVIDING FOR AN EFFECTIVE DATE."

REPRESENTATIVE FOSTER

The ARDOR (Alaska Regional Development Organizations) program was established in statute in 1988, and with implementing regulations, became effective in early 1989. Thirteen ARDORS have since been designated, and it is anticipated a fourteenth ARDOR will be organized in the Matanuska-Susitna Borough.

Currently, the statute requires each ARDOR receive no more than \$50.0 per year which must be matched on a one-to-one basis with nonstate funds. HB198 will allow state grant funding of up to \$100.0 per ARDOR and authorizes the department to establish, by regulation, the amount of matching funds required based upon the capacity of each ARDOR to generate nonstate sources of funding.

The department envisions a matching fund formula easing the match requirements, and allowing rural areas access to the program. Rural ARDORS would be given the opportunity to lead their regions toward economic self-sufficiency thereby benefiting all of Alaska.

HB 198: "An Act relating to the Alaska regional economic assistance program."

The department is neutral on the passage of this bill.

The ARDOR (Alaska Regional Development Organizations) program was established in statute in 1988 and with implementing regulations became effective in early 1989. Since then 13 ARDORs have been designated, eight in the last two years. An anticipated fourteenth ARDOR is being organized in the Matanuska-Susitna Borough. Currently, the statute (AS 44.33.026) requires that each ARDOR receive no more than \$50.0 per year which must be matched on a one-to-one basis with nonstate funds. This legislation amends the statute to allow state grant funding of up to \$100.0 per ARDOR and authorizes the department to establish by regulation the amount of matching funds required based on the capacity of each ARDOR to generate money from non-state sources.

If this legislation is passed, the department envisions a matching fund formula that would ease match requirements and especially favor rural areas. A total of \$1,400.0/year would be necessary for the 13 existing ARDORs and one anticipated new ARDOR.

Paul Fuhs
Paul Fuhs, Commissioner

2/12/93
Date

dgl/116pp.ed



KENAI PENINSULA BOROUGH

**ECONOMIC
DEVELOPMENT
DISTRICT, INC.**

ARDOR Report to Legislative Delegation

The Kenai Peninsula Borough Economic Development District (EDD) was honored in 1992 by the U.S. Economic Development Administration (U.S. EDA) as the Outstanding Local Economic Development Program in the Seattle Region (Alaska, Washington, Oregon, Idaho, California, Arizona, Nevada, Hawaii, and Pacific Islands). This recognition stands as a credit to the vision of the Alaska State Legislature which set in motion a local/state partnership for economic development through the Alaska Regional Development Organization Program (ARDOR). In the spring of 1989, EDD became the first organization designated as an ARDOR.

Projects: Past and Present

The goal of the EDD is to foster economic growth by developing and implementing a Borough-wide economic development program which is designed to retain and create employment opportunities for Borough residents and complement community and individual development initiatives. The EDD has successfully packaged a variety of projects which respond to this goal.

Examples of *past projects* include the following:

- ✓ • Played key role in close to \$10 million in U.S. EDA assisted public works projects, with over 900 jobs to be retained and created when full potential of projects realized (1988-92).
- ✓ • Managed nationally acclaimed media campaign to mitigate tourism impact of Exxon-Valdez oil spill (1989).
- ✓ • Received Congressional approval for Customs Port-of-Entry (1990). (Project on hold)
 - Prepared Cook Inlet Gas Study resulting in visit of five groups of high ranking Korean government and industry officials (1989).
 - Facilitated contacts between Ssangyong Oil of Korea and Stewart Petroleum leading to successful drilling of wildcat oil well (1990-91).
 - Provided leadership to establish the Kenai Peninsula Tourism Marketing Council (1991).
 - Organized and administered Small Business Finance Task Force and Governor's Conference on Small Business Delegation.
 - Provided business development training to 475 persons and on-on-one consultations to 410 persons in cooperation with the Small Business Development Center/UAA (1989-91).

Examples of *current projects* include the following:

- Managing the Health Care Advisory Council which has been given an "Innovation Award" by the National Association of Development Organizations for its activities toward development of a local health care program.
- Managing the Timber Resource Utilization Task Force which has investigated options for utilization of timber lost to the spruce bark beetle infestation.
- Managing the Shellfish Task Force which is investigating the potential of large-scale shellfish mariculture within the Kenai Peninsula Borough.
- Facilitating sister government activities between the Borough and the City of Akita, Japan.
- Providing business training and one-on-one consultations through in-house Business Assistance Program (established in 1992).
- Establishing a \$280,000 local revolving loan fund to provide higher risk business loans.
- Facilitating the establishment of a Resource Conservation and Development District (RC&D) to strengthen community development outreach to small communities through funds sought from the U.S. Soil Conservation Service.

Funding Leveraged

Each year since an ARDOR grant has been received (\$47,500 for FY 93), these funds have been combined with \$295,000 in local and federal dollars to provide basic program funding. In addition, ARDOR dollars to the EDD leverage funding for special projects which are designed to support specific activities or industries. In FY 93 special projects are expected to bring in \$415,000 and include: Timber Resource Utilization- \$85,000; Health Care Advisory Council- \$53,000; Shellfish- \$32,000; and, Revolving Loan Fund- \$245,000 (final approvals pending).

Legislative Action Opportunities

- ARDOR Funding- Financial participation of the ARDOR Program is a critical element of the EDD's budget. Were the basic State grant to ARDORs increased, the EDD would have additional leveraging power to bring in federal and foundation grants.
- Health Care Advisory Council- The Council is framing a request to the Legislative committees for funding of a local health care reform demonstration. This demonstration could be used to validate whether reform would be successful if implemented on a state-wide basis.
- Shellfish Industry Development- Cited by the Shellfish Task Force as key ingredients toward the development of the shellfish industry are in-state research, hatchery, and nursery facilities. It is anticipated that legislation will be proposed through State agencies and industry organizations which will assist in the establishment of these facilities.
- Timber Resource Utilization- The development of a timber products industry requires State leadership toward utilization of its lands in partnership with municipal and private entities.
- Positive Performance Incentives- A system of positive incentives for business and industry performance needs to be considered for replacement of current regulatory system disincentives.
- Tourism Development- Reinstatement of Tourism Attraction Development (TAD) grants would provide the area communities with needed marketing capacity.