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Department Mission

The mission of the Department of Administration is to:

- facilitate the operations of state government by providing cost-effective business management and information technology support services to state agencies;
- provide equitable legal and advocacy services for indigent Alaskans;
- provide quality programs that promote the dignity, security, and independence of Alaska's seniors;
- provide efficient and accessible vehicle licensing and registration services to the public; and
- provide administrative support to those commissions assigned to the department.

Department Goals and Strategies for FY2001

CONTINUE TO IMPROVE THE LEVEL AND QUALITY OF SERVICES PROVIDED DIRECTLY TO THE PUBLIC.

- The Pioneers' Homes will work to develop and optimize gerontological services for residents with Alzheimer's Disease and Related Disorders.
- Expand care plan counseling for seniors and adults with physical disabilities seeking long-term care.
- Continue expanding motor vehicles registration and licensing services available to the public through partnerships with private vendors.
- Hire additional public guardian staff to reduce the caseload per guardian and keep pace with increasing number of cases.
- Improve guardian ad litem services for abused and neglected children by improving and expanding the use of volunteers.

CONTINUE TO PURSUE OPPORTUNITIES FOR EFFICIENCY, COST REDUCTION, INNOVATION, AND EFFECTIVE DELIVERY OF STATE SERVICES AND PROGRAMS.

Information Services:

- Create a modern, customer-focused central information technology environment.
- Implement a telecommunications partnering plan
- Expand the delivery of state services through the integration of mainframe computing systems and Internet technology.
- Develop, enable, and support state agencies' efforts to conduct state business electronically.

Financial/Management:

- Implement state purchasing cards and acceptance of credit cards as payment for state services statewide.
- Design and implement an electronic commerce strategy and standard for statewide procurement and other transactions.
- Continue to work with the Administrative Solutions Team to improve the understanding of core administrative services issues affecting all state agencies.
- Implement the facilities rental project for eight state-owned facilities in order to improve the maintenance and operations of those buildings.

Key Department Issues for FY2000 – 2001

SERVICES TO THE PUBLIC:

- Pioneers' Homes: The Pioneers' Homes program must develop some means to address the ongoing deferred facilities maintenance issues. The backlog of maintenance issues continues to grow as funding levels only allow

Alaska



Department of
**Community and
Economic Development**

**FY 2001
Operating Budget
Overview**

**Deborah B. Sedwick
Commissioner
January 2000**

1/11/00
Attachment

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**DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
FY 2001 BUDGET OVERVIEW**

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Department Mission

To promote a healthy economy and strong communities.

Department Goals and Strategies for FY2001

Strengthen rural communities

- Increase the capacity of local government to effectively provide essential public services by providing communities training and onsite technical assistance.
- Enhance the availability and quality of basic local government services by providing financial assistance that supplements local revenue generation (State Revenue Sharing, Safe Communities, shared State Fisheries Business Tax, shared Federal National Forest Receipts, Federal Payment-in-Lieu-of-Taxes).
- Promote local economic development by providing technical and financial support for community infrastructure critical to economic development and small business startup.
- Provide assistance, through coordinated response projects, to communities experiencing sudden economic dislocation as a result of major economic disruptions.
- Improve the safety and cost effectiveness of energy sources for power generation and heating in rural Alaska by constructing and repairing bulk fuel storage facilities.
- Protect the State's investments in rural electric power systems through training of the local operators and administrators, and by providing technical and financial assistance to prevent disasters.

Work with rural communities and the private sector in creating new jobs for Alaskans.

- Ensure that residents of small rural communities in western Alaska get the maximum benefits from their participation in the Community Development Quota (CDQ) program, a fisheries development initiative.
- Partner with other state agencies, private businesses, ANCSA corporations, tribes, and local governments to identify and develop opportunities for rural, regional and local economic development.
- Facilitate the exchange of information between Alaska exporters and potential customers through business intelligence services and trade practice assistance.
- Develop and implement targeted tourism programs and identify and assist in developing new tourism opportunities to expand Alaska's tourist season and increase visits to rural Alaska.
- Encourage new international and domestic air carriers to use Alaska as a passenger and freight delivery point.

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- Help restore the financial health of the Alaska salmon industry by implementing recommendations from the Governor's Salmon Forums and the Saimon Cabinet work plan.
- Increase the use of Alaska's highways and roads by independent visitors.
- Work with the Governor's Jobs Cabinet in seeking solutions and strategies for improving the economic climate in rural Alaska.

Marketing Alaska-Sell Alaska's goods and services throughout the world.

- Raise national and international awareness of Alaska as a tourist destination and increase the consumption of Alaska seafood products through generic and targeted marketing.
- Organize and conduct business trade missions to expand product sales in current markets and develop new markets.
- Participate in special promotions and presentations, trade shows and seminars to raise the visibility of Alaska as a good place to do business.
- Continue the Governor's Business Opportunities Program under which the Governor, Commissioner and other Alaskans visit corporate boardrooms to solicit investment in Alaska.
- Make information on Alaska's economy, goods and services, investment opportunities, and departmental databases available on the Internet.
- Expand the public's ability to obtain department services through the Internet.

Maintain a fair and consistent business regulatory environment in the state.

- Expedite the conversion of Alaska's telecommunications industry from a monopoly-based to a competitive, market-based industry structure, while guaranteeing universal access to service.
- Assist businesses and consumers by placing the database of licensed professionals, corporations, and insurance carriers on the Internet, including information about disciplinary actions.
- Create simple, self-explanatory securities, corporations, insurance, and occupational licensing applications and forms available on the Internet to reduce requests for staff assistance.

Key Department Issues for FY2000 – 2001

Merger of the Departments of Commerce and Economic Development and Community and Regional Affairs

HB 40, passed by the 1999 Legislature, merged the two departments. The merger resulted in a significantly increased workload for the Division of Administrative Services, converting employee information, integrating 2 distinct computer network systems, and merging budget, fiscal and supply functions while closing out prior year budgets. Efficiencies resulting in modest budget savings have already been realized in the administrative functions of the new department. Integration of administrative functions is expected to continue into FY01.

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Physical moves occurred in Juneau and Anchorage to co-locate the divisions of Tourism, Trade & Development, and Municipal & Regional Assistance. Reorganization of the three divisions is occurring, effective July 1, 2000.

HB 40 also moved the Rural and Alternative Energy programs from the Department of Community and Regional Affairs to the Alaska Energy Authority (AEA) within the Alaska Industrial Development and Export Authority (AIDEA). Because AEA has no staff, AIDEA provides the staff to operate the programs and the Rural Energy, Alternative Energy, and Circuit Rider Programs reimburse AIDEA for the staff costs.

State Revenue Sharing

Last year, the Legislature cut state shared revenue funding by 33% and signaled that further substantial cuts could be expected again this year, with possible elimination within the next couple of years. There are more than 40 smaller municipalities in Alaska that rely on state shared revenue for over 30% of their operating budgets. Further cuts in revenue sharing programs are bound to lead to significant cuts in local public service, and ultimately to a wave of municipal dissolutions.

Power Cost Equalization

The PCE program is funded by the Power Cost Equalization and Rural Electrification Capitalization Fund (PCE Fund). It is possible that the PCE Fund will be depleted in FY2000. Currently the only long term funding source for the program is 60% of the annual deposit to the Four Dam Pool Transfer Fund. This is projected to be \$6.3 million in FY2001. Future year receipts from the Transfer Fund are projected to be between \$6.0 and \$6.5 million annually. To maintain the PCE program at a level of \$15.7 million, other sources of funding are required. Last year the Governor and the Legislature began working to find a solution to long term funding for PCE.

International Trade

Alaska must maintain its presence in the state's traditional markets as the economies in Asian markets begin their recovery process. While exports to these markets decreased in FY98 as a result of the economic crisis, sometimes referred to as "the Asian flu," recent trends indicate the beginning of a rebound with Alaska exports on the upswing. This is a critical time for Alaska exporters. The state should establish trade representation and relations in China to position Alaska in this potential market and diversify the state's overseas markets. Alaska should also maintain its position in the Russian Far East and maintain contacts with the American Business Center in Yuzhno-Sakhalinsk, viewing business with Russia as a long-term process.

Tourism

The department is actively supporting the transition to a new state tourism marketing program developed by the passage of SB 107 in May 1999. This transition authorizes the department to contract for a tourism marketing program with a statewide, representative trade association. During the FY00 transition year, a new tourism trade association is being formed and efforts are underway to raise sufficient private sector funds to provide the required state funding match. It is assumed that the State tourism

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marketing program described for FY01 will be conducted via a contract with this trade association. The department will identify components of the marketing plan, approve the plan and oversee its implementation.

Given the upcoming consolidation of state tourism marketing, it is necessary to conduct research and analysis to offer comprehensive recommendations on the most efficient and cost effective program for tourism marketing. The program review will evaluate all currently conducted State of Alaska tourism marketing programs within the context of the global travel market and the status of the industry in Alaska. This information will help ensure the best return on Alaska's marketing investment.

Three projects have been identified as essential for the continued successful growth of the tourism industry in Alaska:

- Alaska Visitor Statistics Program IV. Primary research about Alaska's visitors is substantially out-of-date, making tracking of performance measures unreliable. Field data have not been collected since FY94 and the ability to draw conclusions from the secondary studies conducted since then is limited. The Alaska Visitors Statistics Program will be updated by conducting new primary research to accurately portray tourism in Alaska. Funding for this project from income from the sale of tourism products by Alaska Visitor's Association under contract to the Alaska Tourism Marketing Council was recently approved by the Legislative Budget & Audit Committee (LB&A).
- Community Tourism Impact. Tourism growth in Alaska has averaged approximately 10 percent annually during the last decade. Tourism is a critically important industry in Alaska both in terms of what it currently contributes to the economy and its potential for growth and economic development. However this visitation is not evenly spread throughout Alaska. Some communities are experiencing exponential increases with subsequent quality of experience concerns and quality of life concerns expressed by residents. The project would be statewide but with a regional and community based analysis of tourism growth, focusing on infrastructure development needs to address and minimize the impacts of tourism growth.
- Tourism Development Workshops. The focus of these workshops is providing economic development and diversification opportunities to communities across Alaska through tourism development and market access. The workshop format is to "spotlight" successes and invite those communities and private businesses to share their experiences with people considering tourism development opportunities. Developing a small number of pilots and having a variety of partners ensures a continued mentoring process to provide the ongoing support that a new business or community endeavor needs. Funding for this project from income from the sale of tourism products by Alaska Visitor's Association under contract to the Alaska Tourism Marketing Council was recently approved by LB&A.

Investments

The commercial fishing industry continues in flux as world markets adapt to the changing supply of fish from fish farms as well as the more traditional fishing fleets. It is important that Alaska maintain its place in the worldwide salmon market during these changing times. Both the Commercial Fishing Revolving Loan Fund and the Fisheries

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Enhancement Revolving Loan Fund, operated by the Division of Investments, depend heavily on fish runs and the profitability of the fishing industry. The lack of fish during the 1997/98 season in many parts of the state, most notably in Bristol Bay, caused a large volume of loan extension requests. The 1999 season rebounded in most areas of the state, but the past losses are still encumbering many fishermen. It is therefore difficult to project the cash flow for these two funds, since lending is subject to a substantial amount of risk.

Alaska Seafood Marketing Institute

All ASMI's marketing strategies will be updated based on sound market research by:

- using a grant from the USDC Economic Development Administration;
- incorporating a new strategic marketing plan into all programs that will assist the Alaska salmon industry to combat the impacts of imported farmed salmon in the United States market; and
- incorporating the 1999 research results from ASMI's foreign markets into all overseas marketing programs.

Aerospace

The Kodiak Launch Complex operated by the Alaska Aerospace Development Corporation will transition from construction to commercial operations, by seeking launch customers and solidifying launch commitments.

Alaska Science and Technology Foundation

Alaska entrepreneurs face technical, economic, and political barriers to producing final goods in Alaska that can compete with current imports or can add value to existing exports. The Alaska Science and Technology Foundation is working with the forest products, mining, seafood, high tech, and other sectors on technology projects to add jobs and wealth to the state's economic base.

Insurance

The Division of Insurance will work with other states to streamline insurance regulation by standardizing application requirements. It will also substantially increase Alaska's participation in, and access to, the computerized information system of the National Association of Insurance Commissioners.

Regulatory Commission of Alaska

Electricity. The Commission will continue to address significant issues facing the electric industry in Alaska's urban and rural areas and consider regulations to structure Alaska's electric industry market. The Commission will face new technologies and new entrants into the electric service arena. The Commission will continue to look at methods to provide incentives for coordination among utilities and incentives to promote practices that will assure utilities are providing reliable and low cost services to all customers.

Telecommunications. The Commission will modify its existing local market structure rules and regulations as necessary and develop interconnection and network

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arrangements and policies as new areas of the state are opened to local competition. To further accomplish its responsibilities under the Telecommunications Act of 1996, the Commission will continue to review its rules covering access charge reform, competitive local exchange carriers, market dominance, local exchange carrier provision of long distance service, and pricing standards for interconnection between incumbent and entrant local exchange carriers.

Pipeline. The Commission expects to hold hearings and determine intrastate rates for the Trans Alaska Pipeline System (TAPS), Cook Inlet Pipeline, Endicott Pipeline, and Milne Point Pipeline. In conjunction with setting rates for TAPS, hearings may also be held on collections related to dismantlement, removal and restoration of TAPS. These issues are significant and will use considerable amounts of the Commission's resources.

Occupational Licensing

Limited attorney services continue to reduce the division's ability to protect public health and welfare, while enforcement costs escalate. Program receipts are available and sufficient to cover these costs, but have not been appropriated by the legislature.

Major Department Accomplishments for FY1999

FY 1999/2000 ACCOMPLISHMENTS

Municipal and Regional Assistance

- Rural Sanitation Assistance Guidebooks. In response to requests from the Governor's Council on Rural Sanitation the division developed two major publications: *The Plain English Guide to Sanitation* and *Alaska Sanitation Planning Guide for Small Communities*. The Plain English Guide won a national Award of Excellence for Publications from Communications Concepts Magazine.
- Alakanuk Housing Relocation. The division's Rural Utility Business Advisor program facilitated the coordination of numerous state and federal agencies and local entities to relocate 22 houses from eroding riverbanks to a safe location provided with piped water and sewer.
- Financial Management Turnaround. With the help of the division's financial management assistance, the City of Upper Kalskag was able to turn around a dire financial situation. The City now provides piped water and sewer to the entire community and supports these services entirely from customer payments. This year, the City was identified by the Governor in a letter of commendation for their superlative organization and business practices.

Trade & Development

- Breakthrough on export of agricultural products. The Division of Trade & Development, in partnership with the University of Alaska, Alaska Agricultural

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Development and Marketing Inc. (a nonprofit corporation) and the Division of Agriculture, promoted potatoes, carrots and cabbage in Taiwan. Alaska farmers shipped containers of virus-free seed potatoes, table stock potatoes and carrots this year. Taiwanese officials have lifted their government's ban on US carrot imports for the State of Alaska, making Alaska the only state that can export its carrots to Taiwan.

- Alaska seafood introduced to high-end hotels in Korea. The Division actively promoted high-value seafood to Korean importers and hotel chefs in Korea, resulting in orders of salmon, crab, halibut and black cod from three leading Korean hotels. The hotel promotions follow an Alaska Seafood Festival organized by DTD in April, featuring speakers and materials from ASMI and the private sector, and a July seafood buyers' mission to Alaska. The goal is to have these hotels serving Alaska seafood as regular menu item.

Tourism

- The Alaska Div. of Tourism, working in conjunction with British Columbia, the Yukon, Alberta, the City of Prince Rupert, and the Canadian Tourism Commission, continued the "Tourism North" promotional campaign. This campaign resulted in an 18% increase in 1999 summer crossings at the Alaska-Canada border following a 17% increase in summer 1998, for a cumulative increase of 35% since 1997.
- The 1999 Alaska Travel Fair, sponsored by the Alaska Div. of Tourism, brought over 50 international tour operators to Alaska for familiarization trips and business meetings with over 50 Alaska tourism suppliers.

Investments

- Volunteer Tax and Loan Program. The Alaska Div. Of Investments supported the Volunteer Tax and Loan Program (VTLP) through a grant for fisheries business development to the Alaska Business Development Center, Inc. (ABDC). During FY99 ABDC, in cooperation with the University of Alaska Anchorage (UAA), operated the Volunteer Tax and Loan program for its fourth year. The ongoing focus was on rural harvesting communities targeted by the IRS as having compliance problems. Twelve trips were made to assist 19 communities during the months of February, March, April and May. Teams, comprised of advanced accounting students and tax supervisors and an ABDC consultant, traveled to each community to provide tax preparation, loan package assistance, and business and financial counseling. Overall, ABDC's Volunteer Tax and Loan Program assisted 1,081 individuals and prepared 1,122 tax returns, almost double the results of last year's program.
- Disaster Relief Loans. The Division worked as part of a team that provided relief to those affected by the fisheries disaster last year in the Bristol Bay and Kuskokwim areas. Congress appropriated funds to the U.S. Department of Commerce under provisions in the Magnuson-Stevens Act for aid in the form of programs assisting the fishermen and fishing communities. The Division's involvement was to make the

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loans, secure the collateral, service the loan, and enforce collection if appropriate. Disaster relief loans were made from the Disaster Relief Fund administered by the Department of Military and Veterans Affairs. A total of 449 loans were approved and processed for a total dollar amount of \$449,000.

Alaska Industrial Development and Export Authority

- Began construction on the \$125 million Alaska Seafood International manufacturing facility (ASI), with operation scheduled to begin in December 1999. In full production, ASI will provide 450 year-round manufacturing jobs, result in hundreds of indirect jobs, and stimulate the local economies of fishing communities by providing a reliable market for their product.
- Continued demonstration testing of the Healy Clean Coal Project, exceeding environmental expectations.

Alaska Seafood Marketing Institute

- ASMI had a FY99 performance measure goal to increase the consumption of Alaska seafood by 10% by the year 2000. ASMI surpassed its target of 10%.
- In both foodservice and retail, ASMI doubled its reach in FY99. In foodservice, ASMI added 24 new accounts. Each account represents a chain of restaurants like Denny's, Red Lobster, etc., or a major national distributor. In retail in FY 99, 35,473 stores participated in the three annual ASMI promotions (Lent, Summer and Fall) and the canned salmon promotions, up from 16,107 in FY98.

Aerospace

- The Alaska Aerospace Development Corp. (AADC) completed the first two successful launches from the Kodiak Launch Complex (KLC) for the US Air Force.
- Scheduled the first orbital launch from the KLC for Lockheed Martin Corporation.

Alaska Science and Technology Foundation

- Nine mills from around the state are now producing graded dimensional lumber certified by the Western Wood Products Association. Prior to the ASTF-sawmill owner program, all of 80-90 million board feet (MMBF) of graded dimensional lumber was imported.
- Alaska Fresh Cut packaged salads and vegetables are now in Alaska stores competing with higher cost, 7 day older imports. The company has created 14 manufacturing jobs in Anchorage and increased demand for agricultural produce in the Mat-Su valley.
- PetroStar has demonstrated a new chemical and biological process to remove sulfur in diesel fuel to 50 parts per million (ppm). The EPA is scheduled to lower national levels from 500 to 50 ppm. Since the existing desulfurization technology is only

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economical for refineries much larger than any in Alaska, the new PetroStar process is important for the competitiveness of in-state refineries. Now that technical success has been demonstrated, the next step to commercialize the technology will be to scale up the process in a small pilot plant.

Insurance

- Approved 26 new insurance companies to operate in Alaska and collected a total of \$28,402,033 in premium taxes.
- To protect the public, investigated more than 550 consumer complaints, conducted more than 40 civil/criminal investigations, suspended 21 and revoked two insurance company certificates of authority due to hazardous financial condition, and performed 76 continuing education audits.

Occupational Licensing

Revamped Business Licensing

- Instituted a new business classification system, improving the quality of information about the number and types of businesses in Alaska. The conversion to the new classification system will be completed in FY00.
- Expanded business license information available through the Internet. The list of businesses can now be searched by activity type, location, name and license number.

Licensed 5 New Occupations

- Created licensing programs for Dietitians, Nutritionists, Manicurists, Landscape Architects and Professional Counselors in response to new state laws.

Regulatory Commission of Alaska

- Issued 509 substantive orders in FY1999, an increase of 23% over the prior year. Processed 636 utility and pipeline tariff filings, a 32% increase in the past two years. Handled 793 informal customer complaints, a 13% increase over the prior year. Issued 87 new, acquired, transferred, or amended certificates of public convenience and necessity.

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Overview of Departmental Budget Changes

- Reorganization of the Divisions of Tourism, Trade & Development, and Municipal & Regional Assistance

The Division of Tourism and the development functions of the Division of Trade and Development are merged with the Division of Municipal and Regional Assistance (MRAD), effective July 1, 2000. The Division of Trade and Development (DTD) is renamed the Division of International Trade and Market Development. The Division of Municipal and Regional Assistance is renamed the Division of Community and Business Development. The purpose of this reorganization is to further implement the merger initiated in HB40 by integrating the department's economic development functions with the community development functions to improve services and efficiency, with a goal to better implement the Governor's rural assistance and development priorities with a single point of contact division. The reorganization also retains a distinct trade and marketing function, furthering the Governor's goals to market Alaska's goods and services to the world.

- Banking, Securities, and Corporations Securities Enforcement Activities

Caseloads are increasing in the areas of native corporation proxy disputes, where expectations of state oversight seem to be on the rise, and securities fraud actions. Increased financial resources are necessary for securities enforcement activities. In the last two years there has been an increase in enforcement activity by the Securities Section of the Division of Banking, Securities, and Corporations, including requests for hearings and filings of court cases. These activities include expenses incurred in conducting depositions, process servers, legal costs and other expenses directly related to hearings. Additional general fund program receipt authorization is requested to cover these expenses. Program receipts are available and far exceed the amount necessary to cover these costs.

- Regulatory Commission of Alaska

SB133 abolished the Alaska Public Utilities Corporation and established the Regulatory Commission of Alaska (RCA). The legislature directed the RCA to co-locate with the Alaska Oil and Gas Conservation Commission (AOGCC). There is not sufficient space at the current location of the RCA for both agencies and the AOGCC space is not adequate. The current rental rate for the RCA is below market, and it is assumed that market rates will be paid when the move takes place. Annual lease costs will increase. In addition, there will be non-recurring costs of equipment (sound system and phone upgrades), furniture, and supply costs associated with moving.

As part of SB133, the legislature separated the staff who represent the public interest as independent parties in cases presented to the RCA. That separate section needs an attorney and a contractual budget to hire expert witnesses/consultants to support their cases.

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The legislature directed a management information system to be developed to provide more information to the public about the RCA decision-making process and to manage the agency's workload more efficiently. FY99 roll forward money was used for FY00 to purchase the components of a new system. There are additional costs associated with bringing the system up and some recurring expenses. The two person Information Services Section needs one additional staff to support and maintain the MIS. Also, there are annual maintenance agreement, training, and software expenses for the new system.

· Kodiak Launch Complex Support Staff

As the Kodiak Launch Complex becomes operational, two additional positions are necessary to insure the proper level of maintenance, operation, and safety at the site. The Alaska Aerospace Development Corporation is requesting a facility coordinator and facility technician to assist the facility manager in providing customers with adequate site support and to comply with the FAA's licensing requirements. Funding for the positions will be from CIP receipts.

· Elimination of the Alaska Tourism Marketing Council

The Alaska Tourism Marketing Council is eliminated effective June 30, 2000, per SB107.

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AGENCIES AND FUNCTIONS

Commissioner's Office

The Commissioner provides leadership, sets department priorities and policy, and is the Governor's direct liaison to the department. The Commissioner directs policy through coordination with directors of the line divisions and independent agencies which comprise the department. The Commissioner's Office staff support the Commissioner in the overall management and coordination of departmental activities, policy direction, management oversight, and legislative coordination. In addition to program responsibilities, the Commissioner serves on the following boards and commissions:

- Alaska Aerospace Development Corporation
- Alaska Coastal Policy Council
- Alaska Commission on Aging
- Alaska Human Resources Investment Council
- Alaska Industrial Development and Export Authority
- Alaska Energy Authority
- Alaska Railroad Corporation
- Alaska Royalty Oil and Gas Development Advisory Board
- Alaska Student Loan Corporation
- Alaska Tourism Marketing Council
- Board of Marine Pilots
- Oil and Gas Policy Council
- Power Project Loan Committee
- Prince William Sound Oil Spill Recovery Institute Advisory Board
- State Bond Committee
- Telecommunications Information Council

Administrative Services

Facilitates and ensures the delivery of the services provided by the Department of Community and Economic Development by giving efficient and cost effective business management support in four areas:

Fiscal and Supply provides centralized financial and property management to the department, including timely and accurate payment of vendor billings, processing of employee travel payments, ensuring that professional services contracts are entered into expeditiously and in accordance with the state procurement code, assisting divisions in monitoring expenditures to ensure that appropriations are not overspent, purchasing department supplies and equipment, maintaining departmental property, providing mailroom services, and offering training in the state's financial, travel and procurement systems.

Human Resources provides a full range of services to the department which includes ensuring compliance with all federal and state employment laws and regulations as well as collective bargaining agreements, recruitment, employee/management relations, leave/benefits administration, payroll services, and assists the department's managers in developing a high quality work force.

Budget assists the department's divisions and agencies in developing operating and capital budget requests, preparing and presenting agency budget overviews to the Office of Management and Budget and the Legislature, and monitoring appropriations throughout the year.

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Data Processing maintains and installs the department's computer systems, network, databases, and webpages; provides database development services; and trains users in software and hardware capabilities.

Community and Business Development

This new division represents the integration of three former divisions:

- Municipal and Regional Assistance Division (MRAD)
- The development functions of the Division of Trade and Development (DTD)
- Division of Tourism

A formal mission statement for the new division has not been completed. However, the focus of the division will be on rural development, recognizing that economic development (increased business and jobs, increased family incomes) goes hand-in-hand with fundamental community development (infrastructure, local government capacity building). The existing mission statements for these three divisions are:

MRAD: To advise, assist and coordinate efforts of local governments, individuals, and organizations so communities can effectively provide essential public services.

DTD: To encourage investment and sound economic development throughout Alaska by working with the private sector and as part of the State of Alaska's overall economic development strategy.

Tourism: To create jobs and business opportunities for Alaskans, disperse the economic benefit of tourism throughout Alaska throughout the year, and assure an Alaska travel experience that is second to none.

The mission of the new division will harness these three elements and coordinate their purposes and activities at the community and regional level.

The Division also manages the grant programs found under the State Revenue Sharing component. These funds:

- provide for a sharing of fish taxes collected outside municipal boundaries to municipalities that demonstrate they suffered significant effects from fisheries business activities.
- provide financial assistance to incorporated municipalities so that they may provide necessary public services for their citizens.
- share with affected local governments revenues earned from activities within the Tongass and Chugach National Forests to be used for schools and roads.
- compensate cities in the unorganized borough for lost revenues due to the location of federal lands within their respective areas.
- improve local governments' fiscal capacities and to assure no municipality suffers impoverishment of necessary public services, relative to other municipalities, because of the chance location of taxable wealth in the state.

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International Trade and Market Development

This division, formerly a part of the Division of Trade and Development, promotes Alaska products and services to foreign & domestic markets and assists Alaska companies to export their goods & services overseas.

The division helps to attract new business & investment to Alaska and establishes and maintains government to government relations with foreign countries.

The division also provides an advocate for Alaska businesses in foreign markets and through foreign and U.S. regulatory processes, ensures Alaska businesses receive useful and timely trade, economic and business information and provides protocol education and support to the public and private sectors.

Investments

Provides direct State lending in three active loan programs: Commercial Fishing, Fisheries Enhancement, and Small Business Economic Development. These programs provide financing in industries and areas for which loans are unavailable from the private sector. The Division also services loans for eight inactive loan programs administered by the Department, as well as another nine portfolios for The Alaska Industrial Development & Export Authority, the Departments of Revenue, Health & Social Services, Environmental Conservation, and Military & Veterans Affairs. Loan servicing consists of processing assumption, refinance, and maintenance requests, such as subordinations and collateral releases, payment collection, credit reporting, commercial and mortgage loan accounting, delinquent loan collection, foreclosure and bankruptcy management, repossessed property management and resale, hazardous waste investigation, and investor remittance.

The State offers a number of loan programs throughout various agencies, and the combined functions of loan approval, servicing, collections, and data processing can be performed more efficiently when consolidated into one agency. The complexities involved in some of these functions (e.g., bankruptcies, foreclosure, hazardous waste investigation, and repossessed properties) require a level of expertise that is financially and logistically easier to support when consolidated.

As of June 30, 1999, the Division of Investments was servicing 3867 accounts totaling \$220,695.6 million.

Alaska Aerospace Development Corporation

This agency provides rocket launch services to government and commercial customers, assists university, federal, and private organizations in developing aerospace technologies, provides educational opportunities within the state and promotes Alaska as the ideal location for aerospace activities.

Alaska Industrial Development and Export Authority

AIDEA acts as an economic development catalyst by providing capital at a reasonable cost for Alaskan businesses, with emphasis on projects that create new jobs and economic activity in the private sector. AIDEA is a primary source of secondary financing in the state for business loans made by financial institutions. The loans are serviced by the banks, thereby limiting staffing requirements at AIDEA. The Authority can also own and operate specific development projects that enhance the economy of the state and support private sector investment. The Authority can also act as a conduit for the issuance of both taxable and tax-exempt bonds for

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specific business development projects. For small businesses, AIDEA has a Business and Export Assistance program, which provides loan guarantees, with particular emphasis on businesses in rural Alaska.

Bonds sold for AIDEA projects are the general obligation of AIDEA and do not have the expressed moral obligation of the State of Alaska.

All staffing for Alaska Energy Authority (AEA) functions is provided by AIDEA. As the owner of six hydroelectric plants and the Alaska Intertie transmission line, AEA is responsible for the administrative oversight for these facilities. In addition, AIDEA staff is responsible for providing staffing for the oversight and operation of all rural and alternative energy programs and the circuit rider program of AEA.

AIDEA also provides oversight for energy related components in the Department:
Alaska Energy Authority - To oversee the operation and maintenance of Alaska Energy Authority(AEA) owned power projects that tap Alaska's natural resources to achieve the lowest reasonable consumer power costs.

Rural and Alternative Energy Programs - encompasses all operational activities of AEA's Rural Energy Programs that assist rural communities develop and operate safe, reliable and environmentally sound energy systems. In an effort to assist rural communities in the upgrades of community power and fuel facilities, the component provides technical assistance through the following programs and activities: 1) Bulk Fuel Repairs and Systems Improvements; 2) Rural Power System Upgrades; 3) Electrical Emergencies Response; 4) Utility Improvements/Small Power Projects; 5) Alternative Energy; and 6) Other Community-Specific Programs.

The component administers the Power Cost Equalization Program; the Bulk Fuel Revolving Loan Fund Program; the Power Project Loan Fund, including the award/administration of two large loans for the construction of power interties; the Rural Electrification Revolving Loan Fund, and other funds appropriated to the component.

Rural Energy Programs administers a variety of federal programs that provide capital funding for bulk fuel projects and power system upgrades. Federal funding is provided for Bioenergy, State Energy Program/Rebuild America rural building energy conservation program, Environmental Protection Agency/Bulk Fuel consolidation and construction in rural Alaska, U.S. DOE wind projects in Wales and Kotzebue and the U.S. DOE fuel-cell hybrid project in rural Alaska. In addition, U.S. Housing and Urban Development and the Denali Commission provide funding for rural energy project development and improvements.

The component also coordinates contracts for studies of financial and technical feasibility power projects in Alaska.

Power Cost Equalization - The PCE program currently plays a major role in helping to make power affordable for rural Alaskans by "equalizing" the cost of power between rural and urban communities, bringing consumer costs in communities dependent upon diesel generation close to the average cost of power in Anchorage, Fairbanks and Juneau. The cost of power in rural Alaska is up to four times greater than the cost of power in urban Alaska. Funding is provided to approximately 97 utilities eligible to participate in the PCE program. These utilities serve approximately 194 communities across the state, providing benefits to approximately 76,000 residents of the state.

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PCE rates are determined on a community basis by using only the necessary and reasonable costs for each electric utility participating in the program. PCE funding reduces the cost of the first 500 kilowatt-hours per residential customer per month.

AS 42.45.050 provides funding for the program made up of the following sources: 1) 60 percent of the balance of the Four Dam Pool transfer fund; 2) money appropriated by the Legislature; and 3) money appropriated from the National Petroleum Reserve Alaska special revenue fund; 4) gifts, bequests, and contributions from other funds and 5) interest earned on the fund balance.

Circuit Rider: The services under the Circuit Rider program are contracted out to the private sector. The services are technical services and generally provided by qualified plant operators, electricians and linemen. Contractors visit the participating communities on a quarterly or semi-annual basis, depending on the conditions of the electrical systems, operator skills and utility management. Contractors perform technical inspection of facilities and testing of diesel generators, control panels, metering systems and other related components.

To insure the local plants are operated by skilled personnel and to supplement the hands-on-training provided through the contractor, where necessary, the Rural Energy Program provides formal plant operator training at the Alaska Vocational Technical School in Seward.

Alaska Seafood Marketing Institute

ASMI has five programs: Export Marketing, Domestic Retail Marketing, Domestic Foodservice Marketing, Quality Information and Education and Public Relations.

- 1) Export Marketing -- marketing Alaska seafood products in Asia, the European Union and Australia through a full spectrum of public relations, trade and consumer advertising, market research and trade promotion events. This component is financed by federal funds with a GF Program Receipts match and a 50% in-kind match from third party entities.
- 2) Domestic Retail Marketing -- marketing of all species of Alaska seafood in US markets through public relations, print advertising and electronic media, trade advertising and direct sales calls to retail chains by ASMI staff and three contract regional marketing representatives.
- 3) Domestic Foodservice Marketing -- increasing the consumption of Alaska seafood products through development of marketing opportunities in the foodservices sector including restaurant chains, hotel industry, institutional settings, culinary schools, and other commercial settings.
- 4) Quality Information and Education--improving the quality of Alaska seafood is one of the most important marketing components and ASMI works with fishermen, processors, brokers and traders, retail seafood handlers and chefs to ensure that quality products from Alaska are top of mind for the consumer.
- 5) Public Relations -- improving industry and trade relations to support the domestic marketing services by consolidating printed and electronic communications and providing public relations and awareness to increase visibility and consumption of Alaska seafood products.

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Alaska Science and Technology Foundation

The Alaska Science & Technology Foundation (ASTF) was formed by the Governor and the Alaska State Legislature in 1988. By statute, ASTF is responsible for the development, funding, and monitoring of grant programs for basic and applied research and its commercialization. All ASTF projects must include innovative science or technology, clear research and business plans to show technical and economic feasibility, appropriate match and risk sharing, and expected significant benefit to the state. Funded projects substantially contribute to the economic development of the State's scientific and engineering capabilities.

Banking, Securities and Corporations

The overall mission of the Banking, Securities, and Corporations Division is to maintain a stable financial network in the state for the safe conduct of financial services; protect securities investors; protect shareholders in ANCSA corporations from false and misleading proxy solicitations; and provide in-state and out-of-state businesses with a legal structure enabling them to transact commerce in the state.

Banking Section: regulates financial institutions that are chartered or licensed under state law.

- Charters, licenses, and supervises state-chartered commercial banks, mutual savings banks, credit unions, trust companies, bank holding companies, interstate branching, small loan offices, premium finance companies, Commercial Fishing and Agriculture Bank (CFAB), and Business and Industrial Development Corporations (BIDCOS); and accepts filings under the Model Foreign Bank Loan Act.
- Monitors all aspects of the regulated financial industry, including various financial ratios and management policies through examinations and from information gathered through other reporting by institutions. Suggestions are made to institutions for improvement of weak practices and policies. The division may require an institution to take corrective actions when material safety and soundness concerns are found. The division seeks industry ideas on ways to improve banking services.

Securities Section: administers the Alaska Securities Act, which deals with broker/dealers, investment advisers, and the securities and advice they sell.

- Regulates the offer and sale of securities in Alaska. Enforces the anti-fraud and disclosure requirements of the Alaska Securities Act. Regulation and enforcement provides a responsible marketplace that encourages the financing of legitimate business and industry in the state. Seeks to increase small business access to capital while assuring that investor protection is not compromised.
- Regulates proxy solicitations for certain ANCSA corporations, affecting thousands of Alaska natives who are shareholders of corporations with billions of dollars of assets. The Alaska Securities Act provides for the filing of proxy statements and remedial action authority for violations of the act and regulations.

The Corporations Section: provides legal recognition to a business by serving as a filing agency, assisting the private sector in processing documents in compliance with state law. The section also fulfills requests for information and provides copies of documents on file. The section examines and files organization documents of corporations (domestic and foreign; non-profit and for profit), Limited Liability Companies, Limited Liability Partnerships, Partnerships,

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Cooperatives, and Professional Corporations along with registration of Trademarks and Trade Names.

Insurance

The mission of the Division of Insurance is to (1) protect and serve the state by developing, interpreting, and enforcing the insurance statutes; (2) protect and educate the consumer; and (3) enhance the insurance business environment.

Consumer Service Section - Investigates and resolves individual consumer complaints. Answers questions regarding insurance in general and specific policy provisions that are filed with the division. Publishes the Alaska Consumer Insurance Guide and various other consumer brochures and pamphlets.

Financial Examination Section - Reviews solvency of insurers doing business in this state. Admits new companies wishing to do business in Alaska. Restricts companies that are a hazard to Alaska consumers due to financial standing or noncompliance with Alaska law. Maintains current information on insurers and related entities eligible to operate in Alaska. Maintains surplus lines white list (approved list) for the benefit of Alaska consumers. Examines domestic insurance company's financial records in order to verify that the company is complying with Alaska financial statutes and that the annual financial statement information is reasonably accurate. Performs premium trust examination of producer licensees to verify trust accounts and compliance with Alaska law. Compiles information from all division sections for the division's Annual Report. Collects premium taxes and fees from insurance companies and other entities subject to tax or fees.

Market Examination Section - Performs market conduct examinations and investigations on insurance companies or producer licensees to ensure: insurance quality and compliance with Alaska's insurance law, and that the Alaskan consumer is treated fairly in the insurance marketplace.

Filing Review Section - Reviews the rates and policy forms used by insurers in providing insurance coverage for Alaskans. Prepares consumer education materials such as the Automobile and Homeowners Rating Examples booklets, the Medicare Supplement Insurance Rate Guide, and the Workers' Compensation Rating Guide.

Law Enforcement Section - Investigates violations of Title 21, referring the civil/administrative cases to the Assistant Attorney General's Office and the criminal cases to the District Attorney's Office. Criminal cases are referred to the Office of Special Prosecutions and Appeals, the U.S. District Attorney's Office or the Federal Bureau of Investigation. Researches and prepares documentation for administrative hearings at which the Assistant Attorney General and paralegal assistant represent the division. Performs background investigations on prospective licensees and renewing licensees.

Licensing Section - Assists and provides information to licensees for obtaining statutory required licenses, issue licenses, and maintain licensee records while identifying statutory or regulatory needs with emphasis on public protection. Responsible for reviewing the qualifications and trustworthiness of people seeking to market insurance products in Alaska. Oversees and administers required Continuing Education for producers.

Actuaries - Participate in the solvency review of domestic insurers, drafting insurance laws and regulations, and collecting and analyzing data to aid in developing more effective regulation of

**DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
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insurance in Alaska. Assist in the reviewing of complex rate and form filings submitted by insurance companies to ensure that the rates charged are adequate but not excessive, and are properly supported and actuarially sound.

Occupational Licensing

To ensure that competent professional and commercial services are available to Alaska consumers by regulating entry into occupations and enforcing performance standards.

OCCUPATIONAL LICENSING: Administer the following 36 occupational licensing programs: Licensing Boards assisted by the Division:

- Architects, Engineers and Land Surveyors
- Athletic Commission
- Barbers and Hairdressers
- Certified Direct-Entry Midwives
- Certified Real Estate Appraisers
- Chiropractic Examiners
- Clinical Social Workers
- Dental Examiners
- Dispensing Opticians
- Marine Pilots
- Marital and Family Therapy
- Medical
- Nursing
- Optometry
- Pharmacy
- Physical and Occupational Therapy
- Professional Counselors
- Psychologist and Psychological Associate Examiners
- Public Accountancy
- Real Estate Commission
- Veterinary Examiners

Licensing Programs administered directly by the Division:

- Acupuncture
- Audiologists
- Big Game Guides and Transporters
- Collection Agencies
- Concert Promoters
- Construction Contractors
- Dietitians
- Electrical and Mechanical Administrators
- Geologists
- Hearing Aid Dealers
- Morticians
- Naturopaths
- Nursing Home Administrators
- Nutritionists
- Underground Storage Tank Workers

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Perform the following functions for over 130 occupations within the 36 programs listed above:

- Distributes application forms for initial licensure and renewal by mail and internet
- Responds to questions from applicants, other states and non-governmental organizations regarding Alaska's licensing laws
- Reviews applications to determine if qualifications have been met
- Determines whether applicants are in arrears on child support or student loan repayment
- Verifies Alaska licenses for the licensing agencies of other states
- Writes and/or administers professional examinations
- Investigates complaints of incompetent or illegal activity by professionals
- Prepares formal accusations against licensees when investigations reveal evidence of violations of licensing laws.
- Presents the legal case against licensees charged with violations
- Negotiates settlements with licensees whom the division believes violated the law
- Reports disciplinary actions taken against Alaska licensees to national databanks
- Organizes licensing board meetings
- Assists licensing boards in writing regulations
- Represents the state in appeals of license denials, lawsuits and appeals of disciplinary actions
- Provides public lists of licensees on CD-ROM, paper, and through internet search of the computer databases

BUSINESS LICENSING: License approximately 77,000 businesses to engage in commerce in Alaska. At the start of FY2000, 1,738 businesses had tobacco endorsements attached to their licenses permitting retail sale of tobacco products.

To administer the Business Licensing Program, the division:

- Distributes application forms for initial licensure and renewal by mail and internet
- Reviews applications for completeness and legal sufficiency
- Collects \$50 for each two-year license and \$25 for each endorsement permitting retail sale of tobacco products
- Classifies businesses according to their primary activities
- Issues licenses at service counters in Juneau, Fairbanks and Anchorage
- Issues and renews licenses via the internet
- Researches the licensing history of Alaska businesses
- Works to bring unlicensed businesses into voluntary compliance with the law
- Suspends tobacco sales endorsements of businesses convicted of selling tobacco to minors
- Provides public lists of licensed businesses on CD-ROM, paper and through internet search of the computer database

Regulatory Commission of Alaska

The Regulatory Commission of Alaska protects the interests of ratepayers and promotes economic development by ensuring that all Alaskans have access to affordable, efficient, safe and reliable utility services.

The RCA regulates public utilities and pipeline carriers. The Commission has been assigned regulatory responsibility for gas, electric, telephone, oil and gas pipelines, water and sewer, steam, refuse collection and disposal and cable television.

**DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
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The Commission issues certificates of public convenience and necessity to qualified service providers. The Commission establishes the rates, terms, and conditions under which economically regulated utilities and pipeline carriers serve the public. Under the Power Cost Equalization program, the Commission computes the power cost and amount of assistance for eligible utilities.

**DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
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**DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
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FUNDING HISTORY AND ORGANIZATIONAL CHANGES**

Fiscal Year	Total Authorization	Federal Funds	General Fund	Other Funds
Department of Community and Regional Affairs				
2000	134,929.9	44,240.5	37,800.5	52,888.9
1999	161,581.9	51,913.8	70,012.1	39,656.0
1998	143,906.3	34,968.2	77,547.4	31,390.7
1997	138,416.4	29,157.6	81,981.4	27,277.4
1996	147,912.7	29,064.9	90,333.6	28,514.2
1995	151,085.5	26,038.9	97,218.1	27,828.5
Department of Commerce and Economic Development				
2000	40,181.1	3,650.1	9,213.7	27,317.3
1999	70,354.4	3,650.1	26,420.3	40,284.0
1998	74,290.0	3,650.0	27,818.8	42,821.2
1997	69,219.9	5,275.0	38,558.0	25,386.9
1996	61,309.6	6,401.1	37,013.5	17,895.0
1995	69,719.2	7,465.1	44,172.9	18,081.2
Department of Community and Economic Development				
2001	132,211.0	18,714.6	62,899.7	50,596.7

Excludes Fisheries Enhancement Tax Receipts program, supplementals and RPL's.

Other funds include Loan Funds, Interagency Receipts, APUC Receipts, AK Industrial Development and Export Authority Receipts, AK Energy Authority Receipts, AK Aerospace Authority Receipts, Statutory Designated Receipts, AK Science & Technology Endowment Earnings, International Trade & Business Endowment Earnings, and CIP Receipts.

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	Dept Total	Comm. Office	Admin Svcs	Community and Business Development	International Trade	State Revenue Sharing	Investments
Expenditures							
Personal Services	27,807.6	472.0	2,041.2	4,547.4	704.7	-	2,364.6
Travel	2,070.0	32.0	19.5	439.1	116.2	-	31.2
Contractual	28,273.2	26.0	218.1	5,619.8	957.9	-	637.0
Supplies	692.8	7.2	30.1	76.6	19.5	-	37.9
Equipment	184.8	-	1.7	7.5	-	-	4.8
Grants, Claims	73,182.6	125.0	-	2,234.6	295.4	46,893.4	220.0
Totals	132,211.0	662.2	2,310.6	12,925.0	2,093.7	46,893.4	3,295.5
Perm Full Time Employees	465.0	6.0	39.0	72.0	11.0	-	44.0
Perm Part Time Employees	7.0	-	1.0	4.0	1.0	-	-
Non Perm Employees	1.0	-	-	1.0	-	-	-
Revenues							
Federal	18,714.6	-	-	1,149.0	-	14,000.0	-
GF Match	604.9	-	-	604.9	-	-	-
General Fund	43,856.2	329.4	1,290.9	8,050.0	1,208.3	31,893.4	-
GF/Program	18,438.6	-	-	219.9	12.9	-	-
I/A Receipts	7,159.6	332.8	939.6	2,401.4	113.5	1,000.0	48.0
Sci/Tech	9,539.8	-	-	-	-	-	-
Vet Loan	147.8	-	-	-	-	-	147.8
Comm Fish Ln	2,608.9	-	-	-	-	-	2,608.9
Surety Fund	270.3	-	-	-	-	-	-
Rural Dev	98.0	-	-	98.0	-	-	-
Small Bus	3.3	-	-	-	-	-	3.3
CIP Receipts	2,160.8	-	80.1	301.8	-	-	-
Power Projects	779.2	-	-	-	-	-	-
Mining RLF	5.0	-	-	-	-	-	5.0
Child Care	5.8	-	-	-	-	-	5.8
Hist Dist	2.5	-	-	-	-	-	2.5
Fish En Ln	325.5	-	-	-	-	-	325.5
Alt Energy	148.7	-	-	-	-	-	148.7
Bulk Fuel	49.0	-	-	-	-	-	-
Power Cost	15,700.0	-	-	-	-	-	-
AERO Receipts	43.2	-	-	-	-	-	-
AIDEA Receipts	3,926.3	-	-	-	-	-	-
AEA Receipts	1,049.5	-	-	-	-	-	-
Fish Fund Inc	100.0	-	-	100.0	-	-	-
InT/BuEnin	759.0	-	-	-	759.0	-	-
RCA Receipts	5,218.2	-	-	-	-	-	-
Fee Support	496.0	-	-	-	-	-	-
Totals	132,211.0	662.2	2,310.6	12,925.0	2,093.7	46,893.4	3,295.5

Department of Community and Economic Development
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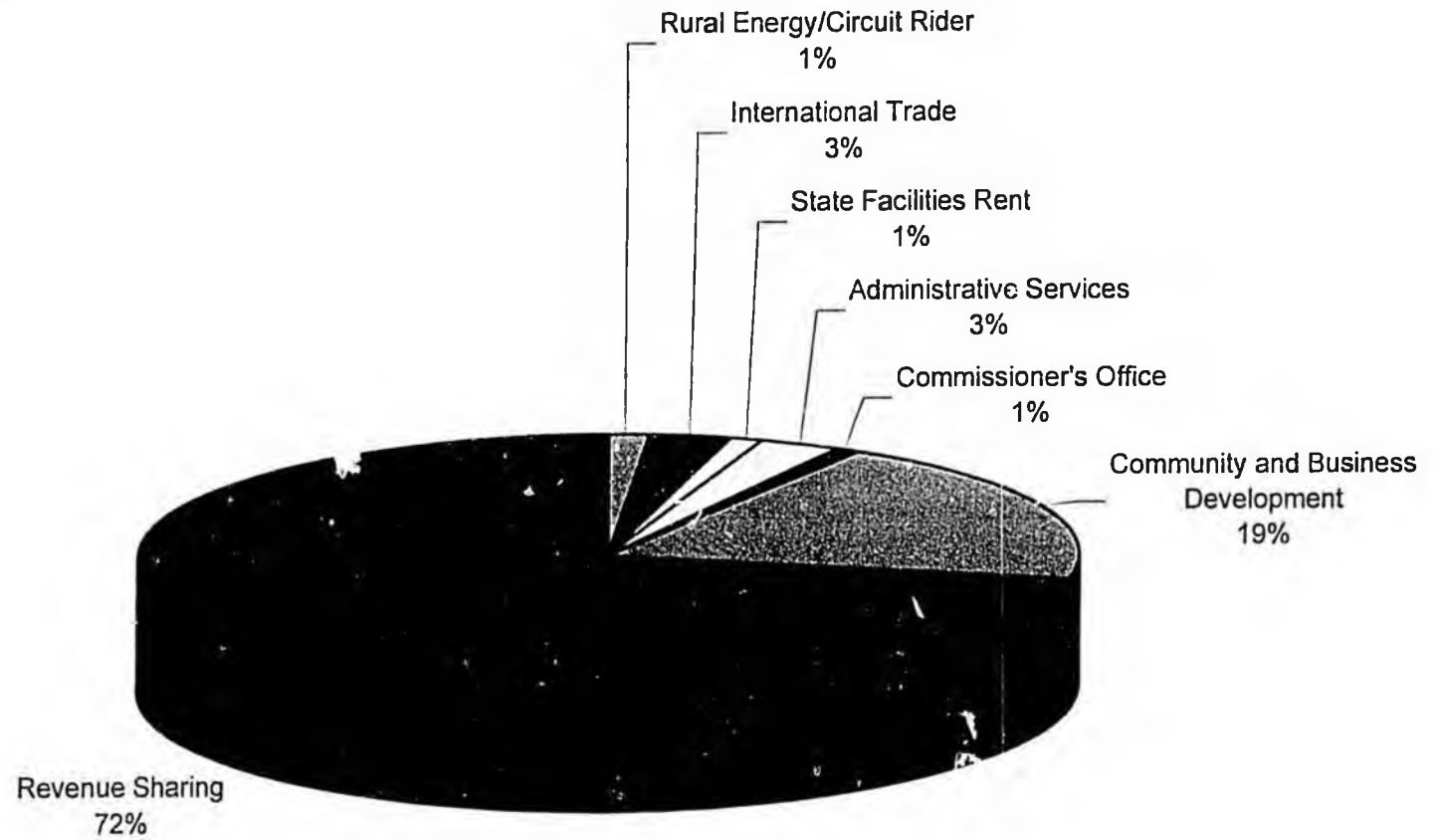
	Dept Total	Aerospace	AIDEA	Rural Energy	Circuit Rider	ASMI	AK Science & Tecnology
Expenditures							
Personal Services	27,807.6	619.5	4,026.4	-	-	1,178.7	587.9
Travel	2,070.0	58.0	98.2	125.6	8.0	418.0	84.0
Contractual	28,273.2	891.3	2,693.5	2,002.7	292.0	8,732.1	582.0
Supplies	692.8	46.0	46.9	18.0	-	180.0	16.5
Equipment	184.8	10.0	20.5	5.0	-	8.5	-
Grants, Claims	73,182.6	-	-	15,700.0	-	-	7,714.2
Totals	132,211.0	1,624.8	6,885.5	17,851.3	300.0	10,517.3	8,984.6
Perm Full Time Employees	465.0	8.0	61.0	-	-	18.0	6.0
Perm Part Time Employees	7.0	-	-	-	-	-	1.0
Non Perm Employees	1.0	-	-	-	-	-	-
Revenues							
Federal	18,714.6	-	-	65.6	-	3,500.0	-
GF Match	604.9	-	-	-	-	-	-
General Fund	43,856.2	-	-	287.9	300.0	-	-
GF/Program	18,438.6	-	-	-	-	7,017.3	-
I/A Receipts	7,159.6	-	1,909.7	217.1	-	-	-
Sci/Tech	9,539.8	555.2	-	-	-	-	8,984.6
Vet Loan	147.8	-	-	-	-	-	-
Comm Fish Ln	2,608.9	-	-	-	-	-	-
Surety Fund	270.6	-	-	-	-	-	-
Rural Dev	98.0	-	-	-	-	-	-
Small Bus	3.3	-	-	-	-	-	-
CIP Receipts	2,160.8	1,026.4	-	752.5	-	-	-
Power Projects	779.2	-	-	779.2	-	-	-
Mining RLF	5.0	-	-	-	-	-	-
Child Care	5.8	-	-	-	-	-	-
Hist Dist	2.5	-	-	-	-	-	-
Fish En Ln	325.5	-	-	-	-	-	-
All Energy	148.7	-	-	-	-	-	-
Bulk Fuel	49.0	-	-	49.0	-	-	-
Power Cost	15,700.0	-	-	15,700.0	-	-	-
AERO Receipts	43.2	43.2	-	-	-	-	-
AIDEA Receipts	3,926.3	-	3,926.3	-	-	-	-
AEA Receipts	1,049.5	-	1,049.5	-	-	-	-
Fish Fund Inc	100.0	-	-	-	-	-	-
InT/BuEnin	759.0	-	-	-	-	-	-
RCA Receipts	5,218.2	-	-	-	-	-	-
Fee Support	496.0	-	-	-	-	-	-
Totals	132,211.0	1,624.8	6,885.5	17,851.3	300.0	10,517.3	8,984.6

Department of Community and Economic Development
 FY 2001 Governor's Operating Budget Submission

	Dept Total	Banking	Insurance	Occupational Licensing	RCA	State Rent
Expenditures						
Personal Services	27,807.6	1,504.7	2,972.1	3,452.9	3,335.5	-
Travel	2,070.0	76.3	187.5	341.4	35.0	-
Contractual	28,273.2	170.8	1,110.4	2,071.9	1,771.4	496.3
Supplies	692.8	18.9	59.2	73.5	62.5	-
Equipment	184.8	2.1	35.3	75.6	13.8	-
Grants, Claims	73,182.6	-	-	-	-	-
Totals	132,211.0	1,772.8	4,364.5	6,015.3	5,218.2	496.3
Perm Full Time Employees	465.0	26.0	53.0	65.0	56.0	-
Perm Part Time Employees	7.0	-	-	-	-	-
Non Perm Employees	1.0	-	-	-	-	-
Revenues						
Federal	18,714.6	-	-	-	-	-
GF Match	604.9	-	-	-	-	-
General Fund	43,856.2	-	-	-	-	496.3
GF/Program	18,438.6	1,771.1	4,364.5	5,052.9	-	-
I/A Receipts	7,159.6	1.7	-	195.8	-	-
Sci/Tech	9,539.8	-	-	-	-	-
Vet Loan	147.8	-	-	-	-	-
Comm Fish Ln	2,608.9	-	-	-	-	-
Surety Fund	270.6	-	-	270.6	-	-
Rural Dev	98.0	-	-	-	-	-
Small Bus	3.3	-	-	-	-	-
CIP Receipts	2,160.8	-	-	-	-	-
Power Projects	779.2	-	-	-	-	-
Mining RLF	5.0	-	-	-	-	-
Child Care	5.8	-	-	-	-	-
Hist Dist	2.5	-	-	-	-	-
Fish En Ln	325.5	-	-	-	-	-
Alt Energy	148.7	-	-	-	-	-
Bulk Fuel	49.0	-	-	-	-	-
Power Cost	15,700.0	-	-	-	-	-
AERO Receipts	43.2	-	-	-	-	-
AIDEA Receipts	3,926.3	-	-	-	-	-
AEA Receipts	1,049.5	-	-	-	-	-
Fish Fund Inc	100.0	-	-	-	-	-
InT/BuEnin	759.0	-	-	-	-	-
RCA Receipts	5,218.2	-	-	-	5,218.2	-
Fee Support	496.0	-	-	496.0	-	-
Totals	132,211.0	1,772.8	4,364.5	6,015.3	5,218.2	496.3

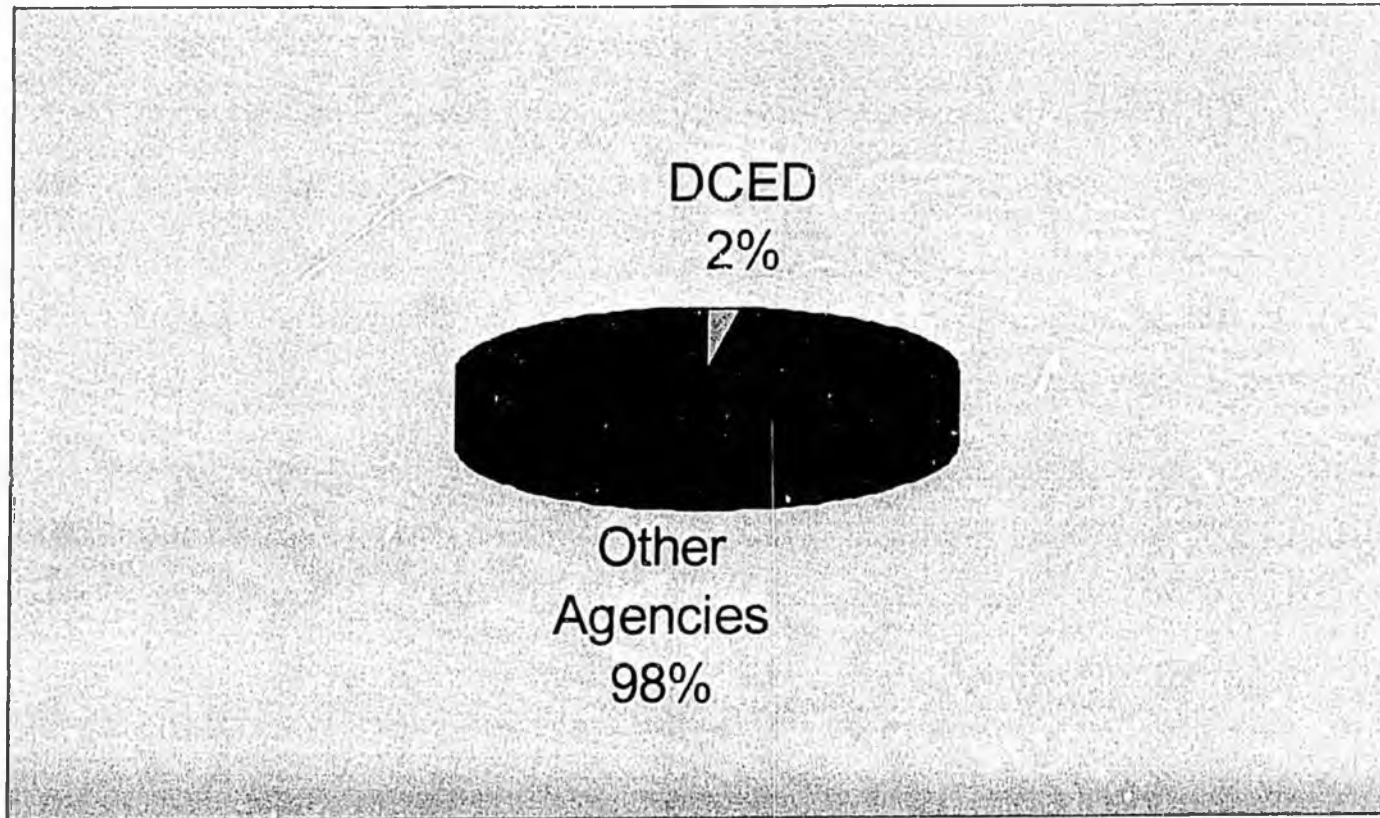
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
FY 2001 BUDGET OVERVIEW

UNRESTRICTED GENERAL FUND



DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
FY 2001 BUDGET OVERVIEW

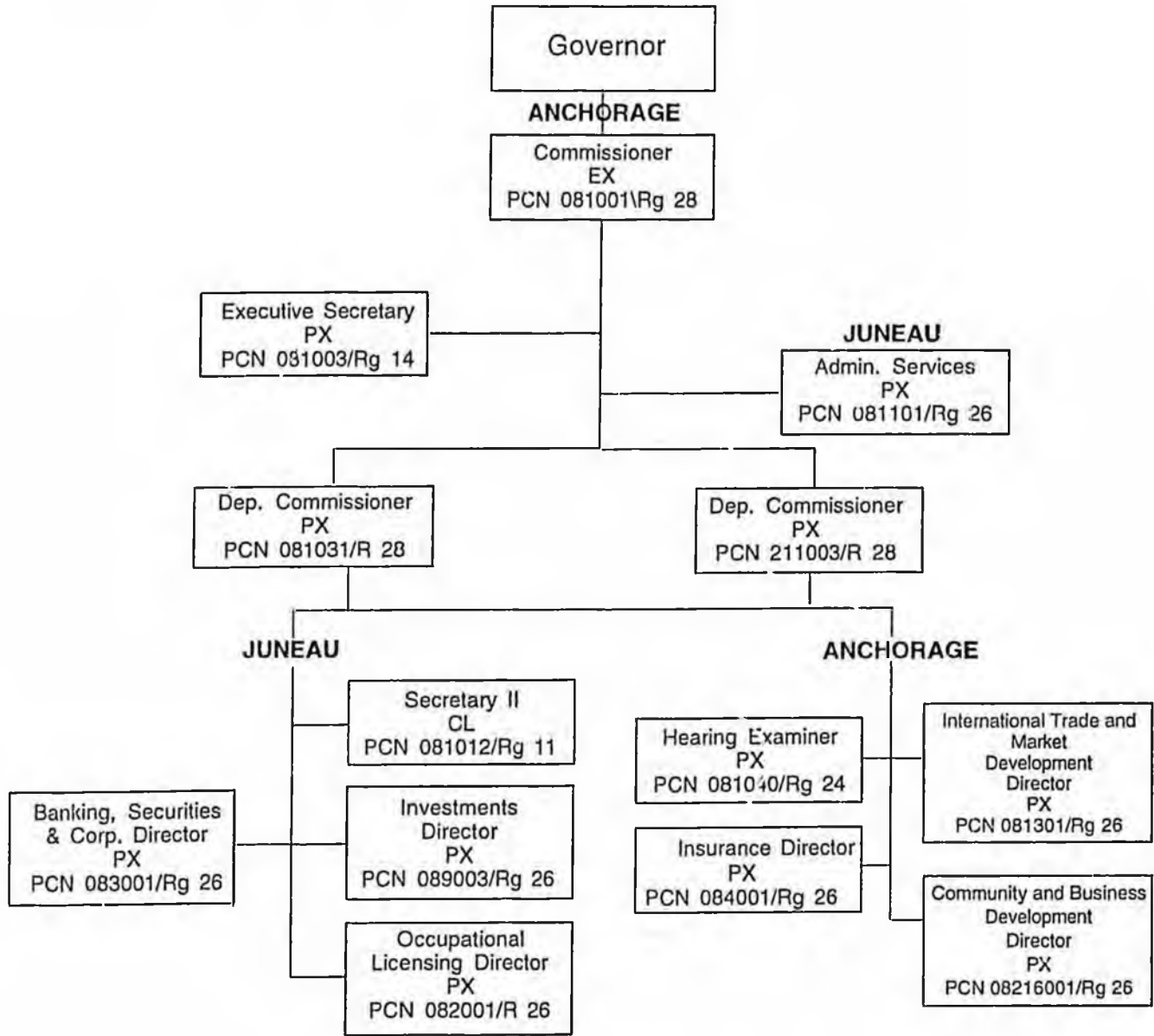
UNRESTRICTED GENERAL FUND



Total Unrestricted General Fund	2,086,247.8
Total DCED Unrestricted General Fund	44,461.1

DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

State of Alaska



Assigned by Statute to Department

- Alaska Industrial Development and Export Authority
- Regulatory Commission of Alaska
- Alaska Railroad Corporation
- Alaska Seafood Marketing Institute
- Alaska Aerospace Development Corporation
- Alaska Science & Technology Foundation

Deborah B. Sedwick

approved: _____
Deborah B. Sedwick, Commissioner

effective date: 7/1/00

(Rev. 1/00)

CL: Classified
PX: Partially Exempt
EX: Exempt

1/12/2000
Handout #1

Department of Public Safety
Missions and Measures Handout
House Finance Overview
January 12, 2000

Department of Public Safety SB 169 Missions and Measures

Mission: The mission of the Department of Public Safety is to ensure and maintain a safe, orderly, and positive environment in the state. This commitment is delivered through statewide police, resource protection, emergency response, fire safety, and other vital public safety services.

Division of Alaska State Troopers

Mission: (a) The mission of the Division of Alaska State Troopers is to preserve the public peace and to protect life and property through the prevention of crime, detection, and apprehension of criminal offenders, and to enforce traffic laws and regulations.

- (b) The legislature intends to measure the success of the Division of Alaska State Troopers in achieving its mission by considering
- (1) The increase in the number of sex offender compliance actions;
 - (2) The increase in the percentage of seat belt use in Alaska State trooper jurisdiction;
 - (3) The decrease in the percentage of repeat offenders in domestic violence incidents closed by arrest in Alaska State trooper jurisdiction;
 - (4) The reduction in the number of village public safety officer positions in communities with a local police department;
 - (5) The increase in the percentage of offenses closed by arrest for crimes assigned to the criminal investigations unit;
 - (6) The cost for each offense assigned to narcotics task force units;
 - (7) The decrease in the total number of traffic accidents that occur in Alaska state trooper jurisdiction;
 - (8) The increase in the percentage of VPSO-investigated alcohol bootlegging and importation offenses that are closed by arrest.

Council on Domestic Violence and Sexual Assault

Mission: (a) The mission of the Council on Domestic Violence and Sexual assault is to alleviate the effects and reduce the causes and incidences of domestic violence and sexual assault in the state.

- (b) The legislature intends to measure the success of the Council on Domestic Violence and Sexual Assault in achieving its mission by considering
- (1) The increase in the percentage of victims of domestic violence and sexual assault who seek advice;
 - (2) The percentage of repeat clients who return and remain at shelters for reasons other than to obtain information or receive counseling services;
 - (3) The increase in the percentage of repeat offenders who complete batterers' intervention programs;

- (4) The decrease in the percentage of repeat offenders in batterers' intervention programs;
- (5) The increase in the percentage of council resources that are directed to the prevention of domestic violence and sexual assault;
- (6) The increase in the percentage of Alaskans participating in violence prevention education training and workshops;
- (7) The increase in the percentage of school districts in the state with violence prevention and personal safety curricula.

Division of Administrative Services

Mission: The mission of the Division of Administrative Services is to provide administrative support to the department's programs and to supply criminal justice information to all authorized agencies and other parties.

Division of Fire Prevention

Mission: The mission of the Division of Fire Prevention is to promote, regulate, and develop ways and means of protecting life and property against fire and explosion.

Highway Safety Planning Agency

Mission: The mission of the Highway Safety Planning Agency is to administer grant programs to save lives and prevent injuries on the state's highway network.

Division of Fish and Wildlife Protection

Mission: The mission of the Division of Fish and Wildlife Protection is to protect the state's fish and wildlife resources through enforcement of laws and regulations governing the use of natural resources within the state and its adjacent waters to ensure that Alaskans can fish and hunt in perpetuity by protecting the state's fish and game from criminal activity.

Alaska Police Standards Council

Mission: The mission of the Alaska Police Standards Council is to

- (1) implement and enforce standards for the selection and retention of law enforcement and correctional officers; and
- (2) approve and fund officer training programs.

Scientific Crime Detection Laboratory

Mission: The mission of the Scientific Crime Detection Laboratory is to provide the highest quality forensic science service to state law enforcement agencies.

Public Safety Academy

Mission: The mission of the Public Safety Academy is to produce highly trained and motivated professional law enforcement officers who meet or exceed the Alaska Police Standards Council requirements.

Violent Crimes Compensation Board

Mission: The mission of the Violent Crimes Compensation Board is to decrease the financial and emotional damage to innocent victims caused by the trauma of violent crime.

**AST Missions and Measures Report
January 2000**

The benchmark period for this report is July 1, 1998 through December 31, 1998. The target period is July 1, 1999 through December 31, 1999.

(1) The increase in the number of sex offender compliance actions.

Benchmark Period	Target Period	Change
282	348	+23%

(2) The increase in the percentage of seat belt use in Alaska state trooper jurisdiction.

Seatbelt use as measure by the University of Alaska urban area survey.

1998 Survey	1999 Survey	Change
63% Compliance	64% Compliance	+1%

Seatbelt enforcement actions taken by AST during the measured periods.

Benchmark Period	Target Period	Change
579	883	+53%

(3) The decrease in the percentage of repeat offenders in domestic violence incidents closed by arrest in Alaska state trooper jurisdiction.

	Benchmark Period	Target Period	
Total Offenders	761	700	
Repeat Offenders	62	41	Change
Percent Of Repeat Offenders	8.2%	5.9%	-2.3%

(4) The reduction in the number of village public safety officer positions in communities with a local police department.

Benchmark Period	Target Period	Change
3	3	None

(5) The increase in the percentage of offenses closed by arrest for crimes assigned to the criminal investigations unit.

	Benchmark Period	Target Period	
Total Criminal Offenses	36	20	
Offenses Closed By Arrest	0	1	Change
Percentage	0%	5%	+5%

(6) The cost for each offense assigned to narcotics task force units.

Benchmark Period	Target Period	Change
\$605	\$637	+5%

(7) The decrease in the total number of traffic accidents that occur in Alaska state trooper jurisdiction.

Benchmark Period	Target Period	Change
2142	2281	+7%

(8) the increase in the percentage of VPSO-investigated alcohol bootlegging and importation offenses that are closed by arrest.

Total VPSO Bootleg Offenses	21	29	
Offenses Closed By Arrest	9	14	Change
Percentage	42%	48%	+6%

**Council on Domestic Violence and Sexual Assault
Missions and Measures Report
January 2000**

(1) The increase in the percentage of victims of domestic violence and sexual assault who seek advice.

Benchmark Period	Target Period	Change
6,994	2767 1 st Qtr	On Track or Exceeds

(2) The percentage of repeat clients who return and remain at shelters for reasons other than to obtain information or receive counseling services.

All clients who return or remain at shelters receive information and counseling. Accordingly, the benchmark is zero and the target is zero.

Benchmark Period	Target Period	Change
0	0	0

(3) The increase in the percentage of repeat offenders who complete batterers' intervention programs.

	Benchmark Period	Target Period	Change
Batterers	NEW Program	174	NA

(4) The decrease in the percentage of repeat offenders in batterers intervention programs.

Benchmark Period	Target Period	Change
New Program	38%	NA

(5) The increase in the percentage of Council resources that are directed to the prevention of domestic violence and sexual assault.

	Benchmark Period	Target Period	
Percentage	1%	1%	0

1% represents approximately \$57.0 in state funds per CDVSA's FY 2000 budget.

(6) The increase in the percentage of Alaskans participating in violence prevention education training and workshops.

Benchmark Period	Target Period	Change
67,075	5,600	-91%

(7) The increase in the percentage of school districts in the state with violence prevention and personal safety curricula

Benchmark Period	Target Period	Change
New Program	*	*

* Each of the 21 Council funded domestic violence and sexual assault programs work with their local schools to provide some type of prevention and intervention presentations and written information to students. Last fiscal year, STAR, the rape crisis center in Anchorage was funded to create a sexual assault curriculum for all ages. This curriculum will be provided to all Council funded programs to assist with the continuation of these services.

1-12-00

Handout #2

Department Mission

To foster, promote and improve working conditions and advance the opportunities for profitable employment of the wage earners and potential wage earners of the state, including those with special needs or barriers to employment, to the mutual benefit of employees and employers.

Commissioner's Office Mission

To foster and promote the welfare of the wage earners of the state, improve their working conditions and advance their opportunities for profitable employment.

Employment Security Mission

To ease the negative effects that involuntary unemployment has on Alaska's wage earners, to stabilize the local economy and workforce during periods of economic downturn, to operate a statewide public labor exchange and to provide employment training.

Labor Standards & Safety Mission

To provide assistance and oversight to both employees and employers in the state by ensuring safe and healthy working conditions, just compensation and legal employment practices, and to provide public and consumer protection by assuring the integrity and safety of various mechanical systems and equipment.

Workers' Compensation Mission

To ensure that eligible Alaska workers are provided adequate medical care, prompt payment of benefits, and, if needed, voluntary rehabilitative services.

To provide protection to employers from being sued in court by employees for workplace injuries.

To provide assistance with medical costs of injuries or illnesses due to commercial fishing activities onshore or in state waters.

To reimburse employers for compensation paid to qualifying employees involved in a second injury.

Vocational Rehabilitation Mission

To assist individuals with disabilities to overcome barriers to employment and encourage independence and integration into their community.

Administrative Services Mission

To provide for efficient administrative and data processing services in support of the department's programs, and to provide for the collection, analysis and publication of demographic and economic information in support of sound policy, business, program and personal employment decisions.



Review of Goals and Accomplishments

House Finance Committee

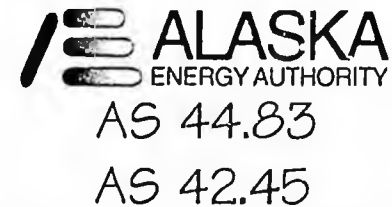
January 2000

Alaska Industrial Development and Export
Authority (AIDEA)

Alaska Energy Authority (AEA) Projects

AEA Rural Energy Programs

D. Randy Simmons, Executive Director



1
handout 1/4/00



Alaska Industrial Development and Export Authority



AIDEA'S Mission

To encourage economic development and diversification in Alaska -- thereby creating or retaining jobs in Alaska's economy by providing various means of financing and assistance to businesses in Alaska.

jobs for Alaskans



AIDEA Goals

To stimulate economic development and diversification.

- 1) Provide business financing assistance throughout Alaska through AIDEA's Credit programs by participating in or guaranteeing bank originated loans.

- 2) Continue to develop, operate and maintain AIDEA-owned development projects that support private sector investment and create or maintain jobs for Alaskans.



AIDEA's Programs

Credit

Loan Participation

Purchase up to 80% of a bank originated loan up to \$10 million for business financing

Business and Export Assistance

*Guarantee up to 80% of a bank originated loan up to \$1 million
Supports the Rural Development Initiative Fund (RDIF)*

Revenue Bond Program

Conduit financing; no financial effect on AIDEA or the State

Development Finance

AIDEA owned and operated projects must go through a thorough due diligence process and projects must be:

--financially feasible

--endorsed by the local government

-- projects requiring more than \$10 million in bonding require legislative authorization

AIDEA's Strategies and Recent Accomplishments

Strategy -- Provide approximately \$40 million in financings with financial institutions to support and diversify Alaska's economy; participate or guarantee \$5 million in small rural loans; and assist, participate or guarantee \$3 million in export-related financings.

★Participated in loans across Alaska in the amount of \$20.7 million dollars, creating over 380 construction jobs and 440 permanent jobs in Alaska's economy. To date, in FY00, AIDEA has provided \$13.9 million in loan participations, creating approximately 400 construction jobs and 175 permanent jobs in Alaska.

★Issued \$15.8 million in conduit financing for private sector and non-profit projects in FY99. To date in FY00, AIDEA has provided \$6.9 million in conduit financing.

Strategy -- Create at least 350 new jobs for Alaskans by providing financial assistance to economic development projects that meet defined criteria for feasibility and financial success.

★Completed construction of the Alaska Seafood International facility (ASI), Alaska's first seafood manufacturing facility, creating 160 construction jobs. The facility began test production in January 2000. At full production, ASI will directly employ approximately 450 workers in Anchorage and indirectly add up to 850 jobs in Alaska's economy.

★Prepared a revised development plan for the AIDEA-owned Ketchikan Shipyard and added nearly 80 new direct jobs at the facility as the operators expanded operations.



AIDEA's Strategies and Recent Accomplishments (Continued)

★Finished construction of the DeLong Mountain Transportation System port facilities expansion allowing Cominco Alaska to increase production throughput by 40% adding approximately 100 new jobs in the Northwest Arctic Borough.

★Completed systems testing of the Healy Clean Coal Project (HCCP), proving the technology and producing emissions substantially below permit requirements.

★Successfully installed four submarine cables for the Snettisham Hydroelectric project under budget and slightly ahead of schedule, providing 20 construction jobs. The savings resulted in an electrical rate reduction.

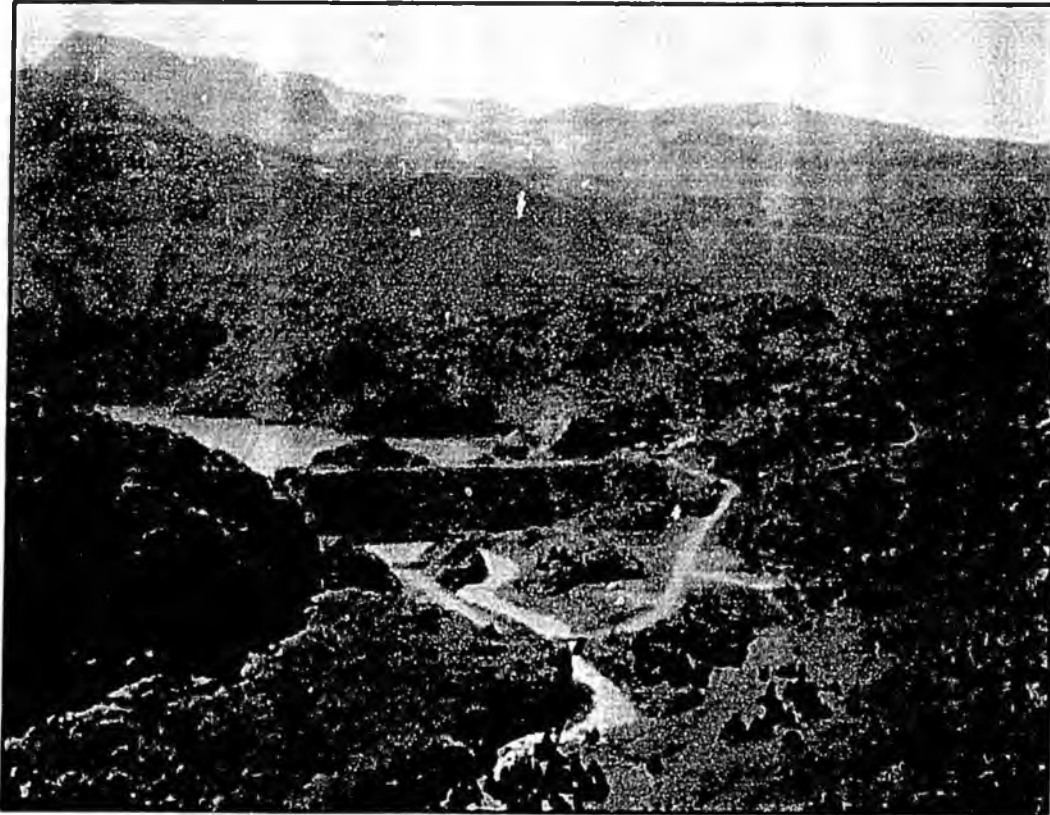
Strategy -- Increase efficiencies and provide a return to the General Fund.

★Provided a \$18 million dividend to the State General Fund for FY 00 and declared an \$18.5 million dividend for FY01.

★In partnership with banks and the private sector, amended regulations to eliminate archaic and unnecessary requirements in AIDEA's Credit programs.

★Implemented transition of the Rural Energy staff to AIDEA.





Alaska Energy Authority



Bradley Lake hydroelectric project

AS 44.83

AS 42.45

AEA's Mission

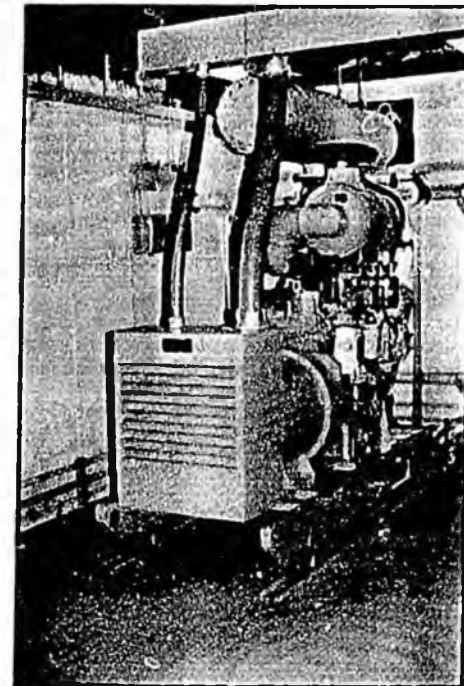
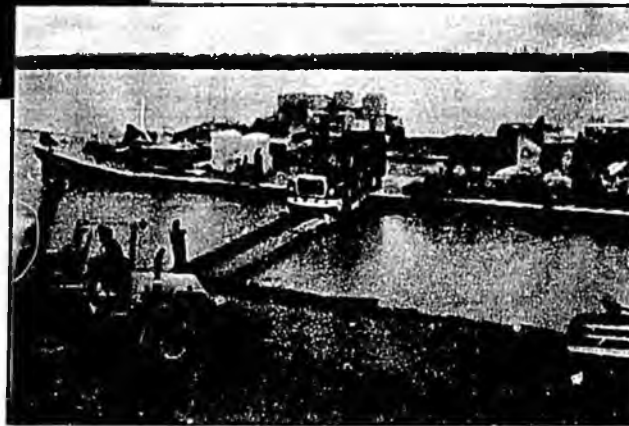
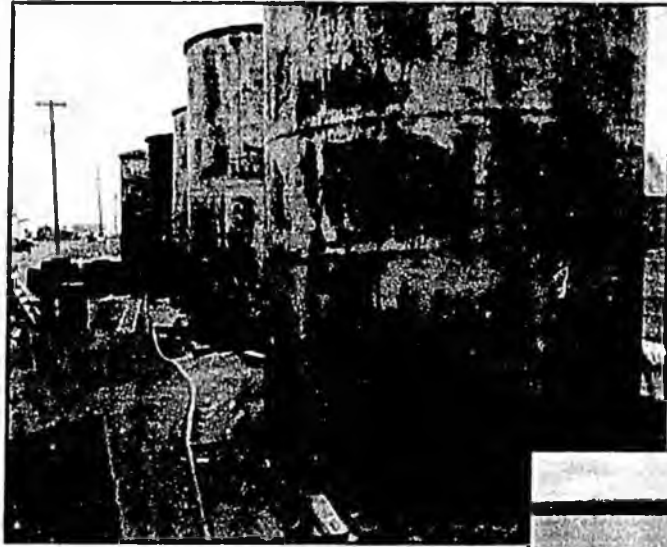
Operate and maintain existing state-owned power projects that tap Alaska's natural resources to achieve the lowest reasonable consumer power costs; and

Assist in the development of safe, reliable and effective energy systems throughout Alaska that are financially viable and environmentally sound.

AEA Project Recent Accomplishments

- ★ *Maintained and administered AEA's \$1 billion facilities, maximizing services and revenues and minimizing unscheduled outages.*
- ★ *Completed upgrades and repairs at the Lake Tye hydroelectric project.*
- ★ *Inspected and completed final engineering of the Terror Lake tunnel repairs.*
- ★ *Installed spill containment and updated procedures for the Four Dam Pool projects.*
- ★ *Continued to administer outstanding AEA long-term debt in excess of \$300 million and continued to administer special trust funds related to the facilities.*
- ★ *Refinanced Bradley Lake Hydroelectric project long-term debt, providing approximately \$3.3 million in savings to the Railbelt utilities.*

Rural Energy Programs



AS 42.45

Rural Energy Accomplishments

★ Acquired a \$10 million grant from the Denali Commission to upgrade bulk fuel storage projects.

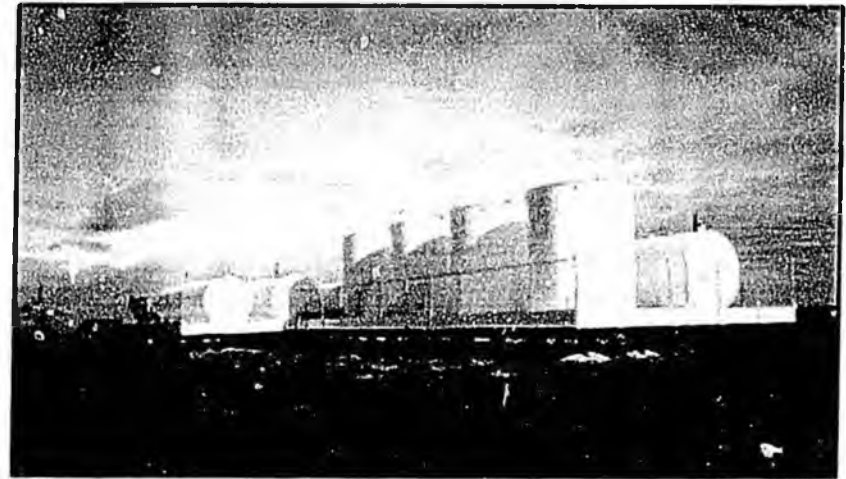
★ Completed bulk fuel storage projects and upgrades in 13 communities totaling \$8.9 million.

★ Continued to design work on 22 bulk fuel projects totaling \$23.6 million with a projected construction date of calendar year 2001.

★ Acquired a \$5.8 million grant from the Denali Commission to upgrade power generating facilities and distribution systems statewide.

★ Issued PCE payments in the amount of \$18 million.

★ Provided circuit rider maintenance services to 29 communities.



New Selawik tank farm

Addendum

Dividend Policy

The dividend program was created in 1996 and carefully structured to provide certainty and stability to the Authority and its investors. The dividend policy allows AIDEA to make a contribution to the General Fund; provides financial flexibility to the Board to determine the dividend; and provides substantial protection to the Authority's bond owners to insure their investment remains secure.

The dividend is to be not less than 25% nor more than 50% of the Authority's net income for the fiscal year two years before the year the dividend is to be paid (the "base year"). In no event may the dividend exceed base year unrestricted net income as presented in AIDEA's audited financial statements. The AIDEA Board determines the dividend each year taking into consideration: a) base year net income, b) income trends, c) project and loan flow projections, d) bond covenant impacts, e) rating agency concerns, and f) unanticipated needs.

Dividends Declared Since Program Inception

FY 1997	\$15 million
FY 1998	\$16 million
FY 1999	\$16 million
FY 2000	\$18 million
<u>FY 2001</u>	<u>\$18.5 million</u>
Total	\$83.5 million



Bond Ratings/Bond Capacity

Following the implementation of AIDEA's Dividend Policy in 1996, AIDEA's market acceptance significantly improved. In early 1997, for the first time, AIDEA was able to issue AAA insured general obligation bonds when it completed the largest bond sale in its 30-year history. AIDEA again received a AAA insured rating when it issued general obligation refunding bonds in 1998. AIDEA has a strong underlying A(2) and A- rating by Moody's Investors Service and Standard & Poor's respectively. Strong bond ratings allow AIDEA to have greater access to capital markets and a broader investment pool, lowering borrowing costs for important economic development projects.

Since 1989, pursuant to AS 44.88.105(d), bonds issued by the Alaska Industrial Development and Export Authority (AIDEA) may not carry the moral obligation of the state, unless the moral obligation a) is specifically authorized by the Legislature, b) secures bonds to refund moral obligation bonds originally issued prior to 1989, or c) secures bonds issued for a power transmission intertie.

None of the new project bonds issued by AIDEA since 1989 carry the state's moral obligation. Outstanding state moral obligation bonds as of June 30, 1999, total \$23,910,000. This represents only 8% of the total bonds outstanding of \$229,160,000. Moral obligation bonds are not debts or liabilities of the state.



Department of Military & Veterans Affairs
Review of Mission and Accomplishments

Mission

Provide strategically positioned, relevant, and ready military forces capable of homeland defense, rapid deployment, joint operations, and mission accomplishment in the state or throughout the world; and provide organizations capable of performing emergency services, training at-risk juveniles, coordinating veterans' programs, and assisting other state and federal agencies in suppressing the use of illegal drugs

Programs

- Commissioner's Office and Military Headquarters
- Army Guard Facilities Maintenance
- Air Guard Facility Maintenance
- Disaster Planning & Control
- Alaska Military Youth Academy
- State Active Duty
- Guard Benefits: Educational and Retirement
- Veterans Services

This department contributes ~\$160 million to the economy

- \$9.5 million in GF (\$8.5 M Operating, \$1 M Capital)
- \$27.4 million in Federal Funds and Interagency Funding
- Leverages another \$128 million of federal funds through the federal budget

Jobs

- Over 4,200 military members, employees and volunteers
- Located in 76 communities across the state
- Opportunities to add 726 new jobs

Military Construction in FY2001

- National Missile Defense in FY2001 - \$117 million
- Combined Support Maintenance Shop, Federal Scout Armories, and Composite Support Facility at Kulis, approximately \$12 million

Future Military Construction

- Federal Scout Armories (3/yr), Nome, Bethel, Kodiak, and Ketchikan Readiness Centers, Corrosion Control Facility, PARA Rescue Facility, Squadron Ops Center, and Flight Line Maintenance Bldg.
- Approximately \$1.2 billion through FY05 for National Missile Defense

New Mission Possibilities:

- National Missile Defense
- Space surveillance mission at Clear Air Force Station
- North American Air Defense (NORAD) mission at Elmendorf Air Force Base
- Weapons of Mass Destruction Rapid Assessment Initial Detection
- Expand combat communications services within the Pacific Theater



1/13/2000

ACCOMPLISHMENTS:

Air and Army National Guard fully accomplished all state and federal missions with no loss of life or serious injury

National Guard saved over 150 lives in Alaska through search and rescue operations

Air Guard won Mackay Trophy - nations highest aviation achievement award

The Alaska Military Youth Academy (AMYA) increased partnering with other agencies to share cost and increase services: Dept. of Education, U.S.D.A. Food Program; Dual Enrollment with Alyeska Correspondence School; Municipality of Anchorage, Division of Workforce Development; and Health & Social Service Drug and Alcohol Program. The AMYA graduated 91 cadets in their last class (budgeted 80) making the total more than 800 graduates at the completion of this fiscal year. In addition the Youth Academy Cadets performed 8000 hours of community services.

\$520.0 for Veteran Service Officers secured \$35 million in federal benefits for Alaskan veterans.

The Emergency Services Division responded and managed over 60 incidents, including Avalanche Response and Y2K preparedness. (FEMA comment "Alaska's SECC best in nation")

Goals 2000/2001:

- Establish 24 hour State Emergency Coordination Center with ongoing inter-departmental training and exercise program to maintain proficiency developed as a result of Y2K efforts
- Maintain the ability of the National Guard to accomplish all peacetime (state) and wartime (federal) missions
- Increase Youth Academy ability to expand efforts and serve more youth by partnering with other agencies
- Pursue new mission possibilities for the National Guard and add some 726 high paying jobs for Alaskans over the next five years (national missile defense, RAID Team for domestic preparedness, NORAD mission, space surveillance mission)
- Expand outreach efforts and services to all veterans
- Develop an effective and comprehensive DMVA and National Guard program for rural affairs
- Encourage and facilitate economic, educational, business, and service opportunities for Alaska that will be available as a result of national missile defense activities
- Continue to train supervisors to maximize employee opportunities to contribute while reducing irritants and labor grievances
- Reduce deferred maintenance backlog for facilities while continuing effective preventive maintenance programs

DEPARTMENT OF LAW

The mission of the Department of Law is to

- (1) protect the state's sovereignty;
- (2) prosecute crime;
- (3) represent and advise the state in all civil matters; and
- (4) provide other legal services to state government.

The mission of the Office of the Attorney General is to

- (1) allocate state legal services
- (2) represent the state in civil actions;
- (3) prosecute cases involving violation of state law.

The mission of the Division of Administrative Services is to provide core services that are essential to the day-to-day operation of the department and the management of department resources.

The mission of the Civil Division is to protect

- (1) the human, financial, and natural resources of the state by providing legal advice, prosecution, and defense; and
- (2) the state's sovereignty and guarantees of statehood.

The mission of the Criminal Division is to

- (1) prosecute crime;
- (2) uphold convictions through appellate and post-conviction proceedings; and
- (3) provide effective representation for state criminal justice agencies.

The mission of the Office of Special Prosecutions and Appeals is to prosecute complex economic and natural resource cases, and to uphold the state's position on appeals of criminal convictions and statutes relating to criminal justice.

FY 2001 Key Performance Measures

Measure: Maintain collections of criminal and civil judgments including indigent defense costs, costs of incarceration for DWI offenders, and other fines owed the state at the level of \$3.1 million.

(Not yet addressed by Legislature.)

Current Status:

FY 1999 - \$3,110,979.04

Benchmark:

FY 1997 - \$2,278,473.18

FY 1998 - \$2,469,881.33

At this time the unit oversees 108,000 collection cases. As a result of factors described below, which are entirely out of the control of the unit, we are holding our performance measure for anticipated collections at the FY 1999 level. Even so, that level represents a 25% increase over FY 1998 collections.

Background and Strategies:

The function of the collections unit is to collect money owed to the state in criminal, civil, and some administrative cases. The criminal cases include the cost of imprisonment in driving while intoxicated or refusal cases, cost of appointed counsel in cases where a public defender or public advocate appointment is made to represent a defendant, and outstanding fines and bond forfeitures. While the courts can collect on fines and bond forfeitures (these cases are only transferred to the collections unit if they are overdue to the court) the cost of appointed counsel cases are automatically transferred to the unit. Civil case collections must have a judgment in excess of \$250 entered with the court and the money collected must be free for deposit into the general fund.

There are a number of factors that affect the amount collected. The most important factor is the amount and number of judgments transferred by the courts, if a judgment is not transferred, it is unlikely the unit will receive voluntary payments and cannot seize money from a permanent fund dividend. The second factor is the number and dollar value of voluntary payments made by defendants. The only recourse the department has for nonpayment, is the potential to seize the obligor's permanent fund dividend. Additional factors include the actual amount of the permanent fund dividend, the number of defendants applying for dividends; the number of defendants determined to be eligible for dividends; and other agencies or cases with statutory priority to seize dividends before our seizures are possible.

Measure: Increase completion of child support enforcement cases by 15%.

(Not yet addressed by Legislature.)

Current Status:

In FY 1999 the Child Support Enforcement unit closed 688 files.

Benchmark:

With additional resources now committed toward this effort beginning in FY 2000, the 15% increase in completed cases should be achievable.

Background and Strategies:

The child support unit represents the Child Support Enforcement Division (CSED) in court, including paternity establishment and disestablishment, modification of child support orders, employer non-compliance actions, criminal non-support prosecutions, licensing appeals, and miscellaneous other activities related to enforcement of child support orders. In addition, the unit provides legal support in matters relating to administrative child support enforcement actions, drafts legislation and regulations, and provides general legal advice to CSED.

Measure: Review 50% of all adopted regulations within 120 days of a request for final review and 75% completed within 180 days of a request.

(Not yet addressed by Legislature.)

Benchmark:

Because of the factors discussed above, the department feels the timelines identified as our performance measure should continue. The timelines were met in FY 1999 and continue to serve as our benchmark for FY 2000 and 2001.

Background and Strategies:

There are a number of external factors affecting the timelines established as performance measures. First, if changes to the regulations are required in order to comply with state law, the respective board or commission must readopt the regulations. Many of these regulatory bodies meet quarterly, some only annually. More frequent meetings convened just to deal with regulations are a costly option. Second, staff at the adopting entity must approve any edit made to the regulations. This often results in delays due to staffing issues or priorities in the agency involved. Third, even with an additional regulations attorney added in FY 1998, our own staffing levels are inadequate to set tighter time frames. Finally, there are more regulations being adopted by state agencies to comply with budget cuts, court decisions, and changes in federal law. Most major budget cuts involving deletions of services require regulations changes to withstand a court test.

Measure: Eliminate 95% of the permanency placement backlog of children in state custody, and ensure 50% of other out-of-home placement children's state custody proceedings are resolved within 21 months.

(Not yet addressed by Legislature.)

Current Status:

Child protection attorneys for the Department of Law have caseloads over 50, and in many cases close to 70.

Benchmark:

According to the American Bar Association, Center for Children and the Law, a reasonable caseload for child protection attorneys is between 40 and 50 active cases.

Background and Strategies:

With the passage of Ch. 99, SLA 98, the new state child protection law and the new federal Adoption and Safe Families Act important changes were made as to how long children may remain in the child protection legal system, and when certain actions must occur. These new statutory changes at the state and federal level more concretely define parental responsibility and the changes move cases to conclusion faster to ensure that

when reunification with the family is not in the child's best interest, the child can be made legally eligible for placement in a permanent home more quickly. A huge number of existing cases are now moving on the new accelerated schedules, and severely impacting attorney workloads. Maintenance of our existing resources is necessary in order to manage this critical responsibility.

The legislation defines the timelines for permanency hearings and termination of parental rights. In order to achieve those timelines, and in order to eliminate the permanency placement backlog and provide the assistance outlined above, the per attorney caseload must be manageable.

Measure: Prosecution of 1,100 violent felonies, 760 felony drug cases, and 2,050 misdemeanor domestic violence assaults.

(Not yet addressed by Legislature.)

Benchmark:

As a very general rule, when a district attorney office's individual attorney felony caseload reaches 100 or more cases per year, additional staffing for that office must be considered.

Background and Strategies:

The workload for the Criminal Division is driven by factors largely beyond its control, such as the staffing levels and policies of local police agencies, staffing levels of defense attorneys, whether municipalities control alcohol, and the policies and practices of local courts and local defense attorneys. As such, the division is able to exercise very little control over attorney caseload ratios and no control whatsoever over the volume of work coming in at any given time. Thus available quantitative information often does not show the effectiveness and competency of the work. For example, it is very difficult to draw meaningful conclusions based on conviction rates. More convictions don't necessarily mean that attorneys are doing a better job. Instead it may mean any or a combination of the following: (1) crime is up, (2) the police are conducting better investigations, (3) new laws are more effective, (4) the division is understaffed and therefore plea-bargaining more, (5) the public defender agency is understaffed and they are pleading out more of their clients.

For this reason, knowing the number of cases handled is the best measure of the division's performance.

Because Alaska is one of a very few states that handles all types of criminal offenses at the State level, useful comparative data of attorney caseload is impossible to attain. Even within Alaska, there are remarkable differences between caseloads in the urban centers and rural communities. Caseloads in rural Alaska per attorney tend to be much higher because defendants are more likely to plead out, or the district attorney is more likely to come to an agreement with the public defender.

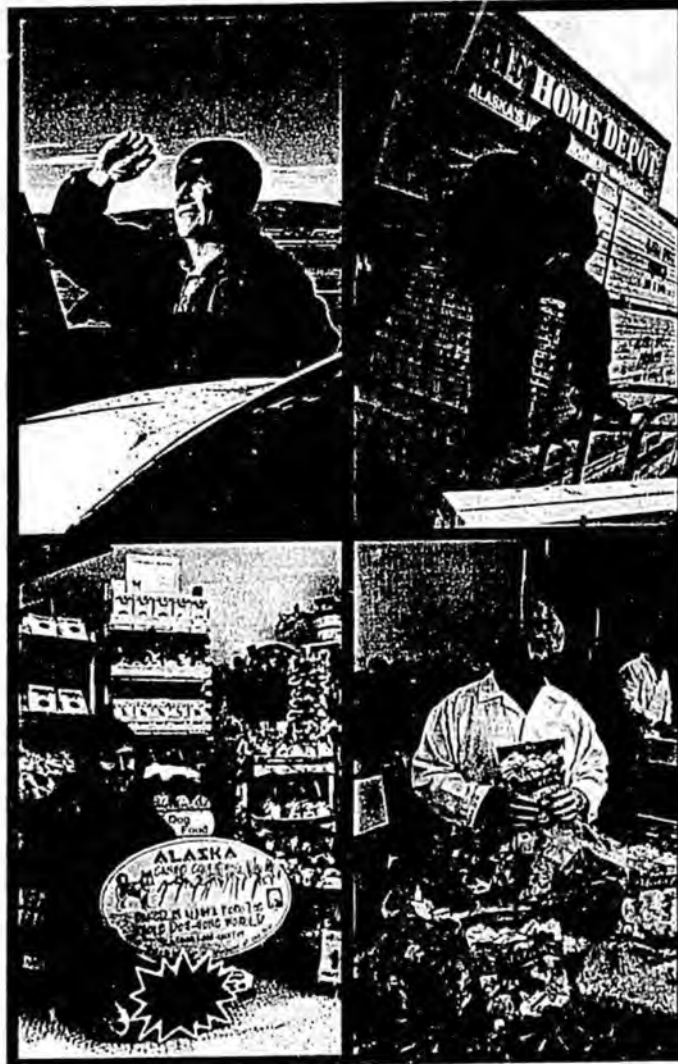
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ALASKA SCIENCE & TECHNOLOGY FOUNDATION



1999 ANNUAL REPORT

A FOUNDATION FOR ALASKA'S FUTURE

Review of the Alaska Science and Technology Foundation Accomplishments

Presentation to House Finance Committee, January 14, 2000

Jamie Kenworthy, Executive Director
Mark Bendersky, Group Projects Administrator

Mission

ASTF's mission is to build an entrepreneurial Alaska economy through the development and application of science and technology.

Programs

ASTF's programs include:

- small individual grants (\$20,000 or less)
- major individual grants (greater than \$20,000)
- group project grants
- direct grants to teachers (up to \$5000)
- Small Business Innovation Research (SBIR) Bridging Grants (up to \$50,000)

These programs contribute to the mission by providing matching financing to projects, growing companies, and by growing infrastructure for an entrepreneurial economy.

Customers

- ASTF's customers are primary technology based entrepreneurs from the private sector.
- ASTF also has customers who are teachers in K-12 schools who are developing science and math classroom projects.
- ASTF customers also include university researchers that involve end-users in projects with direct Alaska benefit.

Program Result Performance Measures

ASTF conducts annual surveys of grantees to gather statistics for performance measurement. The six key performance measures are:

Performance Measure	1997-1999 actual	1998-2000 target
• New jobs from technology projects (jobs/project)	5	6
• New revenues from technology projects (\$/project)	139,000	150,000
• % of technology project grantees in business due to ASTF grant	44	50
• % of technology project grantees who report new/improved products/processes/services	89	90
• % of technology and knowledge projects which increase basic science and technology knowledge	69	72
• % of knowledge projects which develop new processes or services, or reduce costs	61	64

1999 Survey Results of Overall ASTF Impact

The 1999 survey of 196 grantees had a 55% response rate. Grantees reported:

- Over 300 new jobs created
- \$6.4 million in additional sales
- \$35 million in other financing raised
- 9 out of 10 reported either an improved production process, adding value to an existing product or service, or developing a new process, product, or service
- Numerous invention disclosures, patents, copyrights, and technical papers and presentations

Recent Industry Accomplishments

Fishing and Aquaculture

- Demonstrated longer salmon shelf life with sodium chlorite – implementation planned by Alaska Seafood International and processors
- Demonstrated longer salmon shelf life with ozone – working with processors and DEC for permits
- Demonstrated salmon pin-bone removal machines and sold 150,000 pounds of boneless fillets
- Demonstrated fisheries sonar capable of improved fish detection, and species and size determination
- Demonstrated high survival rate of oyster seed at Kachemak Bay nursery – nursery now providing product to ocean farmers
- Seward hatchery developing technology to produce feedstocks for scallops, geoducks, and cockles

Mining

- Aeromap demonstrated desktop tool to better interpret data for improved exploration analysis (Fort Knox)
- Anchorage glass recycling center proved feasibility and produced and sold abrasives for industrial sand blasting made from waste glass
- Developing improved scientific basis for interpreting total dissolved solids water quality standards – project involves Producers Council, DEC, F&G, and University of Alaska

Petroleum Products

- Demonstrated in Valdez new chemical process to desulfurize diesel fuel to meet stricter EPA standards

Forests and Forest Products

- Seven mills now have graded dimensional lumber. Dimensional lumber needed to meet building codes has been 100% imported. Three local lumber graders now certified. First supply of Alaska lumber in Railbelt "big box" stores in 10 years.
- Launched project to demonstrate new chemical delivery system to repel spruce beetles

Agricultural Products

- Alaska Fresh Cut products (bagged salads and ready-to-use vegetables) now selling in Alaska supermarkets and increasing demand for Mat-Su farm products
- Demonstrated chipability of Alaskan potatoes for potential Alaskan potato chip manufacturing

Public Health and Safety

- Put live video camera pictures of three rural airstrips on Internet website for weather observation/safety - idea being copied in Alaska and nationally.
- Received EPA approval of bear repellent – now on the market
- Demonstrated a biotechnology based test for immediate detection of paralytic shellfish poisoning

Other Accomplishments

- Alaska Growth Capital (BIDCO) program success (20 loans and exceeded its second year business projections by 20%)
- Completed construction financing of Kodiak Launch facility (\$10 million)
- Net Day - Thousands of volunteers and ASTF Internet Connectivity Grants to Schools wired 90% of Alaska's K-12 classrooms making Alaska the top state in U.S. with wired K-12 classrooms
- Assisted Seward, Homer, and Kenai science museums to deliver science resources via the internet
- Direct Grants to additional 56 Science and Math Teachers

Strategies/Priorities/What's Different for FY 2001

- Continued focus on forest products, mining, and fishing/aquaculture sectors.
- Increased focus to energy, cold regions engineering and construction, logistics, remote sensing, and information technology sectors.
- Increased emphasis on assisting existing companies to grow in new areas.
- Grant application shifting to business plan form.

Is there duplication between agencies?

- No state agency has identified any project or activity where ASTF is duplicating their efforts.
- Where good science is expected to yield Alaska benefit, ASTF sometimes works with the private sector and other State agencies to address problems that limit Alaska opportunities. An example is water quality regulations and mining industry.

Do other viable options exist?

- In the short term, the answer is no.
- ASTF funds projects at the concept, prototype, and commercialization stage.
- ASTF has made some investments in a BIDCO (risk capital) and Alaska InvestNet (organization to bring together investors and entrepreneurs) so as to increase the capability of the private sector to do early-stage pre-bankable technology and resource processing deals.

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Department Accomplishments

Mission

To promote and protect the health and well-being of Alaskan citizens.

Department Goals and Strategies for FY 2001

Help children stay healthy and safe.

- Improve the state's response to child abuse and neglect by responding to more reports of harm, ensuring that children in state care are placed in safe, quality homes, and moving children in foster care to permanent homes more quickly.
- Develop a system to improve surveillance, treatment and prevention of alcohol-related birth defects.
- Fully implement Denali KidCare - health care coverage for low-income children and pregnant women.
- Implement strategies to reach statewide immunization target: 90 percent of all 2-year-old children.
- Improve access to pediatric dental services.

Help Alaskans live healthier and have access to basic health care to reduce chronic and preventable disease.

- Improve access to health care for Alaskans in rural areas.
- Assist in the efficient development of telemedicine in Alaska.
- Efficiently manage the Medicaid program and gain the necessary federal and state resources to deliver a comprehensive program.

Assist Alaskans who experience developmental disabilities and/or mental illnesses to live independently and remain economically secure.

- Refine Comprehensive Integrated Mental Health Plan in conjunction with consumers, policy boards and the Alaska Mental Health Trust Authority.
- Promote self-sufficiency for adults with disabilities through work incentives.
- Replace aging Alaska Psychiatric Institute, improve treatment services at new API, and strengthen community services to prevent inappropriate hospitalization.
- Review status and operation of adult assisted living homes and the clients they serve. Assist in strengthening guardianship and adult protective services.
- Develop and implement a plan for improving services for special needs children.
- Continue mental health program improvements.
- Eliminate the waiting list for infants needing diagnosis and treatment of developmental disabilities or delays.

Increase incentives and opportunities for communities to collaborate with the department to improve results for children and families

- Implement tribal Temporary Assistance for Needy Families (TANF) partnerships.
- Promote self-sufficiency for families on public assistance.
- Continue collaboration with communities and private organizations on service integration projects.
- Improve regulatory framework and processes for awarding, monitoring and implementing departmental grants for services to assist Alaskans.

Establish an integrated statewide system for data collection, analysis and reporting that improves services to Alaskans

- Continue to link and integrate data from a variety of existing systems, including state and grantee client and management information systems.
- Develop and refine a system to evaluate welfare reform outcomes.

Promote efficient streamlined systems where employees value their work and meet customers needs

- Continue effort to integrate systematic performance measurement into the department's program planning, budgeting and ongoing operations.
- Improve process for internal and external communications.

Major Department Accomplishments for FY1999

- Launched Denali KidCare, expanding health care coverage to uninsured children and pregnant women. As of September, the program had reached its goal of enrolling nearly 12,000 children and was close to reaching its goal of signing up 800 pregnant women.
- Improved the response to reports of child abuse and neglect.
- Completed first full year of operation of Family Services Training Academy; all new workers trained before receiving caseloads; more than 260 social workers trained in first year.
- Increased training for child protection workers; reduced staff turnover; successfully filled approximately 22 vacant positions to provide increased protection.
- Launched statewide "Foster a Future" foster care recruitment campaign. Added more than 200 foster homes since FY 97.
- Provide services to additional 169 consumers who had been on the developmental disabilities waitlist for services, and provided developmental disability services to a total of 1,900 persons.

- Reduced overcrowding in juvenile detention and treatment facilities by opening a new 22-bed treatment unit addition to the existing Johnson Youth Facility in Juneau and adding 20 new detention beds at McLaughlin Youth Center in Anchorage.
- Implemented an aggressive immunization campaign at the state and local level, that simultaneously increased dramatically the number of two year olds who are adequately immunized, ensured that all Alaskan school age children are adequately immunized against measles to prevent another measles outbreak from occurring and significantly increased the immunization levels for young children against Hepatitis A and B.
- Reduced Temporary Assistance caseload to 8,721 families, the lowest point since 1991 when two-parent families were added to the old AFDC program, 34% below the historical peak in 1994.
- Reduced expenditures for Temporary Assistance payments from \$90.9 million in FY98 to \$74.3 million in FY99. This 18% saving contributes to a 35% saving over the past two years. These savings are from reduced payments due to earnings and from case closures.
- Initiated a successful program to assure that all "mission-critical" systems are Y2K compliant.
- Expanded state's response to fetal alcohol syndrome by conducting more than 200 medical chart reviews as part of FAS Surveillance Project and by establishing and training three FAS Multidisciplinary Community Teams - in Bethel, Dillingham and Copper Center.

Key Performance Measures

Division of Juvenile Justice Mission: To protect and restore communities and victims and rehabilitate juvenile offenders.

Measure: Youth and Justice - The percentage of restitution paid will be at least 82% of the amount ordered. The number of community work service hours will be 92% of the amount ordered.

Current Status: _____ In FY 99, 86% of the amount of restitution ordered was collected from juvenile offenders and paid to victims. During the same period, 95% of the community work service hours ordered was completed.

Benchmark: _____ Baseline used is the 1st quarter for FY1999. Restitution paid 79% and community work service 83%.

Background and Strategies: _____ It is the belief of DJJ that an essential aspect of rehabilitation of juvenile offenders is being held accountable for their actions, and making amends to the victim.

Division of Family and Youth Services Mission: To protect children who are abused and neglected or at risk of abuse and neglect.

Measure: The percentage of child protective services legitimate reports of harm assigned for an investigation will increase to 90% for FY2001.

Current Status: _____ FY2000: From July 1 through October 31, 1999, the total number of legitimate reports of harm assigned for investigation was 90%. Note: Due to the seasonality involved in Reports of Harm, data for a full fiscal year will be used for comparison purposes.

Benchmark: _____ In FY1997, 73.6% of legitimate reports of harm were assigned for investigation.

Background and Strategies: _____ Increased number of child protection workers to respond to more reports; better training and less turnover among these workers.

FY1997: 73.6% of legitimate reports of harm were assigned for investigation

FY1998: 77.3% of legitimate reports of harm were assigned for investigation

FY1999: 78.1% of legitimate reports of harm were assigned for investigation. Set targets for assigning reports.

Division of Public Health Mission: To preserve and promote the state's public health.

Measure: Child Health Improvements - Increase the number of 2-year olds fully immunized to 90% by the year 2001.

Current Status: _____ The percentage of fully immunized 2-year-olds for calendar year 1998 was 81.3%. This is up from 69% in 1996 and 75% in 1997.

Benchmark: _____ The department has gone from 48th to 22nd in ranking for the nation from 1997 to 1999.

Background and Strategies: _____ In 1997, the Department launched a major initiative to increase the rate of fully immunized two-year-olds. In two years we have gone from 48th to 22nd in the ranking for the nation. This comprehensive public-private initiative to increase the awareness of the need for immunizations and ensure access for families to the needed immunizations will be

extended through 2000, in order to obtain the highest level of immunizations possible by the end of the Year 2000, hopefully the 90% goal. After this date, immunization activities will remain a priority to ensure the rate does not fall as new children are born or move to the state.

Measure: Child Health Improvements - Reduce youth smoking and smokeless tobacco use rates by 10% by the end of FY2001.

Current Status: _____ Preliminary results from the Youth Risk Behavior Survey (YRBS) suggest that youth smoking has decreased, especially among younger youth.

Benchmark: _____ Percent of participants in the Youth Risk Behavior Survey sponsored by Centers for Disease Control and Prevention and co-administered by the State of Alaska and individual school districts.

Background and Strategies: _____ The YRBS is a random, anonymous school survey, sponsored by Centers for Disease Control and Prevention (CDC) and co-administered by the State of Alaska and individual school districts. In 1995, 36.5% of Alaskan high school students reported current cigarette use and 72.1% reported that they had ever smoked a cigarette. Middle school student cigarette use in 1995 was reported at 58.3% ever smoked and 24.8% current cigarette use. Preliminary results from the 1999 YRBS suggest that youth smoking has decreased, especially among younger youth. The differences do not reach statistical significance, and it will take several years of data collection to be sure

that smoking is declining among youth.

Research indicates that a comprehensive approach is the most effective method of reducing youth tobacco use rates. Therefore Alaska's Tobacco Prevention and Control Program is targeting both adults and youth. Utilizing tobacco settlement dollars, federal tobacco prevention and control funds, and tobacco tax revenues in an on-going public-private partnership, the Department is intensifying its efforts to decrease tobacco use among Alaskans over the next several years. These efforts will include a statewide counter-advertising campaign, enforcement of laws prohibiting sales to minors and ensuring clerk-assistance for tobacco product retail, increased community grants to encourage local interventions, and increased funding for cessation efforts.

Division of Mental Health and Development Disabilities Mission: To plan with and provide appropriate prevention, treatment and support for consumers and their families affected by mental disorders or developmental disabilities, while maximizing their self-determination.

Measure: API 2000 Community Implementation Plan-Decrease the number of psychiatric hospital days used per person that are publicly funded.

Current Status: _____ As of first half of FY1999, 12 days expresses the average number of days per person that are publicly funded.

Benchmark: _____ The benchmark is 13 days based on the second half of FY1998.

Division of Alcohol and Drug Abuse Mission: To promote the health and well-being of Alaskans by preventing and treating the abuse of alcohol, other drugs and inhalants.

Measure: Reduce the annual per capita alcohol consumption by people aged 14 and over from 2.55 to 2.25 gallons by FY2001.

Current Status: _____ The numbers currently indicate that Alaska's consumption rate is declining. Since FY90 Alaska has experienced a steady decline with the most recent years rates of 2.64 and 2.51 gallons per capita for FY97 and FY98 respectively.

Benchmark: _____ Annual per capita alcohol consumption for ages 14 and over was 3.46 gallons in FY85.

Background and Strategies: _____ The prevalence and severity of alcohol-related problems among Alaskans is directly related to the amount of alcohol consumed. The data, as collected, are based on total alcohol purchased at the wholesale level and the number of Alaskans who are 14 years of age and older but does not acknowledge the state's significant (and increasing) visitor population. The strategies that impact this indicator most readily are those that address public policy issues such as the number of licensed outlets and their hours of operation. In relation to this strategy the department advocates for positive change through legal and regulatory initiatives. Other strategies include but are not limited to: encourage activities and initiatives that will change community standards and emphasize healthy lifestyles; encourage traditional and alternative social activities that are alcohol and drug free.

This age group was selected by the Division in order to have a valid comparison of the state's consumption levels with the national level.

Division of Public Assistance Mission: To provide basic living expenses and self-sufficiency services to Alaskans in need.

Measure: Move 50% of welfare recipients into work activities by the end of FY2001.

Current Status: _____ The percentage of all Temporary Assistance families participating in federally countable work activities was 45% in January 1999.

Benchmark: _____ Federal law requires that states meet work participation requirements:

FFY1997 25% of all families

FFY1998 30%

FFY1999 35%

FFY2000 40%

FFY2001 45%

FFY2002 50%

Background and Strategies: _____ The Temporary Assistance program is a work-focused program to help Alaskans plan for self-sufficiency and to make a successful transition from welfare-to-work. Federal welfare reform law requires the state to meet work participation requirements. Failure to meet federal participation rates results in fiscal penalties. In FY2001 federal law requires 45% of all families and 90% of all two parent families to participate in a defined "work activity".

Division of Medical Assistance Mission: To maintain access to quality health care for all Alaskans and to provide health coverage for Alaskans in need.

Measure: Percentage of Alaskan providers participating in the Medical Assistance program, by type and region.

Current Status: _____	FY 1999 Summary Data	
	Enrolled	Participating
Physicians	84.9%	52.5%
Dentists	82.8%	59.0%
Pharmacies	75.8%	75.0%
Hospitals	100.0%	95.7%
Nursing Homes	100.0%	100.0%

Benchmark: _____ The Division has measured participation by physicians, pharmacies, dentist, inpatient hospitals, and nursing homes during FY1999. Participation rates compare licensed Alaskan providers with Medicaid enrolled and participating providers (i.e. those providers reimbursed for services).

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DEPARTMENT OF CORRECTIONS

MISSIONS AND MEASURES

CHAPTER 77 / SLA 1999

(CSSB169 (FIN) am H)

Article 4. Department of Corrections

Sec. 36. Department of Corrections. The mission of the Department of Corrections is to protect the public and encourage offender rehabilitation through humane, safe, and cost-effective confinement and supervision. The department will respect the rights of victims and recognize the dignity inherent in all human beings as it pursues this mission.

Sec. 37. DCorrections - Parole Board. The mission of the Parole Board is to administer the release of eligible correctional inmates while providing for public safety and for the successful integration of parolees into the community.

Sec. 38. DCorrections - Division of Administrative Services. The mission of the Division of Administrative Services is to assist and provide effective and efficient administrative support services to the operating divisions within the department in implementing their programs, while ensuring compliance with federal regulations, state statutes, state regulations, state policies and procedures, and departmental policies and procedures, as approved by the Office of the Commissioner.

Sec. 39. DCorrections - Alaska Correctional Industries. The mission of the Alaska Correctional Industries is to assist in the rehabilitation of prisoners by providing realistic work experience as much like those that prevail in private industry as possible.

Sec. 40. – DCorrections - Division of Institutions. The mission of the Division of Institutions is to ensure that the institutions are maintaining an environment for staff and prisoners that promotes positive change and at the same time fulfills the statutory obligation of protecting the public.

Sec. 41. DCorrections - Division of Community Corrections. The mission of the Division of Community Corrections is to

- (1) develop and maintain public safety through supervision standards in conjunction with the regional chief probation officers; and
- (2) provide for public safety through supervision of adult felons who are placed in the division's jurisdiction.

DEPARTMENT OF CORRECTIONS

REVIEW OF DEPARTMENT ACCOMPLISHMENTS

Department Goals and Strategies for FY2001

1. MANAGE OFFENDERS IN A WAY THAT PROTECTS PUBLIC SAFETY.

To do this, the Department will:

- Implement its long-range population management plan to prevent overcrowding in the in-state correctional facilities;
- Maintain high utilization of community residential center (CRC) beds;
- Expand use of alternatives to incarceration, including electronic monitoring and the CRC Supervision (home furlough) program;
- Supervise offenders on probation or parole commensurate with their risk and program needs, including neighborhood-based community supervision services and increased supervision of sexual predators on probation and parole.

Performance measures for these goals include:

- Maintaining inmate populations within the emergency capacity of each institution;
- Minimizing the number of major incidences;
- Increasing probation and parole supervision of offenders through increased monitoring and accountability programs.

2. PROVIDE SERVICES AND PROGRAMS THAT EFFECT POSITIVE CHANGE, STRUCTURE OFFENDER TIME, AND FACILITATE SUCCESSFUL REINTEGRATION OF OFFENDERS INTO SOCIETY.

To do this, the Department will:

- Work cooperatively with the Mental Health Trust Authority and the Beneficiary Boards to provide services to the beneficiaries who are in the Department's custody or under the Department's supervision;
- Develop an in-prison residential treatment program for male offenders who have chronic substance abuse problems;
- Develop a standardized substance-abuse evaluation tool in consultation with the Division of Alcohol & Drug Abuse and private treatment providers;
- Collaborate with other agencies, including the court system and Division of Family and Youth Services, to identify possible resources to work with children of offenders;
- Develop and implement a Youthful Offender Initiative;
- Using principles of restorative justice, improve corrections-based victims' services;
- Expand Victim Impact classes both in institutions and for probationers and parolees.

Performance measures for these goals include:

- Improve substance abuse (alcohol and other drug) interventions for offenders;
- Improve education services for offenders in institutions.

3. PROVIDE EFFECTIVE CORRECTIONAL ADMINISTRATION THROUGH STRATEGIC PLANNING, TRAINING, QUALITY ASSURANCE, AND THE USE OF AUTOMATION AND NEW TECHNOLOGIES.

To do this, the Department will:

- Continue to implement and refine the Department's management information system, including the development of a new inmate accounting system;
- Continue installation of new fingerprint equipment statewide;
- Increase agricultural production at Point MacKenzie Farm, allowing distribution of additional produce to correctional facilities statewide;
- Engage in Department-wide strategic planning related to the health care mission;
- Implement last year's Prisoner Litigation Reform Act legislation;
- Provide training, including victims' services training, for all staff.

Performance measure for these goals include:

- Expand the management information system to include medical, clinical and programmatic data.

Key Department Issues for FY2000 – 2001

PRISON OVERCROWDING - Alaska's institutions can only hold 2,745 inmates, forcing the state to send 1,100 inmates out-of-state. The department will address this by continuing to implement its long-term population management plan.

CONSTRUCTION OF A NEW ANCHORAGE JAIL AND A PRISON AT FORT GREELY- Department staff continue to be involved on a daily basis with the Municipality of Anchorage in the planning and construction of a new 400 bed Anchorage Jail. The Department is also continuing its planning for an 800- bed prison at Fort Greely.

EXPANDING JUVENILE OFFENDER POPULATION - Juvenile offenders, between the ages of 15 and 22, currently account for more than 16% of Correction's in-state institutional population. While many of these juveniles are serving lengthy sentences, almost all will be released back into the community at some point. The Department must develop and implement programs that will facilitate their rehabilitation and increase the probability that these youth will be able to lead crime-free lives upon their return to the community.

WORK WITH LOCAL COMMUNITIES TO EXPAND TREATMENT AND SUPERVISION PROGRAMS - One of the biggest obstacles impeding the release of some offenders into rural and bush communities is the lack of available treatment and

supervision programs in those communities. These circumstances have made it necessary for some rural and bush offenders (especially sex offenders) to reside in hub communities during their terms of probation and parole, which lessens the chance of their successful reintegration into their home community. The Department is working to develop partnerships between criminal justice system agencies, health and social service agencies, and regional and village or tribal organizations to help meet offenders' needs for supervision and treatment in rural and bush communities.

STANDARDS AND ACCREDITATION INITIATIVE - Anticipating that it will soon be relieved of court monitoring, the Department is developing its own initiative to ensure that its institutions continue to operate in a safe and secure manner. Toward this end, the department will be seeking accreditation by the American Correctional Association (ACA) for its institutions over the next three years.

NEW MANAGEMENT INFORMATION SYSTEM (MIS) - The department is working toward implementation of its new MIS, which will enable it to maintain and analyze data relating to its offender population. Agency staff are now being trained in the maintenance and use of the new system.

Major Department Accomplishments for FY1999

POPULATION MANAGEMENT - The Department developed and began implementation of its long-term population management plan to bring and maintain institutional prisoner populations below their established emergency capacity.

ALTERNATIVES TO INCARCERATION - One part of the department's long-term population management plan is to increase alternatives to incarceration for low-level offenders. This year, the Department initiated its Electronic Monitoring and CRC Offender Supervision Programs, which provide two alternatives for safely moving prisoners out of hard beds and into the community.

INCREASED SUPERVISION FOR SEXUAL PREDATORS - The Department increased the number of probation officers supervising sex offenders, which reduced the caseloads so that probation officers can more effectively monitor this dangerous population.

RESIDENTIAL SUBSTANCE ABUSE TREATMENT (RSAT) PROGRAM FOR WOMEN - The Hiland Mountain Correctional Center Women's Residential Substance Abuse Treatment (RSAT) Program was brought on line in FY'99. It is a twelve-month program for female inmates needing intensive substance abuse treatment. The Department also brought on line its Living In New Knowledge Successfully (LINKS) project for women with children who need transitional assistance upon release from the RSAT Program.

PARITY IN VOCATIONAL EDUCATION FOR FEMALE OFFENDERS - In partnership with the University of Alaska Anchorage (UAA) and with the help of a

federal grant, the Hiland Mountain Correctional Center established a comprehensive vocational program that offers training for women in computer operations, horticulture, and building trades.

SUPERVISION BY VIDEO - The Division of Community Corrections expanded its supervision capabilities in rural sites by developing a video supervision system, which was initiated this year in Hoonah and Hooper Bay. Other sites will be added in FY 2001.

STRATEGIC PLAN FOR MENTAL HEALTH TRUST BENEFICIARIES - The Department completed its Strategic Plan for Mental Health Trust Authority Beneficiaries, which includes individuals who are mentally ill, developmentally disabled, chronic alcoholics with psychosis, or afflicted with Alzheimer's Disease or related disorders. The plan highlights the progress that the State has made in its treatment of Trust beneficiaries who enter the criminal justice system, and details new initiatives to help prevent beneficiaries from becoming incarcerated. It also provides an overview of mental health and substance abuse treatment services available in correctional facilities and offers recommendations for improving services to Trust beneficiaries.

SERVICES FOR VICTIMS - The Department improved services for victims by activating the Victim Information Notification telephonic-information service, developing and distributing a Victim Resources Guide, conducting community education classes in Dillingham, and establishing a Victims Advisory Committee for the Division of Community Corrections.

STANDARDIZED COURT FORMS AND PROCEDURES - The Department worked with the court system and prosecutors to establish standardized formats and procedures for filing Petitions to Revoke Probation. This resulted in increased consistency and fairness of process throughout the State, and saved departmental and court staff time.

INCREASED FARM PRODUCTION - Point MacKenzie Rehabilitation Farm produced 56.75 tons of vegetables for consumption at the farm and other DOC facilities statewide. This was an increase of 9.5 tons over the previous year.

INCREASED OFFENDER ACCOUNTABILITY - The Department increased offenders' accountability to victims and the community by conducting victim impact classes.

CULTURALLY-RELEVANT PROGRAMS - The Department implemented culturally-relevant offender accountability programs at the Nome and Bethel CRCs.

Key Performance Measures

Measure: Maintaining inmate populations within the emergency capacity of each institution.

Current Status:

November 1999 was the first time this decade that all in-state institutions were under their emergency capacities.

Benchmark:

The final order in Cleary, nearly a decade ago, required the Department to bring its population under emergency capacities established in the class action lawsuit. The Department has been attempting to comply since then.

Background and Strategies:

As Alaskans have wanted to get "tough on crime", the State's prison population has increased. We have not had comparable growth in new jails or prisons. The Department has developed and is implementing a long term plan.

Measure: Minimizing the number of major incidents.

Current Status:

During the Knowles Administration, there have been no major incidents in Alaska's in-state institutions. As the State attempts to respond to decreasing revenues, it is important to ensure that we do not compromise public safety.

Benchmark:

The State has established its own benchmark by not having any major incidents for many years now.

Background and Strategies:

Maintaining in-state institutions below their emergency capacities and ensuring an adequate number of properly trained staff are critical components to preventing major incidents.

Measure: Increasing probation and parole supervision of offenders through increased monitoring and accountability programs.

Current Status:

The FY 1999 department-wide average monthly supervision caseload was 4,388; the monthly average number of pre-sentence reports was 120. The following general supervision caseloads per Probation Officer exceed the benchmark;

Anchorage, 8 of 14 exceed 100 medium/maximum offenders
Palmer, 3 of 4 exceed 100 medium/maximum offenders
Fairbanks, 3 of 8 exceed 90 medium/maximum offenders

Benchmark:

Establish monthly caseloads of a Probation Officer who is not preparing pre-sentence reports at 70-75 offenders.

Establish monthly caseloads of a Probation Officer who is preparing pre-sentence reports at 60-65 offenders.

Background and Strategies:

The number of offenders on probation/parole during the last two fiscal years has increased by 833 felons, primarily in the Anchorage, Palmer and Fairbanks areas.

1997 Average monthly caseload statewide: 3,553
1998 Average monthly caseload statewide: 4,132
1999 Average monthly caseload statewide: 4,388

As the number of offenders on probation/parole continues to increase, it will become necessary to increase the number of probation officers providing supervision.

Caseloads over the benchmark standard for supervision make it more difficult to protect public safety.

Measure: Improve Substance Abuse (Alcohol and Other Drug) Interventions for Offenders.

Current Status:

In Alaska, the Women's Residential Substance Abuse Treatment (RSAT) program opened Nov. 1, 1998. It is an in-prison long-term residential treatment program. As of Sept. 30, 1999, 78 women have been admitted to this intensive level of care. The Department plans to open a similar program for male offenders as soon as possible.

Benchmark:

Many jurisdictions are showing success, measured by reduced recidivism, by implementing in-prison residential treatment programs that address addiction issues in conjunction with life skills and behavioral changes.

Background and Strategies:

Many chronically addicted offenders who have a history of substance abuse related crimes need the services of a 6-12 month residential treatment program that addresses addiction issues in conjunction with life skills and behavioral changes. Without such intervention, they inevitably return to their substance abuse and criminal behavior. In order to improve substance abuse interventions for offenders, the Department is striving to increase the number of women and men participating in RSAT programs while incarcerated.

Measure: Improve education services for offenders in institutions.

Current Status:

The Department is working with the Department of Education and Early Development in order to improve education services for inmates in correctional facilities, especially for youthful offenders who have special educational needs.

Benchmark:

This needs to be further developed. Many Alaskan inmates have educational deficiencies. The Department has a growing number of youthful offenders who have serious deficits, including special educational needs.

Background and Strategies:

Educational services are insufficient throughout the Department's institutions. Through coordination with other state agencies, the Department will be improving the quality and quantity of its educational services.

Measure: Expand the Management Information System to include medical, clinical and programmatic data.

Current Status:

The new system replacement core will be implemented during the third quarter of FY 2000.

Benchmark:

The essential elements of the medical, clinical and programmatic data expansion will be operational in the new Management Information System by June 30, 2001.

Background and Strategies:

The Department has recognized its need for more accurate data to track recidivism and perform other data driven functions. To this end the Department has been working since 1995 toward the development and implementation of the new core management information system.

In FY 1999 the Department received a two-year \$2,000.0 federal grant to develop and implement the MIS. The states of Alaska, Colorado, Utah and New Mexico have collaborated to share costs of the development of the core system.

Status of FY2000 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
• Maintain in-state prisoner population in correctional facilities at less than emergency capacity.		X			
• Establish program to address violent juvenile offenders in the adult correctional system.			X		
• Bring Integrated Management Information System on-line.		X			

ALASKA COURT SYSTEM

The mission of the Alaska Court System is to provide an accessible and impartial forum for the just resolution of all cases that come before it, and to decide such cases in accordance with the law, expeditiously and with integrity.

The customers of the Alaska Court System include:

- ◆ Individual citizens of Alaska, who access the courts as litigants, jurors and witnesses, and for such auxiliary services as deposits of wills and public record information
- ◆ Businesses and organizations, which access the courts as litigants and which are recipients of justice system information
- ◆ Victims and their families and communities, who access the courts to protect their rights and to restore their losses
- ◆ The attorneys of the Alaska Bar Association who represent litigants before the courts
- ◆ The agencies of the executive branch, and the Legislature, both as litigants and as recipients of justice information and statistics
- ◆ Representatives of the media, who seek information about court cases and court business
- ◆ Researchers (in-state, national and international) as recipients of justice information and statistics

Eight accepted purposes of courts are:

1. To do individual justice in individual cases
2. To appear to do justice in order to promote public trust in our system of government
3. To provide a forum for the resolution of legal disputes
4. To protect individuals from the arbitrary use of governmental power
5. To provide a formal record of legal status
6. To deter criminal behavior
7. To rehabilitate persons convicted of crimes
8. To separate persons convicted of crimes from society, in appropriate cases

Alaska Court System Statistics

FY 1999 caseload:

156,212 trial court cases were filed, representing a 5.4% increase over FY 1998 levels.

Revenue:

In FY 1999, the Alaska Court System collected \$5,848,900 in state revenue which was deposited in the state general fund:

- \$3,627,200 from fines and forfeitures
- 1,629,800 from civil case filing fees
- 303,500 from clerical fees
- 35,100 from cost recoveries
- 253,300 from interest on investments

Additionally, in FY 1999 the Alaska Court System collected and forwarded the following funds to other agencies:

Alaska Police Standard Council (surcharges)	\$362,512.73
Health & Social Services (Vital Statistics)	285,568.75

(Funds collected by the Alaska Court System from municipal ordinance violations go to the respective municipalities; see following page.)

**ALASKA COURT SYSTEM
FY 99 CITY/BOROUGH FUNDS COLLECTED**

<u>City/Borough</u>	<u>Total Funds Collected by Court</u>
Anchorage	\$1,133,664.08
Angoon	\$450.00
Barrow	\$3,745.00
Bethel	\$9,347.00
Cordova	\$2,814.00
Craig	\$1,324.29
Dillingham	\$1,927.00
Emmonak	\$305.00
Fairbanks	\$45,370.87
Fairbanks Borough	\$4,072.50
Galena	\$35.00
Haines	\$3,432.00
Homer	\$38,437.75
Hoonah	\$4,568.54
Juneau	\$97,768.14
Kake	\$88.00
Kenai	\$38,707.00
Ketchikan	\$32,802.00
Kodiak	\$20,489.00
Kodiak Island Borough	\$725.00
Kotzebue	\$6,174.00
Matsu Borough	\$7,695.00
Nenana	\$2,761.00
Nome	\$1,305.00
North Pole	\$83,123.78
Palmer	\$61,479.00
Petersburg	\$1,140.00
Saint Mary's	\$4,910.00
Seward	\$19,266.50
Sitka	\$14,385.28
Skagway	\$987.00
Soldotna	\$42,078.00
Unalakleet	\$115.00
Unalaska	\$2,024.00
Valdez	\$30,572.00
Wasilla	\$58,252.80
Wrangell	\$225.00
Yakutat	\$2,987.00
FY99 City/Borough Funds Collected	<u>\$1,718,073.53</u>

PROFILE OF THE ALASKA COURT SYSTEM

July 1, 1998 - June 30, 1999

INTRODUCTION

There are four levels of courts in the Alaska Court System, each with different powers, duties and responsibilities. Alaska has a unified, centrally administered, and totally state-funded judicial system. Municipal governments do not maintain a separate court system.

The four levels of courts in the Alaska Court System are the supreme court, the court of appeals, the superior court and the district court. The supreme court and court of appeals are appellate courts, while the superior and district courts are trial courts. Jurisdiction and other areas of judicial responsibility for each level of court are set out in Title 22 of the Alaska Statutes.

The supreme court and the superior court were established in the Alaska Constitution, while others were established by the Legislature. In 1959, the legislature created a district court for each judicial district and granted power to the supreme court to increase or decrease the number of district court judges. In 1980, the legislature created a court of appeals.

The chief justice of the Alaska Supreme Court is the administrative head of the Alaska Court System. An administrative director is appointed by the chief justice with concurrence of the supreme court. The director supervises the administration of all courts in the state.

Rules governing the administration of all courts and the rules of practice and procedure for civil and criminal cases are promulgated by the supreme court.

ALASKA COURT LOCATIONS



ALASKA COURT SYSTEM ORGANIZATION

ALASKA SUPREME COURT

The supreme court is the appellate court of final authority in Alaska. It consists of a panel of five justices.

COURT OF APPEALS

The court of appeals hears appeals in criminal and quasi-criminal cases (such as juvenile delinquency cases). It consists of a panel of three judges.

ADMINISTRATIVE OFFICE

The supreme court is charged with the responsibility of administering the statewide system. The supreme court delegates most of the administrative matters to the administrative director.

SUPERIOR COURT

The superior court is the trial court of general jurisdiction. It has appellate jurisdiction over district court appeals and appeals from administrative agency decisions. There are 32 superior court judgeships.

DISTRICT COURT

The district court has limited civil and criminal jurisdiction. The district court consists of 17 district court judges and 60 authorized magistrates.

ALASKA COURT SYSTEM
 (Information as of June 30, 1999)

Fiscal Year:	July 1 - June 30	
Geographical Area Served	586,413 square miles	
Number of Judges	5	supreme court judges
	3	court of appeals judges
	32	superior court judges
	17	district court judges
	60	magistrates
Number of Court Locations:	15	combined superior and district court
	44	district courts only (judge and/or magistrate)
Number of Authorized Positions:	655	permanent full-time
	50	permanent part-time
	21	non-permanent
	726	total

FIVE LARGEST TRIAL COURTS
 (by number of permanent full-time employees)

Anchorage	210
Fairbanks	82
Juneau	30
Palmer	25
Ketchikan	22

1/20/00

Review of Department Accomplishments: Alaska Commission on Judicial Conduct

Mission

Alaska's Commission on Judicial Conduct was created by amendment to the state constitution in 1968. The Commission is composed of three state court judges, three attorneys who have practiced law in the state for at least ten years, and three members of the public. This group of nine individuals from differing backgrounds and geographical areas addresses problems of judicial conduct and disability. Any person may file a complaint alleging judicial misconduct.

Unique Role of the Commission

Judicial ethics commissions, like the Alaska Commission on Judicial Conduct, were created in the late sixties and early seventies to address the unique issues of judicial ethics and discipline. These commissions provided vehicles for public participation in judicial discipline through membership on the commission and today every state and the District of Columbia has a judicial ethics commission. By providing an independent agency from the court system, the Commission has some freedom to objectively receive and investigate ethics complaints against the judiciary. There is no other agency that fills this function in our state.

Effectiveness of the Commission

In 1999, the Commission processed more complaints and took informal action in more of those complaints than in prior years. However, the caseload and resulting actions fluctuate over any given time period and the Commission's actions depend on the nature of the complaints filed with us. Attached is a chart that reflects the past five years of Commission activity.

We also undertake educational activities that, hopefully, prevent to some extent future ethical lapses by judges. The Commission issues advisory opinions to judges, publishes a quarterly newsletter, and participates in statewide judicial conferences. In addition, staff makes an effort to speak to local community groups to inform the public of our function and purpose.

Staff

Our Commission has a full-time staff of two: an executive director and an administrative assistant. As needed, the Commission hires special counsel when a complaint proceeds to a point that it creates an adversarial relationship between the Commission and the judge.

**Comparison of Actions Taken by
Alaska Commission on Judicial Conduct**

Action taken	1994	1995	1996	1997	1998	1999
Complaints investigated	33	20	15	15	21	32
Judges asked to respond in writing	1	0	0	2	0	0
Judges summoned before Commission	0	0	0	2	0	1
Dismissed before formal hearing	0	0	0	1	0	0
Dismissed as unsubstantiated	0	0	0	0	2	1
Dismissed for lack of jurisdiction	18	28	16	26	28	41
Dismissed for insufficient evidence after investigation	30	20	14	13	17	25
Private sanctions and cautionary letters	2	5	1	1	2	6

**Education & Early Development
Mission & Measures in SB169**

Department Mission

The mission of the Department of Education is to lead and support the development of responsible, economically viable, lifelong learners and citizens.

Office of the Commissioner

The mission of the Office of the Commissioner is to direct the department as it leads and supports the development of responsible, economically viable lifelong learners and citizens.

Education Support Services

The mission of the Education Support Services is to provide management, financial, and technical support services to departmental programs and the operation of public schools for lifelong learners and citizens.

Teaching & Learning Support

The mission of the Teaching & Learning Support is to improve student performance through professional development, school accountability, standards and assessment.

The legislature intends to measure the success of Teaching & Learning Support in achieving its mission by considering the percentage increase of students

- (1) who meet or exceed the proficiency level for reading, writing, and mathematics performance standards as measured by the state benchmark assessment in grades 3, 6, and 8;
- (2) in grades 4 and 7 scoring at or above the national average on the state adopted norm-referenced test;
- (3) who meet or exceed the proficiency level for reading, writing, and mathematics performance standards as measured by the state high school graduation qualifying examination

Early Development

(Programs transferred to the Department of Education & Early Development in HB40 – no mission included in SB169)

The mission of the Division of Early Development is to provide safe, stable, culturally and developmentally appropriate high quality early care and education programs for young children statewide.

Vocational Rehabilitation

(Division was transferred to the Department of Labor & Workforce Development in HB40)

The mission of the Division of Vocational Rehabilitation is to assist individuals with disabilities to overcome barriers to employment and maintain suitable employment.

**Education & Early Development
Mission & Measures in SB169**

Libraries, Archives & Museums

The mission of the Libraries, Archives and Museums is to provide library, archival, and museum services for the benefit of lifelong learners and citizens.

Alyeska Central School

The mission of Alyeska Central School is to provide a cost effective, high quality educational program through distance delivery for state students who elect to complete their studies at home.

Mt. Edgecumbe High School

The mission of Mt. Edgecumbe High School is to provide a comprehensive academic program in a residential setting for state students who will benefit from a boarding school.

Alaska Vocational Technical Center

The mission of the Alaska Vocational Technical Center is to provide market-driven vocational and technical training to prepare state residents for employment industry-specific qualifications.

Alaska State Council on the Arts

The mission of the Alaska State Council on the Arts is to provide and enriched atmosphere for lifelong participation in the state's rich artistic diversity through advocacy, information, and educational services.

Alaska Commission on Postsecondary Education

The mission of the Alaska Commission on Postsecondary Education is to

- (1) support the development of economically viable citizens by providing, through the self-sustaining loan fund, educational loans to postsecondary students; and
- (2) authorizing the operation of postsecondary institutions.

The legislature intends to measure the success of the commission in achieving its mission by considering

- (1) the percentage of and the increase in the percentage of Alaska student loan borrowers completing job-specific training programs;
- (2) the percentage of and the decrease in the percentage of loans that are in default;
- (3) the defaulted loan recovery rate and the increase the rate of recovery for defaulted loans.

**Education & Early Development
Mission & Measures in SB169**

Washington, Wyoming, Alaska, Montana, and Idaho (WWAMI) Medical Program

The mission of the Alaska Commission on Postsecondary Education in administering the WWAMI program is to improve the general health and well-being of state residents by providing biomedical education, research, health care, and public service.

The legislature intends to measure the success of the WWAMI program by considering

- (1) whether the program succeeds in increasing the number of Alaska communities with access to basic or enhanced medical services associated with WWAMI/UW;
- (2) the percentage increase in WWAMI participants who return to the state to practice medicine;
- (3) percentage increase of Alaskans receiving medical care through programs and physicians supported by the University of Washington School of Medicine WWAMI program;
- (4) the percentage increase in health-related programs developed in the state that are associated with WWAMI/UW; and
- (5) the number of research projects in or about the state associated with the University of Washington School of Medicine WWAMI program.

**Education & Early Development
Mission & Measures in SB169**

Report on Measures

Teaching & Learning Support Measures

(1) The percentage increase of students who meet or exceed the proficiency level for reading, writing, and mathematics performance standards as measured by the state benchmark assessment in grades 3, 6, and 8;

FY2000	FY2001	Change
1 st Administration of tests in March 2000	Proficiency levels to be determined Fall of 2000	

(2) The percentage increase of students in grades 4 and 7 scoring at or above the national average on the state adopted norm-referenced test;

Grade	1997-98 School Year	1998-99 School Year	Change
4 Top Quartile	32.4	31.3	-1.1
8 Top Quartile	31.7	32.2	1.5

- Alaska is transitioning from Grade 8 to Grade 7 for norm-referenced testing

(3) The percentage increase of students who meet or exceed the proficiency level for reading, writing, and mathematics performance standards as measured by the state high school graduation qualifying examination.

FY2000	FY2001	Change
1 st administration of test in March 2000	Proficiency levels to be determined Fall of 2000	

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House Finance Review of Department Accomplishments

Alaska Aerospace Development Corporation

January 19, 2000

Mission

To promote aerospace-related economic growth and develop corresponding technologies and support services.

Programs and Contributions to the Mission

The Kodiak Launch Complex (KLC): a state-owned, AADC managed rocket launch complex developed to support both commercial and government launch activity.

Fairbanks satellite ground stations: an AADC effort to facilitate private development of satellite ground stations for polar orbiting satellites.

Both provide economic benefit as well as diversification of the economic base. Both programs promote economic growth by encouraging development of additional infrastructure to support their activities.

Customers

The KLC targets both commercial launch vehicle providers and government customers. Existing customers include Lockheed Martin Corporation, the US Air Force and US Army.

While not direct customers of AADC, the agency has worked with the following companies to develop ground stations in Fairbanks: Los Alamos Laboratories, Space Imaging Inc., the US Air Force.

FY2000 Performance Measures

There are no current year performance measures.

FY2001 Performance Measures

Measure: Increase the number of launches from the Kodiak Launch Complex (KLC) to at least two in FY01.

Current Status:

AADC is targeting two to three launches for FY2001, one for Lockheed Martin in September 2000 and two government missions in the first half of 2001. Contract negotiations are being finalized with Lockheed and discussions have commenced for the two government missions.

Benchmark:

Being developed. The KLC is the first facility of its kind — the only complete launch complex owned and operated by a state.

Background and Strategies:

There have been two launches from the KLC — one in FY99 and one in FY00. Lockheed Martin's *Athena* will be the first commercial vehicle to be launched from the KLC in September 2000.

AADC received a marketing/commercialization grant from the Alaska Science and Technology Foundation to be expended over a three-year period. The purpose of the grant is to reach out to as many potential customers as possible and solidify launch contracts for the KLC. A technical marketing component of the grant will assist in contract development and negotiation as well as explore KLC enhancements that could broaden the customer base.

FY2001 Performance Measures (continued)

Measure: Demonstrate economic impact from KLC launch activities of at least \$2 million in FY01.

Current Status:

The University of Alaska Anchorage, Institute of Social and Economic Research (ISER) performed an analysis of the inaugural launch from the KLC. Based on actual expenditures, ISER determined the total economic effect for the state to be \$1.3 million in sales and \$450,000 in payroll.

Benchmark:

Being developed. There is no data available for comparison from other states.

Background and Strategies:

There is a direct relationship between the number of launches from the KLC and the economic benefit to the State of Alaska. AADC will continue to promote utilization of the facility and monitor the economic benefits that result. AADC will also encourage use of local resources for supplies and services to maximize the effect within the state.

FY99-00 Accomplishments

- Completed first two successful launches from the KLC for the US Air Force.
- Scheduled first orbital launch from the KLC for Lockheed Martin Corporation.
- Received funding for completion of the KLC construction effort in the amount of \$12 million: \$7 million from federal sources and interest earnings and \$5 million from the Alaska Science and Technology Foundation.
- Managed \$40 million construction effort of the KLC and accomplished 90% completion of the facilities.
- Received grant for marketing and commercialization of the KLC in an amount of up to \$1 million from the Alaska Science and Technology Foundation.
- AADC received the Governor's Award in recognition of the first successful launch at the Kodiak Launch Complex.
- AADC received Laurels aerospace achievement award from Aviation Week Magazine for development of the KLC, the first completely new US space launch facility in decades.
- AADC selected as business of the year by the Kodiak Chamber of Commerce.

What do you intend to do differently this year?

As the construction of the KLC comes to completion, AADC will transition the facility to a year-round operational mode. An aggressive marketing strategy aimed at increasing awareness of the facility, identifying potential customers and solidifying launch contracts will be implemented.

FY01 Strategies/priorities

To promote use of and secure customers for the KLC.

- Complete first orbital launch from the facility with Lockheed Martin Corporation.
- Negotiate contract and complete third government launch campaign
- Implement marketing and commercialization strategy.

To develop strategy for KLC facility operations while exploring partnership opportunities with the private sector.

To increase local employment opportunities to support aerospace activities.

- Facilitate cooperation between aerospace industry and Kodiak community to identify opportunities to support launch operations.
- Encourage aerospace industry to develop ongoing business presence within the State.
- Facilitate development of privately funded ground stations.
- Utilize local contractors to support launch missions from the KLC.

To provide educational opportunities throughout the state.

- Encourage launch customers to visit local schools and provide education information related to launch missions from the KLC.
- Facilitate corporate scholarships for local students.

To increase awareness of Alaska's strategic location for aerospace operations and provide a mechanism to receive nation-wide exposure for the state as a place which supports high tech industry.

Monitoring the state's investment

AADC will validate the success of the KLC by quantifying the number of launches per year as well as the economic impact to the Kodiak community and State of Alaska.

The success of the ground station effort will be measured by the number of facilities operating in Fairbanks. Additional success may be measured by value-added data processing activities which may develop.

AADC will monitor the national press coverage received by aerospace-related activity, in particular, the first orbital launch mission by Lockheed Martin.

Is there duplication between agencies?

No.

Are other options viable to accomplish these results?

AADC will be exploring strategic partnerships with the private sector for marketing and operations of the KLC.

DEPT OF
Accomplishments

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H.F.N
1999-2000

Alaska Railroad Corporation

A Report to the
Legislature and Governor
State of Alaska
January 2000



1/19/00

Alaska Railroad Corporation



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1

Alaska Railroad Corporation



Five-Year Strategic Outlook January 2000

History and Corporate Profile At-a-glance

The Alaska Railroad Corporation (ARRC) is a professionally run, self-sustaining, full-service railroad serving ports and communities from the Gulf of Alaska to Fairbanks. Owned by the State of Alaska since 1985, the Railroad is overseen by a seven-member Board of Directors appointed by the Governor.

History

- Built by U.S. government beginning in 1914, completed in 1923
- Operated by federal government until 1985
- Purchased by State of Alaska for \$22.3 million in 1985 to serve Alaska businesses and communities as an engine of community development and economic growth

Corporate Profile

- 650 fulltime (up to 750 with seasonal employees) with annual wages and benefits of \$36.2 million
- Self-sustaining through revenue generated by freight, passenger, and real estate
- Maintenance and operations centers in Seward, Whittier, Anchorage, Healy, and Fairbanks

The ARRC Mission

- Safety
- High-quality transportation services
- Promotion and enhancement economic development in Alaska

Business Profile

- \$90.3 million annual gross revenue (1999)
- Petroleum products, gravel, and interline freight 73 percent of gross in 1999
- Passenger service generates approximately 16 percent of gross revenue
- Real estate (leases, right-of-way access) are 9.5 percent of gross, but averaged 45 percent of net income during the period 1996-1998.

How the State Came to Own the Alaska Railroad

While the Alaska Railroad was a fixture of the Alaska economy and community long before statehood and well after 1959, it was owned and operated by the United States government. Under federal ownership the Railroad:

- was encumbered by outdated management practices and compensation structures,
- did not earn enough to maintain the asset properly,
- lacked a clear mission.

In the early 1980s the federal government sought to divest itself of the Railroad. The Alaska Legislature determined that it was in the State's best interest to control and maintain the Railroad and paid \$22.3 million for the entire operation, the real estate, and all rolling stock.

How the ARRC Differs from State Agencies

The Alaska Railroad Corporation Act of 1984 established a state-owned corporation that is governed by a seven-member board of directors appointed by the Governor. The President and CEO of the corporation reports to the Board.

The Act specifically requires that all revenue earned by the Railroad be retained by the Railroad. The intent was to ensure that the Railroad had the money it needed to meet basic maintenance needs, improve the asset for safety and increased profitability, and to avoid tapping into the state general fund.

Unlike other independent state corporations (such as the Alaska Housing Finance Corporation and the Alaska Industrial and Export Development Administration), the Railroad has significant annual capital investment and maintenance needs. The annual operating surplus is put back into the line. In addition:

- The ARRC is audited each year by independent financial and management companies
- Procurement procedures mirror state procurement requirements
- The ARRC's employees are represented by five unions that negotiate contracts with the corporation
- ARRC represented and non-represented employees are not covered by state public employee contracts, nor do they receive state-funded pensions and benefits.

Financial Performance under State Ownership

The Alaska Railroad has consistently achieved record operating surpluses since 1995, and has shown an operating surplus 12 of the 15 years under state ownership.

The profits generated by money-making aspects of the business (real estate, freight, and passenger service) allow the Railroad to pay for operations that are important to Alaskans, such as passenger service to sparsely populated areas (even though these services do not pay for themselves).

How the Arrc Supports Itself

More than 77 percent of the Railroad's business is in hauling freight. This includes petroleum products, coal, gravel, oilfield and mining supplies and chemicals, and consumer goods. A significant portion of the freight business is linked to the Railroad's barge connections to Seattle, WA and Prince Rupert, B.C.

The Railroad's biggest single customer is Williams Energy. Nearly half of the ARRC's freight revenue comes from carrying refined products such as diesel and jet fuels, gasoline, and naphtha from Williams' North Pole Refinery to Anchorage. The ARRC's contract with Williams runs through 2013.

Passenger traffic and revenue have climbed steadily over the past decade. Tourism has accounted for much of the growth, although the ARRC still provides year-round service along the Railbelt. It is expected that passenger revenue will make up 20 percent of ARRC revenue within three to five years.

While accounting for less than 10 percent of total Railroad annual revenues, real estate contributes significantly to the bottom line because leases do not carry the same capital-intensive maintenance and repair costs as rail operations do. Attention to leasing practices and management over the past five years have increased both revenue and potential for growth.

Fair-market-value leases on Railroad land along the right-of-way provide the bulk of the real estate revenue, along with revenue generated by the Whittier and Seward docks, and various permits.

What the ARRC Does with its Revenue

The Railroad is currently spending \$14 million a year on maintenance of 660 miles of track, 192 bridges, 79 crossing signals, the roadbed, and other assets. An additional \$10 million is spent in maintenance of rail cars and locomotives. Almost half the Railroad's full-time workforce is primarily involved in maintenance and repair.

Recent Federal Funding

The ARRC has been able to accelerate regular maintenance and repair over the past several years with federal grants due to the Railroad's public status and its passenger service mission. This maintenance has centered on aggressive improvements to the roadbed and track structure.

Other federal funds for facility improvements, such as depots and docks, have come to the ARRC in recent major federal transportation and transit bills.

How the ARRC is Involved in Alaska Communities

Railroad employees are involved in many civic and professional organizations throughout the State. The corporate culture within the Alaska Railroad has been to encourage employees to become involved in the community and civic organizations throughout the Railbelt communities. Those organizations include charitable and non-profit groups such as United Way, Providence Hospital, Boys and Girls Clubs, and Foodbank. Civic and professional groups include Chambers of Commerce of all Railbelt communities, Alaska Visitors Association, Rotary International, Resource Development Council, Commonwealth North, School Business Partnership and Anchorage Downtown Partnership.

In-kind contributions in excess of \$160,000 were made in 1999 and direct financial contributions were approximately \$351,000.

Major contributions have been made to the Seward SeaLife Center, The University of Alaska Museum in Fairbanks, and the Alaska Public Radio Network.

2

Alaska Railroad Five-Year Strategic Outlook

Objectives for 1999-2004

- Reduce employee injuries to achieve a frequency rate of 1.0 injuries per 200,000 man hours
- Invest 20 percent of annual revenue in track and roadbed maintenance through increased profitability
- Successfully complete federally-funded capital construction program that includes Anchorage International Airport rail station, Fairbanks Intermodal Facility, Seward dock, and Denali Depot
- Reduce running time between Anchorage and Fairbanks to under 12 hours
- Introduce commuter rail service from Girdwood and Mat-Su Valley to Anchorage
- Complete anchor commercial developments in Fairbanks, Anchorage and Seward that complement and enhance economic opportunities and community growth outside of Railroad properties
- Redesign Anchorage and Fairbanks yard facilities to meet business growth and community needs
- Improve recruitment and training programs to meet expected shortage of skilled railroad labor as retirements are expected to outpace new hires, even as business grows

How we will meet those objectives

Summary

A combination of new locomotives, new passenger equipment, straighter track, improved roadbed and track, new facilities, revenue growth, federal grants, and improved safety will combine to launch the Alaska Railroad into the 21st century.

The five-year period beginning now builds on four years of aggressive business development, federal funding, facility planning and track/roadbed improvements.

By the end of 2004, this effort will result in a safer, more efficient railroad that has revenue growth, better self-sufficiency, commuter service, new transportation facilities that dovetail with highway and airport improvements, and expanded economic opportunities for Southcentral and Railbelt Alaska.

Safety

The ARRC in 1999 began training and implementation of a behavior-based safety program that emphasizes individual and supervisor accountability through frequent workplace audits, quick and complete injury and incident investigation, and improved work procedures and equipment. Currently the ARRC ranks at or near the bottom of a group of similar railroads, using the 200,000-man-hour frequency rate; the goal is to move up 20 places to the top. Each department and supervisor must reach a point where managing for safety is the responsibility of that department and supervisor, rather than left for the safety professionals.

Transportation Services

While there is likely to be some new business that the ARRC can earn over the next five years, it is more likely that increased profitability will be tied to increased operating efficiency. The ARRC currently is completing negotiations with Lynden Transport on a contract that should reduce the cost of barge services and achieve net savings of between \$750,000 to \$2 million per year. Improvements in computer-assisted train dispatching and train control, coupled with track and switch upgrades, will reduce running times and achieve significant labor and operational cost savings. The addition of 16 new, more efficient and powerful locomotives beginning in early 2000 will further reduce costs and improve operating efficiency.

Passenger Services

Passenger ridership continues to grow at rates approaching 10 percent per year. Recently, growth has shifted from major tour company pull contracts to ARRC services. The purchase of new passenger equipment in 1999 will allow the ARRC to meet existing, growing demand for service to Denali Park, from Seward to Anchorage and back, and to and from Talkeetna. The construction of new or improved ARRC depot and station facilities at all major stops (especially the new Anchorage airport rail station in 2002) from Seward to Denali and Fairbanks will allow for increased passenger volumes and traffic densities.

Special events train, including the Holiday Train to Seward, the train to Wasilla for the Iditarod re-start, the Easter Train and the Mother's Day Train, continue to grow and are popular with Alaskans. New services will be initiated to serve not only the growing visitor market, but the transportation needs of Alaskans as well. Commuter rail service in Southcentral Alaska and trains from Seward, Whittier, the Mat-Su Valley, and Girdwood to the airport are all in our near future.

Real Estate

Based on Real Estate's continued performance in the past three years, it is clear that revenues from the Railroad's land will remain a critical factor in the ability of the Railroad to remain self-sustaining.

Fair-market-value leases on land in Railroad reserves along the railbelt provide the bulk of the real estate revenue, along with revenue generated by various permits and the Whittier and Seward docks. One significant change has resulted from the growth of the fiber optic industry within Alaska. Corridor revenue accounted for twenty percent of total real estate revenue in 1999.

The primary focus in real estate over the next five years will be to increase marketing efforts for lands in our primary reserves (Anchorage, Fairbanks, and Seward) and continue land planning efforts in conjunction with the facility and dock improvements in Seward and Whittier. The Railroad will review potential uses for reserves in remote areas to increase revenues in the future.

- cc) **Anchorage** - Develop a marketing/development plan for the Anchorage Reserve based on the draft master plan completed in 1999. The Master Plan will be completed and integrated with the Railroad's Yard Study and the Municipality of Anchorage Ship Creek Access Transportation Plan which is currently being developed and will be completed July 2000.
- dd) **Seward** - Develop a land-use plan for the Seward Reserve uplands in conjunction with the new freight dock and improved passenger dock.
- ee) **Whittier** - Coordinate efforts in Whittier with the City of Whittier relating to expanded dock facilities and use of uplands based on ARRC's Whittier Intermodal Development Concept Plan and the City of Whittier's Master Plan.
- ff) **Fairbanks** - Market the Chena Landings subdivision in Fairbanks and develop a plan for industrial lands in conjunction with the proposed Fairbanks Intermodal Facility which is scheduled for completion in 2002.

The financial goal for Real Estate is to achieve annual net income of \$10 million a year in five years.

Engineering and Mechanical

Increased profitability driven by freight, passenger, and real estate services, along with federal grants, will provide the funding for major repair and roadbed maintenance, elimination of curves that will speed traffic and improve safety, and construction of double-track on the mainline to reduce congestion. In addition, the Mechanical Department is forming a separate passenger car maintenance team to service the expanded passenger fleet, and is integrating new motive power into the locomotive fleet.

Between 1999 and 2004, elimination or softening curves will improve running time between Anchorage and Wasilla by up to 40 minutes. In addition, a major line change on Anchorage military bases, for which engineering and environmental work was done in 1999, will further increase both efficiency and safety. Double track between Anchorage and Klatt Road will reduce congestion and improve safety by separating passenger and freight traffic.

Engineering will continue to replace 90,000 to 100,000 wooden crossties each year, surface 200 miles of track, replace 70,000 feet of rail and install rail anchors to handle higher traffic volumes and high horsepower, high adhesion locomotives.

3

Alaska Railroad Corporation



Financial Report January 2000

Alaska Railroad Financial Indicators

1. Where do railroad profits go?

All of ARRC's net income and cash, generated through depreciation, are put back into the railroad as capital improvements to enhance the value of this State-owned asset.

2. How much cash flow does the railroad's operating division contribute to the corporation?

In the last five years, the operating division has contributed between \$9 million and \$11 million annually. In comparison, Real Estate has contributed between about \$5 million and \$6 million annually. (See Attachment 1)

3. How much has the railroad increased in value since 1984?

The railroad was valued at \$22.3 million in 1984. The equity position of the railroad in 1999 is approximately \$100 million.

4. How much have the railroad's assets grown since 1984?

The net book value of assets has increased from \$182.3 million to \$225.0 million (1999), a 23% increase.

5. How has the railroad's liquidity picture changed in the last five years?

Net working capital (currents assets minus current liabilities) has steadily increased from about \$4 million in 1995 to about \$24 million in 1999 (See Attachment 2).

6. How has the railroad's equity position changed in the last 5 years?

The railroad's equity position has steadily increased from about \$55 million in 1995 to over a \$100 million in 1999. The capital originally contributed by the State of Alaska has remained unchanged (See Attachment 3).

7. How much have revenues grown since the railroad was purchased in 1984?

Since 1984, revenues have risen from \$62.2 million to \$90.3 million (1999), a 43% increase.

Customer Growth:

8. How many passengers does the railroad carry today?

Ridership has increased from 230,897 (1984) to 671,967 (1999), an increase of 191%.

9. How much export coal has been shipped on the railroad?

Since 1995, about 2.76 million metric tons of coal have been shipped.

10. How much more petroleum is the railroad hauling today?

The number of petroleum tons carried have increased from 497.8 million tons (1984) to 2,019 million tons (1999)

ARRC Employees:

11. How many employees does the railroad have today compared to 1984?

The number of employees has increased from 500 to nearly 650 today, a 30% increase.

12. How much does the railroad pay in total compensation to its employees?

The railroad's estimated figures for 1999 wages and benefits is \$36.2 million.

Capital Spending:

13. How has capital spending changed in the last 5 years?

Since 1995, fixed assets have steadily increased from about \$110 million to over \$180 million (See Attachment 4).

14. How much federal money has the railroad received since 1998?

To date, we have received \$132.74 million in Federal Capital Grants for the years 1998, 1999 and 2000.

15. How does the railroad spend the federal funding?

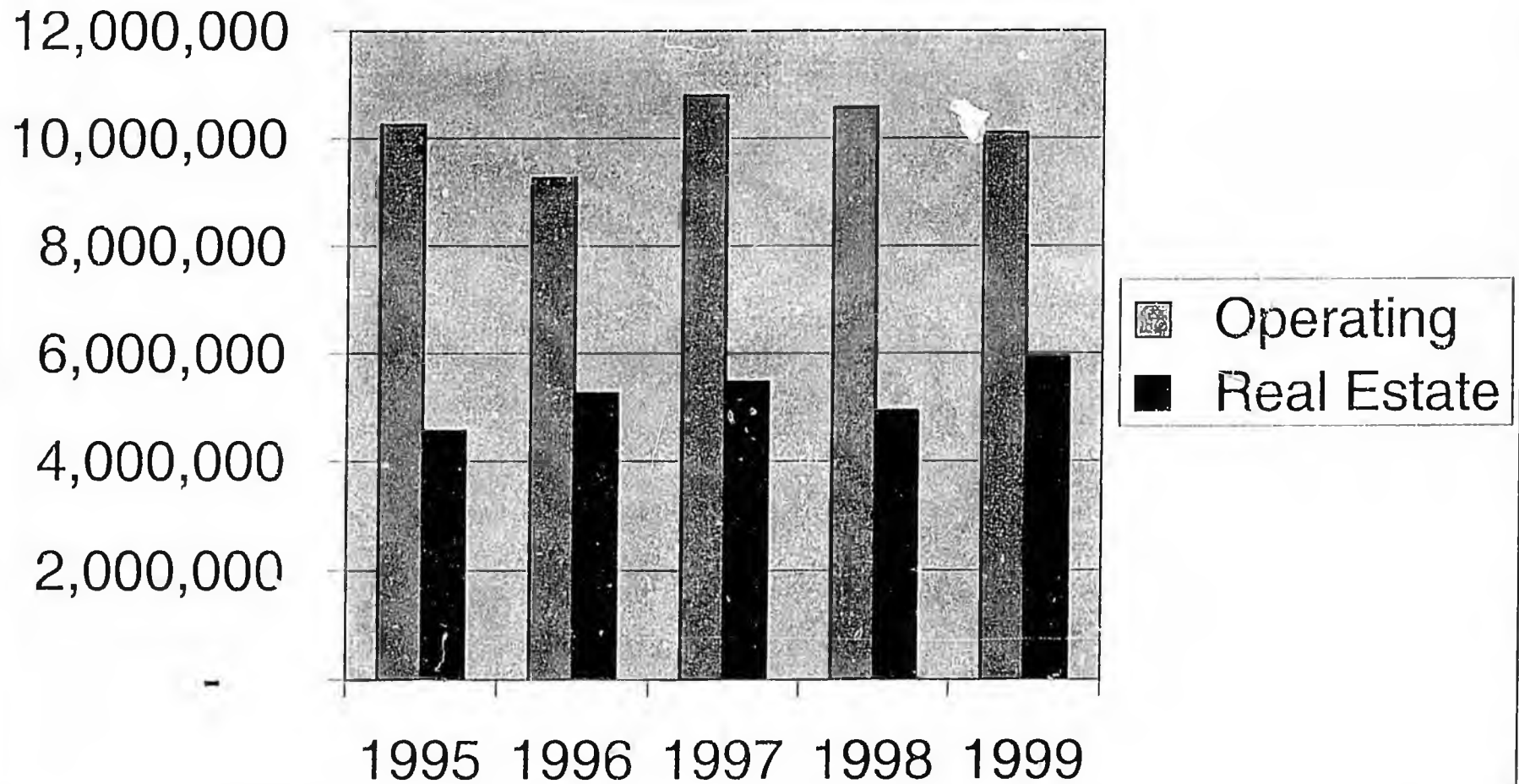
The federal grant money is being used to improve the railroad's infrastructure. The last major capital improvement to the railroad occurred after World War II. The military operated the ARRC during the war years, but did not perform any maintenance during that period. When the federal government sold the railroad to the State, numerous capital improvements were needed. The grant funds allow safety and efficiency improvements to be made sooner than would otherwise be possible with internal funding.

16. What is the railroad's plan for capital improvements?

Please refer to the Board Approved Five-Year Capital Plan (Attachment 5).

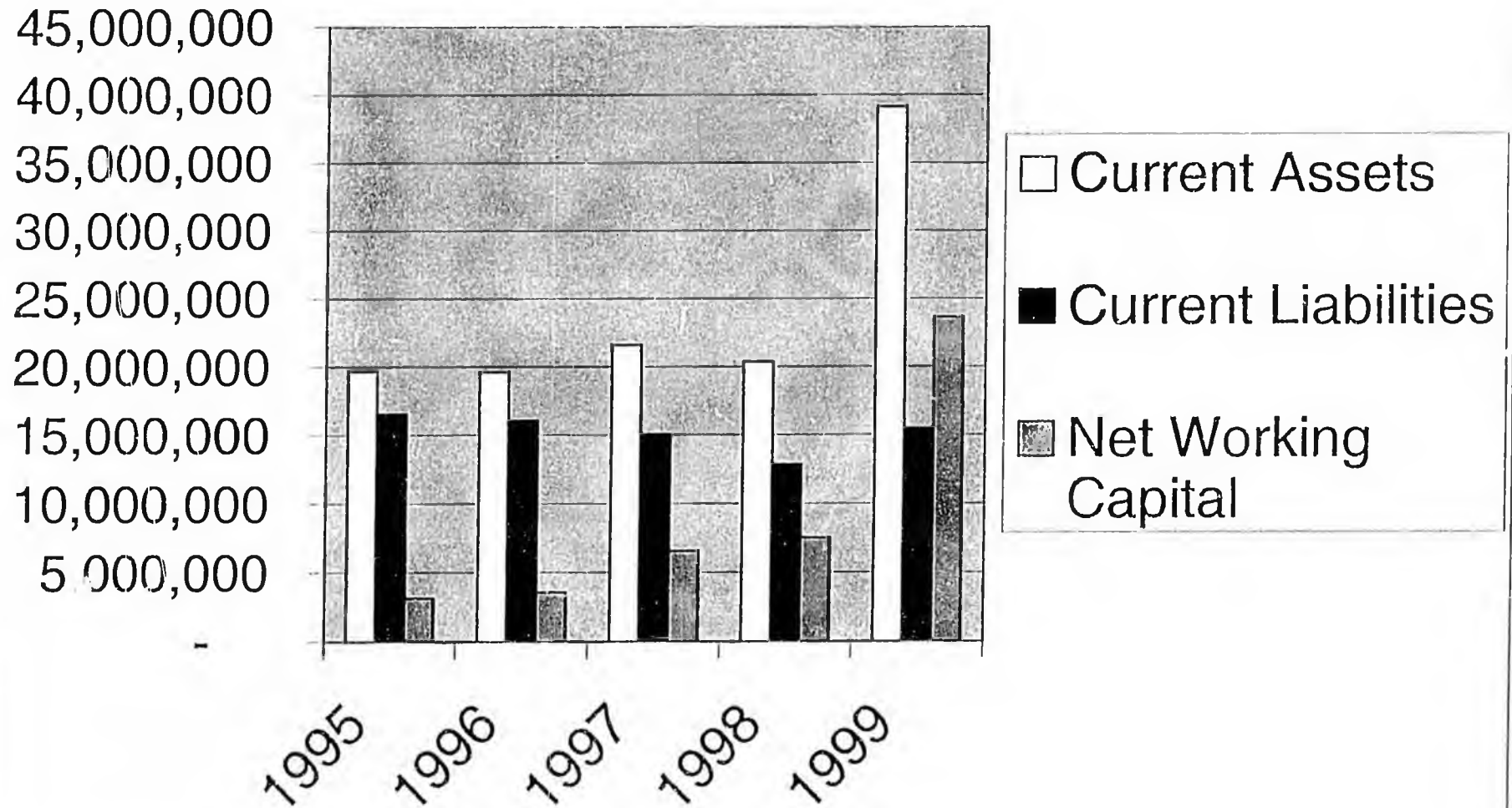
ALASKA RAILROAD CORPORATION

5 Year Comparison of Net Real Estate Income and Net Operating Income
w/o Depreciation Expense



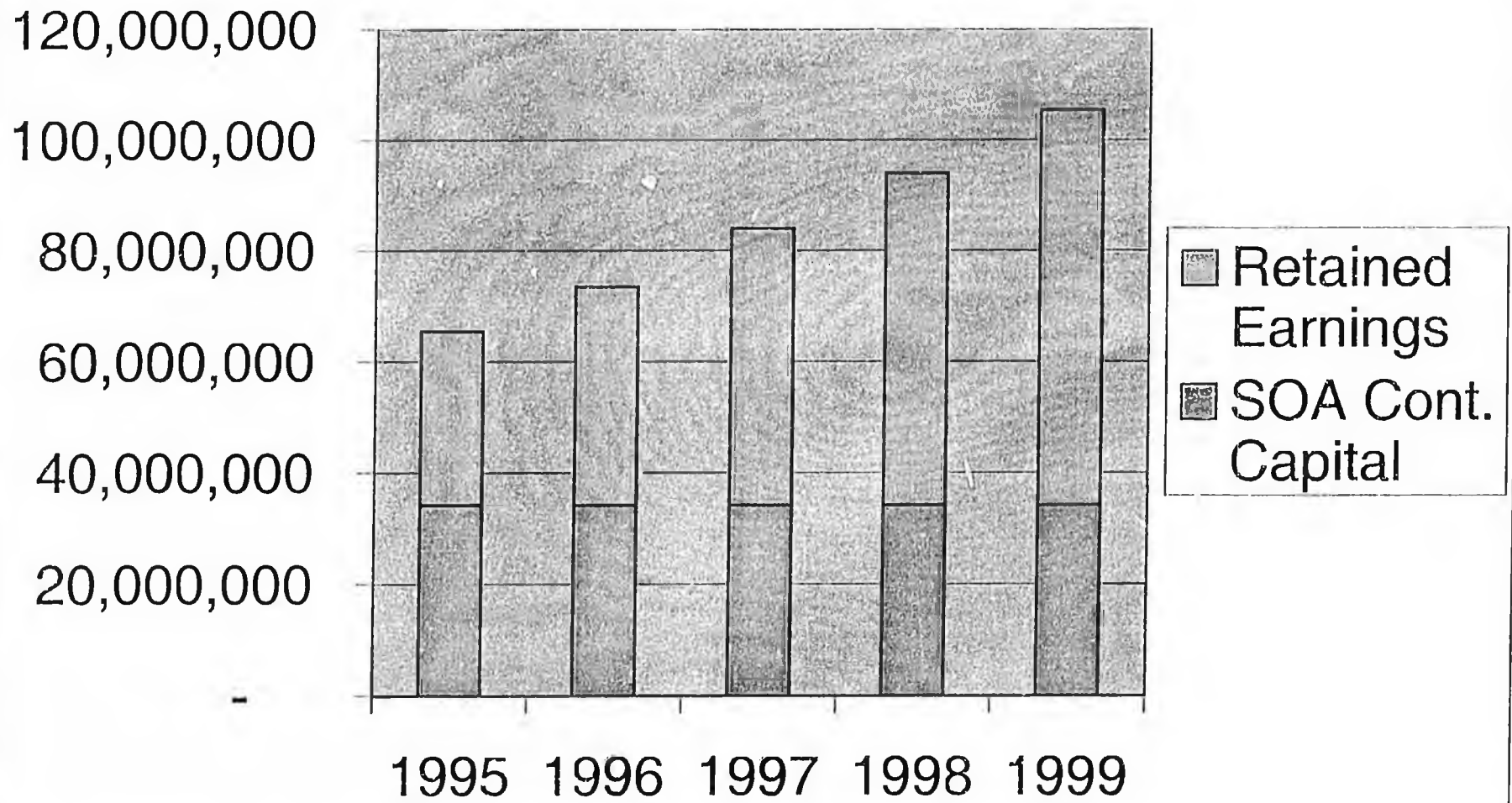
ALASKA RAILROAD CORPORATION

5 Year Net Working Capital Analysis



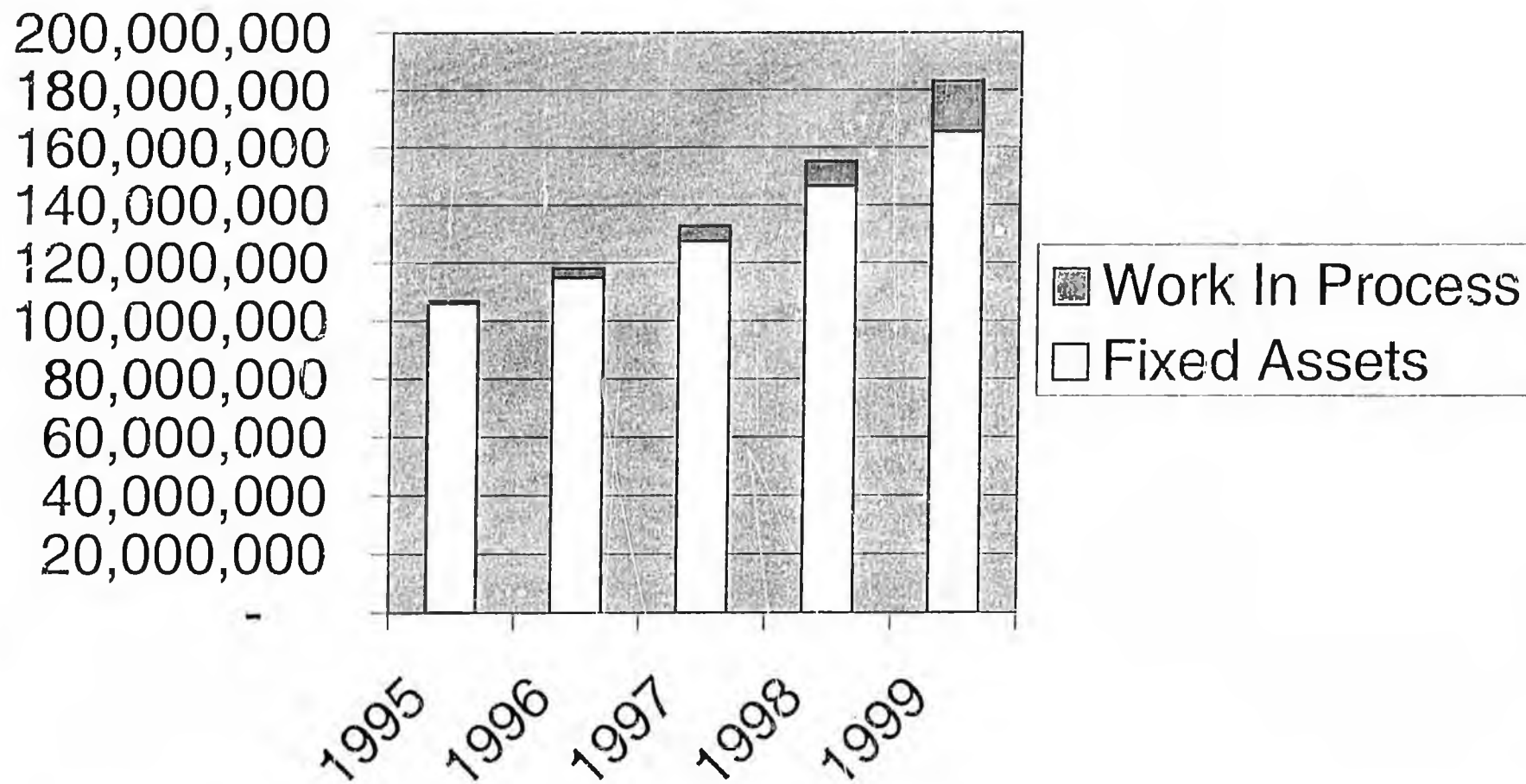
ALASKA RAILROAD CORPORATION

5 Year Analysis of Equity



ALASKA RAILROAD CORPORATION

5 Year Analysis of Capital Activity Federally Funded and Internally Funded



ALASKA RAILROAD CORPORATION
Board Approved Five-Year Capital Plan

	2000	2001	2002	2003	2004	Total
FRA Track Program						
FRA Grant	10,000,000	10,000,000	10,000,000			30,000,000
Tio Program	7,500,000	7,500,000	7,500,000			22,500,000
Rail Program	2,000,000	2,000,000	2,000,000			6,000,000
Undercutter Program	500,000	500,000	500,000			1,500,000
Total FRA Track Program	10,000,000	10,000,000	10,000,000	-	-	30,000,000
Military Base Line Change						
FRA Grant	5,000,000	15,000,000	5,000,000			25,000,000
Project Cost	5,000,000	15,000,000	5,000,000			25,000,000
Seward Dock Program						
FRA Grant	230,000					230,000
City of Seward	300,000					300,000
FHWA Funding	3,876,270					3,876,270
Required ARRC Funding	1,876,287					1,876,287
Total Funding	6,282,557	-	-	-	-	6,282,557
Freight Dock Costs	2,410,000					2,410,000
Passenger Dock Costs	3,872,557					3,872,557
Total Seward Dock Program	6,282,557	-	-	-	-	6,282,557
Anchorage Airport Expansion						
FRA Grant	24,000,000					24,000,000
Required ARRC Funding		8,000,000				8,000,000
Total Funding	24,000,000	8,000,000	-	-	-	32,000,000
Construction	24,000,000					24,000,000
Commuter Equipment		8,000,000				8,000,000
Total Anchorage Airport Expansion	24,000,000	8,000,000	-	-	-	32,000,000
Portage Icing Control						
FRA Grant	118,146					118,146
Required ARRC Funding	96,854					96,854
	215,000	-	-	-	-	215,000
Project Cost	215,000					215,000

	2000	2001	2002	2003	2004	Total
FTA Program						
FTA Funding	12,072,312	280,000				12,352,312
Required ARRC Funding	3,018,078	70,000				3,088,078
Total Funding	15,090,390	350,000	-	-	-	15,440,390
Anchorage Depot & Annex Improvements	258,750					258,750
Denali Depot: Phase II: Construction	4,571,90					4,576,890
Denali Business Car Additional Upgrades		150,000				150,000
Girdwood Preliminary Design & Environmental	250,000					250,000
South Leg Airport Wye	200,000					200,000
Self-Propelled Passenger Coaches	1,736,000					1,736,000
Convert Locomotive 1503 to Power Car		200,000				200,000
Wasilla Intermodal Facility	1,250,000					1,250,000
Ship Creek Passenger Intermodal	5,375,000					5,375,000
Whittier Pedestrian Overpass	1,443,750					1,443,750
Total of Proposed Projects	15,090,390	350,000	-	-	-	15,440,390
FTA New Start Program						
FTA Grant	10,000,000					10,000,000
ARRC Funds	2,500,000					2,500,000
Total Funding	12,500,000	-	-	-	-	12,500,000
Line Change - N. Anchorage to Wasilla	12,500,000					12,500,000
Vehicle Program						
Vehicle Borrowing	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
Light Vehicle Purchase	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
Locomotive Rebuild Program						
Rebuild / Overhaul Existing Fleet (send out Fall 2000)	900,000	1,600,000				2,500,000
Rebuild / Overhaul Existing Fleet (send out Fall 2001)		1,000,000	1,500,000			2,500,000
Rebuild / Overhaul Existing Fleet (send out Fall 2002)			1,000,000	1,500,000		2,500,000
Rebuild / Overhaul Existing Fleet (send out Fall 2003)				1,000,000	1,500,000	2,500,000
Rebuild / Overhaul Existing Fleet (send out Fall 2004)					1,000,000	1,000,000
Total Locomotive Rebuild Program	900,000	2,600,000	2,500,000	2,500,000	2,500,000	11,000,000
Locomotive Program						
SD-70 Mac Tools	50,000	50,000	25,000	25,000	25,000	175,000
Anchor Upgrade Program	300,000	300,000	300,000	300,000	300,000	1,500,000
Misc. Expenses	150,000					150,000
Total Locomotive Program	500,000	350,000	325,000	325,000	325,000	1,825,000

	Rank	2000	2001	2002	2003	2004	Total
Engineering Projects							
Electrical Upgrades (Anch, Fbks, Whittier)	1	300,000	225,000	225,000	225,000	225,000	1,200,000
Bridge Rehabilitation	2	1,100,000	1,400,000	1,400,000	1,400,000	1,400,000	6,700,000
Rail Replacoment (non-grant)	3	1,175,000	1,200,000	1,200,000	1,200,000	1,200,000	5,975,000
Ballast/Surfacing (non-grant)	4	1,550,000	1,800,000	1,800,000	1,800,000	2,500,000	9,450,000
Whittier Barge Slip	5	250,000					250,000
MOW / B&B Mechanized Tools	6	60,000	60,000	60,000	60,000	60,000	300,000
Section Facilities Upgrades	7	40,000	80,000	30,000	30,000	30,000	210,000
Anchorage Shop Roof Replacemnts	8	50,000	50,000	50,000	50,000	50,000	250,000
Anchorage Shop Heating Systems	9	120,000					120,000
Spot Tie Replacement (non-grant)	10	225,000	900,000	900,000	900,000		2,925,000
Subtotal		-1,870,000	5,715,000	5,665,000	5,665,000	5,465,000	27,380,000
Rip Rap Placoment			150,000	150,000	150,000	150,000	600,000
Pile Driver Assembly			225,000				225,000
Yard Rehabilitation, Anchorage & Fairbanks			400,000	400,000	400,000	400,000	1,600,000
Bridge Upgrades (Timber to Concrete)			300,000	300,000	300,000	300,000	1,200,000
Whittier Switches & Yard Tracks			100,000	100,000	100,000	100,000	400,000
Locomotive Crane Rebullds			750,000	500,000	500,000		1,750,000
On-Track Equipment (Tampor, Regulator, Spikor)			500,000	500,000	700,000	900,000	2,600,000
Fivo-Ton Hy-Rail Truck (Tundra Express)			160,000				160,000
Avalancho Control Improvements			102,000				102,000
Fencing (Trespass Deterrence)			50,000	50,000	50,000	50,000	200,000
Anchorage Shop Pits Light Fixtures (safoty)			100,000	100,000			200,000
Anchorage Shop Sprinklers			75,000	25,000	75,000	25,000	200,000
Uility Enhancements			200,000	200,000	200,000	200,000	800,000
Cold Air Switch Blower (ono per year)			25,000	25,000	25,000	25,000	100,000
Undercutter Program					200,000	200,000	400,000
Subtotal		-	3,137,000	2,350,000	2,700,000	2,350,000	10,537,000
CWR Program			1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
Hoaly Canyon Slide Zone Stablization / Line Changes			500,000	500,000	500,000	500,000	2,000,000
Crossings			75,000	75,000	75,000	75,000	300,000
Graphical Information System - Engineering / Bridges			40,000				40,000
Tie Replacement (40,000 ties, non-grant)					4,000,000	4,000,000	8,000,000
Off-Track Equipment (Dozers, Loaders, Graders)			900,000	900,000	900,000	900,000	3,600,000
D6 Dozer, Wide Pad with Tractor / Trailer			450,000				450,000
Snow Blower Package for Loader			150,000				150,000
Anchorage Yard Paving			100,000	50,000	50,000	100,000	300,000
Anch Depot/Annox Water Line			60,000				60,000
Anchorage Shop Water Meters			50,000				50,000
Anchorage Roof Drains Replumbing			30,000	30,000			60,000
AEI Roaders / Tags					150,000		150,000
Signal Department Trencher			80,000				80,000
Subtotal		-	3,435,000	2,555,000	6,675,000	6,575,000	19,240,000
Total Engineering Projects		4,870,000	12,287,000	10,570,000	15,040,000	14,390,000	57,157,000

	Rank	2000	2001	2002	2003	2004	Total
Mechanical Projects							
Annual Overhead Crane Improvements (OSHA Reg)	1	150,000	100,000	75,000	50,000	50,000	425,000
Fall Protection Equipment - Mech Shops (OSHA Reg)	2	160,000	125,000				285,000
Purchase 3 Passenger Air Wagons (FRA Regulations)	3	20,000					20,000
Coach Track Upgrade for Seward Cruslo Train	4	200,000					200,000
Tollet Dumping System for Locomotivos	5	50,000	100,000				150,000
Purchase 2 sets of Electric Tower Jacks (FRA)	6	200,000					200,000
Replace Obsolete Tools	7	20,000	20,000	20,000	20,000	20,000	100,000
Purchase 6 sets of Rear-End Devices (FRA)	8	55,000	20,000	20,000	20,000	20,000	135,000
Purchase Load Coll for Hoadond Power Equipment	9	30,000					30,000
Purchase Tractor/Honey Wagon for Pass Train Tollets	10	15,000					15,000
Response Equipment	11	300,000					300,000
Subtotal		1,200,000	365,000	115,000	90,000	90,000	1,560,000
Replaco Electrical Heating Room			150,000				150,000
Replacement Forklifts			50,000				50,000
Double-Ended Wheel Press			600,000				600,000
Install new Passenger Watering System			150,000	50,000	20,000		220,000
Build New Loco Fuel & Service Area (Anchorage)			3,000,000	3,000,000			6,000,000
Construct Car Shop for new Passenger Equipment			20,000,000	1,000,000			21,000,000
Subtotal		-	23,950,000	4,050,000	20,000	-	28,020,000
Total Mechanical		1,200,000	24,315,000	4,165,000	110,000	90,000	29,580,000
Total Maintenance & Engineering		6,070,000	36,602,000	14,735,000	15,150,000	14,480,000	86,737,000

	Rank	2000	2001	2002	2003	2004	Total
Transportation Services							
Whittier Terminal Fill/New Ground	1	2,000,000					2,000,000
Whittier Flexible Side Ramp (500K-1M)	2	500,000					500,000
Gato House/Security Whittier			500,000				500,000
Siding at MP 458.9 to MP 459.6 (6,000')			600,000				600,000
10 Main Track Power Switch (Anc-W/as) Wishbone			1,500,000	3,000,000			4,500,000
Hurricane siding (up to 3,562')			355,000				355,000
Electric/Spring/Heated Switch Program (Two sloings per year-4 switches @\$150K each) (Willow, Malanuska, Holdcreek, Windy, Honolulu)			600,000	600,000	600,000	600,000	2,400,000
Lighting Upgrades Anc, Fbks			40,000	20,000	20,000	20,000	100,000
15 Ton Fork Lift, FBKS			210,000				210,000
Rehabilitate Core Yard (WCG)			200,000	300,000	500,000		1,000,000
Whittier Equipment Storage Facility			500,000				500,000
Whittier switches, yard tracks, & WYE			250,000	250,000	250,000		750,000
Steel Hopper Acquisition			700,000				700,000
Portable Radios (20 per year)			15,000	15,000			30,000
Steel Stakes replacement & Twist locks			49,000				49,000
Total Priority Projects		2,500,000	5,519,000	4,185,000	1,370,000	620,000	14,194,000
Mainline Track Improvements:							
Wasilla Siding (relocate 6,000' to MP 166)			600,000				600,000
Dunbar Siding (1,740')			174,000				174,000
Clear Silo Siding (1,984')			198,400	198,400			396,800
Manley (1,500')			150,000				150,000
Ferry (5,000')			500,000				500,000
Brown (4,000')			400,000				400,000
Chapados (2,000')				200,000			200,000
Denali Park/Toam Track/Wye MP 345			700,000				700,000
Double Track Fairbanks to Happy			250,000	250,000	250,000	250,000	1,000,000
Siding Upgrade Program			250,000	250,000	250,000	250,000	1,000,000
Slide Zone Removal Program			100,000	100,000	100,000	100,000	400,000
Signal System from Portage-Whittier & Anch-Wasilla			11,000,000				11,000,000
Double Track Whitney to Eagle River (WCG)			100,000	200,000	500,000	700,000	1,500,000
Double Track Anchorage to Klatt Road (WCG)			200,000	500,000	700,000	800,000	2,200,000
Double Track Whitney to Wasilla (@\$40 m)			5,000,000	5,000,000	5,000,000	5,000,000	20,000,000
Total Mainline Track Improvements		-	19,622,400	6,698,400	6,800,000	7,100,000	40,220,800
Anchorage Terminal (Woodside):							
Phase I of Yard Track Revisions			600,000	600,000	700,000	500,000	2,400,000
Yard Paving			50,000	50,000	50,000	50,000	200,000
Improve Drainage at Switch Locations			30,000	30,000	30,000	30,000	120,000
Automatic Low Banner Yard Switching Program			20,000	20,000	20,000	20,000	80,000
Automatic Static Scale Track			10,000				10,000
New Intermodal Yard, Office, Toam Area				200,000	1,000,000	2,000,000	3,200,000
Total Anchorage Yard		-	710,000	900,000	1,800,000	2,600,000	6,010,000

	2000	2001	2002	2003	2004	Total
Fairbanks Terminal (Woodside):						
North/South Ladders Rebuild Program		100,000	100,000			200,000
Relay Track #4, #3, & #2 Heavy Rail Rehab.			100,000	100,000	100,000	300,000
Elelson Branch Upgrade			250,000	250,000	250,000	750,000
Yard Paving		50,000	50,000	50,000	50,000	200,000
Electric Switch @ Noyes Slough		30,000				30,000
Penta Radio Controller		7,000				7,000
Automatic Static Scale Track		10,000				10,000
New Roof on Freight House & Round House		200,000				200,000
Pipe Loadout Facility/Shelter		100,000				100,000
Equipment Storage Shelter		250,000				250,000
Total Fairbanks Yard	-	747,000	500,000	400,000	400,000	2,047,000
Freight Services, Fleet and Equipment Related						
56 - Aluminum Hopper Acquisition (Wishbono)		4,536,000				4,536,000
Steel Hopper Acquisition - TNM replacement				5,440,000		5,440,000
15 new DIFCO Side Dumps (Wishbono)		1,875,000				1,875,000
50 Container Flats (COFC)		500,000	500,000			1,000,000
Chain Equipped Tie Down Flats			318,000			318,000
Reefer Box Cars			945,000	9,450,000		18,900,000
Iron Highway (TOFC/COFC)				1,200,000	1,200,000	2,400,000
30 Ton Fork Lift, FBKS			400,000			400,000
Piggy Packers, Restackers			750,000	750,000		1,500,000
Hostler/Yard Tractors		120,000	120,000	240,000		480,000
Total Freight Services	-	7,031,000	11,538,000	17,080,000	1,200,000	36,849,000
Other						
Video Conferencing		25,000				25,000
Total Other	-	25,000	-	-	-	25,000
Total Transportation Services	2,500,000	33,654,400	23,821,400	27,450,000	11,920,000	99,345,800

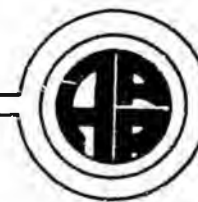
	Rank	2000	2001	2002	2003	2004	Total
Passenger Services							
Anchorage Pass. Station Yard & Facility (WCG)			900,000	500,000	500,000	500,000	1,900,000
Fbks New Intermodal Facility and Balloon Track (WCG)			5,000,000	5,000,000			10,000,000
Fbks Track Respace and Rehab. (WCG)			500,000	500,000	1,000,000	1,300,000	2,000,000
North Pole wye/Support Tracks			320,000		1,000,000	3,000,000	1,320,000
Commuter Facility Wasilla			700,000				700,000
Commuter Facility Malibu			300,000				300,000
Commuter Facility Girdwood			170,000				170,000
Dimond Ave Platform Improvements			60,000				60,000
Commuter Rolling Stock			1,000,000		9,000,000		10,000,000
Total Passenger Services		-	8,950,000	6,000,000	11,500,000	4,800,000	26,450,000
Information Services							
Corporate Projects							
Sparo spectrum radio	1	8,000					
Radio multiplexing	2	50,000					50,000
Network Server Upgrades	3	35,000	50,000	50,000	20,000	50,000	205,000
Test Equipment	4	15,000		20,000	20,000		55,000
Network color printer	5	8,500					
Web Deployment of Database Applications	6	40,000					40,000
Passenger Svcs Internet Ticket Sales	7	150,000					150,000
Replaco Yard & Radio Telephone			25,000	50,000	50,000		125,000
Expand Radio Lab			50,000				50,000
Phone Switch Upgrade			50,000				50,000
Information Services Projects			50,000	200,000	300,000	300,000	850,000
Digital Wide Area Network Upgrade			20,000			20,000	40,000
Battery Plant Replacement Program			20,000	20,000	20,000		60,000
Local Area Network			15,000	25,000	25,000	25,000	90,000
Online Gift shop and POS Applications			28,000				28,000
Total Corporate Projects		306,500	308,000	365,000	435,000	395,000	1,793,000
Individual Department Projects							
Financial System Processor Upgrade (Accounting)						100,000	100,000
OIS System Processor Upgrade (Transportation)						100,000	100,000
Total Individual Department Projects		-	-	-	-	200,000	200,000
Total Information Services		306,500	308,000	365,000	435,000	595,000	1,993,000
Environmental:							
Whittier Storage Tank Upgrade			50,000				50,000
Graphical Information System - Environmental			35,000				35,000
SPCC Tank Upgrades			50,000	50,000	50,000	50,000	200,000
Total Environmental		-	135,000	50,000	50,000	50,000	285,000
Safety Improvements:		250,000					
Real Estate							
Ship Creek Point Improvements				500,000	500,000		1,000,000
Corps of Engineer Creek Match			125,000	125,000	125,000	125,000	500,000
Anchorage Depot & GOB Landscaping			5,000	5,000	5,000	5,000	20,000
Graphical Information System - Mapping		30,000					30,000
Misc Leasehold Improvements		300,000	250,000	250,000	250,000	250,000	1,300,000
Total Real Estate		330,000	380,000	880,000	880,000	380,000	2,850,000

SUMMARY OF CAPITAL PROJECTS

	2000	2001	2002	2003	2004	Total
FRA Program	43,524,416					43,524,416
FTA Grants	22,072,312					22,072,312
ARRC Matchos	7,491,219					7,491,219
Loan Proceeds	1,000,000					1,000,000
ARRC Funds	10,856,500					10,856,500
Total Funds	84,944,447	-	-	-	-	84,944,447
			19,347,719			
FRA Track Program	10,000,000	10,000,000	10,000,000	-	-	30,000,000
Military Base Line Change	5,000,000	15,000,000	5,000,000	-	-	25,000,000
Seward Dock Program	6,282,557	-	-	-	-	6,282,557
Anchorage Airport Expansion	24,000,000	8,000,000	-	-	-	32,000,000
Portage Icing Control	215,000	-	-	-	-	215,000
FTA Program	15,090,390	350,000	-	-	-	15,440,390
FTA New Start Program	12,500,000	-	-	-	-	12,500,000
Vehicle Program	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
Locomotive Rebuild Program	900,000	2,600,000	2,500,000	2,500,000	2,500,000	11,000,000
Locomotive Program	500,000	350,000	325,000	325,000	325,000	1,825,000
Engineering Projects	4,870,000	5,715,000	5,665,000	5,665,000	5,465,000	27,380,000
Mechanical Projects	1,200,000	365,000	115,000	90,000	90,000	1,860,000
Transportation Services	2,500,000	5,519,000	4,185,000	1,370,000	620,000	14,194,000
Passenger Services	-	8,950,000	6,000,000	11,500,000	4,800,000	31,250,000
Information Services	306,500	308,000	365,000	435,000	395,000	1,809,500
Environmental	-	135,000	50,000	50,000	50,000	285,000
Safety Improvoment	250,000					
Real Estate	330,000	380,000	880,000	880,000	380,000	2,850,000
Total Capital Projects	84,944,447	58,672,000	36,085,000	23,815,000	15,625,000	218,891,447

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Alaska Railroad Corporation



Corporate Contributions January 2000

Cash and "in-kind" Donations

In 1999, the Alaska Railroad Corporation contributed over \$351,000 in cash donations and \$160,000 in "in-kind" donations to various organizations, communities and charitable fund events along the railbelt. Those groups and organizations include but are not limited to various sponsorships for monetary support of their activities and events. They include:

School Business Partnerships
Alaska Run for Women
Alaska State Chamber
Alliance
Resource Development Council
Seward Sea Life Center
University of Alaska Fairbanks Museum
Alaska Native Heritage Center
Boys & Girls Club
Commonwealth North
Chamber of Commerce - Anchorage
Fairbanks
Seward
Soldotna
Eagle River
Talkeetna
Whittier
Anchorage Economic Development Corporation
Alaska Public Radio Network
Bean's Café
Fairbanks Summer Arts Festival
Armed Services YMCA
Special Olympics
Fairbanks Pop Warner Youth Group
Fairbanks Amateur Hockey Assoc.
Koahnic Broadcasting
World Trade Center
University of Alaska Grant Writing Program
Alaska Health Fair
Alaska Peace Officer's Assoc.

Other contributions were provided in the form of an "in-kind" gift such as operating a free train for Government Hill Elementary School, Headstart School students at Christmas, Alaska Federation of Natives, and Children's Hospital at Providence. This amounts to over \$35,000.

School Business Partnerships

The Railroad has been a charter sponsor for developing School Business Partnerships. The "Tour Guide" program is just one example of such a program that was developed by the Railroad in the 1980's to develop a source of employment for high school students and provide a benefit to those passengers that ride the train.

The program has been one of the most successful within the tour industry. Many of the students that are not selected by the Railroad are hired by other tour companies for summer employment. The success of the program is demonstrated by the amount of complimentary correspondence we have received from passengers who have taken a train trip. Many say they enjoyed their trip on the Alaska Railroad because the tour guide made the excursion so much more interesting.

Land Contributions

The statute which the Alaska Railroad comes under mandates that all of its leased lands be leased at "fair market value" (FMV). This is required except for local governmental entities.

As a result, the Railroad has always been a good corporate citizen by leasing a portion of its properties to government entities for parks, bike trails and other high public interest uses at less than fair market value.

For example, the coastal bike trail that traverses the waterfront along Anchorage's shoreline is leased to the Municipality of Anchorage at an administration fee of \$200 per year. If leased at fair market value, the annual fee would be \$136,000 per year based on a \$1.7 million value.

The Railroad, in its effort to assist the City of Whittier develop a master plan for its community, provided 160 acres of Railroad lands to the City for a nominal amount, wherein the City can begin to plan, zone and lease the land to develop a tax base for future income.

Lands in Anchorage, Fairbanks and Healy have been provided to those respective communities for use as parks, and bike trails and other similar uses because of their need to improve the quality of life for the residents of their district.

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Alaska Railroad Corporation



Employee Information January 2000

Number of employees

The Alaska Railroad Corporation (ARRC) has approximately 650 employees as of January 2000. Summer employment, however, is predicted to increase that number by approximately one hundred employees due to additional need for summer track maintenance and passenger service requirements.

Union and non-union representation

One hundred twelve employees are non-represented.

The remaining employees are represented by five separate labor unions. These include:

- Alaska Railroad Workers Local 183 (ARW/AFGE) representing both White and Blue Collar employees.
262 employees
- The American Train Dispatchers' Department/International Brotherhood of Locomotive Engineers (ATDD) representing the train dispatchers.
8 employees
- International Association of Machinists Local 1735 (IAM) representing the locomotive machinists.
61 employees
- The Transportation Communication International Union Far North Lodge 6067 (TCU) representing the carmen trade.
40 employees
- United Transportation Union Local 1626 (UTU) representing the engineers, conductors, and brakemen.
166 employees

Each union has a separate negotiated agreement with the ARRC, though there are many similarities in the contracts. As an example, holidays, health benefits, and insurance coverage are currently identical.

As a condition of the Alaska Railroad Transfer Act (P.L. 97-463) railroad employees that transferred from the federally-owned railroad remain in the Federal Civil Service Retirement System (CSRS) when they retire. Of the total employee population, 161 are covered by CSRS.

Employees hired after date of transfer (January 5, 1985) are subject to the Alaska Railroad's corporate retirement system. That retirement system, along with the health benefit, leave benefit system, etc. are all funded by the earnings generated by the Alaska Railroad Corporation and not the State of Alaska. Alaska Railroad Corporation employees are not paid for by the state's payroll and they are not covered by the state's Public Employees Retirement and Benefits System.

Annual payroll

The 1999 Alaska Railroad Corporation wages and benefits impact was \$36.2 million. This represents a substantial flow of money into the Alaska economy. And, because the Alaska Railroad, by law, is exclusively responsible for the management of the financial and legal obligations of the Corporation, the Alaska Railroad payroll is not a drain on the state's annual budget.

Alaska Railroad Corporation



ARRC Transportation Services January 2000

Transportation Business Trends

The freight business has grown by 24% in carloads over the past 5 years with most of the growth coming from petroleum and gravel customers which together make up 68% of the freight tonnage moved in 1999 compared to 62% of the tonnage moved in 1995. More significantly, petroleum and gravel combined represented roughly 42% of the freight revenue in 1995, compared to 58% of the freight revenue in 1999. We have added a new segment of business with the modification of the ARMs barge operation adding 6,700 carloads a year of containers and break bulk. The remainder of the freight business has been constant or down the past five years which includes, interline carloads, export coal, local coal, local movements. The strategic traffic estimate for overall freight growth over the next 30 years is a modest 18 to 20 %.

	<u>1985</u>	<u>1990</u>	<u>1995</u>	<u>1999</u>
Freight tonnage	6,407,000	5,986,000	5,979,000	7,321,000
<i>Tonnage, major segments:</i>				
<i>Petroleum</i>	550,000	1,210,000	1,483,000	2,019,000
<i>Gravel</i>	3,938,000	2,750,000	2,669,000	3,662,000
<i>Coal (local and export)</i>	1,176,000	1,400,000	1,438,000	1,167,000
<i>Interline</i>	317	300	301	237
<i>Intermodal (TOFC)</i>	291	259	25	115
<i>Breakbulk/containers</i>	0	0	0	109
<i>Misc local, logs, pipe. . .</i>	135	67	63	12

Advantages of Rail

Each mode of transportation has its own niche markets. Trucks can bring goods to your front door. Air freight and steamship operators can go where there are no roads. And rail can carry certain loads efficiently and cost effectively.

Railcars are best suited to heavy, dense freight that has a low value compared to its size or weight. These commodities include chemicals, steel, grain, cement, pipe or raw resources such as coal, gravel or bulk fuel. These types of heavy freight loads damage roads but not rails.

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Alaska Railroad Corporation



Passenger Services January 2000

For visitors and residents alike, the popular passenger trains are indeed the "face" of the Alaska Railroad.

From mid-May to mid-September, our summer service offers daily express trains between Anchorage and Fairbanks with stops at Talkeetna and Denali National Park. We offer several daily trips between Portage and Whittier (which will cease with the opening of the road to Whittier), and daily service between Anchorage-Seward and Anchorage-Whittier. A popular summer service is our four day a week service on the Talkeetna-Hurricane local "flag stop" train.

In the winter our service includes a week-end "flag stop" train between Anchorage and Fairbanks and return, several daily trips between Portage and Whittier, and a once monthly round-trip "flag stop" service between Anchorage and Hurricane.

The passenger business is experiencing significant growth:

- 1999 - 671,967 passengers; a 9% increase in ridership, resulting in a 8% increase in revenue
- 1998 - 614,236 passengers; a 3% increase in ridership, resulting in a 11% increase in revenue
- 1997 - 612,450 passengers; a 17% increase in ridership, resulting in a 14% increase in revenue
- 1996 - 520,931 passengers; a 6% increase in ridership, resulting in a 9% increase in revenue, and
- 1995 - 492,528 passengers; a 10% increase in ridership, resulting in a 8% increase in revenue

Passenger travel on the Alaska Railroad is an increasingly popular element of the Alaska visitor experience as these numbers reveal. With tourism increasing yearly, coupled with the ever-increasing number of cruise ships coming across the Gulf of Alaska to berth in Southcentral, demand for passenger train travel will continue to climb.

The Alaska Railroad's passenger operation provides significant economic growth and opportunity for businesses, both large and small, along the railbelt. Our passenger service produces a vital "feeder" system of customers for many of these important enterprises. These industries include river rafting, day cruise operators, bicycle and hiking tours, bed and breakfast facilities, cafes and restaurants, gift shops and a host of other tourism related businesses.

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Project Summary January 2000

Background

The Alaska Railroad is in the midst of an aggressive growth phase that includes new projects along the entire railbelt from Seward to Fairbanks with vision toward expansion.

These projects, in large part, are made possible through the efforts of Alaska's Congressional delegation -- Senators Ted Stevens and Frank Murkowski and Representative Don Young. For the years 1998, 1999 and 2000 the ARRC has received \$132.74 million in federal grants

Congress provides these grants to inter-city rail passenger transit systems throughout the nation. As a result, the grants that are awarded to the Alaska Railroad are earmarked for specific passenger related projects and must be obligated for those programs. Each grant is administered by different federal agencies such as Federal Railroad Administration (FRA), Federal Transit Administration (FTA) and Federal Highway Administration (FHWA). Congress decides through its administrative process which agency administers which grant.

As a state-owned corporation that offers rail passenger service, the Alaska Railroad will continue to experience success in qualifying for federal grants.

Twenty-one different projects and studies are listed below along with a summary, status report, cost breakdown and target completion date.

Projects and Studies

1. Airport Rail Station - \$28,000,000 - FRA funded

This project will construct a new rail station located at the Anchorage International Airport. This includes construction of a Rail Station facility, an underground tunnel to connect the Rail Station to the Airport facility and an elevated track structure leading to the Rail Station.

Status: Tunnel Shell under construction and expected to be completed by Spring 2000. Tunnel Interior, elevated structure and station facility in design schematic revision stage. Construction expected to begin in Fall 2000

Completion: May, 2002

2. Denali Depot - \$6,226,900 - FTA funded

This project consists of rehabilitation, or replacement, of the Denali Depot facility in Denali National Park. Design and construction schedules will be in conjunction with the National Park Service Front Country reconstruction program.

Status: Preliminary programming and design of facility completed. Environmental process moving forward in cooperation with National Park Service, expected to be completed by mid-January 2000. New road design completed. Schematic design of facility under way. Construction scheduling being developed.

Completion: May, 2002

3. Seward Dock - \$11,500,000 - FRA, FHWA & ARRC funded

This project consists of multiple phases. Phase 1, rebuild of the east side dock fendering system, is completed. Second phase will construct a new freight dock, convert the existing dock to passenger only service, accommodate the Alaska Marine Highway Ferry and rehabilitate, or rebuild, the existing transit facility to better meet passenger needs.

Status: Environmental compliance issues settled. Construction of open-cell freight dock will begin Spring 2000. Passenger dock rehabilitation programming and design scope being developed.

Completion: Freight dock will be completed by December 2000, passenger dock by Spring 2002

4. Whittier Pedestrian Safety Access - \$2,318,750 - FTA

This project is in response to the expected increase in car and pedestrian traffic in Whittier after the rail tunnel for vehicular traffic opens in June 2000. The current concept calls for an underpass (tunnel) underneath the ARRC railyards offering safe pedestrian access connecting the primary parking area near the boat harbor with the townsite area on the opposite side of the yard tracks.

Status: Preliminary engineering, concept design and technical investigation completed. Awaiting determination from FTA on change in project scope.

Completion: June 2000

5. Whittier Intermodal Development Concept and Design \$512,500 - FTA

Whittier Dock improvement work will include plan and design improvements to the ARRC Marginal Wharf, DeLong Dock, and a new Intermodal Depot to accommodate both the Alaska Marine Highway and ARRC

Status: Preliminary design underway; appropriate permit applications have been submitted.

Completion: Spring 2003

6. Anchorage - Wasilla Line Changes

Anchorage to Eagle River - \$10,000,000 DOD funded

Eagle River to Wasilla - \$ 1,080,000 Amtrak funded

This project is a realignment effort between Anchorage and Wasilla to eliminate or reduce selected curves. DOD is funding the portion between Anchorage and Eagle River as our ROW is on both Elmendorf and Fort Richardson. The balance of the project is being funded with Amtrak Taxpayer Relief and Federal Transit Administration funds.

Status: Necessary land acquisition negotiations underway; work which is solely within ARRC's right of way has been on-going since 1999. Additional work will proceed as land becomes available and engineering and environmental studies completed.

Completion: On-going, majority of work is expected to be completed by Fall 2003

7. Fairbanks Intermodal Facility - \$5,000,000 - FTA, ARRC funded

This project will integrate bus, train and taxi services within the city of Fairbanks. The purpose is to provide the city of Fairbanks residents, and visitors, improvements in the passenger intermodal services offered.

Status: Preliminary environmental review completed. Final environmental study and design RFP is out for public bid.

Completion: Spring 2002

8. Girdwood Transportation Study - \$33,000 study - Amtrak funded

Municipality of Anchorage sponsored project to develop a Master Commercial and Transportation Plan for Girdwood. This study will recommend appropriate transportation improvements within the Girdwood bowl area to create a viable infrastructure in support of public needs and increased commercial activity. Since rail is a potential service provider, ARRC agreed to participate in funding the rail portion of the study.

Status: Master Plan is completed and MOA is conducting public review meetings and plans for public hearings in the Spring of 2000 are underway.

Completion: Plan is expected to be presented to the Anchorage Assembly in late Spring 2000

9. Anchorage/Fairbanks Railyard Terminal and Strategic Planning Study - \$430,130 - FTA, ARRC funded

This study is to identify the future needs of our freight customers. This will link to operational plans, yard designs, passenger services and land use plans for the future.

Status: Final report delivered to ARRC Board of Directors in December 1999. Management team prioritizing recommended projects.

Completion: Report completed; recommend projects cover ten year and longer development plan.

10. Upgrade of On-Board Communications system - \$135,875 - FTA, ARRC funded

This project is to upgrade the communications system on board the passenger trains for giving information and safety instruction to the passengers.

Status: All equipment has been received

11. Sidewalk & Landscaping to Anchorage Depot - \$207,075- FTA, ARRC funded

We will construct a sidewalk, with landscaping, to connect ARRC headquarters long-term parking on Ship Creek Avenue with the Anchorage Depot on First Avenue

Status: Final design completed, environmental review underway and nearly completed; cooperative procurement effort between Alaska Department of Fish and Game, Municipality of Anchorage Public Works and ARRC being reviewed (ADF&G and MOA are constructing public restrooms and fish cleaning facilities nearby)

Completion: Spring 2000 (ARRC portion)

12. Acquire and Remodel 3 Amtrak Dome Cars - \$1,984,922 - FTA funded

Amtrak has 3 domes available to us at a good price.

Status: Equipment acquired and being remodeled

Completion: Spring 2000 (prior to start of Summer passenger service)

13. Remodel 2 Diners - \$1,021,867, AMTRAK and FTA funded

Part of the original acquisition of the Amtrak Domes, this portion of the program has been separated and alternate railcars acquired at a lesser price

Status: Equipment is currently being remodeled

Completion: Spring 2000 (prior to start of Summer passenger service)

14. Remodel railcar Denali - \$160,000, \$100,000 - FTA, \$60,000 Amtrak

Remodel the railcar Denali to meet current passenger safety standards.

Due to heavy use of the Denali, this project will not start until after 1/3/00

Status: Engineering work completed; manufacturer shipped defective glass which has delayed project. Additional glass is being sent to us by the manufacturer.

Completion: as soon as possible

15. Rehabilitate 2 Rail Diesel Cars - \$1,600,000 - FTA funded (Contract amount is \$1,345,000)

Rehabilitate 2 RDCs to improve their major component functions (ie; electrical) and make them ADA compliant.

Status: Equipment is currently being remodeled

Completion: Spring 2000

16. Passenger Locomotive Rebuilds (3) - \$1,500,000 - FTA funded

To complete rebuilds on 3 passenger locomotive units.

Status: Equipment is being rebuilt

Completion: Spring 2000

17. Rail Diesel Car 701 - \$30,675 - FTA Funded

This project will bring this piece of equipment used on the Hurricane Turn into compliance with ADA regulations.

Status: Equipment received

Completion: Spring 2000

18. International Airport Road Rail/Road Corridor Improvement Study - \$256,250 - FTA

This joint project between ADOTPF and ARRC will study and plan for improvements to road and rail interface along this important intermodal corridor.

Status: RFP for reconnaissance report ready for public bid; waiting for FTA approval to proceed

Completion: Fall 2000

19. Anchorage Rail Passenger Depot - \$374,830 - FTA

This project will plan passenger improvements to the historic Anchorage Rail Depot, including roof repairs, electrical upgrades, baggage handling systems, administrative office spaces and connections to new planned intermodal facility.

Status: Preliminary engineering completed, baggage handling study completed, interior design underway.

Completion: Fall 2000

20. Program Management Services - ARRC funded

This project will bring contract resources to ARRC for assistance in accounting, planning, scheduling, auditing, and control federal grant programs.

Status: Contractor on-board and services being provided

Completion: on-going

21. Cruise Train purchase and Remodel - \$4,472,133 - AMTRAK

This project purchased a nine passenger car consist in a bankruptcy hearing.

Status: Purchase is complete and the cars are being remodeled to meet ARRC specifications.

Completion: Spring 2000

20. Ship Creek Intermodal Facility - \$4,300,000 - FTA (Municipality of Anchorage allocation)

This project will design and construct a new intermodal facility next to the current Anchorage passenger depot. This project is funded by a Municipality of Anchorage ("MOA") FTA allocation of \$4.3 million. ARRC will administer the funds on behalf of the MOA. ARRC will contribute lease value of land required for the facility as a contributing match.

Status: ARRC and MOA working on a cooperative agreement to administer funds. Preliminary engineering and environmental work expected to begin Spring 2000

Completion: Spring 2002

21. North Anchorage - Girdwood Commuter Rail Project - \$10,000,000 - FTA

FY00 funded project to enhance rail commuter service between North Anchorage (Wasilla) and Girdwood. The following projects will be funded through this program:

- a. South Anchorage Double Track
- b. Wasilla Line Changes
- c. Identify and support 2001 Special Olympics rail transportation needs at Girdwood

Status: In process

Completion: a. Spring 2001

b. 2004

c. Fall 2000

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Alaska Railroad Corporation



Master Rail Operational Studies January 2000

Background

The Alaska Railroad was designed and constructed in the early 1900's. With changing times come new customer and real estate demands, new equipment and technology and the necessity for a new way of doing business.

In 1999, the Alaska Railroad Corporation contracted with the Woodside Consulting Group, a railroad industry consulting company, to assist management in evaluating what the Alaska Railroad's future capital improvements needs are for the next 30 years. This study suggests how the Alaska Railroad can change in order to operate more efficiently and better compete in the 21st century.

In particular, the study examined the Alaska Railroad's real estate in terms of its operations. It focused primarily on the Anchorage rail yard and was expanded to include the mainline and the Fairbanks yard, Eielson AFB Branch, Whittier and Palmer Branches, and the Seward and Whittier yards

As a result of the Woodside study, railroad management will be able to make decisions today with consideration for the railroad's operational needs in the future.

Strategic Traffic Estimate

Realizing that knowledge of the size of the business in future years was required in order to develop facility needs, Woodside was asked to first develop an estimate of the railroad's likely traffic growth by commodity group, over the 30 year planning horizon. Included was an estimate of passenger traffic growth. Annual freight growth was estimated at one percent and annual passenger traffic was estimated to grow at a rate of three percent. Passenger growth, however, is not uniform over the years. A larger increment will take place between 2000 and 2002 with the addition of new services already being planned.

The Mainline

Woodside was requested to assist management in determining where new passing tracks and other mainline improvements would be needed to meet the anticipated growth.

To accomplish this task, Woodside and the railroad built a detailed computer model. The model simulates train traffic over the system and factors in grades, curves, sidings, bridges, speed restrictions and other operating parameters. "What if" scenarios were then developed with the model.

The result of these exercises was the revelation that the railroad mainline is on the edge of maximum capacity right now. Without capacity enhancing improvements between now and 2002, the railroad would be unable to handle the anticipated business at acceptable customer service levels. The result is a series of capital improvement recommendations, including some that were already planned, to improve capacity through double tracking critical sections, speed increases through curve re-alignments, new and longer passing tracks, and modern traffic control systems.

Anchorage Yard

A major question posed to the study team was, "Is the real estate footprint of the existing Anchorage rail yard adequate for the future or should we seek an alternative?" The answer turned out to be "Yes, it is of adequate size, but it will not work in its present form."

The consultants proceeded to redesign the Anchorage yard and modernize it for the future. Included were 6,000 foot long inbound and departure tracks on wide centers, new locomotive service centers and shops, a whole new passenger train facility, new intermodal freight facilities, paved road access, new yard control center, electric power switches, new passenger train arrival and departure facilities, a new freight mainline bypassing the yard tracks and a host of other recommended improvements.

Fairbanks Yard

Fairbanks proved to be less of a challenge. Its size is clearly adequate, but it too needs modernization for better efficiency and capacity. Like Anchorage, longer tracks on wider centers are needed. New locomotive shop facilities are needed. The location of the new intermodal passenger facility as proposed by the railroad was validated and improvements in the trackage accessing the station and serving it were made by the study team. A new operations control center for Fairbanks was also recommended and incorporated into the new intermodal facility location.

Branch Lines and Other Terminals

No major changes other than those improvements already contemplated by the Alaska Railroad were identified for Seward, Whittier or Palmer. The Eielson branch, however, needs significant re-alignment to eliminate an awkward, inefficient track access to the North Pole Refinery and to eliminate numerous street/railroad at grade crossings that are becoming increasingly unsafe as automobile and pedestrian traffic grows.

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**Ship Creek Master Plan
January 2000**

The Alaska Railroad Corporation initiated its current master planning effort in 1998. An RFP was issued for master planning efforts throughout the railbelt including Ship Creek. A contract was executed with Land Design North to develop a master plan for the Ship Creek area. The final draft master plan was approved by the Board of Directors at the June 9, 1999, ARRC Board Meeting.

The master planning effort for the Ship Creek area builds on the previous work completed by the Ship Creek Task Force appointed by Mayor Mystem and the Anchorage Economic Development Corporation Waterfront Committee. The draft master plan was the result of a broad public process and a number of public work sessions and open houses, and incorporated railroad, public and agency review and comments.

The plan provides for the broad redevelopment of Ship Creek over the next twenty years and provides for both long-term infrastructure investment with targeted redevelopment as well as a set of short term achievable and implementable tasks.

The plan was developed around four major components:

1. Public Access
2. Transportation
3. Environmental
4. Development of area based on land use districts for specific development types

The final Master Plan is pending completion of the Ship Creek Access Transportation Plan currently being done by the Municipality of Anchorage, and the Alaska Railroad Yard study recently completed by the Woodside Group. Other studies to be integrated in the Ship Creek Master Plan include: Corps of Engineers Ship Creek Watershed Plan, Port of Anchorage Master Plan, and the Central Business District Master Plan. Final recommendations will be formalized once the above studies have been completed.

In the interim, some initial construction projects will be taking place this summer. The Alaska Railroad will be constructing pedestrian and rail passenger walkways and landscaping to connect long-term parking to the depot. Fish and Game has approximately \$185,000 to build fish cleaning tables and public restrooms, and the Municipality of Anchorage has approximately \$200,000 for stream bank improvements, fishing access and signage.

While these projects provide only an initial investment, they will also provide for some immediate construction activities on the most critical elements of Ship Creek—public safety and access.

The Master Plan provides a road map for potential development of the area based on targeted land uses for each development district, specific development guidelines including streetscapes, lighting, landscaping, signs, and construction standards. The document will be a living document and modified as circumstances warrant.

11



**Real Estate
Public Entity Leases and Permits
January 2000**

ARRC Real Estate

When transferred to state ownership, the Alaska Railroad Corporation (ARRC) received title to 36,000 acres of land. Of that, 14,000 acres are right-of-way and 2,000 acres are used in operations. About 12,000 of the remaining acres are unused and situated primarily in rural areas with little economic value at this time. The remaining 2,300 acres are leased for commercial, industrial or residential uses.

Land Management Policies

Many ARRC land management policies are dictated by statute. For example, ARRC is prohibited from selling, exchanging, or otherwise conveying its land unless the legislature approves the action. However, ARRC may lease land but only for a period of 35 years or less. Leases or disposals of land to a party other than the State of Alaska and local government entities must be made at fair market value as established by a qualified appraiser or by competitive bid.

ARRC may lease, or grant easements to, lands in a utility corridor for transportation, communication and transmission purposes. Utility corridor land can also be leased for commercial purposes if the use does not restrict other parallel uses of the utility corridor. Public notice is required in the lease of ARRC lands.

Public Permits and Leases

ARRC has always been a good corporate citizen by leasing a portion of its properties to government entities at under fair market value for public interest land use.

ARRC currently has over twenty contracts to public entities for various land uses which cover more than 575 acres of land. This total does not include permits to State DOT and the various local communities for roads, crossings, and a multitude of utilities.

The Railroad received one-time payments valued at 50% of the fair market value (FMV) for three contracts and is receiving annual payments based on 50% of the FMV for two additional contracts. An administrative fee is paid for ten contracts and no fee for the remaining contracts.

Examples of Public Entity Leases

- **Municipality of Anchorage**
 - Tony Knowles Coastal Trail, 2.18 acres, land value of \$1.7 million (\$200 administrative fee)
 - Tidelands lease in Port area, 103 acres, total land value \$2.9 million, no fee
 - Ship Creek Point boat launch, 5.45 acres, \$235,000 value, no fee
 - Greenbelt lease, 30 acres, value \$29,000, no fee
 - Residential lease lot, <1 acre for two original ARRC houses donated to MOA, Approximately \$70,000, no fee
- **City of Whittier** - 160 acres, \$1.00 (revenue sharing agreement for subleases executed by City of Whittier)
- **City of Palmer** - City Park and depot site, 3.5 acres (Depot building donated to City under separate agreement) (\$200 administrative fee)
- **City of Wasilla** - Depot site, .5 acres (Depot building donated to City under separate agreement) (\$200 administrative fee)
- **Matanuska Susitna Borough**
 - Parking lot and town square, 1.5 acres in Talkeetna (\$200 administrative fee)
 - Flood control project, 20.12 acres (\$200 administrative fee)
 - Chase Trail, no fee
- **Denali Borough**
 - Otto Lake Park, 13 acres (\$200 administrative fee)
- **City of Nenana** - 200 plus acres along the Tanana River for river marine transportation activity (Less than FMV). ARRC depot building, section house and other buildings donated to city.
- **Department of Natural Resources**
 - Tri Valley Cemetery in Healy, 6 acres (no fee)
 - Talkeetna for boat launch, 10 acres (\$200 administrative fee)
 - Ball field and trail, 4.5 acres in Anchorage (\$200 administrative fee)
 - Potter Historic Site (\$300 administrative fee)
- **DOT/PF**
 - Whittier, Healy, Seward Airports, approximately 85 acres total, 50% FMV
 - Whittier Alaska Marine Highway Terminal, 3.3 acres (\$200 administrative fee)
 - Fairbanks Geist Road Project, approximately 50 acres total, no fee for 45 acres, prepaid at 50% FMV on remaining land

Estimated value for all land leased or permitted to the various communities is in excess of \$10 million. At our standard 8% lease rate, the rental for this property would exceed \$800,000 annually. As noted above, ARRC did receive prepaid fees for four contracts and currently receives approximately \$40,000 annually for the other contracts.

However, we recognize that not all the land involved in these leases would or could be leased at fair market value. The above numbers do provide an overview of the impact the ARRC has on various communities. Railroad land allows each community to meet the unique needs of their residents. Although most public entity leases do not affect ARRC's operations, there are some which do pose operational considerations and

costs related to the use of ARRC land by the various communities. Specifically, those within the right-of-way or adjacent to the right-of-way, especially trails pose safety and security concerns. Should rail realignments become necessary, costs are incurred as a result of these permitted uses.

Alaska Department of Transportation Permits

ARRC has issued approximately 30 permits to DOT/PF for roads and crossings. Other permits are issued to the Departments of Natural Resources and Fish and Game.

Federal Permits

In addition to the above, ARRC also has over twenty permits with a number of federal agencies which also provide for various public uses. Permits are issued to the U. S. Army, U. S. Coast Guard, U. S. Postal Service, U. S. Corps of Engineers, and the National Park Service. All these permits with the exception of one are at no fee or an administrative fee of \$100 to \$500 annually.

Distribution of ARRC Lands

14,000

8,000



14,300

Operating

ROW

Non Opr.

1/17/00

Total Lands = 36,300 Acres

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**Legal Report
Comfort Inn Status
January 2000**

In the fall of 1991, ARRC entered into a partnership called Inn-Vestment Associates of Alaska (IAA). This partnership included four groups of husband and wife investors from Spokane, Washington for the purpose of constructing and operating a 100 room Comfort Inn hotel on a site adjacent to Ship Creek owned by ARRC.

In return for providing a thirty-five-year ground lease of approximately 1.6 acres upon which the hotel was constructed, ARRC received a 40% interest in the IAA partnership. The hotel opened for business during the summer of 1992. During the past seven years, ARRC received \$450,000 in partnership distributions as a result of its 40% equity interest in the hotel.

In 1999, ARRC advised its partners that it would entertain offers for the purchase of its interest in the hotel. Subsequently, Bill and Carol Lawson, one of the original group of investors in IAA, approached ARRC with an offer to purchase ARRC's 40% interest in IAA. After lengthy negotiations, ARRC agreed to sell its equity interest in the Anchorage Comfort Inn for the sum of \$600,000 payable as follows: \$100,000 cash down payment with the balance of \$500,000, together with interest at the rate of 9% per annum, to be paid in 120 consecutive monthly installments of \$6,333.79 each.

The sale closed on November 12, 1999 and as of that date, ARRC no longer owns an equity interest in the Anchorage Comfort Inn. At the present time, ARRC's only relationship with IAA or the Comfort Inn is that of a lessor under the ground lease for the hotel site. We are currently receiving monthly payments from Mr. and Mrs. Lawson in the amount of \$6,333.79 for the balance of the purchase price and the Comfort Inn is now paying ground rent to ARRC in the amount of \$5,000 per month.



**Legal Report
Ship Creek Development, Depot, RV Park
January 2000**

Ship Creek Development

In 1992, after an arduous RFP process, ARRC attempted to jump start development in the Ship Creek Basin by awarding a master development ground lease to a Michigan firm named LoPatin & Associates. LoPatin formed a corporation known as Ship Creek Crossings Developers, Inc. to pursue the development. Unfortunately, no significant progress was made by the time the first performance benchmark date arrived in 1997. A dispute arose between ARRC and LoPatin regarding the benchmark, and it was necessary to file litigation to resolve the matter. In early January 1998, a settlement was finalized that removed LoPatin from any future role in developing Ship Creek.

ARRC Depot

Another LoPatin entity, Trade Center Associates, had separately leased the second and third floors of ARRC's old headquarters building in Anchorage, as an adjunct to the development plans. At the time (1993), ARRC had little or no capital available for the necessary remodeling and upgrading of the vacant upper floors. Leasing to a third party who could undertake such efforts seemed the only viable way to return the building to a productive state. This lease, being separate, continued after the termination of LoPatin's master development lease. With the master lease ended, ARRC chafed at having so little control over a building that figured so prominently in the railroad's history and the future development of the Ship Creek area.

In the fall of 1999, ARRC negotiated a buyout with LoPatin that terminated this lease and returned control of the entire building to ARRC. Eliminating any further LoPatin presence was consistent with the recommendations of the Legislative Audit Division's most recent review and assessment of the situation, which had noted that little significant income was likely to be derived over the life of the lease. Now that the building has returned to ARRC control, we are extending the terms of some existing tenants and negotiating a new lease for most of the third floor of the building.

RV Park

A third and final property involving a LoPatin entity was the Ship Creek Crossings Downtown RV Park lease at the foot of Ingra Street in Anchorage. That facility was purchased from an existing ARRC tenant, improvements were made, and it was operated for several years by this LoPatin affiliate. However, business declined and ultimately LoPatin's lender foreclosed on its loan and took over the lease. The bank has proposed a new tenant for the property and we look forward to working with this successor in the future.



**Legal Report
Eklutna Rock Quarry
January 2000**

ARRC has operated a rock quarry in Eklutna, just north of Anchorage, for many decades beginning well before Statehood. ARRC uses the rock for railroad purposes as well as third party contracts.

In the spring of 1995, ARRC licensed the right to quarry the rock to Damco, Inc. for sales to ARRC and to third parties. In April 1997, the Village of Eklutna and two individual residents of the village sued Damco directly for a ruling that Damco did not enjoy the legal right to operate the quarry as a licensee. In December 1997, the superior court ruled that Damco did not enjoy any sort of sovereign immunity as ARRC's licensee. However, issues remained as to whether Damco (through ARRC) had either nonconforming rights or de facto conditional use rights. ARRC was added to the case as a third party defendant in August 1998. ARRC brought the Municipality of Anchorage into the case in order to determine and bind the municipality on these questions of zoning law.

On a motion for summary judgment filed in late April 1999, ARRC asserted that Damco's use as ARRC's licensee was a grandfathered or "de facto" conditional use since it arose prior to the date zoning applied to the area. The issue was made more complex by the federal ownership of the quarry during a period in which municipal ordinances provided for gradual elimination of such quarries within municipal boundaries (1977-78). Of course, the federal railroad was not subject to that ordinance, and the ordinance expired before the state purchased the railroad, creating an issue as to the ordinance's effect on current operations at the Eklutna quarry.

The superior court ruled against ARRC on the motion and ARRC has appealed that decision to the state supreme court. The case is currently being briefed by the parties; a final decision is not expected for at least a year. In the meantime, while Damco is no longer a licensee in the quarry, ARRC expects to continue its own operations there on an as-needed basis.



**Legal Report
Exposure of the State for ARRC Liabilities
January 2000**

The drafters of the Alaska Railroad Corporation Act crafted several provisions of the statute to protect the State against liability for the railroad's activities. In the 15-year operating history as a state-owned railroad, these efforts have been successful—the State has never had to answer to claims against the railroad, except where the responsibility might have been expressly assumed under a contract, as for example at a road crossing. The pertinent statutes are:

- AS 42.40.900(a)—all claims and lawsuits involving activities of the railroad are specifically required to be brought against the Alaska Railroad Corporation and not against the State of Alaska.
- AS 42.40.500—any liabilities of the railroad must be satisfied exclusively from corporate assets and revenues and no person has a right of action against the state because of a railroad debt or liability.
- AS 42.40.520—the corporation is directed to purchase insurance or provide self-insurance retentions to protect its assets and to cover potential claims that may arise from corporate activities.

As directed by the statute, ARRC has acquired certain insurance and purchased lines of credit to address its potential liabilities. Specifically, for the current insurance year (which begins on July 1 annually for most coverages), ARRC has insurance in the following amounts:

- Casualty (third party personal injury and property damage):
 - \$5 million self-insured retention (in effect, a deductible); \$25 million in coverage above the deductible.
- Property (ARRC-owned property):
 - \$10 million deductible; \$65 million coverage above the deductible.
- Workers Compensation:
 - Self insured to statutory limits, with auditor-monitored and approved reserves set aside for this purpose.
- Fiduciary Liability:
 - \$1,000 deductible; \$1 million coverage above the deductible.
- Directors & Officers Liability:
 - \$50,000 deductible; \$5 million coverage above the deductible.

Boiler & Machinery Coverage:

- \$2,500 deductible; \$10 million coverage above the deductible.

Finally, to cover the "deductibles" on each of these policies, ARRC procures a \$10 million self insurance line-of-credit annually. Adequate funds are thus always "on standby" if claims arise during a time when cash reserves are low. ARRC pays a minimal fee for the line-of-credit until the money is actually withdrawn, and the interest rate varies from year to year but is always a favorable one. There is a \$1 million minimum draw required under the line-of-credit, which intentionally limits the use of these funds to catastrophic events.

The ARRC also maintains a \$10 million operating line of credit which can be drawn against for operating needs in addition to the self insurance line-of-credit.

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Alaska Railroad Corporation



Collision Avoidance System January 2000

Mission

The Alaska Railroad Corporation (ARRC) has undertaken a program to design, develop and implement a computer-based asset management and communication system. This system will ensure an environment where ARRC trains can operate safely and efficiently in non-signalized territory. In Fiscal Year 1997, the Federal Railroad Administration (FRA) provided ARRC with a total of \$4 million for computer-aided dispatch and converting the existing analog microwave system to a digital system to increase capacity and reliability of the system, as part of a 4-phase collision avoidance system. Additionally, in FY 1999 a \$3 million FRA grant was provided for Phase 3 to implement a 4 locomotive positive train separation validation project and in FY2000 a \$4 million FRA grant is to be provided to complete the project.

History

The ARRC currently has no wayside signal system to authorize and protect on-track movements. On-track equipment and train movements are currently controlled and authorized by voice radio communications through track warrants. There is 100% reliance on crews and train dispatchers to keep proper separation between on-track movements. The proposed system envisions using the global positioning system which will provide on-track location and track movements to a central safety computer. The system will use technology that is readily available. This technology will have a positive affect on ARRC's operating safety and improve operations efficiency.

Project Summary

The approach of the Alaska Railroad Corporation with respect to the acquisition and implementation of a "collision avoidance system" will be accomplished in a series of phases. During the three years estimated to complete the project, the Alaska Railroad communications infrastructure will be upgraded as well as integrating today's existing hardware technologies and custom developed software. The acquisition and implementation of the required software and hardware will be done in an incremental process.

Phase 1

Implement GE Harris Railway Electronics "Computer Aided Dispatch System" to include track warrants, track bulletins and train sheets for trains and workers. The goal will be to eliminate the possibility of a train dispatcher erroneously authorizing a conflict on the track. The system will provide a graphical display of the main track occupancy and produce a track warrant. The location of trains and workers will be provided by voice communications over the radio system. While GE-Harris is developing an integrated "Computer Aided Dispatch System", an interim conflict checking system for Track Warrants will be installed. This system is from the Iowa Interstate Railroad. This phase is to be completed in January, 2000.

Phase 2

While phase 1 is progressing, the Alaska Railroad Corporation communications infrastructure will be upgraded. The present analog microwave system will be converted to a digital system to increase the amount of traffic and reliability of the system. While the microwave upgrade is being implemented, additional voice radios will be installed. These enhancements to the existing system will allow the ARRC to comply with the new "Railroad Communications 1998" regulation. In addition, the upgraded microwave system will provide the infrastructure necessary to implement the data radio network needed to transfer data to and from trains and track vehicles for phases 3 and 4. The communications infrastructure upgrades have been completed as part of the State of Alaska Telecommunication System (SATS) digital microwave upgrades to the Parks Highway and Richardson Highway in 1998 and 1999.

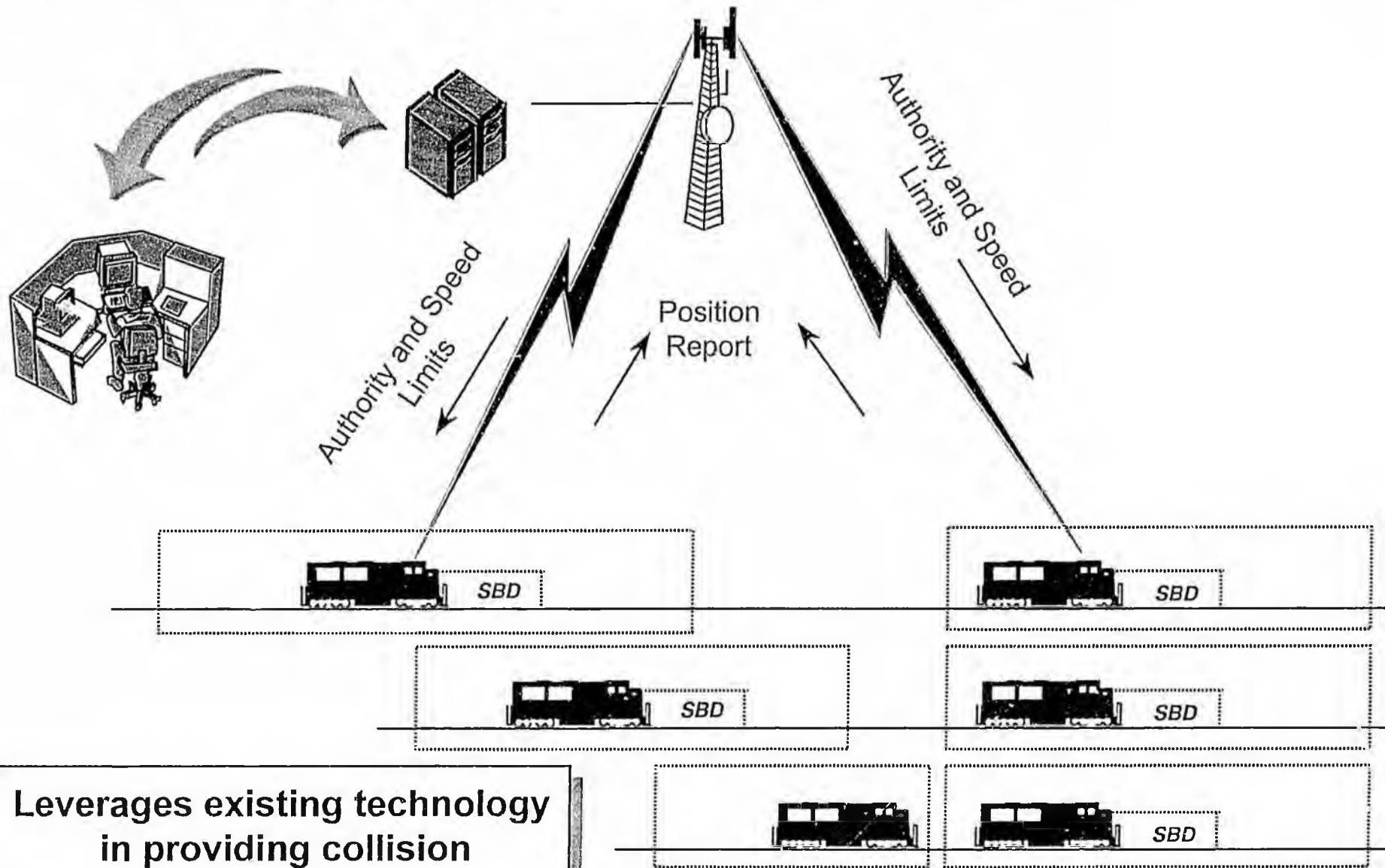
Phase 3

Implement a two locomotive Positive Train Separation demonstration project. The Computer Aided Dispatch System developed in Phase I will be used to authorize a track warrant. A two-way data communication system will transmit a movement authority via a data radio on the locomotive to the locomotive's on-board computer. If a locomotive safe braking distance is calculated and the time to correct will allow a violation of speed or movement authority, a warning is given to the locomotive engineer. If the locomotive engineer does not take the appropriate actions, the locomotive's on-board computer will automatically apply the brakes. This system will be a safety overlay to prevent trains and vehicles from colliding. At the conclusion of this phase, the ARRC can add equipment to trains and Maintenance of Way on track equipment and have a fully functional Positive Train Separation System. Testing on the track will begin in March 2000.

Phase 4

Integrate Meet/Pass Planning algorithms with Computer Aided Dispatch System to provide for a Precision Train Control System in authorizing track movements to achieve the economic benefits of moving traffic more timely and efficiently over the track.

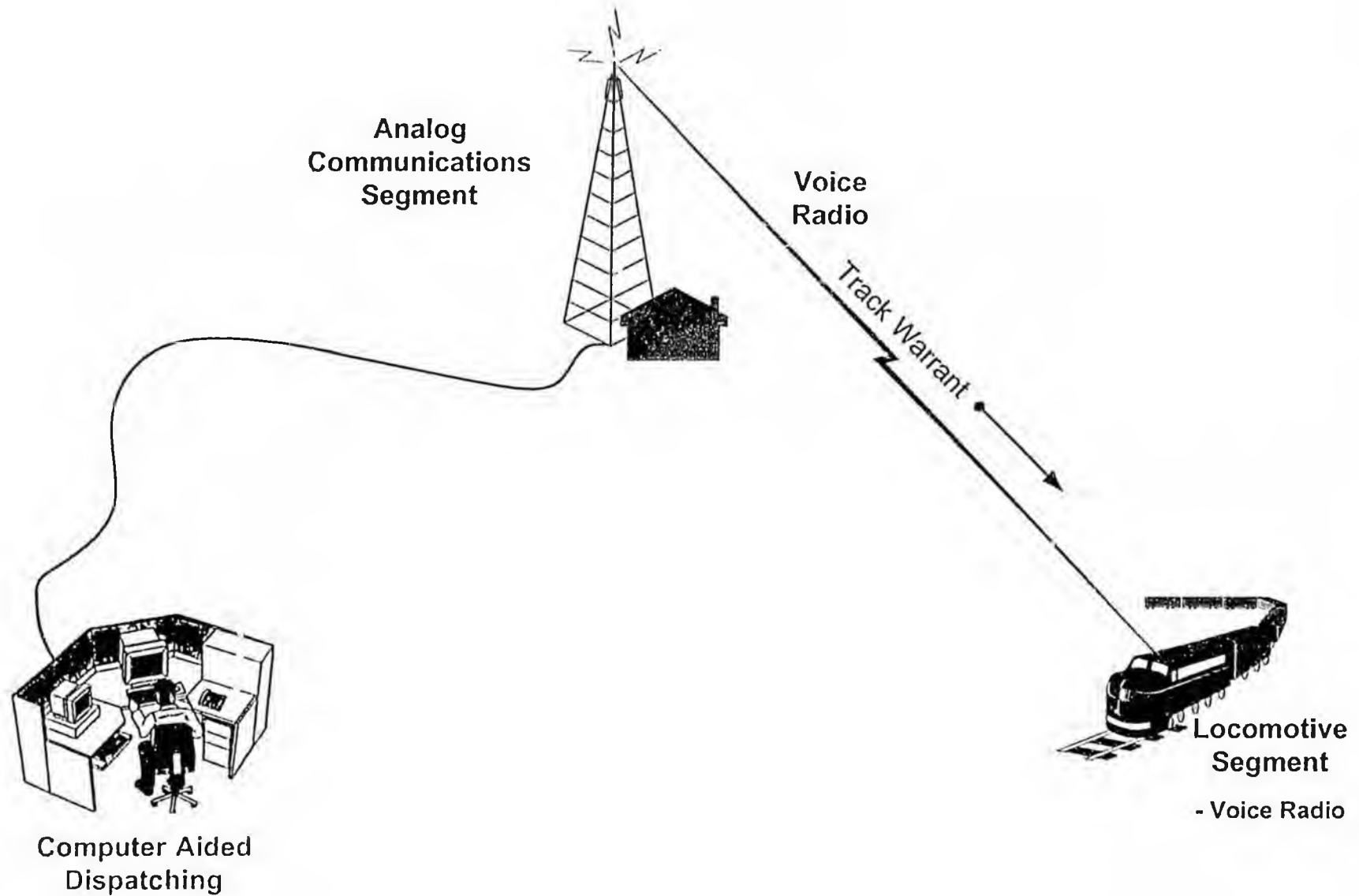
Basic PTC Safety Operation



Leverages existing technology in providing collision avoidance system

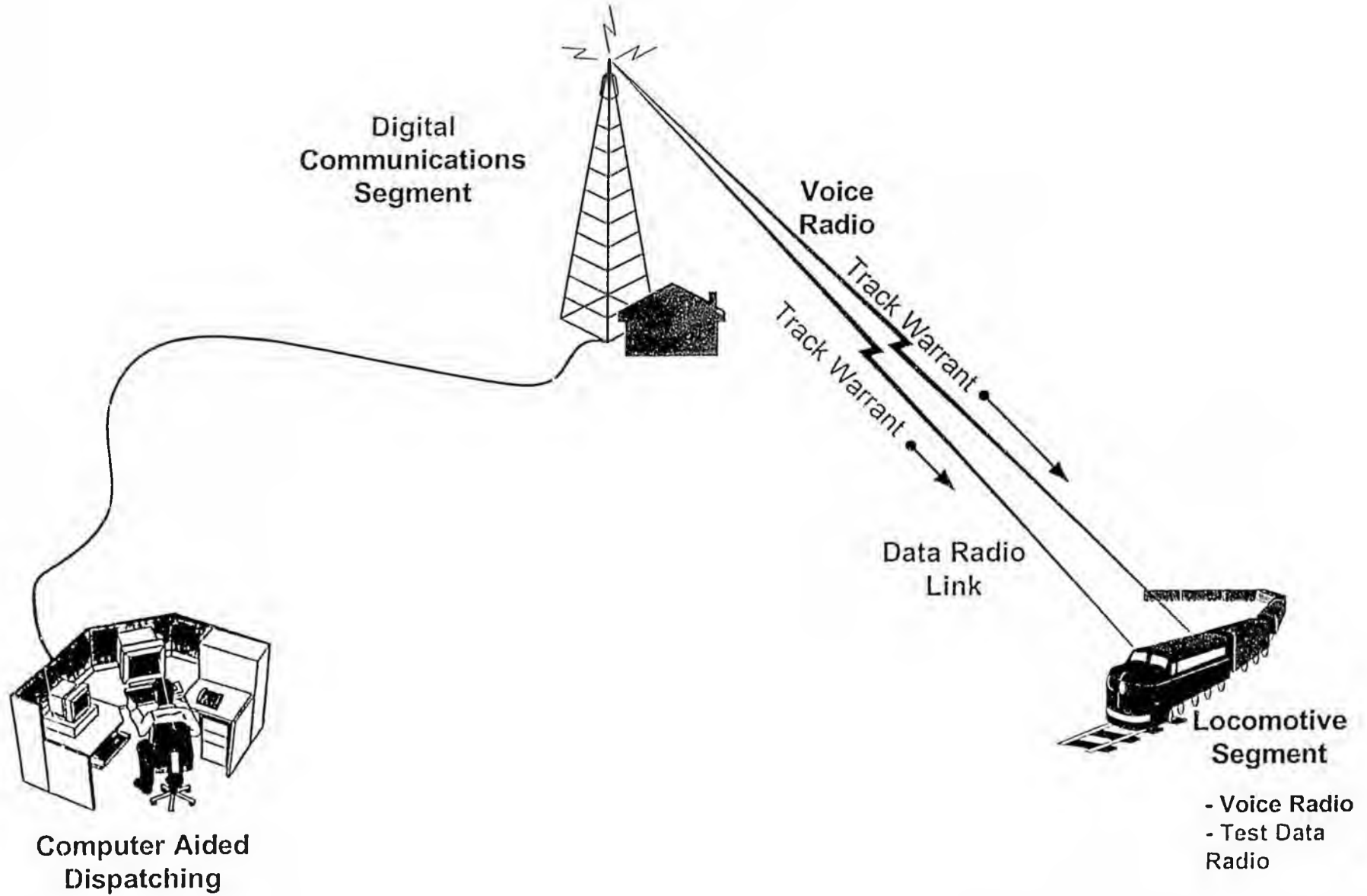


Collision Avoidance System - Phase 1



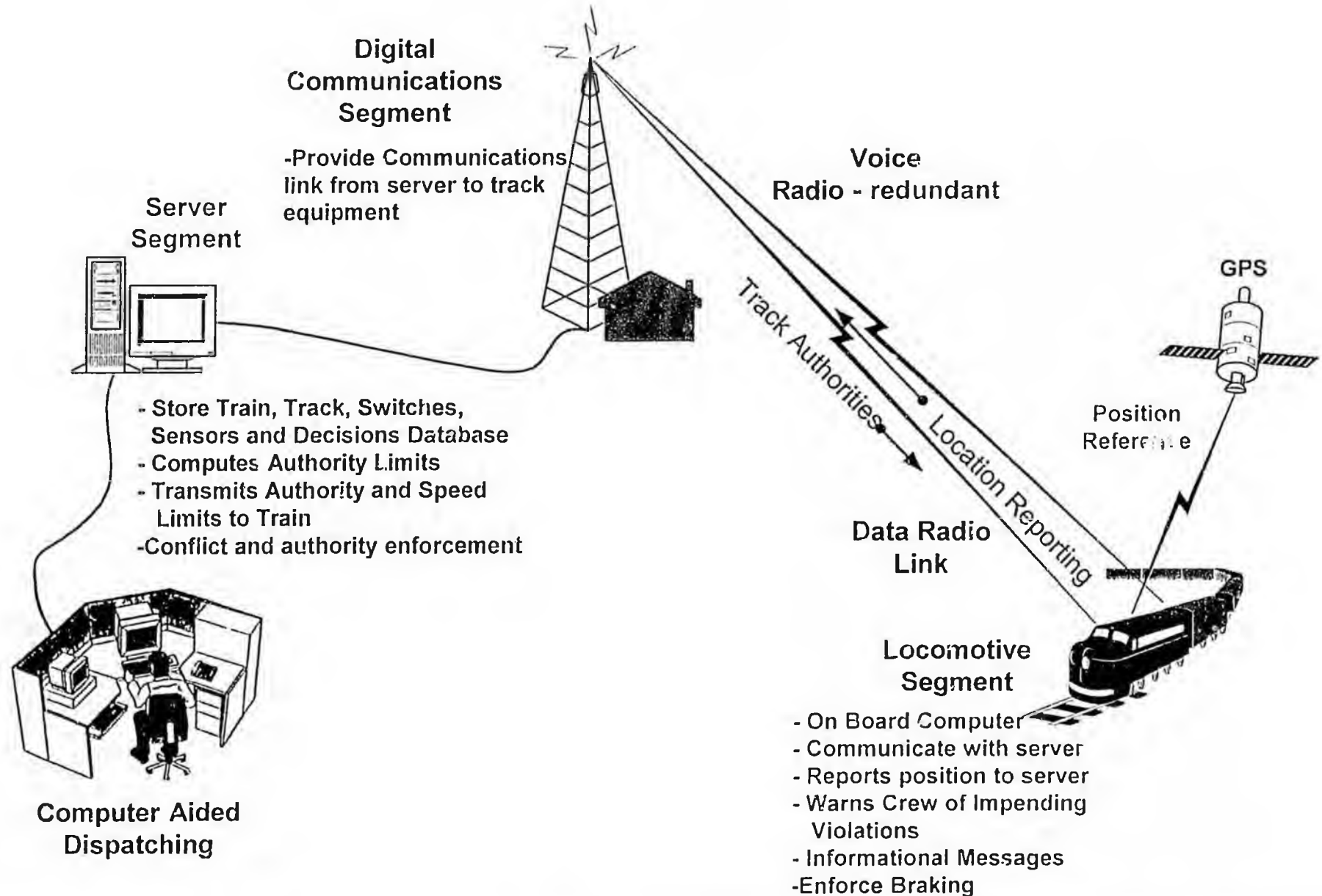


Collision Avoidance System - Phase 2



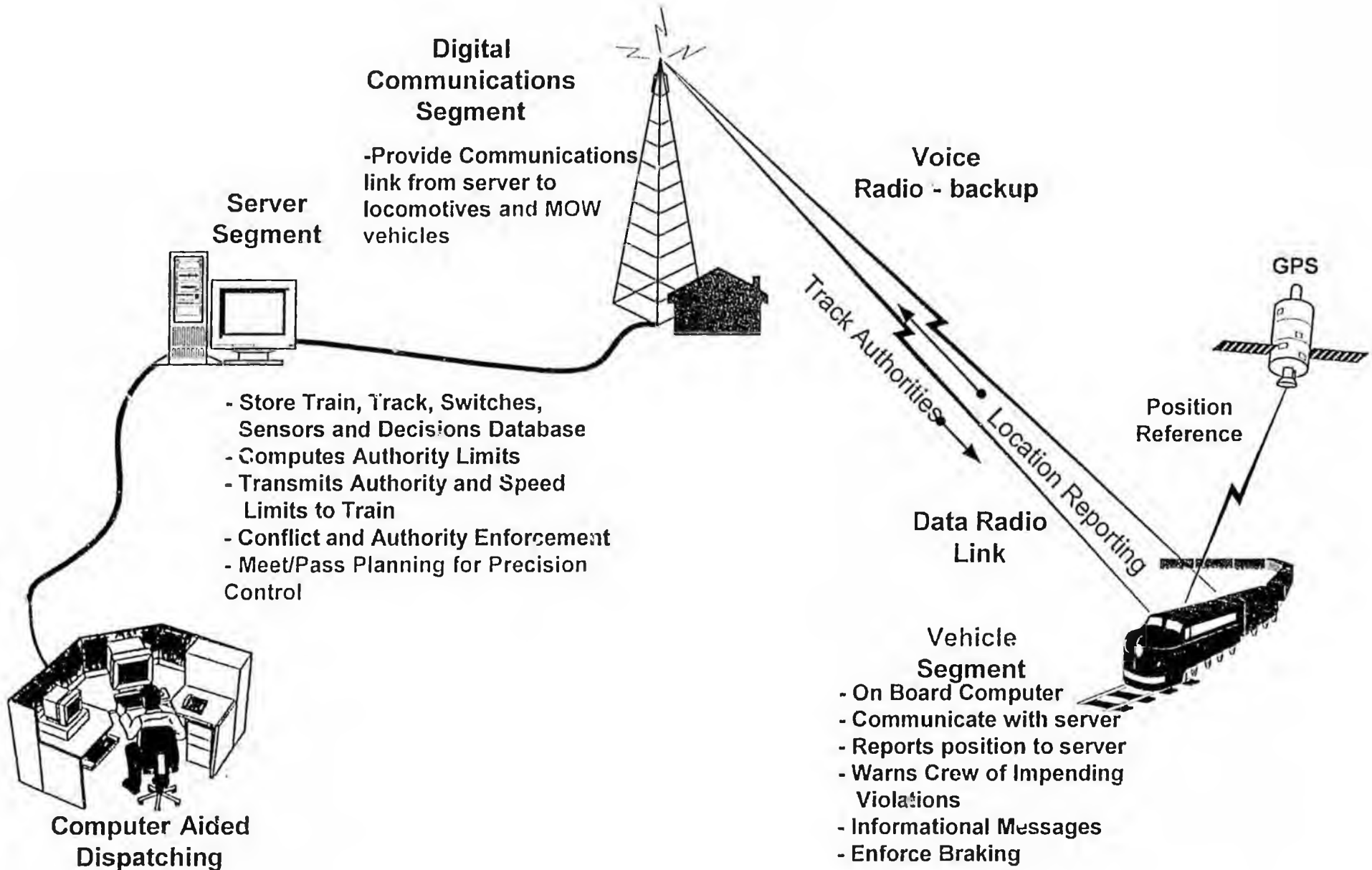


Collision Avoidance System - Phase 3





Collision Avoidance System - Phase 4





Project Economics Collision Avoidance System

- Provide Protection for Roadway Workers and their On-Track Equipment
- Improved Equipment Utilization to Reduce Capital Expenditures
- Fuel Consumption and Labor Reductions
- Potentially Eliminate the Need for New Sidings for meets
- Provide upgrade path to control electric switches to support train capacity increases
- SAFETY
 - * Collision Prevention
 - * Speed Control
 - * Protection of Roadway workers
 - * Assure switch alignment

Sources:

U.S. Department of Transportation, FRA. *Railroad Communications and Train Control*. Report to Congress, July 1994.
Railroad Accident Report -- *Head-on Collision and Derailment of BN Freight Train with UP Freight* NTSB PB94-916302
Railroad Accident Report -- *Collision and Derailment Involving 3 BN Freight Trains near Thedford, NE* NTSB PB93-916303

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**Safety Report
January 2000**

While the top railroads in the country have made dramatic improvements over the last six to seven years in worker safety, the Alaska Railroad and many other regional and short lines have struggled to bring down both the frequency and severity of worker injuries. Based on the advice of the ARRC's management consulting firm, the company in 1999 brought in DuPont Corporation's safety system experts to revamp the ARRC's safety program.

The ARRC also elevated the responsibility and accountability of the executive in charge of safety, consolidating environmental and safety into a single department, as have most of Alaska's major industrial companies.

In the first six months of 1999, the ARRC was on the way to one of its worst-ever years for safety. On June 30, the company's frequency of reportable injuries per 200,000 manhours was 11.12, more than four times the average of the nation's top railroads. In the six months from July 1 through the end of 1999, the ARRC achieved a frequency of 5.34, lowering its 1999 rate to 7.77 overall. While still higher than acceptable, the 1999 figure halted an alarming three-year trend, and its second-half performance is an encouraging sign that the new system can work.

ARRC Reportable Injury Frequency, by year

Year	Frequency per 200,000 Manhours
1993	7.50
1994	7.24
1995	7.58
1996	8.66
1997	11.63
1998	8.93
1999	7.77

DuPont, which is the leader in safety consulting nationwide, uses a "behavior based" system that incorporates frequent worker-manager audits of the workplace, complete accident and incident investigation according to root cause, and management accountability for safety of workers.

The ARRC has set a goal of reaching 4.0 per 200,000 man hours in the year 2000, and is shooting for 1.0 in 2001. The top railroads in the country have rates of 0.93 to 3.0. The Department of Health, Safety, and Environment has also set goals for targeted reduction in costs due to lost time and worker compensation in year 2000.

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**Derailment Report
January 2000**

Canyon Derailment

The Alaska Railroad train 2802 South derailed shortly after 1 a.m., October 31, 1999, at MP 268, adjacent to Canyon siding. This train was made up of four locomotives and 46 loaded tank cars (holding roughly 1 million gallons of refined product).

Cause

Rail Sciences, Inc. the leading investigative and technical firm in the railroad industry, conducted the investigation. Work included review of tapes from the locomotives, computer simulations based on the data, and site investigation. The investigation concluded that the track was in good shape and that the train was being handled properly.

However, there were two yard switching engines being towed to Anchorage from Fairbanks. The switch engines were placed immediately behind the four working locomotives. The couplers on switch engines swing wider, side to side, than couplers on standard freight and road equipment. They are designed that way because these engines have to handle a variety of different cars in tight and varied track configurations of yards.

At track speeds, and with the usual forces of working locomotives in front of them and loaded cars behind them, the wider swing in the couplers of these yard locomotives generated strong lateral forces against the inside of the rails. This lateral force eventually spread the two rails apart. This began derailing equipment and rolled the rail over.

Consequences

Leaks from at least two cars caused a release of approximately 12,000 gallons of Jet-A aviation fuel. The fuel spilled into two small rivulets running on either side of the track. The fuel stayed primarily on the surface of the water (rather than spreading into streamside soils) because of the grade (about 2.5 percent) and strong constant water flow (probably from groundwater/spring sources). The fuel pooled behind a series of beaver dams on both sides of the track.

Water quality sampling that began on the second day of the response showed some dissolved benzene in the water column at the beaver ponds and at downstream sites. By Day 11, those levels had dropped below aquatic toxicity levels established by the

regulatory agencies. These data suggest the environmental impact was short-lived.

Response actions

The ARRC employed three contractors (Penco, CCI, CH2MHill). Technical assistance on response actions was guided by Rod Hoffman of CH2MHill, who came to the company from ARCO Alaska and Alaska CleanSeas. Lightering of the fuel was conducted with ARRC employees led by Jim Seeberger, the hazardous materials specialist for the corporation. Response efforts consisted of vacuum operations, hand scooping, skimming, and sorbent material placement. Dry streambank grasses that had absorbed fuel were burned with propane-fired torches.

Waterflow was diverted in two areas to minimize fuel migration and underflow dams were constructed to aid recovery and establish preventative structures before breakup.

Of 220,035 gallons of fuel in the 10 tank cars that derailed, the ARRC and contractors recovered 219,291 gallons through lightering and response efforts, leaving only 744 gallons total unaccounted for. Recovery amounts were gauged and verified by ARRC and state personnel, Williams Energy, and Alaska Pollution Control.

Gold Creek Derailment

Alaska Railroad train 130 South with four locomotives and 49 cars (41 loads of refined product and eight empty tank cars) derailed at Gold Creek siding, MP 262 of the Alaska Railroad, at 2 a.m. on December 22, 1999.

Cause

The train had been traveling southbound and went into Gold Creek siding to allow a northbound train to pass. Weather conditions at the time were extreme. Heavy, wet snow was turning to rain. Temperatures were at or near freezing. After the northbound train passed, the southbound returned to the main track and stopped so the switch controlling movement into the siding could be realigned. The 130 South then started again southbound on that main track. Shortly after it began moving southward, the rear, right wheel of the second locomotive in the consist climbed over the rail to the west of the rail. The train gradually began to pick up speed. At approximately 28 mph (12 mph slower than authorized track speed), the second locomotive derailed more forcefully, triggering the derailment and pile-up of 15 loaded tank cars.

Rail Sciences, Inc. was again called upon to investigate the accident. It found that excessive buildup of ice and snow in a short period of time caused the locomotive to derail.

Current setting

At least five tank cars were severely damaged during the wreck. Four lost all or nearly all of their loads. Estimated amount of fuel spilled is currently about 100,000 gallons of Jet-A aviation fuel.

On the west side of the track, the spilled fuel moved quickly through the snowpack (estimated at approximately 6-8 feet at the time). It does not appear to have spread laterally along the surface more than 60-75 feet from the track. It does appear to have saturated a small area of silty topsoil, then run relatively straight down, however, through well-drained gravel soils. Test pits and drilling results show that fuel has been soaked from the surface to the groundwater level of approximately 30 feet.

On the east side, the results were similar. A deeper drainage ditch did allow some spilled fuel to settle and freeze into a clearly defined layer near the bottom of the snowpack. However, as on the west side, the fuel quickly moved into the gravel soils and traveled to groundwater.

The area of the spill is a gravel terrace that was once the valley bottom. Trench cuts show gravel, sand, and rounded boulder/cobble layers that are typical of glacial outwash and streambeds all the way to current groundwater levels. The Susitna River itself is at approximately 465 feet above sea level. The spill site is approximately 500 above sea level, but groundwater is at or near current river level. This suggests a relatively flat gradient, which further suggests that fuel on top of groundwater is not on a rapid course towards the Susitna. There is free floating product in test wells ranging from 8 inches deep to a few inches deep.

Response actions and plans

The spill occurred immediately below the wrecked cars. To get at the contamination, crews transloaded fuel from 14 of the 15 cars (the 15th car was rerailed, full, and moved from the site). Approximately 200,000 to 220,000 gallons of fuel have been transloaded and removed from the site. The wrecked cars, each weighing 30 tons empty, were lifted or dragged off the contamination and set out for removal by wrecking crews at a later time.

Clean and contaminated snow was bulldozed and removed from the site using 50-yard hopper cars. A total of 48 carloads were taken to Alaska Pollution Control.

Two drilling rigs are working, drilling wells for recovery and doing borings to delineate lateral contamination from the wreck site. Ground penetrating radar has been used to get additional data on the location and possible movement of the fuel in the subsurface. Recovery is being conducted using a vacuum unit to pull fuel up from wells. Some soil will likely be removed; however, we are currently keeping the surface intact as much as possible so that we can effectively use heavy equipment and drilling rigs. Soil removal in the vicinity of the track itself will be subject to a detailed examination of roadbed stability by ARRC civil engineers.

Drilling and radar data will combine to produce a comprehensive map of groundwater flow in the area. Nothing in the data suggest rapid advancement to the Susitna. Water quality testing locations have been established at the Susitna itself and samples are currently being analyzed.

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Alaska Railroad Corporation



Legislative Issues DeLong Dock in Whittier January 2000

Historical Background

The Alaska Railroad was constructed and operated by the U.S. Government from its inception in 1914. In the 1940's, a railroad spur to Whittier was constructed in support of military logistics during World War II. Other Federal facilities constructed in Whittier for support of the war effort included the DeLong Dock, petroleum tank farm and other buildings for housing and administration.

Then in March 1964, Alaska suffered a severe earthquake that destroyed the military tank farm facilities. After the earthquake the U.S. Army exccessed the DeLong Dock and dock ownership was then transferred to the Alaska Railroad to be used in conjunction with Railroad's freight and barge operation.

In April 1973, the U.S. Army completed construction of a new fuel loading facility in Whittier to supply fuel to the south central military bases. At the request of the U.S. Army, the DeLong Dock was exccessed by Alaska Railroad and ownership of the dock facilities was transferred back to the U.S. Army at their request, to support the off-loading of fuel for the military bases in Alaska.

The Army abandoned those fuel facilities in November 1996, which eliminated their use of the DeLong Dock. The Army made it known that ownership of the dock was going to be relinquished and the Railroad and City of Whittier agreed that ownership of the dock should be maintained in some sort of public ownership. Both entities agreed that since the Railroad has the expertise in operating and maintaining docks, they should seek ownership.

Since the Railroad has had increased demand for dock space to accommodate both day-cruise operators and commercial fishing interests, it decided to pursue ownership of the dock to satisfy the new market demand.

Agreement

The Alaska Railroad and the City of Whittier entered into a Memorandum of Understanding that the Railroad would pursue ownership of the dock and the City of Whittier would have ownership of the surrounding tidelands. The agreement further stipulates that the Railroad would lease one-half of the dock (shore side) to the City of Whittier for \$1.00 per year. The City of Whittier would lease the tidelands under the Railroad's half of the dock for \$1.00 per year.

Legislative Action

ARRC must receive legislative approval to accept ownership of the DeLong Dock from the Federal government as outlined in Section 4, AS 42.40.285.

Tunnel

In June 2000, the Anton Anderson tunnel into Whittier will be opened to both vehicular traffic and rail traffic. Whittier is the gateway to Prince William Sound and will become a popular water recreational location for sightseeing, boating and both recreational and commercial fishing because of its geographical proximity to Alaska's largest population center along the railbelt.

Alaska Railroad Corporation



Track Upgrades and Realignment January 2000

Mission

The Alaska Railroad Corporation (ARRC) seeks to improve safety and efficiency of its operations by upgrading and realigning its track to reduce approximately 70 sharp curves between Anchorage and Wasilla.

Results

Realignment of the track to reduce curvature will decrease the current running time from 95 minutes to less than 55 minutes from Anchorage to Wasilla making future commuter service more viable. The realignment project will increase the average train speed from 35 mph to approximately 50 mph in this section of track.

Straighter track is inherently safer due to reduced track and equipment wear, consistency in train handling, increased sight distance, and reduced maintenance requirements – all leading to a reduced frequency of train derailments and lower operating costs.

Straighter track greatly enhances the Alaska Railroad's freight and passenger operations. But more important to the communities neighboring the Alaska Railroad, this project will build a safer rail corridor complete with upgraded rail crossings and pedestrian amenities.

Legislative Goal

ARRC seeks legislative approval to convey the Corporation's entire interest in certain lands in exchange for equivalent valued land with Elmendorf Air Force Base, Fort Richardson Army Base, Eklutna, Inc. and other entities. Lands to be obtained in the exchange are necessary for the realignment project.

No funds will be exchanged between the parties in this land trade agreement.

Projected Cost

\$45 to \$50 million (DOD, AMTRAK, ARRC)

The ARRC will use federal funding, designated for passenger rail line improvements, to help finance the track realignment project. The railroad will match these funds with its operating revenues.

Target Completion Date

2003

Project Summary

While crews have begun to straighten curves located within the current ARRC right-of-way, much of the work cannot be completed until the ARRC slightly adjusts its rail corridor. This requires land trades, purchases and easement acquisitions with other entities. All land trades require legislative approval according to Section 4, AS 42.40.285.

Fort Richardson and Elmendorf Air Force Base

ARRC proposes to make track realignment improvements within an existing ten-mile section of mainline track just north of Anchorage. This section of track traverses through Elmendorf Air Force Base and Fort Richardson and contains 25 curves with a curvature of more than two degrees (ten curves are over eight degrees). To straighten these curves, the ARRC must gain state and federal approval to exchange approximately 229 ARRC acres for approximately 225 military acres.

Eklutna, Inc.

The ARRC and Eklutna, Inc. have agreed to exchange certain parcels of land for equal value. Eklutna, Inc. would receive approximately 382 acres (Parcel "C"/Powder Reserve). The ARRC would receive six parcels (approximately 65 acres) for track realignment near mile posts 130, 133, 140, 142, 146, and 151, and enough land near the Birchwood Airport to create an equitable exchange. All land values are being determined by a contracted, third party appraiser.

Chugach Alaska Corporation

The Department of Transportation and Public Facilities (DOT) has bid reconstruction of the Seward Highway from mile post 8 to 18. At approximately mile post 14, the Seward Highway crosses the Alaska Railroad. As part of the DOT's highway relocation project, DOT will grade separate this crossing so that the railroad will run underneath the highway. The grade separation involves a realignment of the Alaska Railroad onto Chugach Alaska Corporation land.

To realign its track for DOT's highway project and retain a 200 foot right-of-way, the ARRC will exchange land with Chugach Alaska Corporation. The ARRC will convey to Chugach Alaska Corporation 6.4 acres of railroad right-of-way (utility corridor) between railroad mileposts 14 and 15. Chugach Alaska Corporation will convey an equivalent interest in real property onto which the railroad right-of-way (utility corridor) may be relocated. Chugach Alaska Corporation will then grant DOT an easement in perpetuity so that DOT can reconstruct the Seward Highway.

Mile Post 133

Of predominant interest to the residents of the Greater Eagle River area is the railroad curvature located near the mile post 133 vicinity -- better known as Beach Lake Park. To straighten these curves, the ARRC will need to gain fee simple title or an easement from the Municipality of Anchorage (MOA) for the proposed new right-of-way before construction can begin. The MOA and ARRC are currently researching the options.

Depending on what option is chosen, the ARRC may need to obtain legislative approval for a land exchange with the MOA. Should a decision be made prior to the 2000 legislative session, an amendment may be added to the track realignment legislation.

Reconstructing track in this area will mean ARRC can work with the MOA to ensure safer access across its tracks. A vehicular underpass and pedestrian underpass will be built as part of the realignment project.

The ARRC will work with the adjacent property owners at MP 133 to define use and ownership of the old railroad right-of-way. Once the Municipality of Anchorage determines the proper course of action for making the proposed new right-of-way available to ARRC, the ARRC will negotiate a reciprocal agreement with the adjacent private property owners.

Finally, the proposed project at this vicinity also includes obtaining enough land in the new right-of-way to allow Eklutna, Inc. access to its nearby property. Eklutna is proposing to build a gravel road from Beach Lake Road to their property. This road will run adjacent to the proposed new track alignment on the north side.

Looking at the big picture, the completion of this project will mean a more efficient, safer railroad for Alaskans, the ARRC and our military operations.

Corporate Strategic Plan

Organizational Chart

Mission

Services Provided

Goals & Strategies

Key Issues

Prior Year's Major Accomplishment

Performance Measures

Partners in Achieving Results

Proposed Changes in Levels of Service

Mission

To Provide Alaskans access to safe, quality, affordable housing.

Service Provided

- ☛ Provide, purchase, and/or participate in Mortgage Loan programs statewide:
 - ☛ Conventional Loan programs;
 - ☛ First-time Home Buyer program;
 - ☛ Veteran Loan programs;
 - ☛ Rural Loan programs;
 - ☛ Manage, operate, and maintain Public Housing and Rental Assistance Programs;
- ☛ Administer the State's Senior Housing programs;
- ☛ Administer the State's Weatherization programs;
- ☛ Administer the State Energy Program (SEP);
- ☛ Coordinate Alaska's Housing Strategy and Homeless programs;
- ☛ Administer State and Federal housing grants;
- ☛ Development and modernization of Public Housing;
- ☛ Administration of Low-income Tax Credits;
- ☛ Provide workshops and training (i.e. HomeChoice, Grant writing, Energy, etc);
- ☛ Access to low cost capital.

Goals and Strategies

1. Provide programs and services that are responsive to the diverse housing needs statewide:

- ✓ Increase housing and finance options for rural areas;
- ✓ Define AHFC's role in meeting supporting infrastructure needs;
- ✓ Review and update existing regulations;
- ✓ Increase leveraging of housing-related grants and other resources from various federal sources;
- ✓ Expand and promote family self-sufficiency.

2. Increase home ownership:

- ✓ Identify needs (existing gaps) and educate public;
- ✓ Match needs to AHFC home ownership programs;
- ✓ Streamline loan application process;
- ✓ Identify supporting infrastructure needs in coordination with other housing professionals (inspectors, energy raters, etc.).

3. Increase special needs housing:

- ✓ Work cooperatively with consumers, advocates, and special needs service providers to identify and address needs;
- ✓ Work with Alaska Mental Health Trust Authority in addressing the housing need of Trust beneficiaries;
- ✓ Establish process and financing mechanisms to help address "reasonable accommodation" for persons with disabilities;

4. Expand partnerships to strengthen program and service delivery:

- ✓ Strengthen relationships with regional housing authorities and other housing delivery organizations;
- ✓ Plan and organize statewide housing conference;
- ✓ Network with other agencies and non-profits for assistance.

5. Strengthen commitments to AHFC housing programs, functions and benefits:

- ✓ Strengthen cooperative relationships with governmental constituencies;
- ✓ Strengthen cooperative relationships with public constituencies;
- ✓ Develop and implement a public relations plan;
- ✓ Promote jobs and employment in housing related fields.

6. Promote operational excellence:

- ✓ Strengthen staff knowledge and skills in addressing customer's special needs (environmental, cultural, economic, etc.);
- ✓ Identify and implement new or improved work processes that benefit operations;
- ✓ Utilize a mix of internal and external audit and feedback methodologies to measure and evaluate AHFC performance;
- ✓ Develop and implement affirmative action plan;

- ✓ Develop strategy to enhance customer service;
- ✓ Identify survey mechanism most suitable for Corporation purposes;
- ✓ Modernize and rehabilitate Corporate-owned and operated public housing in accordance with the 10-Year Plan.

7. Manage assets to generate sufficient profit to meet AHFC's financial commitments:

- ✓ Incorporate capital/grants budget levels into 6-year Plan;
- ✓ Develop strategy to meet existing commitment for transfers to and financing for benefit of the State.
- ✓ Implement capital project bonding for the State;
- ✓ Carry out AHFC's capital budget;
- ✓ Prioritize AHFC financial and program obligations and commitments;
- ✓ Formalize the process by which available and projected arbitrage is identified and allocated to specific programs.

Key issues

It is essential for AHFC to maintain an equitable balance between AHFC's ability to meet its mission of ensuring quality and affordable housing opportunities for Alaskans, and to maintain levels of net income sufficient to meet our financial obligations to the State of Alaska. AHFC is recognized as one of the leading housing authorities in the nation for its strong management, innovative programs, excellent bond ratings, and financial strength. AHFC must be allowed to operate in a manner that both responds to the state's fiscal needs while meeting the requirements of the Corporation's mission. AHFC has played an active role in assisting the state with its deferred maintenance, capital construction, and other financing needs. To date, this has been done in a manner that preserves the physical assets and investment portfolio of the Corporation in order to ensure our ability to continue to attract investors through the issuance of debt.

AHFC's core business activity is to earn profits through the purchase of mortgage loans. To ensure consistent adequate profits, the Corporation's management and Board of Directors have taken measures to improve AHFC's mortgage loan activity with programs that are driven by market conditions and established through a process of working closely with the housing industry. These efforts will continue both as a way to increase business activity and to offer Alaskans access to affordable mortgage financing. For example, AHFC is continuing to develop a PC-based automated mortgage underwriting system to offer home buyers a faster closing process while at the same time maintaining strong underwriting standards.

Due to changes in federal housing programs, AHFC is able to take advantage of new program funding that becomes available. AHFC will bring two new housing programs on-line in FY2001: the Welfare to Work program voucher and the Section 8 Project-based Contract Administration program. Housing Operations cannot absorb the increase in expenses at the current budget levels. Increments using available federal funds have been requested to cover these expenses.

Senior Housing remains a concern to the Corporation. Housing needs for senior Alaskans continue to grow larger as the senior population increases faster than affordable housing can be provided. Developers, contractors, and non-profit agencies continue to work with the Corporation to leverage funds and bring affordable housing and services to Alaska's senior citizens. However, project development startup costs are high and providers are hesitant to go through the long expensive process only to see all their efforts dashed at the tail-end of proposals. By also working with the Alaska Commission on Aging, AHFC is working toward developing a program designed to target elderly Alaskan's with physical and mental disabilities.

AHFC continues the development of its Rural Outreach program, which includes other industry partners in the process of increasing housing and finance options for Alaska's rural areas. The needs for housing in rural areas remain high, with a corresponding level of obstacles in meeting those needs.

AHFC and the Mental Health Trust are combining their efforts in working toward finding and establishing the process and financing mechanisms to address "reasonable accommodation" for persons with disabilities. Housing needs remain high and conventional financing methods are not a solution for this target group. Working with the Alaska Commission on Aging, AHFC is working toward developing a program designed to target elderly Alaskan's with physical and mental disabilities.

Prior Year's Major Accomplishments

- Received a One hundred percent score on HUD's 1999 Public Housing Management Assessment Program (PHMAP) for the fourth consecutive year. The score measures performance in eight areas of management of the 1365 public housing units owned by AHFC:
 - Vacancy Rate and Unit Turnaround Time;
 - Modernization;
 - Rents Uncollected & Tenants Account Receivable;
 - Work Orders;
 - Annual Inspection of Units and Systems;
 - Operating Reserves & Financial Management;
 - Resident Initiatives;
 - Security.
- Annual Award for Significant Achievement from the National Council of State Housing Agencies for *Homeownership: Encouraging New Production*, recognizing the Rural Initiative Housing Pilot Program;
- A STRONG ranking with STABLE outlook From *Standard & Poor's* Public Housing Authority Evaluation;
- Developed, published, and distributed agency-wide *Missions and Measures* for Results-oriented budgeting for the Corporation.
- Design award from the Pacific Northwest Regional Council and Award of Merit from the National Association of Housing & Redevelopment Officials for landscaping improvements and playground equipment installed on a special surface at Etolin Heights in Wrangell;
- National Recognition Award from the U.S. Department of Energy for outstanding contributions to the Weatherization Assistance Program;
- National Award of Merit for Project Design from the National Association of Housing & Redevelopment Officials for the Cedar Park Affordable Housing Program in Juneau;
- 1999 HUD Best Practice Award for the Cedar Park Affordable Housing in Juneau;
- 1999 HUD Best Practice Award for the Supplemental Housing Development Grant Program;
- Expanded our website to include more information and notices (programs, grants, jobs, workshops/classes, Y2K, etc.), applications (grants, jobs, etc.), and financials (balance sheets, bonds, etc.). The website received the highest possible rating (4*) from *MuniNet Guide & Review*, an independent research company intended to help government users stay abreast of new and/or improving Internet sites;
- Reduced documentation required and streamlined procedures for loan commitments and purchases and worked toward implementing electronic submission of loan files;
- Provided property management for all AHFC-owned federally funded and subsidized housing in 14 locations across the state. Administers the Section 8 Voucher programs in 11 locations statewide;
- Provided HomeChoice, HomeOptions, and lender, Builder, Realtor workshops to ensure that consumers and members of the real estate finance industry are aware of the many programs AHFC has available. Conducted nearly 200 HomeChoice classes, five HomeOptions classes in very small rural communities, 16 builder workshops, 31 Realtor workshops, and 19 lender workshops. In total, 4,583 individuals attended these classes. Fifty percent of the people obtaining completion certificates (1,936) obtained AHFC commitments and received a waiver of up to \$250 on their

- loan. These loans totaled \$217,133,390, and the borrowers received fee waivers totaling \$484,000:
- Purchased 1,228 streamlined refinance loans, allowing borrowers to lower their mortgage payments with little documentation or cost;
- Provided \$612 million for 5,120 Alaskans to purchase homes, an increase of 18%;
- Contributed more than \$8.7 million in servicing fees to Alaskan lenders;
- Maintained a delinquency rate of less than 4%;
- Purchased 2,181 new First-Time Home Buyer loans totaling \$213.5 million, an increase of 150% ;
- Provided lower mortgage rates to 1,238 low-income borrowers under the Interest-Rate Reduction for Low-Income Borrowers Program, a 41% increase;
- Increased mortgage loan activity by 31% in the urban loan programs;
- Purchased 1,228 Streamlined Refinance Loans, with an average monthly savings of \$207 per month;
- Purchased 76 multi-family loans totaling \$33.1 million, a 67% increase;
- Closed four senior housing loans in three communities, totaling \$4.5 million for 97 units;
- Completed planning and development of the Annual Action Plan for the Housing & Community Development Plan (HCD) and the Annual Performance Report (APR), bringing \$7 million HUD funds to Alaska;
- Held workshops for 90 attendees in six statewide locations on the rental housing development process for the COAL program.

Performance Measures

Maintain or Increase Net Income:

Benchmark: FY99 Net Income: \$79,850,000
 FY98 Net Income: \$95,916,000

Increase the Loan Portfolio:

Benchmark: Loan Portfolio @6/30/1999: #26,776 Loans \$2,367,754,000
 Loan Portfolio @6/30/1998: #26,159 Loans \$2,119,516,000

Increase number of Loan applications:

Benchmark: FY99 Loan Applications: 3,954 Loans \$526,398,308 Urban / 825 Loans \$128,060,289 Rural
 FY98 Loan Applications: 3,104 Loans \$382,512,586 Urban / 995 Loans \$150,633,546 Rural

Increase in Mortgage Loan Purchases:

Benchmark: FY99 Mortgage Loan Purchases: 5,187 Loans \$639,980,000
 FY98 Mortgage Loan Purchases: 3,503 Loans \$431,440,000

Maintain the rating of High Performer on the Public Housing Management Assessment Program (PHMAP) score:

Benchmark: FY99 PHMAP Score: 100%
 FY98 PHMAP Score: 100%

Establish a High Performer rating on the Section Eight Management Assessment Program (SEMAP):

Benchmark: FY99 SEMAP Score: Not Applicable
 FY98 SEMAP Score: Not Applicable

Timely completion of construction projects within budget:

Benchmark: FY2001 Construction Completion Schedule:

Project	Year Appropriated	Completion Date	Location
Ph II, Major Renovation	FY00	06/01	Mt. View/Annex
Ph II, Major Renovation	FY00	04/01	Park View Manor
Ph II, Renovation	FY98	08/00	Central Terrace & Fairmount
Senior & Statewide Deferred Maintenance & Renovation			
Parking lot & sidewalks	FY00	09/00	Cedar Park Annex
Egress windows & sliding doors	FY00	08/00	Family Self Sufficiency
Roof Replacement	FY00	07/00	Swan Lake Terrace
Install walkways/504 ADA	FY00	07/00	Swan Lake Terrace
Comprehensive Grant Program			
Site Improvements	FY00	09/00	Geneva Woods
Dwelling Construction	FY00	07/00	New Willows
Interior Renovation	FY99	11/00	Schoenbar Park Bldg. A, B & D
Demolition and replace of units	FY99	02/01	Valdez Arms

Partners in Achieving Results

AHFC partners with a multitude of entities, including: Commercial Banks, Realtors, Home Builders, Construction Contractors, Municipal, State and Federal agencies, as well as, various nonprofit groups that deliver housing services across the State.

Proposed Changes in Levels of Service

Changes in the Front Section of the Operating Bill: Section (c) will be changed to reflect the 600 additional Welfare to Work program vouchers, and the Project-based Contract Administration Program. The line item has been increased by \$9.0 million in appropriations for the Section 8 Housing Assistance Payments (HAP) to private landlords throughout the State. Section 1(c) will read as follows:

(c) The following amounts are appropriated to the Alaska Housing Finance Corporation (AHFC) from the sources indicated and for the following purposes:

PURPOSE	AMOUNT	SOURCE
Housing loan programs not subsidized by AHFC	\$798,000,000	AHFC corporate receipts
Housing loan programs and projects subsidized by AHFC	\$70,000,000	AHFC corporate receipts derived from arbitrage earnings
Housing Assistance Payments Section 8 Program ***	\$25,000,000	Federal receipts

*** Vouchers (Certificates) Program.....	\$14,600,000
Adelaide SRO.....	\$400,000
Welfare to Work.....	\$4,000,000
Section 8 New Contract Administration	\$6,000,000

Add Federal funds for the Section 8 Project-based Contract Administration Program

HUD provides rental assistance contracts to private landlords to support the operation of housing throughout Alaska. HUD will contract with AHFC to serve as the contract administrator for this private-sector housing subsidy program. AHFC's responsibilities will include processing payment requests, paying landlords, conducting management audits, resolving operation and maintenance findings and reporting program activity to HUD.

To administer this program, AHFC will earn an administrative fee from HUD to cover the expense related to this new program. The program will be administered throughout the State. Funds for Personal Services will be used to employ two employees that will be dedicated solely to this program. At this time, AHFC does not require new PCNs but will require a lower vacancy rate for current PCNs.

Travel will be required for training and site inspection and administrative oversight. Contractual, as well as, supplies and equipment funds will be used in the various offices where the program will be administered.

Add Federal funds for the Section 8 Welfare to Work Program

This program will provide AHFC with \$4 million in Housing Assistance Payment (HAP) contract authority to issue approximately 600 new Section 8 Rental Assistance Vouchers to families that are engaged in work activity while on welfare. The intent of the program is to provide housing stability for families on welfare so that they may obtain or retain a job and move off the welfare system. In order to qualify for a voucher, a family has to be currently on welfare, have received welfare in the last two years, or qualify for welfare but has never participated in the program. A number of social service agencies are providing the job counseling services that go with this program.

To administer this program, AHFC will earn an administrative fee from HUD to cover the expense related to this new program. The program will be administered in Juneau, Fairbanks, Anchorage, Mat-Su, Kenai, Soldotna, and Homer. Funds for Personal Services will be used to employ five employees that will be dedicated solely to this program. At this time, AHFC does not require new PCNs but will require a lower vacancy rate for current PCNs.

Travel will be required for training and site inspection and administrative oversight. Contractual, as well as, supplies and equipment funds will be used in the various offices where the program will be administered.

Add CIP funds for Construction Projects

CIP receipts for Personal Services will be used to keep qualified in-house personnel (Building Inspectors) on the construction sites during key construction periods.

The decision to use in-house personnel versus contracted personnel for project inspectors is a result of financial analysis combined with expediency.

The cost to contract an inspector is considerably higher than using an in-house person or a project-based person. When needed, AHFC's Construction Department has used the services of an A&E firm to hire a contract inspector. The A&E firm in turn hires an inspector and charges AHFC the burdened salary plus their profit and overhead. This can typically amount to \$90 per hour and up. In addition, AHFC must pay full per diem rates, travel, hotel lodging, rental car fees, etc.

In the case of an in-house project-based inspector, the burdened labor rate is approximately \$48 per hour. Per diem rates are long term, which are much less than those charged by contracted inspectors. In addition, the Construction Coordinators can:

- Directly control the activities of the inspector without going through the additional layer of an Architecture and Engineer (A&E) firm.
- Sign all time sheets for the inspector, thus insuring proper time management for the employee.
- Receive unedited progress reports directly from the inspector, without the filter of the A/E firm.
- Provide counseling, training and discipline when necessary.
- Be reasonably sure of the inspector's loyalty to AHFC.
- Discuss sensitive project issues without the A/E in attendance.

Line Item Transfers

Increases to Personal Services are offset by reductions in other line items. At this time, AHFC does not require new PCNs but will need to re-class three positions (04-496X, 04-497X, 04-510X) from Part-time to Full-time, as well as, lower the vacancy rate for all PCNs. These changes will be combined with the new Welfare to Work program, the new Section 8 Project-based Contract administration program, and any merit increases that will be due in the fiscal year 2001.

Increases to Travel are for increased activity by the Executive office and the Board to deal with management issues and programs.

Reductions to cover the above increases are taken from decreases in contractual items such as utilities using Federal receipts, and activity dealing with Y2K issues using Corporate Receipts.

Items in the Equipment category are being transferred to the Supply category because the Corporation is raising the ceiling on Non-expendable and Other Personal Property, Fixed Assets, to a higher rate of \$5,000. HUD is converting housing programs to GAAP accounting rather than HUD accounting and no longer will control how housing authorities make accounting decisions. Items such as fax machines, personal computers and printers, as well as routine maintenance tools such as compressors, make up the bulk of the items being transferred to the Supply category. These items have a relatively short life span. Supplies costing more than \$100 will continue to be tracked through Inventory Control, but not be capitalized as equipment on the Corporation's General Ledger.

Resource Summary	FY1999 Actuals	FY2000 Authorized	FY2001 Request
Personal Services	18,762,600	19,618,500	20,221,000
Travel	481,200	674,700	780,500
Contractual	10,961,300	12,949,700	12,758,600
Supplies	1,463,200	1,238,100	1,834,100
Equipment	680,900	567,700	222,600
Land/Building	-	-	-
Grants	1,000,000	615,000	615,000
Miscellaneous	-	-	-
Expenditure Totals	33,349,200	35,663,700	36,431,800
Funding Sources			
Federal Receipts	16,491,200	17,911,600	18,558,200
Inter-Agency Receipt	1,026,200	600,000	600,000
Capital Improvement Project Receipts	1,049,400	1,302,400	1,423,900
AHFC Corporate Receipts	14,782,400	15,849,700	15,849,700
Funding Totals	33,349,200	35,663,700	36,431,800

Statutes & Regulations

State of Alaska

AS 18.55	Housing, Public Building, Urban Renewal, and Regional Housing Authorities
AS 18.56	Alaska Housing Finance Corporation
15 AAC 118	Health and Safety
15 AAC 150	Alaska Housing Finance Corporation
15 AAC 151	AHFC General Programs
15 AAC 152	AHFC Rural Housing
15 AAC 153	AHFC Public Housing
15 AAC 154	Grant Programs
15 AAC 155	AHFC Energy Efficiency Programs
19 AAC 69	Energy Efficiency
19 AAC 80	Housing Assistance Loan Fund
19 AAC 82	Home Ownership Assistance Program
19 AAC 83	State-Assisted Rental Housing Construction Program
19 AAC 85	Senior Citizens Housing Development Fund
19 AAC 88	Supplemental Housing Development Grants
19 AAC 89	Senior Housing Revolving Fund

Code of Federal Regulations

10 CFR 420	State Energy Conservation Plans
10 CFR 440	Weatherization Assistance for Low-income Persons
24 CFR 41	Policy and Procedures for the enforcement of standards and requirements for accessibility requirements by the physically handicapped
24 CFR 42	Uniform Relocation Assistance & Real Property Acquisition for federal & federally assisted programs
24 CFR 91	State & Local Housing Affordability Strategies
24 CFR 92	HOME Investment Partnerships Program
24 CFR 219	Flexible Subsidy Program - Capital Improvement Loans
24 CFR 574	Housing Opportunities for Persons with AIDS
24 CFR 575	Emergency Shelter Grants
24 CFR 576	Emergency Shelter Grants: Steward B. McKinney Homeless Assistance Act
24 CFR 582	Shelter Plus Care Program
24 CFR 583	Supportive Housing Program
24 CFR 600	Comprehensive Planning Assistance
24 CFR 850	Housing Development Grants
24 CFR 880	Section 8 Housing Assistance Payment Program for new construction
24 CFR 882	Section 8 Housing Assistance Payment Program - existing housing
24 CFR 886	Section 8 Housing Assistance Payment Program - special allocations
24 CFR 887	Housing Voucher Program
24 CFR 889	Grant Programs - Housing & Community Development, Low- and Moderate-income Housing, & Rent Subsidies
24 CFR 901	Public Housing Management Assessment Program
24 CFR 941	Public Housing Development
24 CFR 961	Drug Abuse, Drug Traffic Control, Grants Programs - Housing & Community Development & Public Housing
24 CFR 963	Public Housing - Contracting with Resident-owned businesses
24 CFR 964	Tenant Participation & Management in Public Housing
24 CFR 965	PHA-owned or leased projects - Maintenance & Operation
24 CFR 968	Comprehensive Grants Program
24 CFR 970	Public Housing Program - demolition or disposition of public housing projects
24 CFR 990	Annual Contributions for Operating Subsidy
45 CFR Subtitle B	Family Self-Sufficiency Program

AHFC FY2000 Construction Completion Schedule:
@January 20, 2000

Project	Year Appropriated	Projected Completion Date	Adjusted Completion Date	Complete	Location	Comments
Major Renovation						
Major Renovation	FY96/FY97	09/99	01/00	Complete	Golden Towers	
Major Renovation (Ext. Only)	FY99	06/00	06/00		Mountain View/Annex	In progress
Major Renovation	FY96	07/99	08/99	Complete	Fairmount Terrace	That portion completed
Major Renovation	FY99	11/99	06/00		Pacific Terrace	Ongoing
Bank Replacement	FY97/FY99	09/99	12/99	Complete	Cedar Park	Complete except for seasonal work
Major Renovation Phase I	FY99 (Combined w/FY00)	05/00	05/01		Park View	In solicitation phase
Major Maintenance (Shop)	FY96	10/99	03/00		Loussac Manor	In final stages of completion
Senior & Statewide Deferred Maintenance						
Storage sheds & decks	FY97/FY98	10/99	10/99	Complete	Ptarmigan Park	
Trash System	FY99	08/99	01/00	Complete	Chugach Manor	In closeout stage
Exterior Modifications	FY97/FY98/FY99	09/99	06/00		Alpine Terrace	Winter shutdown required
Security Systems	FY97/FY98	09/99	09/00		Chugach View/Manor	Delayed
Heated Sidewalks	FY98	09/99	10/99	Complete	Chugach Manor	
Carpet Replacement	FY99	10/99	01/00		Chugach View	In final stages of completion
Security System	FY99	10/99	01/00		Swan Lake	In final stages of completion
Boiler Systems	FY99	08/99	08/99	Complete	Glacier View	
Site Renovations	FY99	09/99	06/00		Eyak	Winter shutdown required
Site Work	FY99/FY98	11/99	06/00		Pacific Terrace	Winter shutdown required
Comprehensive Grant Program (CGP)						
Demolition	FY97 (Under Litigation)	06/00	12/99	Complete	Spruce Park	Resolved - units sold
Renovation	FY98	02/00	02/00		Etolin Heights	In progress
Major Maintenance	FY98	07/99	08/99	Complete	Vista View	
Energy Conservation						
Weatherization	FY96	09/99	01/00		Alpine Terrace	In final stage of completion
Weatherization	FY96	08/99	01/00		Loussac Manor	In final stage of completion
Weatherization	FY96	07/99	01/00		Johnson Heights	In final stage of completion
Weatherization	FY96	09/99	12/99	Complete	Bethel Heights	
Weatherization	FY98	07/99	08/99	Complete	Swan Lake	

Operating Budget

- AHFC's Strategic Plan**
- Executive Office**
- Administrative Services**
- Information Services**
- Asset Management**
- Records Center**
- Procurement Department**
- Personnel Department**
- Corporate Communications**
- Internal Audit**
- Budget Department**
- Finance Department**
- Accounting Department**
- Planning & Program Development
Department**
- Mortgage Department**
- Servicing Department**
- Research & Rural Development
Department**
- Public Housing Executive Office**
- Housing Operations**
- Construction Department**
- Anchorage State Office Building**



Operating Budget

The Alaska Housing Finance Corporation (AHFC) is a public corporation and government instrumentality, but for bonding purposes, has legal existence independent and separate from the State of Alaska. AHFC was created in 1971 by the State to provide Alaskans with low cost mortgage financing, with the majority of funds used to purchase the mortgage loans generated through the issuance of taxable and tax-exempt bonds. In June 1992, the Legislature consolidated the housing functions of the state government under AHFC by merging the Alaska State Housing Authority (ASHA) and the energy and rural housing programs of the Department of Community & Regional Affairs (DCRA). The authority of AHFC expanded to provide for the financing, acquisition, rehabilitation, construction, weatherization, and operation of housing for low and moderate income Alaskans, citizens in rural Alaska, those with special needs, and senior citizens. AHFC continues to review ways to institute mortgage finance, refinance, and assistance programs for residents of the State. As changes occur, AHFC's focus remains responsive to the needs of changing economic conditions and demographics.

Since the merger AHFC has restructured the Corporation to use its resources more effectively. The agency has taken on the efficiencies and benefits of merging functions and activities into a well-managed organization. Staff is organized into departments with responsibilities and duties that avoid duplication of services. AHFC focuses on three main functions, or divisions: Operations (including mortgage, finance and administrative support), Rural and Public Housing. These divisions can not and do not function independently, but each department heavily relies on the talents, background, abilities, technical help, and support of the adjoining departments to deliver services to the Alaskan residents under its purview.

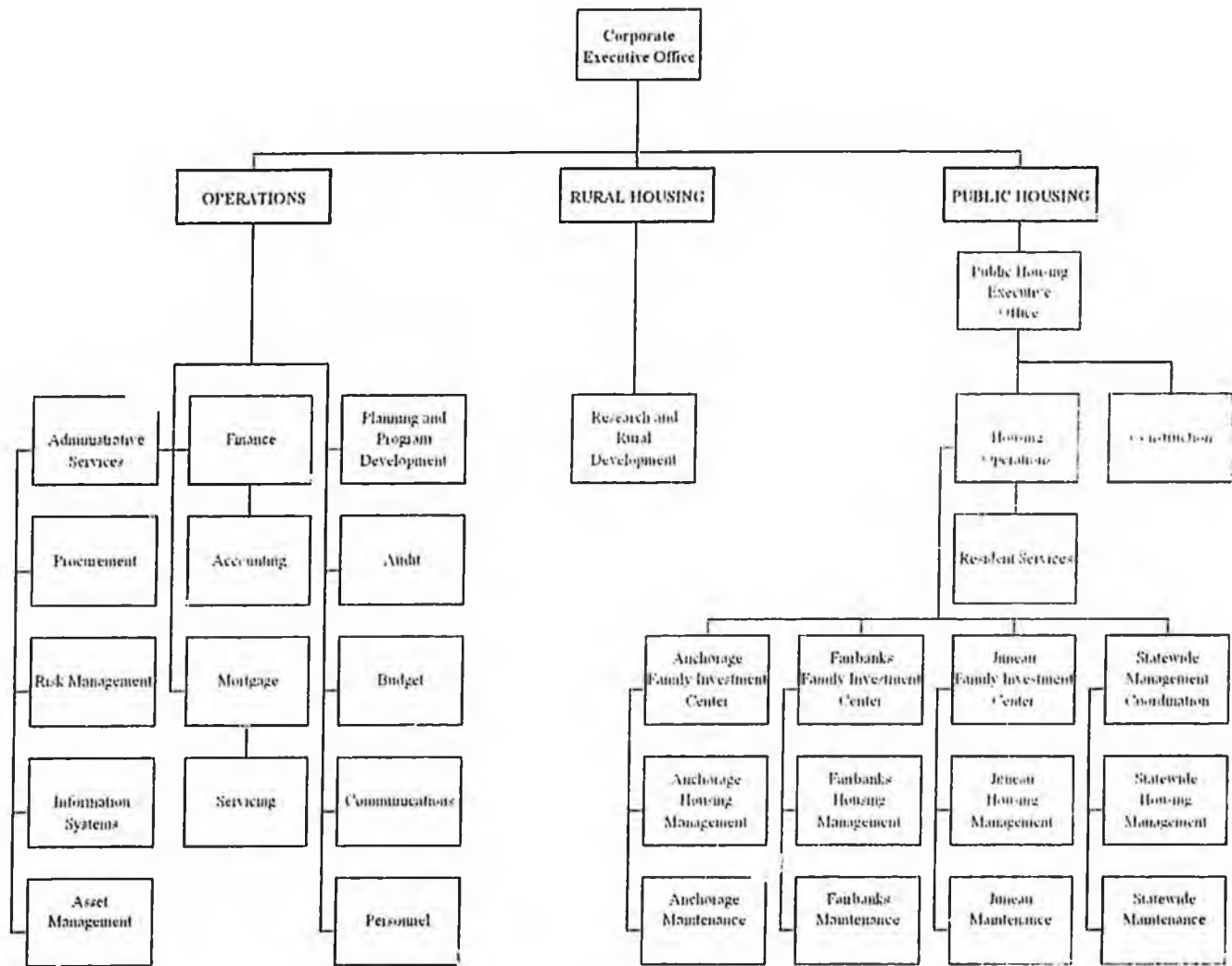
As the Corporation moves toward a Results-based budget, activities are broken out and displayed by department. This Section discusses the responsibilities, contributions and operations of each department outlining:

- ◆ Organizational Chart
- ◆ Mission
- ◆ Services Provided
- ◆ Goals & Strategies
- ◆ Key Issues
- ◆ Prior Year's Major Accomplishments
- ◆ Performance Measures
- ◆ Partners in Achieving Results
- ◆ Proposed Changes in Levels of Service

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Alaska Housing Finance Corporation

FY 2001



Anchorage Fairbanks Juneau Statewide
 FTE FTE FTE FTE
 Total _____
 250

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Standard & Poor's Public Housing Authority Evaluation

Alaska Housing Finance Corp.'s Public Housing Division

Analysts: Andrea de la Fuente, San Francisco 415-371-5020, Pamela Berkowitz, San Francisco 415-371-5012

NEW RANKING

CREDIT PROFILE

PUBLIC HOUSING AUTHORITY EVALUATION

Ranking: STRONG

OUTLOOK: STABLE

RATIONALE Standard & Poor's assigns Alaska Housing Finance Corporation's Public Housing Division a "Strong" ranking. The Public Housing Division (PHD) of the state housing finance agency maintains and manages federally subsidized public housing units for low-income families and seniors throughout the state of Alaska. The PHD also administers the Section 8 Vouchers and Certificate program for the state, and promotes independent housing options, including homeownership opportunities. The strong ranking reflects the following factors:

- Excellent public housing provision within a large geographic area,
- Strong asset management and excellent housing operations practices resulting in high-quality public housing,
- High-quality housing stock that meets the demands of a harsh climate,
- Solid project-based and performance-based budgeting practices and good financial management,
- Committed support from the Alaska Housing Finance Corp.,
- Experienced and forward-looking personnel who emphasize long-term financial and capital planning, and



AHFC's Public Housing Division received a NAHRO design award for Riverbend, a 45 unit public housing complex built in Juneau in 1998.

- A strong economy, although heavily dependent on the oil industry.

Since merging with the Alaska Housing Finance Corporation (AHFC) in 1992, the state public housing authority has capitalized on its unique position by utilizing AHFC funding to rehabilitate and rebuild many public housing units across the state, and expand services to residents. In building and maintaining high-quality housing, the PHD has developed strong relationships with federal, state, and local constituents in communities around the state.

Strengths. The PHD's integration with a very strong state housing finance agency has allowed it to capitalize on talent and resources within AHFC, providing the PHD access to capital, access to experi-

enced finance professionals, and the ability to coordinate programs and goals. The PHD's strengths include the following:

- Excellent planning and resource utilization in the face of a very challenging geography, the large geographical area of the state, an extremely harsh climate, and rural native communities with unique social and economic problems. The PHD's focus on efficient, high-quality public housing and utilization of AHFC's financial resources has allowed it to manage effectively the varied needs of residents in both urban and rural areas of Alaska, and meet the challenges presented by its environment;

- Progressive and proactive asset management resulting in very good condition of properties. The PHD has established a comprehensive, hands-on asset management system that has enabled it to efficiently operate a wide range of properties across the state. The agency owns and maintains both multifamily apartments and scattered site multifamily and single-family homes that blend well with surrounding communities, and often stand out as premium housing; and
- Sophisticated financial planning and management. The PHD utilizes project-based and performance-based budgeting accomplished by internal staff who establish and monitor budgets and spending with a sophisticated software package.

Challenges. As a division of the AHFC, the PHD is in a unique position to capital-

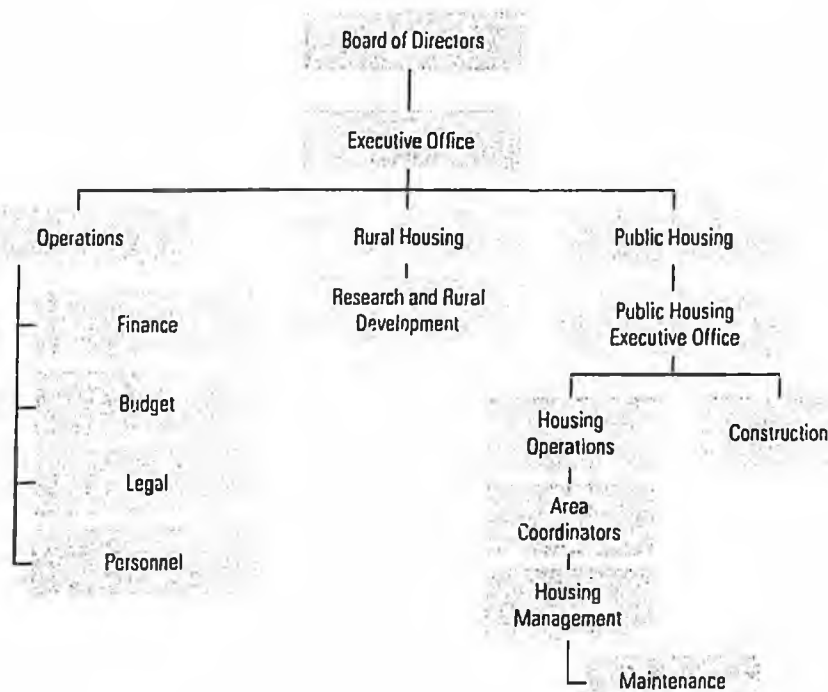
ize on the financial strength of the corporation, and does this by utilizing AHFC funds for many capital and development projects. While access to AHFC funds has provided the PHD unprecedented opportunities for development, the PHD needs to take caution to avoid overdependence on these AHFC monies.

- Judicious and successful leveraging of federal and AHFC funding to their optimal use while developing new revenue sources. The PHD needs to strike a balance in maximizing federal funds while leveraging AHFC dollars to their best use. Suggested areas of focus may include: (1) Exploring usage of unused tax credit allocations to expand housing options and revenue growth by becoming a developer and manager of low-income housing; (2) Continuing to focus on other options for increas-

ing non-federal and non-AHFC revenues through other affordable housing development, such as partnering with 501(c)(3) organizations to create new internal revenue streams and increase the supply of affordable housing in Alaska; (3) Expanding coordination efforts between the public housing division and other resources within AHFC to increase homeownership by former public housing residents where viable, specifically in economically vibrant urban areas; (4) Considering AHFC bond financing for affordable housing development under the PHD. Currently AHFC acts as financier for affordable multifamily housing through its multifamily bond programs. The PHD, with the backing from AHFC, could consider issuing bonds to finance the construction of affordable housing; and (5) Capturing the maximum possible state funding on an annual basis. The Alaska state legislature must approve the budget for the AHFC, and hence the PHD, each year. Agency leaders must remain diligent in their efforts to secure the heavily relied upon AHFC funds while still pursuing other revenue-generating sources.

- Development of a comprehensive, written succession plan for key AHFC senior staff positions to prepare for future changes within the organization. The current AHFC executive director and public housing director have been very successful in leading the transition of the public housing division from a troubled state agency to an effective public housing provider. The possibility of their departure must be anticipated and addressed through a detailed succession plan; and
- Performance of sensitivity analysis to explore the implications of decreased HUD operating subsidies and reduced AHFC funding support. The PHD remains dependent

Alaska Housing Finance Corporation Organizational Structure



on HUD operating subsidies for a significant portion of expenses in its public housing units and should perform stress analysis to determine the effect of lower levels of HUD and AHFC financial support. Such analysis would enable the PHD to manage the politically sensitive task of exploring other revenue sources outside of HUD and AHFC funds.

OUTLOOK

Standard & Poor's expects the Alaska Public Housing Division to continue to meet the needs of low-income Alaskans by providing high quality public housing and assisting residents in moving toward self-sufficiency.

MANAGEMENT

Standard & Poor's assigns an "Above-Average" ranking for management to the Alaska PHD. The PHD's good management structure and practices are evidenced by the strategic planning of the organization, the very competent staff, and high-quality public housing it offers low-income Alaskans. The PHD has established an efficient organizational structure that leverages the skills available through the corporation's legal, accounting, and budgeting sectors as well as the social-service orientation of the public housing personnel. The strengths are somewhat offset by management's lack of funding beyond AHFC and HUD sources.

The Public Housing Division, as part of AHFC, looks to future challenges and needs through a comprehensive strategic plan. The plan describes goals and objectives of the corporation as a whole, and fosters an environment that allows AHFC to meet today's challenges in the context of future demands. The strategic planning process includes input from each division of the corporation, including the PHD. Final approval of the plan comes from the board of directors, and progress toward meeting the objectives of the strategic plan is overseen by the deputy executive director. This process results in a cohesive plan that incorporates the goals and needs of the entire organization and promotes an inclu-

sive management style. The strategic plan outlines the corporation's goals as follows:

- Provide programs and services that are responsive to the diverse housing needs statewide,
- Increase homeownership,
- Increase special needs housing,
- Expand partnerships to strengthen program and service delivery,
- Strengthen commitments to AHFC housing programs, functions, and benefits,
- Promote operational excellence, and
- Manage assets to generate sufficient profit to meet AHFC's financial commitments.

AHFC has incorporated these objectives and means for measuring progress toward meeting its goals into the annual budget. This method of results-based budgeting necessitates that each department within AHFC state its mission, services provided, goals and strategies for achieving those goals, key issues, the prior year's major accomplishments, performance measures, partners for achieving success, and proposed changes in levels of service. By tying its performance goals to the annual budget, the corporation has a tangible means of determining success. This new budgeting process will enable the PHD to plan more effectively for future challenges and budget accordingly.

As a key division of the AHFC, the PHD is closely linked with the corporation through departments such as budgeting, accounting, legal, and personnel, but is responsible for its own program planning, operations, and asset management. This structure allows the PHD to benefit from the strong financial staff of the AHFC budgeting and accounting departments, and to retain the social service and asset management focus of public housing division employees. The organizational structure of the PHD and its role within AHFC are described below.

The PHD is managed by the director of public housing, who reports to the deputy executive director of the AHFC. As the head of one of four primary divisions within AHFC, the PHD director coordinates with his subordinates as well as with AHFC board members and executives. Reporting directly to the director of public housing are the director of housing operations and the director of construction. Four area coordinators work under the director of housing operations and are responsible for operations in different geographic regions of the state. Property managers work under each area coordinator and are primarily responsible for running multifamily properties on a day-to-day basis, responding to tenant calls and maintaining the physical condition of scattered site units.

Key to the smooth operation of the PHD is the interaction and coordination between the construction department and the maintenance staff. This interaction allows the PHD to address resident issues during capital improvement projects, meet resident needs in a timely manner, and helps avoid post-construction problems. The construction director is responsible for planning capital improvements, deferred



The Public Housing Division owns and operates several hundred single family homes throughout Alaska, like this weathered home in Bethel.

maintenance projects, and new construction of PHD properties. Capital improvements and deferred maintenance are monitored through the physical needs assessment (PNA), a detailed assessment of each property performed on an ongoing basis by the construction department. Each PNA feeds into the PHD's 10-year capital plan, which allows the division to determine which capital requests should take priority each year and helps allocate the scarce resources of the PHD.

A major component to the success the PHD has achieved in securing funding for capital and development projects has been its use of the 10-year modernization and rehabilitation plan. This plan, established in 1995, details all new construction projects, and deferred maintenance items and capital improvements needed for each property. One primary goal of the 10-year plan is to secure funding for all deferred maintenance items for all public housing properties so that by 2004 no deferred maintenance will remain. Each year the PHD requests state funding for deferred maintenance and capital improvement items detailed in the 10-year plan, and each year attempts to demonstrate a reduced need for deferred maintenance funding. This approach takes into account the political sensitivities evident in the AHFC budgeting process while still trying to access appropriate funding levels for capital improvements.

The PHD's position within AHFC is unique with respect to other public housing authorities across the country. Integration between AHFC and the former Alaska State Housing Authority (ASHA) has been successful for two primary reasons: the goals of the two organizations are in alignment, and both organizations have effectively leveraged their respective talents off one another. The Public Housing Division has successfully furthered low-income housing provision goals of the state, and the state has in turn supported the PHD with additional state and AHFC monies. The merger has allowed AHFC to direct more of its funds to public housing and homeownership programs. There has been a true union between the two entities, evidenced by the close relationship of program planning and development, shared funding and resources, and overlapping programs such as homeownership courses and weatherization efforts.

OPERATIONS

The PHD's "Strong" ranking for operations reflects that PHD staff is very effective in property and asset management, project development and rehabilitation, and Section 8 Administration, as evidenced by the high quality of the housing. The housing operations department provides property management for all 1,753 AHFC-owned federally funded and subsidized

housing units in 14 cities across the state. In addition, the department administers the HUD Section 8 Vouchers and Certificate programs in 11 locations across the state. Housing operations also develops and runs programs to support the welfare-to-work initiatives and self-sufficiency goals of the state, and coordinates resident initiatives. Strengths are demonstrated in the following:

- Excellent asset management practices including very good capital planning, hands-on property management, and comprehensive maintenance and construction systems; and
- Very effective housing operations demonstrated through good condition of properties and effective management of housing programs such as senior housing, Section 8 Vouchers and Certificate programs, and traditional multifamily low rent programs.

The PHD has established a structure of operations that fosters consistency of operations across the state. As described above, four area coordinators, responsible for three geographic areas of the state and the rural communities with PHD units, report to the director of housing operations. Area coordinators are responsible for property and asset management, management of maintenance staff and projects in their specific areas, waiting list administration, and budget input in their specific geographic regions. Because the geographic area of the state is so large and the climate of Alaska poses unique challenges, the area coordinators play an important role in the cohesive management of the PHD. By attending to specific geographic areas and working with one another, the area coordinators help assure smooth and consistent operations throughout the state.

Each area coordinator oversees staff property managers in their region, who manage specific multifamily or scattered-site units. Property managers either oversee a specific multifamily property that is their sole responsibility, a multifamily property and some scattered-site units, or a collection of scattered-site units. The as-

Table 1

Alaska Housing Finance Corporation Key Statistics					
	1994	1995	1996	1997	1998
Average Tenant Income (\$)	15,016	15,817	17,254	17,184	17,328
Average Tenant Income (% of area median)	26.96	28.4	30.22	29.32	34.59
Total Population	N.A.	N.A.	N.A.	N.A.	N.A.
Total Households	3,644	3,763	3,925	3,806	3,980
Units of federal public housing	1,265	1,330	1,320	1,293	1,288
Units of Section 8	2,488	2,545	2,545	2,549	2,692
Units of non-federal housing	N.A.	N.A.	N.A.	N.A.	N.A.
PHMAP Score (%)	94.91	99.38	100.00	100.00	100.00
HUD Performance designation	High	High	High	High	High

N.A.—Not available.

signment of property managers is dependent primarily upon the density of units in an area. Large multifamily properties typically have a dedicated on-site property manager. Smaller multifamily properties and scattered-site units are usually overseen by a manager with responsibility for units in several neighborhoods. This hands-on management style has encouraged property managers to become very familiar with their designated properties, fostering open lines of communication between tenants and managers and instilling a sense of responsibility for individual properties. The benefit to the PHD is clear, evidenced by the overall very good condition of properties and strong control over tenant rent collection and unit upkeep. Policy and procedures manuals are used as operations guidelines, but area coordinators and property managers also have the flexibility to respond creatively to emergencies. This

also contributes to the overall good management and condition of properties.

Excess demand is evidenced through lengthy waiting lists for public housing units in many areas. Across the state, the PHD has over 4,800 families on waiting lists for both Section 8 and conventional subsidized units. Families seeking public housing or Section 8 vouchers or certificates may apply for housing on a general statewide waiting list and accept the first available unit, or may apply for housing for a specific city or area. The waiting list for Section 8 and public housing units is computerized and accessible in each remote location statewide, so that applicants can apply in any region served by the PHD and within one week will be on the statewide waiting list. This system reduces the burden on applicants who are seeking the first available housing, and allows the

PHD to effectively manage a large list of applicants from around the state.

Development. The PHD's development activities to date have focused on public housing construction and management. Since 1995 the PHD has focused on improving the existing housing stock primarily by utilizing AHFC funding for substantial rehabilitation and new development. The PHD has done an excellent job of replacing functionally obsolete units, with high-quality single-family homes and multi-family properties. These new units meet the demands of a severe climate, and provide pleasant, safe, and comfortable housing to low-income Alaskans.

Offsetting these accomplishments is the PHD's lack of involvement in development outside of subsidized public housing. To more effectively leverage existing funding, create new revenue sources, and increase the

ALASKA'S ECONOMY

Though current economic diversification has somewhat altered the nature of the state economy, Alaska's economy remains heavily dependent on oil and natural gas revenues. The large geographic area of the state and wide variety of local economies results in a disparity in employment and income across the state. Rural families often subsist on fishing, government jobs, or government transfers, as remote outlying areas often lack industry and employment opportunities, resulting in a high demand for public housing in those areas. Urban areas offer substantially more economic opportunities than rural areas, but due to high housing costs and a narrow economy across the state, demand for affordable housing is strong.

The state's economy is concentrated in the extraction, exploration, and production of oil and natural gas. Other important industries affecting Alaska's economy—to a much lesser extent—are the fishing, timber, minerals, and tourism industries. Fluctuations in world oil prices have a significant impact on employment and income levels in the state. Alaska suffered a severe recession in the mid-1980s following the collapse of oil prices; however, since then, relatively stable prices have contributed to steady economic growth over the past several years. Standard & Poor's expects 1999 job growth to be just 0.9%, which is down from 1998's 2.2%. Alaska's growth is affected by weak prices for all of the state's major commodities: oil, seafood, metals, and timber. Employment growth is slowing down in those

sectors that have been experiencing strong growth including services, transportation, and construction.

Employment losses in the mining sector, as oil companies operate with smaller crews, and in seafood- and timber-related manufacturing indicate a gradual decline in overall wealth and income levels as new jobs are created mainly in the lower wage service and trade industries. Current economic projections indicate a continuation of these trends with tourism, retail trade, and construction leading employment growth through the end of the decade. Additionally, the economic crisis in Asia will negatively impact the state's major exports, including seafood, timber, oil, and minerals.

Oil production on the North Slope of Alaska, primarily from the two principal oil fields of Prudhoe Bay and Kuparuk River, is projected to continue declining at an average annualized rate of 3% through 2000 with total production forecast to remain above one million bbl per day through 2006. Enhanced recovery techniques employed by the oil companies continue to prolong the life of producing wells. In addition, smaller discoveries are economically viable due to the existing facilities on the North Slope, offsetting the gradual production decline at the Prudhoe and Kuparuk fields to some degree. On April 1, 1999, British Petroleum-Amoco confirmed its \$26.6 billion purchase of Atlantic Richfield Co. (ARCO), which will combine Alaska's two largest oil producers, accounting for 70% of Alaskan output and controlling 87% of the state's oil reserves.

availability of affordable housing, the PHD should consider becoming the owner and manager of affordable housing projects. AHFC has strived to provide products and services not being offered by the private sector. While AHFC is the state's largest financier of affordable housing, it has not engaged in affordable-housing development. AHFC is responsible for tax credit allocations in the state, and has thus been reluctant to utilize tax credits for new developments owned and managed by AHFC. In recent years, however, tax credits in Alaska have gone unused. To take advantage of this opportunity the PHD may benefit from partnering with local nonprofit organizations to become an owner and operator of affordable housing properties.

PROPERTY AND ASSET MANAGEMENT

The PHD demonstrates its dedication to strong asset management of its 1,753 units of public housing in the following ways:

- Project-based budgeting as a means of managing expenses on a project-by-project basis,
- Advance planning of capital budgets as a means of maintaining properties in good condition, and
- Efficient maintenance systems established to sustain the good physical condition of the properties.

The structure of the operations department allows for quick response to emergency and other tenant calls, even in remote areas of the state. PHD staff is extremely hands-on, visiting its properties at least once a week. Some properties have on-site managers and maintenance staff who are also responsible for other nearby properties. On-site or local managers are able to dispatch maintenance teams quickly, and tenants can report maintenance requests through a 24-hour maintenance hot line. Tenants are also provided surveys at each maintenance call, enabling the PHD to enhance its services and work cooperatively with tenants. Augmenting these systems is the inspection schedule in which all public housing units are in-

spected twice annually. These open lines of communication between tenants and managers and hands-on management approach allow the PHD to maintain its units optimally.

The PHD maintains the standard in its units by responding quickly to tenant calls, frequently visiting properties, staffing adequate levels of maintenance personnel, and stocking supplies. In addition, the PHD can maintain the quality of its units without significant financial strain due to Alaska's Permanent Fund Dividend. This annual payment to all state residents, funded by earnings of oil revenues in the permanent fund, can be garnered by the PHD for recovery of costs associated with damage to units or lost rent.

Maintenance and Construction. The PHD's comprehensive maintenance and construction systems have resulted in well managed and maintained units throughout the state. Response times to service requests are typically 24 hours for emergency requests and two to seven days for standard requests. Work orders and supply requisitions are computerized and systems are in place statewide. Supplies are handled through requisitions from local maintenance offices, the central warehouse, or procurement where needed. Although the central warehouse is located in Anchorage, the large geographic area of the state demands flexibility in supply requisitions, particularly in emergency situations. Remote locations outside of Anchorage have the authority, with approval from the area coordinator, to procure supplies from local vendors when needed. In nonemergency situations remote locations order supplies through either local maintenance offices, which are managed by a maintenance staff member responsible for keeping supplies in stock, or the central warehouse if necessary. Remote locations are also equipped with scattered maintenance sheds in addition to the maintenance office, which cuts down on paperwork and response times.

The PHD has established an efficient system for standard maintenance. This system features remote maintenance sheds dis-

bursed across different communities statewide with electronic connections to a central warehouse, fully stocked roaming maintenance vans that can quickly respond to requests at any project, couriers for running supplies to vans or maintenance sheds when necessary, and construction and maintenance teams assigned to specific areas. These designated teams develop a sense of ownership and pride over their respective properties and areas, which contributes to the high standards achieved in AHFC properties. The PHD maintains properties primarily with in house staff, but does contract out for major jobs such as large construction or engineering projects and emergency snow removal.

Section 8. The PHD successfully administers the Section 8 Vouchers and Certificate programs in 11 communities, with subsidies to 2,590 renters in the private sector. Dedicated housing operations staff oversee the Section 8 Vouchers and Certificate programs, perform yearly inspections of all Section 8 subsidized units, and make payments to landlords under the Section 8 programs. With an exemption from HUD, the PHD has been consolidating the Section 8 Vouchers and Certificate programs by restricting recipients to cities in which the PHD already has a presence. This enables the PHD to significantly cut down the cost of inspections of Section 8 units.

Resident services. By providing a variety of services to public housing residents the PHD enables some residents to achieve greater self-sufficiency and lead more productive lives. The PHD makes an effort to accommodate the needs of residents in multifamily units, particularly with regard to children and seniors. Most multifamily properties offer playgrounds for children and some offer computer facilities. Senior properties are usually equipped for arts and crafts activities, exercise facilities, and meals. In addition some senior properties have part-time resident activity coordinators.

Most services are restricted to the more densely populated areas of Juneau, Anchorage, and Fairbanks, but some limited services are offered in rural communities as

well. The majority of services are funded through federal grants, although some services, such as meals in senior housing, are funded through resident fees and donations by local nonprofit organizations.

Most significant among resident services are the homeownership courses offered by the corporation to those public housing residents transitioning into private housing. The courses offer residents with a steady income but without the means for a down payment, the opportunity to access homeownership through a low interest, down payment assistance loan made possible through AHFC's mortgage programs. In coordinating homeownership efforts with the AHFC, the PHD is working to provide better opportunities to public housing residents, and increasing access to public housing for those on waiting lists.

Modernization. The Public Housing Division fully utilizes HUD Comprehensive Grant Program (CGP) funds each year, and augments these modernization funds with AHFC monies. The PHD has received between \$3 million and \$4 million annually in CGP monies since 1995, and has used those funds mostly for capital and deferred maintenance items. CGP monies are usually directed toward smaller capital projects, such as window and roof replacements, as well as resident initiative projects. AHFC funds are typically requested to cover larger projects such as new or replacement construction. Large deferred maintenance items are itemized in the 10-year capital plan, which is reviewed by tenants and available for tenant input each year.

PORTFOLIO ASSESSMENT

Standard & Poor's "Strong" ranking of the PHD's portfolio reflects the high quality and good conditions of public housing units throughout Alaska. AHFC's PHD has a variety of units around the state to suit the needs of both urban and rural communities. Standard & Poor's surveyed three quarters of the public housing stock throughout Alaska, in both urban and rural areas, and determined that the public



The Alaska Housing Finance Corp.'s Public Housing Division owns and operates public housing units across an area approximately the size of the Midwest.

housing units are consistently of superior quality. The PHD is successful in both maintaining existing units and building high-quality new multifamily and single-family units.

The portfolio is comprised of low-rise garden-style multifamily apartment complexes, scattered-site multifamily units in duplexes, four-plexes, and six-plexes, and scattered site single family homes. Units are constructed with both wood frame and siding, and brick. In most communities, AHFC public housing units blend well with surrounding housing, and in some communities, the AHFC units stand out as premium housing. This is particularly true in Bethel, a rural native community located in a harsh arctic climate. All units in Bethel are scattered site single family homes, which in appearance and quality far exceed the privately owned homes in the area. This is partly due to the PHD's emphasis on constructing and maintaining weather-proof houses in the harsher Alaska climates. In addition to the superior construction consisting of precut walls with interior drywall Styrofoam, all Bethel units have full bathrooms with modern plumbing, in

contrast to some privately owned homes that lack modern plumbing and heating.

Due to extreme weather conditions across the state, construction standards in AHFC units exceed those mandated by HUD, and seek to serve the demands of the climate. In many areas of Alaska, winter offers no more than a few hours of daylight, and daytime temperatures can remain below freezing for more than half of the year. Snowfall often exceeds five feet annually in most regions. These conditions pose unique challenges to homebuilders, including the PHD. All newly constructed and rehabilitated units have very high quality exterior walls and insulation and units in remote locations also have permafrost-sensitive foundations and double paned windows. New units are airtight, which helps reduce heating costs. Multifamily projects often have added indoor community space for winter activities. A significant difference that Standard & Poor's observed between market rate units and public housing units was the flooring. In areas where residents engage in subsistence fishing many units have vinyl tile

flooring in place of carpeting to reduce wear and tear and cleaning costs.

The PHD has accomplished compatibility with neighborhoods by purchasing existing housing and constructing new scattered site housing. The approach serves also to avoid concentration of poverty, which can lead to higher crime rates and other negative outcomes. By disbursing public housing units across a community, the PHD is working in a progressive manner to change the existing model of public housing characterized by congested, high rise apartments to a more functional, long-term solution of dispersed units integrated into mixed-income communities.

The portfolio contains both newly constructed units, which are undergoing lease-up at this time, and older units constructed starting in 1966. This mix of units has posed a challenge to the PHD and has necessitated a comprehensive 10-year plan to handle deferred maintenance items and to plan for new capital projects. By rebuilding a significant portion of its public housing units, the PHD is facilitating easier maintenance in the harsh Alaska climate.

Because the merger between AHFC and ASHA occurred when the state public

housing authority was in a state of distress, many public housing units were in disrepair. The PHD's capital plan has focussed on renovating, rehabilitating, or rebuilding all units of public housing. Approximately 1,400 units have already been completed, and the remaining 345 units are scheduled to be renovated or rebuilt by 2004. Ultimately, all units are expected to stand out as exceptional housing for Alaskans. Renovations and rebuilding have been accomplished primarily through AHFC funding, although some HUD modernization funds have been used as well.

The PHD has received national awards for the design and construction of two multifamily properties in Juneau, Cedar Park, and Riverbend. Both properties received Awards of Merit in Housing and Community Development from the National Association of Housing and Redevelopment Officials (NAHRO) this past year. Completed in 1998, Cedar Park offered 50 units as replacements to units demolished in 1995, and Riverbend provided 45 replacement units. The design and quality of the units stand out as exceptional in their areas and for public housing units.

FINANCIAL MANAGEMENT

Standard & Poor's "Strong" ranking for financial management reflects:

- Very experienced and competent in-house financial planners and analysts,
- Comprehensive performance- and project-based budgeting at both the corporate and public housing division levels,
- Effective and comprehensive long-term planning,
- Adoption of GAAP accounting and other financial standards,
- Advanced financial technology and systems, and
- Heavy utilization of state and AHFC funds and reduced reliance on HUD funding for capital improvements.

With the merger between AHFC and ASHA, the public housing division gained access to experience and well trained in-house financial experts. The PHD utilizes this access in an efficient manner, by accessing personnel from the budgeting and accounting departments in place of dedicated staff under the PHD. These economies of scale allow the PHD to operate without duplication of personnel or efforts within the corporation. In addition, AHFC's financial resources have allowed the PHD to expand its programs and services without additional reliance on the federal government.

Sources of revenue include tenant rents, federal subsidies, and AHFC monies. Capital requests for federal monies have been steadily declining each fiscal year since 1995, with heavier reliance on AHFC funds. However, as deferred maintenance items are addressed, overall capital requests, particularly requests made to the corporation, will shrink. Over the past six years, the PHD has received 77% of the funding requested to address the 10-year plan.

The AHFC has maintained very high levels of reserves for its federal housing, at 48% of operating expenses for 1998. While average maintenance costs per unit are high, most likely reflecting the inflated

Table 2

Alaska Housing Finance Corporation Performance Ratios					
Rent Collection	1994	1995	1996	1997	1998
Rent collected (% of gross rents)	99.00	99.21	99.25	98.94	98.88
Occupancy (%)	99.00	99.38	97.05	98.30	90.00
Unit turn around (days)	13	17	19	20	21
<i>Financial Performance- Federal public housing units only</i>					
Average total maintenance costs per unit (\$)	2,605	2,548	2,672	2,535	2,985
Reserves/total routine expenses (%)	39.47	37.47	55.43	46.09	48.31
Reserves/unit (\$)	3,090	2,988	4,343	3,705	4,265
<i>Local housing units only</i>					
Average total maintenance costs per unit (\$)	N.A.	N.A.	N.A.	N.A.	N.A.
Reserves/total routine expenses (%)	N.A.	N.A.	N.A.	N.A.	N.A.
Reserves/unit (\$)	N.A.	N.A.	N.A.	N.A.	N.A.
<i>Federal units dependence on HUD operating subsidy</i>					
HUD subsidy/total operating expenses (%)	54.21	47.10	58.83	58.92	60.72
Tenant rent/total operating expenses (%)	44.40	43.62	44.74	45.51	44.63

cost of labor and materials in Alaska, the significant reserve level ensures that most unforeseen maintenance needs can be met.

In contrast to its strong reserve levels, the federal housing program remains reliant on HUD subsidies, which covered over 60% of operating expenses in 1998 while tenant rent covered 45%. This reliance on HUD subsidies is likely to remain higher than for other public housing authorities in large part because maintenance and construction costs in Alaska will always be higher than in the continental U.S., due to distance and extreme weather conditions.

Seen in the aggregate, the AHFC's extensive public housing programs are performing efficiently and are effectively meeting the needs of low-income Alaskans. Additionally, in 1998 the level of surplus to assets was close to 90% for the third year in a row, indicating that the housing stock (the principal asset) is producing a healthy output. Most of its assets consist of real property, but AHFC increased its current assets to close to 18% in 1998 from less than 15% the year before.

The PHD has good staff and technological capabilities to handle its operating and capital needs. Several budgeting and finance department personnel are certified public accountants. The authority has a sophisticated, UNIX-based system called Creative Computer Solutions (CCS) Select for tracking and managing expenses. All accounting, financial, housing and property management, inventory, work order, and budgeting applications are automated. Financial reports are produced biweekly, with each payroll period, and detailed reports are presented to the board quarterly. The biweekly reports are broken out by division within AHFC and reviewed by each division head, respectively. Varying reports on individual properties, individual units, and individual tenants can be obtained from CCS Select to assess expenditure levels and other key points. ■

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AHFC'S PUBLIC HOUSING DIVISION

The organizational structure of AHFC arose from a merger between the Alaska State Housing Authority, the energy and housing programs of the Department of Community and Regional Affairs and the Alaska Housing Finance Agency that occurred in 1992. The merger was intended to create efficiencies in state government and consolidate the state's housing functions. AHFC now purchases mortgage loans from Alaska's private lending institutions, administers the state's public housing and rental-assistance programs, in addition to various multifamily, special-needs, and rural loan programs, and administers home-energy and weatherization programs. The Public Housing Division owns and operates 1,753 units of public housing and administers the federal Section 8 rental assistance program with 676 Vouchers and 1,908 Certificates, and 120 units with Section 8 new construction/substantial rehabilitation program. At the time of the merger, the Alaska State Housing Authority had been designated by HUD as moderately troubled, and was having difficulty meeting its mission of safe, quality affordable housing for low-income Alaskans. Merging with AHFC gave the PHD access to experienced financial professionals and capital for funding needs, and redirected the focus of the organization. Since the merger the PHD has been designated a "High Performer" by HUD for five consecutive years and has achieved a score of 100% under HUD's Public Housing Management Assessment Program (PHMAP) for the past three years.

AHFC's primary departments include finance, accounting, communications, mortgage, rural programs, public housing, and general program support. The professional staff of AHFC, including the PHD, is governed by a seven-member board of directors. The board includes the state commissioners of revenue, health, and social services, and community and regional affairs. Four members of the general public appointed by the governor also serve on the board. The public members have various skills and expertise related to the housing industry. This diversity of experience lends AHFC guidance from a variety of knowledgeable professionals and contributes to the overall effective organizational and operational structure.

MISSION STATEMENT

The mission of the Alaska Housing Finance Corporation is to provide Alaskans access to safe, quality, affordable housing. The Public Housing Division in particular aims to assure that all individuals desiring assisted and senior housing are provided the maximum opportunity to access the services of the corporation, and to provide decent safe housing for low- or very low income-residents of Alaska.

Alaska Housing Finance Corporation Public Housing Division

4300 Boniface Parkway

P.O. Box 101020

Anchorage, Alaska 99510-1020

1-800-478-AHFC

AHFC Board of Directors

Jewel Jones, Chair

Robert Grove, Vice Chair

Michael Cook, Wilson Condon, Deborah Sedwick, David McClure, Karen Perdue

AHFC Chief Executive Officer / Executive Director

Daniel R. Fauske

Director, Public Housing Division

Wesley J. Weir

DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES

REVIEW OF DEPARTMENT ACCOMPLISHMENTS

Presentation to House Finance Committee

January 21, 2000

DEPARTMENT'S MISSION:

To improve the quality of life for Alaskans by cost effectively providing, operating and maintaining safe, environmentally sound and reliable transportation systems and public facilities.

PROGRAMS:

Planning

The mission of Planning is to optimize state investment in transportation and meet federal requirements through effective planning and programming. Provide statewide coordination between the Department, the Federal Highway Administration, the Federal Aviation Administration (FAA) and users regarding safety and transportation improvements, as well as the impact of federal and state regulatory activities affecting Alaskan interests.

1/21/00

0011211

Design and Engineering Services

The mission of Design and Engineering Services is to develop projects that improve Alaska's transportation and public facilities infrastructure. The Division also provides a wide range of technical services to the Department, other state and federal agencies, local governments and the public.

Construction

Construction supports the mission of the department by constructing safe, environmentally sound, reliable and cost-effective highways, airports, harbors, docks, and buildings.

Maintenance and Operations

The mission is to maintain, safeguard and control the state's infrastructure system of highways, airports, harbors, and facilities.

Marine Highways

To provide safe, reliable, and efficient transportation of people, goods, and vehicles among Alaska communities, Canada, and the "lower 48" providing opportunities to develop and maintain a reasonable standard of living and high quality of life for Alaskans by meeting social, education, and health needs.

International Airports

The mission of the International Airports is to safely, effectively, and efficiently operate and maintain the Anchorage and Fairbanks airports in a manner consistent with Federal regulatory requirements, high service standards, sensitivity to user needs, and awareness of community goals.

Measurement Standards and Commercial Vehicle Enforcement

The mission is protection of the traveling public and protection of the state's transportation infrastructure by enforcing federal and state statutory and regulatory policies in the truck size, weight and safety enforcement program, and the weights and measures program.

Administrative Support

The mission of Administrative Support activities is to support the department's operations with quality administration, information technology, procurement and budgetary services. This also includes executive leadership, coordination with other governmental agencies and oversight of construction contracting and non-construction procurement activities.



Galena City School District

21st Century Education

CARL KNUDSEN, SUPERINTENDENT

JIM FOSTER, ASSISTANT SUPERINTENDENT

JOHN BILLINGS, SCHOOL BOARD PRESIDENT

*Dept of Comp Systems
1/11/00
1/25/00*



Galena City School District

THREE PROGRAMS, ONE MISSION

- *Galena City Schools - 181 Students*
- *Project Education Charter School - 70 Students*
- *Interior Distance Education of Alaska - 3,431*



Galena City School District

GCSD Quality School Plan 1998-99

GCSD Goal 1: "That GCSD is the first school to successfully implement the Quality School Initiatives."

GCSD Goal 2: "That every student be afforded the opportunity to be successful on the test and graduate from high school."

Curriculum Alignment

Quality Teaching Practices

Student Electronic Academic Portfolio's

Student Led Parent/Teacher Conferences

Student's "At Risk"

School Report Card



Galena City School District

Policy Changes

Attendance - 10 Day Rule

Graduation Requirements -

4 Years Math

4 Years Science

4 Years English

4 Years Social Studies



Galena City School District

*CERTIFIED TEACHERS IN THE FOLLOWING
AREAS*

MATH

SCIENCE

ENGLISH

SOCIAL STUDIES



Galena City School District

CURRICULUM CHECKLISTS

CURRICULUM



CHECKLISTS



Galena City School District



■ ALTERNATIVE CLASSROOM

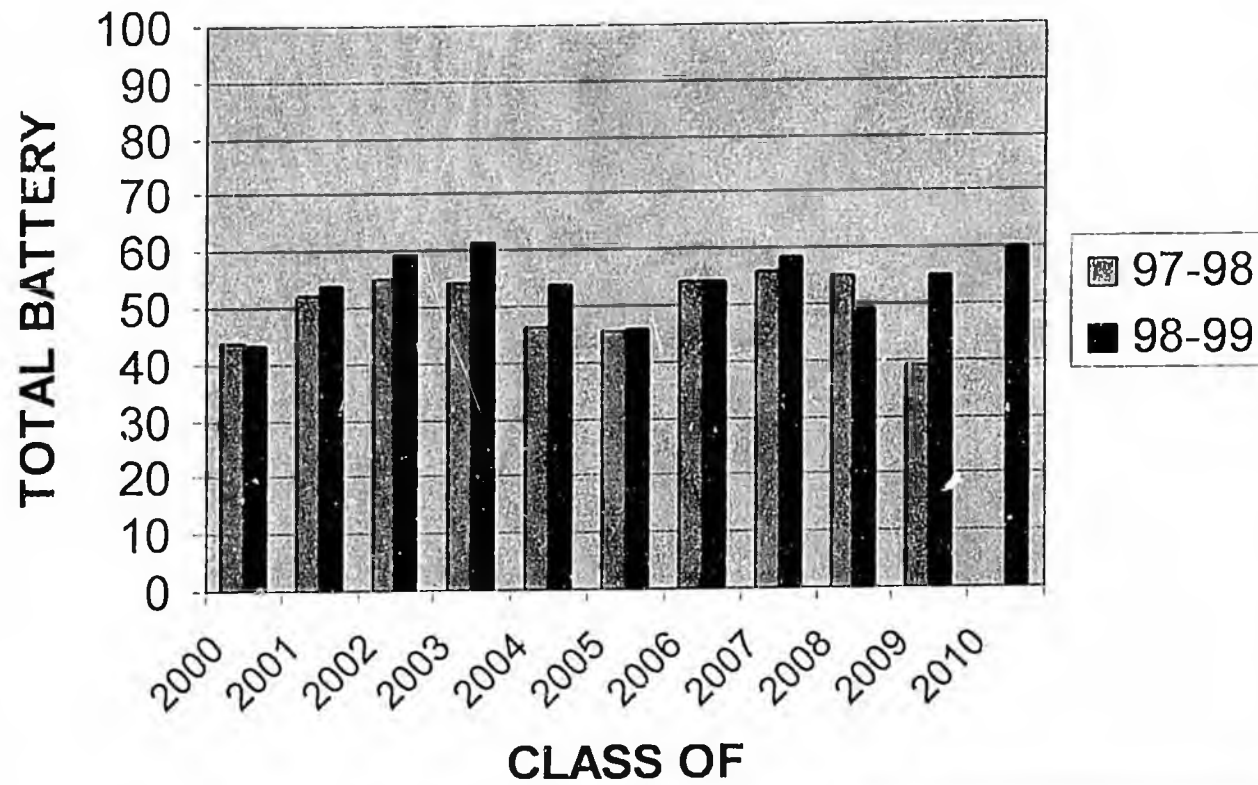
REGULAR SCHOOL DAY SUPPORT

EXTENDED SCHOOL DAY SUPPORT

EXTENDED SCHOOL YEAR SUPPORT

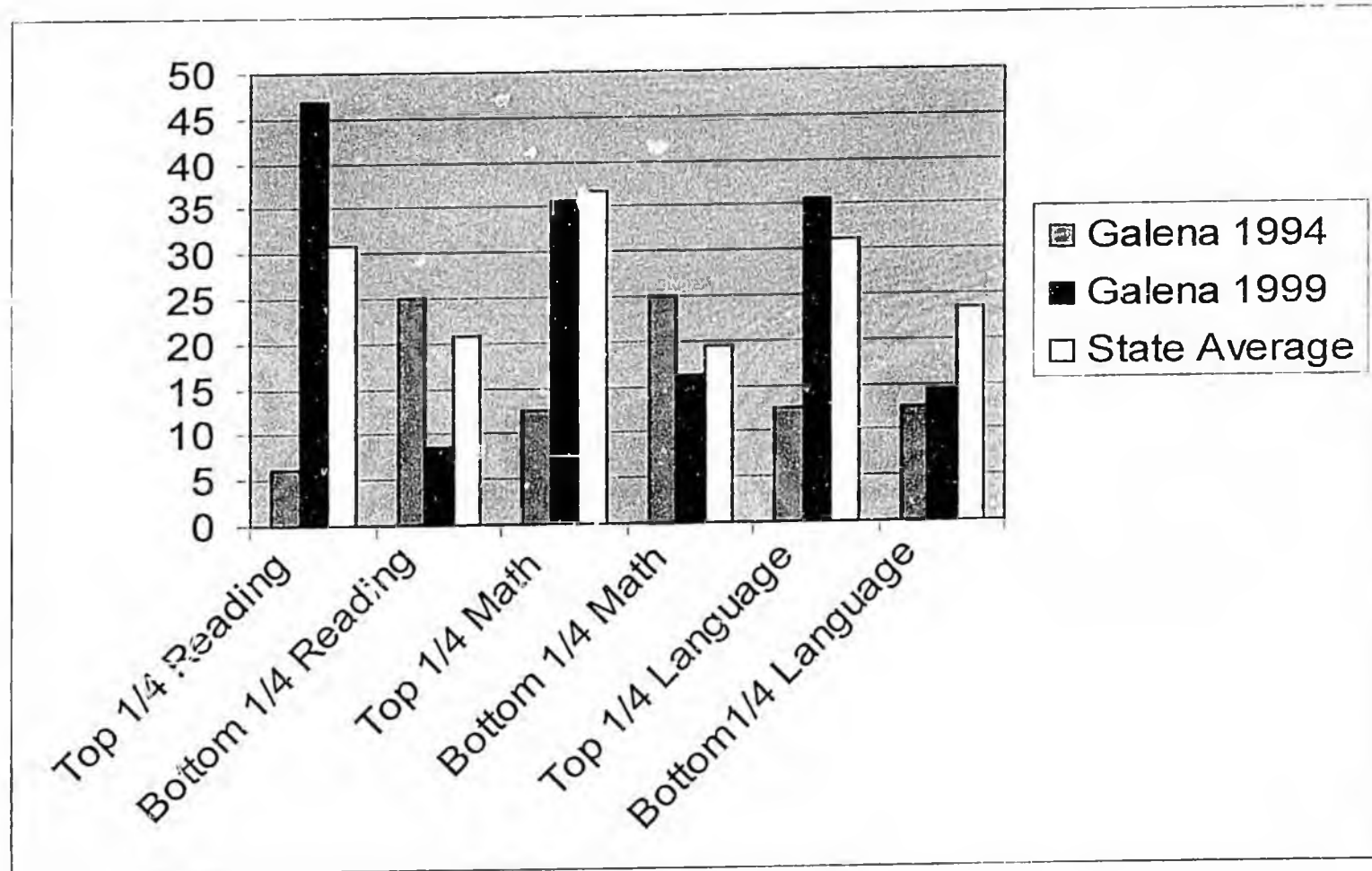
Galena City School District

CAT 5 Scores



Galena City School District

EFFECTS ON 4TH GRADE CAT 5 SCORES



Galena City School District



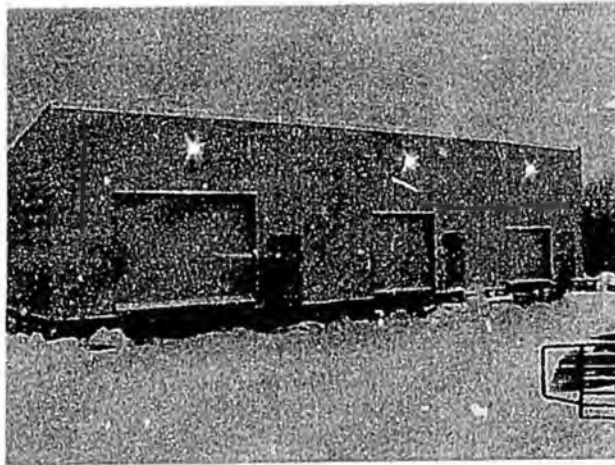
- ELECTRONIC PORTFOLIOS
- HISTORY OF STUDENTS ACADEMIC WORK
- REPORT CARD CHECKLIST

Galena City School District

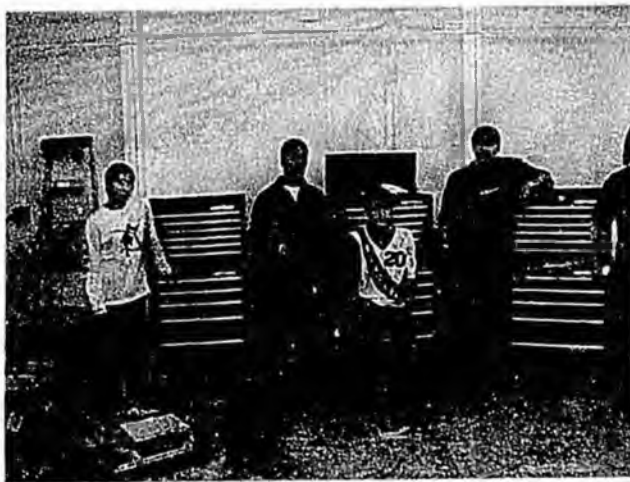


- STUDENT LED
CONFERENCES
- STUDENTS, PARENTS, &
TEACHERS
UNDERSTANDING
CURRICULUM

Galena City School District



- SUZUKI GM
VOCATIONAL
TRAINING BUILDING



- GM DONATED
TOOLS

Galena City School District



- COIFFURE ARTS
- Your Professional Image
- Bacteriology
- Decontamination & Infection Control
- Anatomy & Physiology
- Electricity & Light Therapy
- Chemistry
- The Salon Business

Galena City School District



■ AVIATION

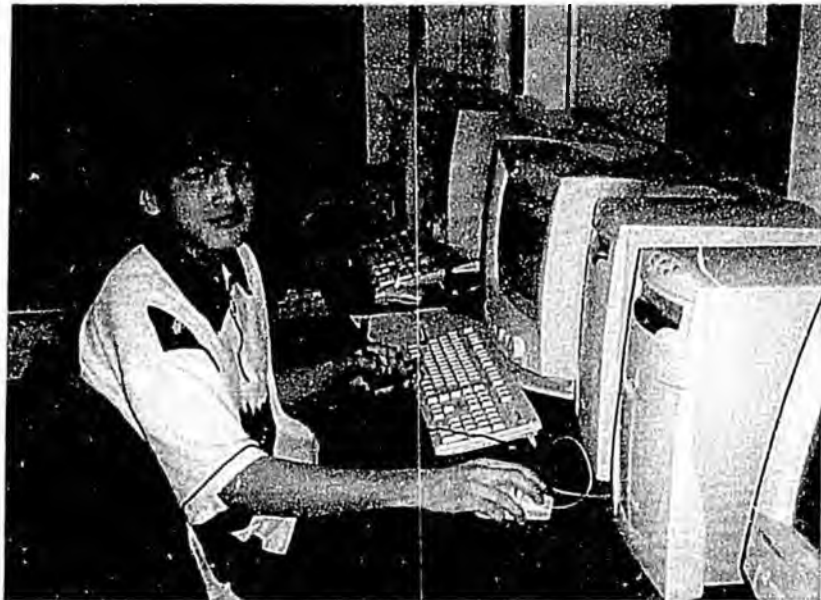
- Aviation Technology Associates in Aviation Arts and Technology. Program will offer courses including:
- Private and professional piloting
- Airport management
- Traffic control
- A & P mechanics in conjunction

Galena City School District



- CULINARY ARTS
- Sanitation
- Food Safety
- Basic Cooking Styles
- Basic Cooking Techniques
- Kitchen Operations

Galena City School District



■ MICRO-COMPUTING

■ *Computer Technology Associates in Microcomputer Technology Degree program. Courses will include:*

■ *Microsoft A+*

■ *Cisco certification.*



Galena City School District

- COMPUTERS IN EVERY HOME
- INTERNET CONNECTION HOME/SCHOOL
- CHILD PROTECTION TEAM
- LIGHTSPAN
- INTERVENTION TEAMS



Galena City School District

GRANTS TO BE IMPLEMENTED

- *21st Century Learning*
- *Tele-medicine/Tele-education*
- *Adult Vocational Education Center*

THE ALASKA LEGISLATURE



HONORING

GALENA SCHOOL DISTRICT, SUZUKI MOTORS OF JAPAN & AMERICA AND GENERAL MOTORS CORPORATION OF AMERICA

CORPORATE AND BUSINESS PARTNERSHIPS PROMOTING EDUCATION

The members of the Twenty-first Alaska State Legislature honor the Galena School District for their development of a joint business partnership with Suzuki Motors of Japan & America and General Motors Corporation of America providing a unique approach to expanded education in rural Alaska.

Galena School District started the Project Education Charter School, a regional vocational, project-based high school in Galena. This school was developed to emphasize vocational training and preparation for the world of work, utilizing School-To-Work experiences.

The School-to-Work partnership between General Motors Corporation, USA and the Galena School District has moved Galena School into the forefront of education, by providing students with the skills to gain employment, both locally and nationally.

Suzuki Motors Corporation and General Motors Corporation are partners with the Galena School District in developing a technical training center with engines, training tools, and tool testing equipment and instructor training in Galena. The Technical Training Program allows Galena City School District students to enroll in the program and upon successful completion, receive a certificate of training. The program is on the cutting edge of high school vocational training programs, allowing a student to graduate from high school and already be trained and ready to enter the workforce as a certified mechanic in small and/or large engine repair.

The partnership with Suzuki fits the needs and dependence on the use of small engines and the subsistence life style in the Interior of Alaska. Since the region is not accessible by road, transportation is by river or air creating an extreme dependence on outboard motors for river travel in the summer and snow machine travel in the winter. These isolated areas also share a dependency on small engine generators for electricity.

The Twenty-first Alaska State Legislature recognizes and applauds this valuable partnership with rural Alaska. We thank these organizations for their dedication and commitment to education and congratulate them for their foresight in developing new technical teaching approaches and business solutions that will provide long-term benefits for the people of rural Alaska.



Brian S. Porter
BRIAN PORTER
SPEAKER OF THE HOUSE

Date: September 26, 1999

Drue Pearce
DRUE PEARCE
PRESIDENT OF THE SENATE

Carl Morgan
CARL MORGAN
PRIME SPONSOR

Cosponsors: Representatives Porter, Austerman, Barnes, Berkowitz, Brice, Gunde, Cissna, Coghill, Jr, Croft, Davis, Dyson, Green, Grussendorf, Harris, Hudson, James, Joute, Kertula, Kohring, Koakesh, Kott, Masek, Mulder, Murkowski, Phillips, Rokeberg, Sanders, Smalley, Williams; Senators Lincoln, Tim Kelly, Taylor, Green, Mackie, Adams, Hoffman, Elton, Leman, Wilken, Miller, Halford, Pete Kelly, Parnell

The World At Their Door Galena's Partnering Program

BY SHIRLEY JOHNSRUD

Galena, one of the most remote, isolated areas in interior Alaska, is located on the Yukon River about 220 air miles west of Fairbanks and 350 miles from Anchorage. It is accessible only by boat or aircraft. The population of 544 is equally numbered between Native and non-Native people. To combat unemployment, poverty and other social problems, Galena's citizens implemented a partnering program, The Breakfast Club, which is striving to prepare Native young people with work-based experiences and pre-employment skill development.



Life in this region of Alaska is not easy. The gentle rolling hills are underlaid with permafrost and subject to periodic flooding. Temperatures dip to -70° . During the summer months, barge lines deliver supplies of heavy equipment, fuel, groceries and general supplies needed for the winter months. Lack of trade and industry drives up the unemployment rate in Galena, forcing most Native youth to leave the village and relocate to larger cities in order to find jobs.

Galena's school district, founded in 1973, is home to 190 K-12 students, 80% of whom are Native Athabascan. The idea of partnering became a viable way for Galena's school district and community to combat the effects of losing a valuable resource: Galena's young people. The school began to invite area employers and interested community leaders to a regularly-scheduled breakfast meeting hosted by the district. The purpose of this meeting was to introduce the school-to-work philosophy and plan its implementation. School-to-work initiatives had employers partnering with the school to prepare students with work-based experiences. Participants in the first "Breakfast Club" meeting decided to continue the meetings once every month. They would share their programs and support each other's efforts to better community life and provide learning experiences for students.

Regular attendees at the monthly Breakfast Club meetings have been employers, parents and interested community members. There have also been several outside partnerships linked to the school and community who have shared their goals and ideas at the Breakfast Club, notably: legislative representatives, including Lt. Gov. Fran Ulmer, state and national school-to-work directors, Air Force personnel and University of Alaska administrators. State labor unions offering instructors, curriculum and safety training to students have included: International Brotherhood of Painters and Allied Trades, Fairbanks Alaska Carpenter Training Center, U.S. Rural Housing Development Office and Alaska Joint Electrical Apprenticeship and Training Trust. Students who participated in the training program were able to help with several community projects such as environmental cleanup and remodeling Elders' homes.

Other visitors to the community Breakfast Club have included organizations such as the Illinois Creek Mining Co, National Bank of Alaska, Fairbanks Daily News Miner, and the State and American Hospital Association. Partnerships beneficial to the students' vocational and academic training have been with such supporters as the University of Alaska staff, who offer varied courses including aviation and computer technology. Representatives from Suzuki Corporation and General Motors visited Galena and signed a contract providing small engines, computer software, tool kits and car frames for the automotive classes. The owner of the New Concepts Beauty College of Fairbanks taught courses in hair styling. Native corporations, including Doyon Foundation, Tanana Chiefs Conference, Gana-A'-Yoo, Ltd. and Loudon Village Council, have provided scholarships in addition to offering students experiences in their offices and donating travel expenses for the students to attend conferences.

Several employers went through training with the "Work Smart—Prepare for Life" program in collaboration with Alaska Cooperative Extension. This training stressed the relationship between academic and job skills and the need for life-long learning experiences. The participants prioritized the skills and values they thought were important to the workplace and should be taught in schools. The school requested supportive partnerships with Native corporations and employers to provide both paid and unpaid work-based learning opportunities and job

mentoring for the students. Students, in turn, would learn how their coursework in math, science, language arts, social studies, and vocational classes applies to the workplace, as well as the importance of good work ethic and necessary social skills.

Sharing Ideas

Partnerships between Galena and the lower 48 companies are being struck on several levels. ACT Discover, a computer software program from Colorado, has partnered with the Galena school district to provide training and computer software for their program entitled "ACT Discover World of Work." A new partnership between Lightspan, an educational curriculum for skill development, and Yahoo, Inc. will sponsor an Iditarod racer. A Galena teacher and Native student will be selected to follow a musher during the race and provide up-to-date pictures and videos of the Iditarod 2000 to the Yahoo Web site. Another partnership between the City of Galena Health Clinic and the village of Tanana has recently received a generous telemedicine grant from the Department of Agriculture to enable instruction and medical information to be brought into the classrooms and health clinic through live videoconferences. This program also includes staff training for both the school and clinic.

All of these partnerships are shared with the community via the Breakfast Club. The Club has become a well-known entity around the state. It was the topic for the Fairbanks "Talk on Alaska" radio show and described at various state conferences. Max Hundorf, long-time Galena resident and Athabascan businessman, shared his thoughts on the Breakfast Club at a recent meeting. "The Breakfast Club provides current information, and information is knowledge. The use of knowledge becomes that earthly type of wisdom where you learn by doing. Of course, what you learn in the books you try to apply to the actual physical experience. The Breakfast Club provides both the information and the sharing of experiences. It is a wonderful opportunity to gain information and to share with each other. The word community means communication, and since this started, there has been so much more communication with each other. They [students] worked very hard and stayed on task with little supervision. When they ask to help in the store at different times, we know that we are providing the experiences for them to help others and learn social skills and how to talk to the public."

Sidney Huntington, Athabascan, who founded the Galena City Schools, said, "The Galena Breakfast Club is a good source. It provides an opportunity for sharing what is going on in Galena now, and gives a look at what is going on down the road. It offers insight to what might be happening later on. The outsiders are not coming in here and telling us what we should be doing. They just share their ideas. There are changes in Galena, quite dramatic. The other villages do not have a Breakfast Club and it is really good if people will follow our format."

When asked how the breakfast Club has assisted the community of Galena, Tribal Chief Peter M. Captain, Sr. responded, "The most important role that it provides to the tribe is that the Breakfast Club galvanizes the community in the cultural value of 'Neel ghul neets' niy' which translates, 'We work together, we help each other.' This human value of sharing is practiced within this community on every scale of activity. When institutions and citizens sit to enjoy the heartiness of a meal there is interaction on a human level. This also is a cultural value of the tribe." ❖

Shirley Johnsrud, Athabascan, M.S., M.Ed., is the school guidance counselor for the Project Education Charter High School in Galena, AK.

Three Programs, One Goal - "MEET THE NEEDS OF THE STUDENT"

Galena City Schools

JIM SMITH
9-12 Principal

LARRY HAUSSMAN
Pre/K-8 Principal

FY2000 Enrollment - 181

GALENA CITY SCHOOLS serve the students who live in Galena through progressive teaching in three traditional programs in the elementary, middle school and high school.

Students and staff are afforded the use of laptop computers, and Internet access is available to everyone.

A wide range of leading-edge programs are offered to students, i.e. traditional academics, college prep, technology, School-to-Work, vocational education, aviation, coiffeur arts, special education, migrant and bilingual education, music, physical education, culinary arts and sports.

Galena City School District



PROJECT EDUCATI★N Charter School

BART MWAREY, PRINCIPAL

FY2000 Enrollment - 70
Serving Grades 9-14

PROJECT EDUCATI★N was the second Charter School to open in the state of Alaska. This boarding school opened its doors in 1997 to students from across the state and is in the third year of a highly successful program. Students from 38 communities attended the charter school during FY99.

PROJECT EDUCATI★N provides vocational opportunities often not available in smaller schools. PECS uses a project-based approach and individualized student plans to assure student success.

Partnerships with the UAF Rural College's Yukon-Koyukuk Center in Galena, and the UAA Aviation Department are just two examples of our effort to provide additional course offerings for students.

www.galenanet.com

Interior Distance



Education of Alaska

STEVE MUSSER, DIRECTOR

FY2000 Enrollment - 3435
Serving Grades K-12

IDEA strives to serve the needs of families who choose to provide for their children's education outside of the traditional classroom setting. Every family is provided with a computer, computer training, Internet access, curriculum materials, a Fax/scanner/color printer, and district website.

IDEA resource centers in Fairbanks, Wasilla, Anchorage, Kenai and Juneau assist parents with individual learning plans and help to monitor student progress. Special workshops are held throughout the school year to assist parents with specific skills such as writing, math or computers.

www.ideafamilies.org

1/25/00

Why Galena?

Galena is a very progressive school district, complimented by a community where innovative thinking is #1. A cooperative group comprised of the School District, the City, the local Native Village and Tribal Councils, and the Tanana Chiefs Conference Galena office, as well as local businesses, work together for the good of the community.

Through the positive efforts of this group many things have been accomplished. While other districts struggle with lack of funding, lack of local support and lack of parental involvement, Galena pushes ahead.

All the above named organizations support each other's endeavors, assist with in-kind support or sharing of expenses, and look to a positive future together. Galena is a great place to live and work!

T o g e t h e r
E v e r y o n e
A c h i e v e s
M o r e

Galena City School District



Board Members

John Billings
President

Conrad Olin
Vice President

Ed Pitka, Jr.
Treasurer

Victor Marshall
Secretary

Susie Sam
Member

Galena City School District



Carl Knudsen
Superintendent

Jim Foster
Assistant Superintendent

PO Box 299
Galena, Alaska 9974

(907) 656-1883

1/25/00

**Division of Public Assistance
Overview of Welfare Reform
January 25, 2000**

Topics of Discussion

- 1) Alaska Temporary Assistance Program (ATAP) Basics
- 2) Caseload Decline
 - Rate of Decline Continues
 - Comparison to Other States
- 3) Spending is Down
 - General Fund Savings
- 4) More Clients Working
 - Work Participation Rates
- 5) Performance Measures
 - High Performance Bonus
 - Food Stamp Accuracy Rate
- 6) Program Evaluation
- 7) Work Services
 - Case Management and Work Search
 - Child Care
 - Hard-to-Serve
 - Training Initiatives
 - Transportation
 - Mentoring
- 8) Workforce Development
 - AHRIC
 - WorkStar
 - One Stop Job Centers (AJCN)
- 9) The Future
 - Planning for the 5-Year Limit
 - Services for Hard-to-Serve clients
 - Post Employment Services
 - Targeted Training
 - Child Care
 - Welfare-to-Work Case Management Training
 - Transportation
 - Program Evaluation

1/25/00

October 1999

Welfare Reform Status Report

The First Two Years

Fiscal Years 1998 & 1999
(July 1, 1997 – June 30, 1999)

1999 UPDATE

INSIDE THIS REPORT

Introduction	1
Second Year Statistics	2
Workforce Development	4
Work Services	6
The Safety Net	8
Future Challenges	10

INTRODUCTION

Alaska has completed the second year of its new welfare program. As a result of welfare reform, the dramatic decrease in welfare caseloads seen across the nation is happening in Alaska. While caseloads and spending are down and more recipients are working, challenges still persist in helping the remaining Alaskan families off welfare and into self-sufficiency.

Alaska's welfare reform law was signed by Governor Knowles in June of 1996, and two months later President Clinton signed the federal welfare reform law. The new state and federal laws which took effect on July 1, 1997, replaced the AFDC program with the Alaska Temporary Assistance Program (ATAP or Temporary Assistance).

Alaska has adopted a "work first" approach which emphasizes quick entry into the workforce for most recipi-

ents, backed by services which help recipients retain jobs and attain better jobs. The threat of time limits and federal requirements for work participation underscore the importance of a strong employment emphasis.

The AFDC program was funded on a 50% federal and 50% state basis with the total amount dependent on the size of the caseload. Under the new program, federal funding comes in a fixed amount known as the Temporary Assistance for Needy Families (TANF) block grant and the state is required to match at least 80% of the federal level.

Due to declining caseloads and the reduced demand for cash benefit payments, millions of dollars have been made available to provide child care and work services for recipients and to supplant state funds for other services which has helped to



reduce the state's budget deficit.

While the success chronicled in last year's *Welfare Reform Status Report* has continued through the second year, the challenges remain as well. As the caseload declines, those recipients with the greatest barriers to employment continue to need help. And the 60-month lifetime time clock keeps ticking.

The ultimate success of welfare reform will depend on helping low-skilled welfare recipients into employment and self-sufficiency before their clock runs out.

WELFARE REFORM IN ALASKA

SPECIAL POINTS OF INTEREST:

- Welfare caseload has declined 26% from June 1997.
- Welfare savings for Fiscal Year 1999 topped \$41 million.
- Since July 1997, 4,000 families have left welfare for jobs.
- The welfare caseload has dropped to its lowest level since February 1991.

New welfare reform laws have changed welfare by:

- Imposing a 5-year lifetime limit on benefits
- Requiring most recipients to be in a work activity within two years
- Requiring minor parents to live with their parents or another safe home, and to finish high school

- Diverting applicants from welfare by addressing immediate needs
- Reducing benefits to two-parent families in the summer and to families with low housing costs
- Requiring all recipients to develop a family self-sufficiency plan

- Allowing families more earned income so that it pays to work
- Penalizing recipients for quitting or refusing to take a job
- Enabling communities to play a greater role in the delivery of welfare-to-work services

Second Year Statistics

Welfare Caseload Down



SECOND YEAR STATISTICS

HIGHLIGHTS

Two years of welfare reform in Alaska have brought some remarkable achievements.

The new rules under welfare reform, the commitment of state public assistance workers and community contractors and grantees, a focus on work and personal responsibility, and a strong Alaska economy have yielded great results.

Highlights from the first two years of welfare reform include:

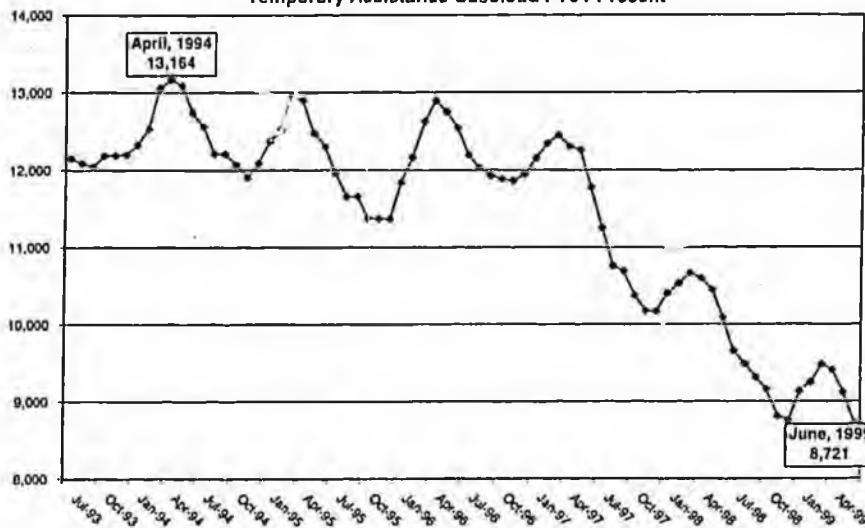
- The Temporary Assistance caseload has dropped 26%, from June 1997 to June 1999;
- Since July 1997, 4,000 families have left public assistance for jobs;
- Over 54% of Temporary Assistance adults are assigned to work activities;

- In two years, the State saved over \$41 million in welfare benefits; and

- Welfare reform has saved \$32.3 million in state general fund dollars in Fiscal Year 2000 alone.

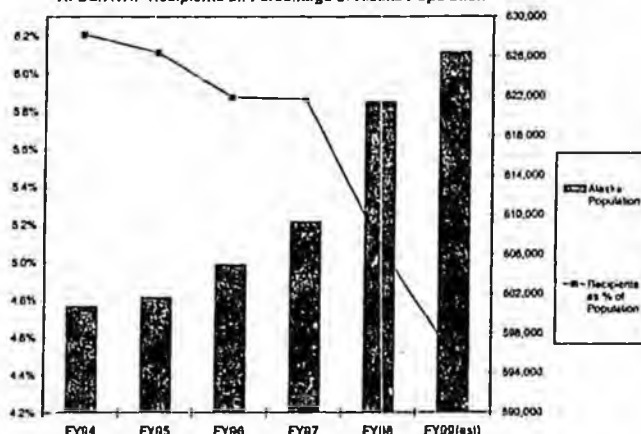
CASELOAD CONTINUES TO GO DOWN

Temporary Assistance Caseload FY94-Present



In June of 1999, the Temporary Assistance caseload declined to 8,721, its lowest point since February, 1991 when two parent families were first being added to the AFDC program. This figure is 34% below the historical peak in April of 1994. The greatest decline began in February 1997 when the first ATAP provisions began to take effect. In spite of the overall decline, winter upswings are an inevitable result of Alaska's seasonal economy.

AFDC/ATAP Recipients as a Percentage of Alaska Population



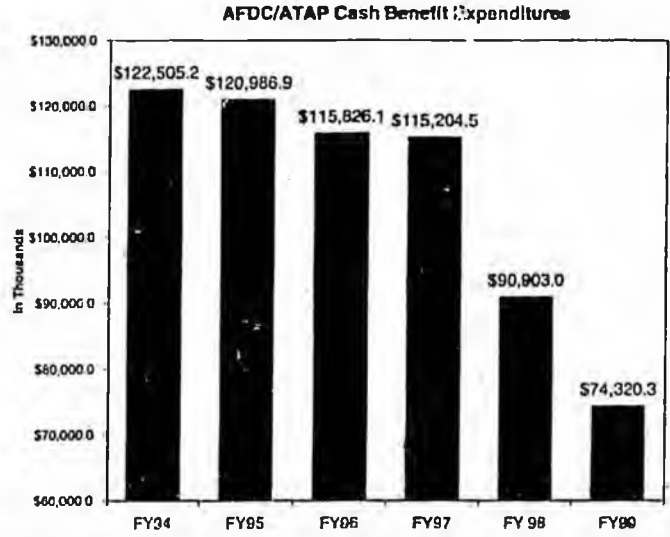
Alaska's overall population has been steadily growing in recent years. At the same time, the welfare caseload has been declining. Thus, the percentage of Alaskans on Temporary Assistance has dropped significantly in the past two years.



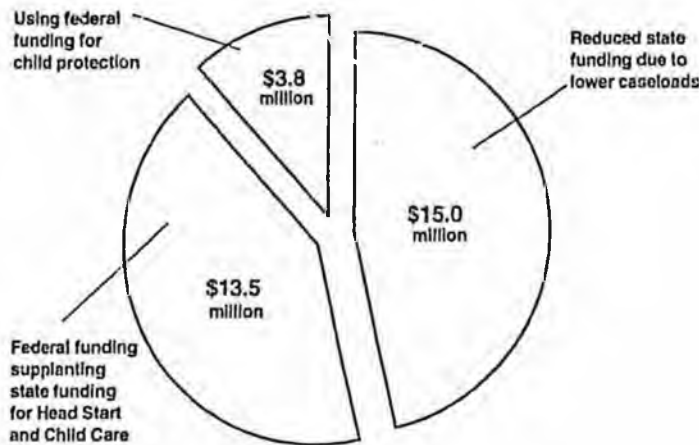
SPENDING IS DOWN



Spending on welfare payments to recipients is down. In FY99, these expenditures declined to \$74.3 million, a 35% reduction from FY97. Lower expenditures can be attributed to more recipients leaving welfare for work, fewer applicants, more recipients working, and benefit cuts to two-parent families in the summer and to families with lower housing costs.

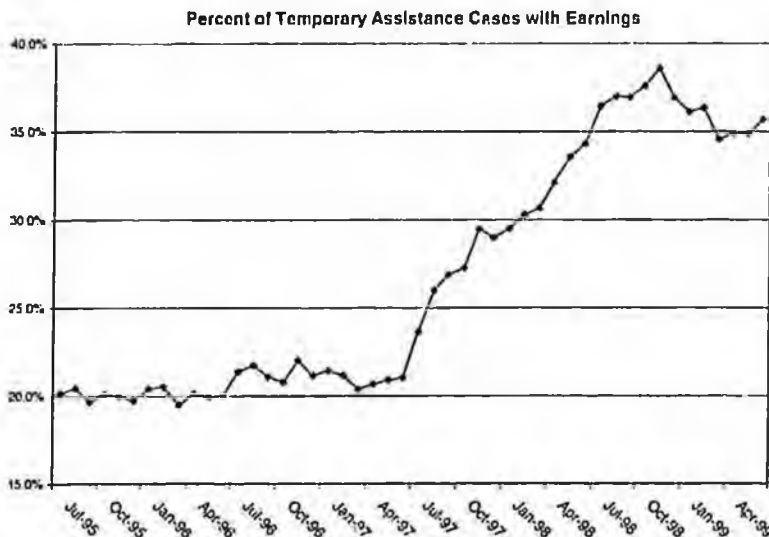


FY2000 State General Fund Savings: \$32 Million



Welfare reform has saved millions of state general fund dollars at a critical time of high budget deficits. Comparing what was spent in FY97 to the amount appropriated for FY 2000, the general fund savings will reach \$32.3 million for FY 2000 alone. This sum is composed of several factors including: reducing the required state effort to the floor; using federal TANF dollars to the maximum allowed to supplant general funded child care and Head Start programs; and using federal TANF dollars to the maximum allowed to provide additional child protection services that would otherwise be funded with state funds.

MORE RECIPIENTS ARE WORKING



The main welfare reform provisions took effect in July of 1997. Since that time the percentage of welfare recipients in a job has increased dramatically. However, as the caseload declines to those recipients with the greatest barriers to employment, it becomes more difficult to achieve high percentages of working recipients.

WORKFORCE DEVELOPMENT



ALASKA'S ECONOMY

The Alaska economy plays an important role in the success of welfare reform. Jobs created over the last two years have helped caseloads shrink and future economic growth should add to this trend.

Last year's growth was the

third strongest in the 1990s.

Today's economy continues to add jobs; more people are employed now than were employed a year ago.

New Alaska jobs grew by 2.5% in 1998, providing much needed opportunities for welfare recipients. Alaska's economy should continue to grow through 2000, although job growth in 1999 and 2000 will be among the slowest in Alaska during the last 10 years, according to the Alaska Department of Labor and Workforce Development.

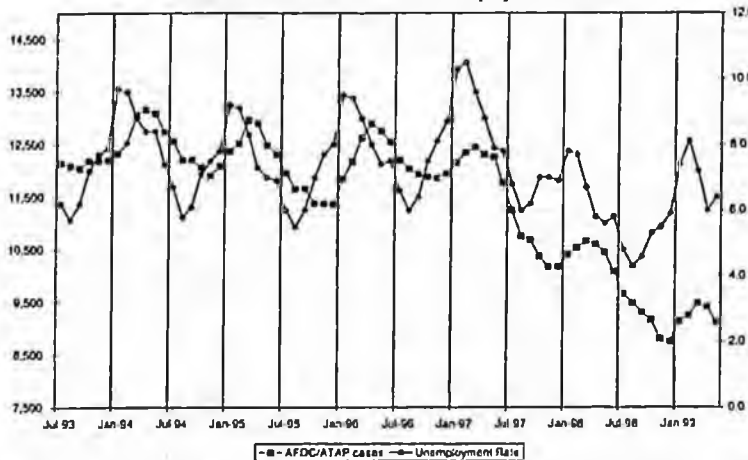
A contracting oil and gas industry and the associated impacts in other sectors of the economy will contribute to slower job growth. In addition,

Alaska's public sector is expected to lose jobs in the next two years. Some of these job losses will be due to privatization and others are expected as a result of revenue-related downsizing.

Another bright spot for Alaska's economy is the unemployment rate, which for the first time since Statehood, remained below 8 percent six years in a row, and averaged 5.8 percent in 1998.

The graph shows that the Temporary Assistance caseload follows and is directly related to the unemployment rate in Alaska. The graph also shows the seasonal nature of both welfare and unemployment.

Alaska AFDC/ATAP Caseload vs. Unemployment Rate



ALASKA HUMAN RESOURCE INVESTMENT COUNCIL & DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

There are big changes in Alaska's workforce development arena. The consolidation of state workforce development agencies and the implementation of the Federal Workforce Investment Act hold the promise of improved training and other employment services for both job seekers and employers.

Legislation passed last session and signed by Governor Knowles consolidates most of the state's workforce development programs into the newly renamed Department of Labor and Workforce Development (DOL). The job training programs housed in the former Department of Community and Regional Affairs were

moved as was the Division of Vocational Rehabilitation, and Adult Basic Education. Work services funded through the TANF block grant remain with DPA although DOL continues to provide many services for welfare recipients under agreement with DPA.

Alaska's job training efforts are coordinated by the Alaska Human Resource Investment Council (AHRIC). The Council consists of private sector employers, union officials, educators and state officials.

The AHRIC is currently implementing the new Federal Workforce Investment Act (WIA), which consolidates job training and vocational

education programs, provides more local control of the State's job training delivery system, and is designed to meet both the needs of employers and job seekers.

The AHRIC is coordinating a public planning process to create a five-year strategic plan for workforce development, involving local elected officials, partner agencies, community based organizations, and individuals. The AHRIC will continue to support welfare reform through the planning process. The deadline for WIA implementation is July 1, 2000.



ALASKA JOB CENTER NETWORK – ONE-STOPS

The continued success of welfare reform in Alaska depends on the coordination of agencies that focus on job training, development and placement for recipients.

The Alaska Job Center Network (AJCN) is Alaska's version of the national "one stop" career center system. Its goal is to bring together services for jobs, job training and human services with an eye to increasing cost effectiveness and improving customer satisfaction.

In 1999, all of Alaska's one stops will be asked to meet state standards for Job Centers established by the Alaska Human Resource Investment Council. Antici-

pated to receive certification for meeting those standards are at least 10 full service Job Centers and more than 18 Satellite Job Centers serving smaller communities.

There are several Job Centers up and running in communities across the state;

- Ketchikan Job Center;
- Juneau Job Center;
- Mat-Su Job Center;
- YK Delta Job Center;
- Eagle River Job Center;
- Fairbanks Job Center;
- Kenai Pen. Job Center;
- Anchorage Job Center, Muldoon;
- Anchorage Job Center, 5th Avenue; and
- Anchorage Job Center, Midtown.

The first Anchorage Job Center opened in the Muldoon Mall and a Fourth & Gambell location will open in the fall of 1999. An additional Anchorage Satellite is planned for Mt. View.

All Centers offer a customer service orientation and will provide job and career information, job referrals, skills training, temporary assistance and welfare-to-work programs. Public access computers help customers learn computer skills or access the Internet to facilitate job search.



WORKSTAR AND JOB DEVELOPMENT

The private sector has stepped up to the challenge of welfare reform in Alaska. Most of the jobs which have helped poor Alaskan families off welfare have come from private businesses. Much credit for this goes to Governor Knowles' WorkStar Steering Committee.

Welfare changes created a unique opportunity for the state and business to partner in moving welfare recipients into the workforce. WorkStar is a business-led effort to advise the State on the employer's perspective on hiring welfare recipients. WorkStar members come from the largest employers in the state and small businesses as well. Most of these employers have hired welfare recipients.

WorkStar steering committee members include:

- Jacob Adams, Arctic Slope Regional Corporation

- Pam LaBolle, AK Chamber of Commerce
- Eleanor Andrews, Andrews Group
- Carl Marrs, Cook Inlet Region, Inc.
- Dennis Bird, FedEx
- Richard Near, Safeway
- Charles Bundrant, Trident Seafoods
- Jamie Slack, VECO
- Jane Crane, ARCO
- Suzanne Sloan-Rust, K-2 Aviation
- Charlie Curtis, NANA
- Bob Southall, Hilton Hotel
- Susan Denison, Providence
- Mano Frey, AK AFL-CIO
- Fran Webber, NBA
- Kitty Farnham, BP

WorkStar accomplishments include the following:

- Held five job fairs around the state;
- Attended four trade shows to meet employers; and
- Solicited and selected WorkStar Employer and

Employee of the Year award to be given Fall 1999.

Closely aligned with WorkStar are the state's job development efforts. Department of Labor and Workforce Development staff working on behalf of DPA work full-time in developing relationships with employers encouraging them to hire recipients. These "job developers" sell the benefits of hiring welfare recipients including DPA screening and referral of prospective employees, tax credits, public recognition, and most importantly, hard working and loyal employees.

A toll-free number is available to employers to assist them in hiring someone off welfare.



WorkStar

To hire a
worker
call

888 838-JOBS

Work Services

WORK SERVICES

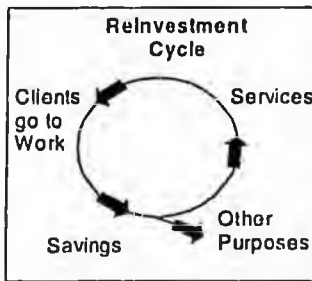
MORE WELFARE-TO-WORK FUNDING

A variety of services intended to help recipients into the workforce are known as "work services". Most of the funding for these critical work services has come from the state's reinvestment plan.

care, case management, work search, transportation, training and job development. Funds come from the TANF block grant, state general funds and the federal Welfare-to-Work

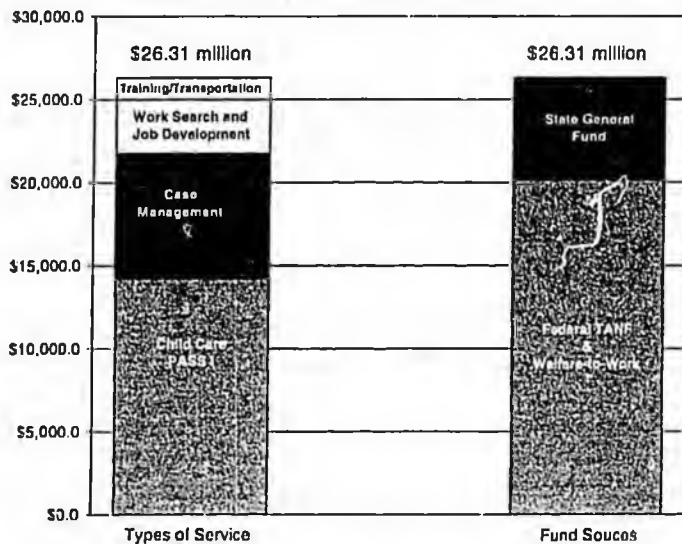
program. These services are administered by state agencies, non-profit community organizations, Native organizations and private businesses across the state.

As recipients left the caseload, savings in benefit dollars have been generated. A portion of the savings has been reinvested in services to help even more recipients off welfare which results in more savings, and the cycle continues. A significant portion of the savings have been used to help reduce the state's general fund deficit and to provide other state services.



For FY 2000, approximately \$26.3 million has been budgeted by DPA for services for recipients including child

FY2000 Work Services Funding



"Clients served" indicates the number of welfare recipients that the State is actively helping to work.

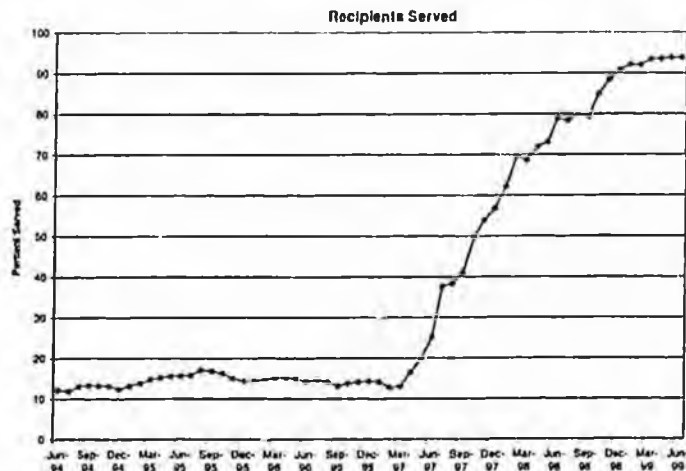


DIVISION OF PUBLIC ASSISTANCE

The Division of Public Assistance (DPA) plays the central role in the delivery of work services. As the state's TANF agency, DPA is responsible for federal funds which pay welfare benefits to eligible re-

ipients, provide work services and cover administrative costs. The federal TANF responsibilities also include meeting program requirements, performance mandates and reporting requirements. DPA is also the local administrative entity for the US Department of Labor's Welfare-to-Work (WtW) program. Both the TANF and WtW require the contribution of state general funds for which DPA is responsible as well.

Public Assistance, General Relief and Energy Assistance recipients. DPA also determines eligibility for the Medicaid and CAMA programs. A newer, expanded responsibility for the Division is in providing work services. Some of these services are provided in-house by DPA and Department of Labor and Workforce Development employees, but most services are provided through community grants and contracts administered by DPA. Since 1997, there has been a dramatic expansion in the number of recipients served by either state agencies or through grants and contracts.



As it has done for years, DPA is responsible for determining eligibility and paying benefits to eligible welfare (ATAP) recipients, and for Food Stamp, Adult

COMMUNITY GRANTS AND CONTRACTS

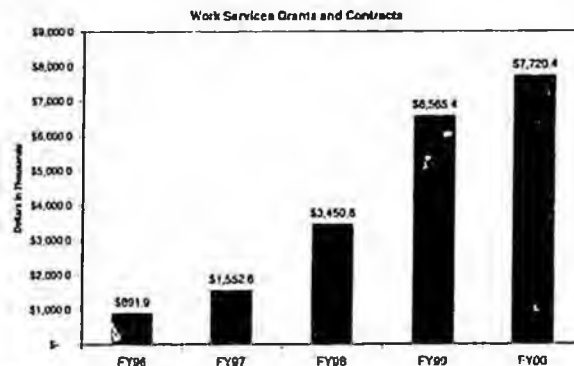
Most of the work services in Alaska are provided by community-based service providers under a grant or contract with DPA. Welfare reform would not be successful without the commitment of these organizations (see the roster of service providers) which serve Temporary Assistance recipients throughout all regions of the state. They are familiar with the local economy, job market, customs and culture and the needs of the community. Native organizations play a key role in providing services, particularly in rural Alaska.

Each grant or contract is performance-based with requirements that the provider serve a certain number of recipients

referred by DPA and reach certain percentages of recipients placed in a job or other work activity. The organization is expected to apply the "work first" approach.

Types of services provided include case management, work search, training, and transportation.

The amount of funding for community based work services has increased five-fold since FY97, the year immediately before welfare reform took effect. Funding for Native organizations has increased to over \$2 million in FY2000.



- Service Providers**
- Adult Learning Programs of AK
 - AK Vocational/Technical Center
 - Aleutian/Pribilof Island Assoc.
 - America Works Partnership
 - Assoc. of Village Council Presidents
 - Bristol Bay Native Assn.
 - Catholic Social Services
 - Center for Community
 - Cook Inlet Tribal Council
 - Copper River Native Association
 - Delta Mine Training Center
 - Dept. of Labor and Workforce Dev.
 - Foundation for Parents and Children
 - HRC, Inc.
 - IAM CARES
 - Job Ready Incorporated
 - Kodiak Island Borough
 - LOVE Inc
 - Maniilaq Manpower
 - Metlakatla Indian Community
 - Municipality of Anchorage
 - Nine Star Enterprises
 - Sitka Tours
 - SE Regional Resource Center
 - Tanana Chiefs Conference
 - Tanana Valley Comm. College
 - Tingit & Haida
 - University of Alaska - Adult Learning Center

CHILD CARE

The success of welfare reform depends on the existence of accessible, affordable, quality child care for all low wage workers. The State of Alaska provides child care subsidies for these families through the Parents Achieving Self Sufficiency (PASS) program: PASS I for families receiving Temporary Assistance benefits, PASS II for families who are moving from reliance on TA, and PASS III for low-income families.

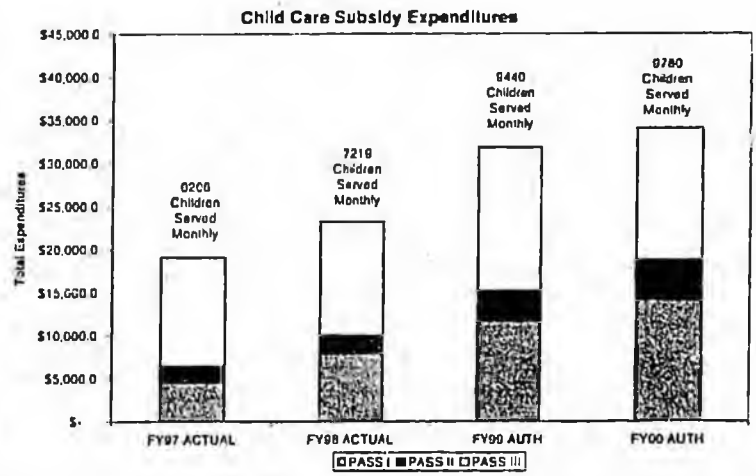
Over the past two years, total spending by the state on child care subsidies has grown by more than \$12 million - to nearly \$32 million in FY99. Funding for child care subsidies for Temporary Assistance recipients has grown from \$4.5 million in FY97 to almost \$12 million in FY99. During that same period, the average number of children served on a monthly basis by all subsidy programs increased

by 2,500. Since the cost of child care can often be more than 50% of the take-home pay for families moving from welfare to work, assisting parents pay for child care is extremely important to achieving the goal of self-sufficiency for Alaskan families.

Welfare reform efforts include 'parental choice' provisions, which allow parents expanded options in choosing child care, including care from relatives and friends. Many parents select providers who are exempt from licensing under state child care regulations. As a result, in 1998, the State of Alaska initiated a policy that all providers receiving child care subsidy payments must meet minimum health and safety standards and register with the state to provide child care. Since January, 1998, the number of registered providers has grown from

450 to 1400, increasing the supply of child care dramatically and allowing parents more options for their child care. During the same time, the state experienced a decrease of 55 licensed family child care homes.

The state's commitment to improving the quality, availability, and affordability of child care will continue to enhance efforts to move families from welfare to self-sufficiency.



THE SAFETY NET

TEMPORARY CASH BENEFITS

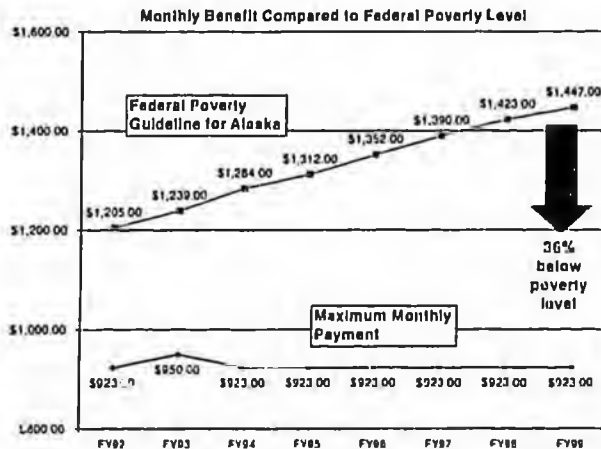
The Temporary Assistance Program remains fundamentally a financial assistance program for poor Alaskans with children.

While the focus of welfare reform has been on moving recipients from welfare to work, it is important to remember that the Alaska Temporary Assistance Program remains fundamentally a financial assistance program for poor Alaskans with children. A vast majority of the funding for ATAP is distributed monthly in cash benefits. DPA workers are dedicated to ensuring that

these benefits are paid accurately, in a timely fashion, and to families that are truly eligible to receive them. This importance of cash benefits to needy families and the state's ability to distribute them cannot be overlooked as welfare reform initiatives are pursued.

Cash benefits assist low income families with their most basic necessities: shelter, clothing, transportation

and food (the Food Stamp Program provides supplemental food for 70% of the ATAP caseload). Up until a change in state law in 1993, Alaska's benefit level tracked the federal poverty level under a cost of living adjustment. Since that time the buying power of the AFDC/ATAP benefit has eroded to 36% below the federal poverty level, as shown on the graph below.



Alaska's Monthly Benefit for a family of three is 36% below the Federal Poverty Level.



DENALI KIDCARE

One of the greatest worries parents have about leaving welfare for work is losing health insurance for their children.

Denali KidCare is a new State of Alaska program designed to ensure that children and teens of low-income working families can have the health insurance they need.

Denali KidCare evolved from the Balanced Budget Act of 1997 which created the Children's Health Insurance Program. Through a Medicaid expansion, eligi-

bility was increased to 200% of poverty for children through age 18. In the first four months, a total of 7,842 children have been enrolled in Denali KidCare. This represents 68% of the goal of enrolling 11,600 children through outreach efforts.

Through five outreach specialists hired for this program, a concentrated effort will occur this fall to enroll more children through schools. All districts in the state have been contacted by outreach specialists and packets will be sent containing posters, brochures, and

applications. Principals will distribute these materials at registration, open houses, and teacher orientation, and school nurses will have it year-round.

Applications for the free and reduced lunch program are available by calling the Denali Kid Care toll-free number at 1-888-318-8890.

As study after study shows, a healthy childhood is essential to both the physical and intellectual development of children. Health insurance can play a key role in that development.



CHILD SUPPORT

Child support collections are essential to the long-term success of welfare reform. The role of the Alaska Child Support Enforcement Division is to help ensure that single-parent families have enough resources to reach and maintain a level of self-sufficiency as they move away from public assistance. Without adequate child support, many of those families will face economic hardship as they hit their time limit on public assistance.

A recent University of Utah study pegged uncollected child support as a significant barrier to getting off welfare. It's the same message offered by a 1998 General Accounting Office report that said: "The increased emphasis on the temporary nature of (public) assistance makes child support, along with employment, a more important means for families receiving aid to become self-sufficient."

The Alaska child support agency collected \$81 million

in support payments in Fiscal 1999, a 60 percent increase over the \$50 million collected in Fiscal 1993. Much of that money went to public assistance cases, and the child support collections helped almost 5,600 families as they moved off public assistance in FY97-98 (the most recent statistics available).

In passing welfare reform laws, Congress and the Alaska Legislature recognized the need for enforcement of child support orders and gave the agency tools it needs to get the job done.

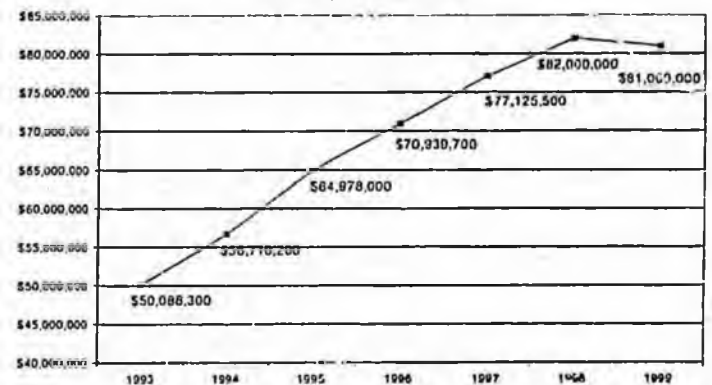
One of the latest additions is Alaska's new-hire reporting law that requires businesses to provide information on all new employees to the child support agency. In June alone, the child support agency received information on more than 12,000 newly hired employees in Alaska, and from that list found almost 2,000 parents who owed child support. This information enables the

agency to send out wage-withholding orders for those parents - something that would not have happened without the new law.

The child support agency continues to deal with a growing caseload - for even as families move off public assistance they remain as child support clients. As of June 30, the agency had established paternity and child support orders in 78 percent of its cases. The caseload generates a phenomenal amount of public contact. For example, in Fiscal Year 1998 the agency handled more than 1.1 million pieces of mail.



Child Support Collections



TEEN PARENT SERVICES

Teenagers who have children stand a greater chance of long-term dependency on welfare. That is why the Division of Public Assistance focuses services for teen parents on prevention of additional pregnancies, high school completion, self-supporting employment, and safe living arrangements.

In the last two years, grants were awarded to communities around the state for *Innovative Community-Based Services for Pregnant and Parenting Teens*. The focus of these grants is on preventing preg-

nant and parenting teens from becoming at risk of long-term poverty and welfare dependence.

In 1998, the State of Alaska joined other states in observing May as National Teen Pregnancy Prevention Month. Communities around the state participated in annual activities that drew attention to teen pregnancy prevention efforts.

Year-round bi-monthly teleconferences are held for communities to promote connection, spring new

ideas, and inform others of state-wide activities.

Alaska's teen pregnancy rate has mirrored the recent national decline and has steadily declined over the past three decades. Alaska continues to be below the national average in teen pregnancies.



FUTURE CHALLENGES



The first two years of welfare reform in Alaska have been very successful by most measures. Yet, challenges remain in meeting federal performance requirements, in continuing to overcome the employment barriers for welfare recipients and in limiting the number of welfare recipients who face the elimination of benefits due to the live year limit.

Federal rules establish a very high requirement for two-parent families to be in an approved work activity. Alaska failed to meet the required 75% level for FY98 and is facing federally imposed penalties. Although Alaska has improved its performance for FY99, the requirement moves to 90% (this figure will be reduced due to Alaska's caseload decline). In response to the failed *two-parent rate*, more

effort will be focused on moving two-parent families into employment and other approved work activities.

As Alaska gains more experience in meeting the challenges of welfare reform, certain services are emerging as those most important in helping recipients toward self sufficiency. As mentioned earlier in the report, *quality child care and case management* are critical. *Post employment services* are essential to help working recipients keep their jobs and attain better jobs that allow them to leave welfare altogether.

Transportation has also been recognized as a significant barrier to employment for most recipients. The state will be devoting additional effort to meeting the transportation challenge. This includes coordinating with

local agencies to establish new or expanded public transportation systems, promoting responsible private vehicle ownership, assistance with car repairs and winterization, mobilizing volunteer organizations to provide transportation services, and helping clients to purchase their own vehicles.

Alaska, like many other states, is trying to learn more about the effectiveness of welfare reform and, in particular, what is happening to recipients who leave Temporary Assistance. DPA is contracting with the University of Alaska to do an *evaluation* regarding the characteristics and employment status of families who have left welfare. This information will be used to improve services so that more families can attain long term self-sufficiency.

NATIVE FAMILY

The Federal welfare reform law has a special provision for Native tribes and organizations. Under the new law, the 12 Alaska Native Regional non-profit organizations and Metlakatla Indian Community are given the option to run their own welfare program for Natives in their region. They are entitled to a slice of the state's TANF block grant based on a pro-rata share of Native recipients in the region. Federal funding is subject to approval based on a Native Family Assistance plan submitted by the Native organization to the Federal government.

For the past year the Tanana Chiefs Conference (TCC),

which operates in the Doyon region of interior Alaska, has managed their own program known as the Athabaskan Self-sufficiency Assistance Partnership (ASAP).

The state is providing additional funding under the ATAP law to supplement TCC as part of a two-year pilot program. Another organization, Tlingit & Haida in Southeast is also developing plans to run a Native Family Assistance Program as well.

It was not the intent of Congress to require tribes or Native organizations to run programs the same as the state. But in order for state funds to be used, the Native

ASSISTANCE PROGRAMS

program must be significantly similar to the State's program. Governor Knowles has submitted legislation, HB98 and SB80, now pending in the legislature that would allow state funds to be spent for Native programs that are comparable, but not the same as ATAP.

This approach would not require additional state funding since state dollars are already being spent for these Native recipients. With the passage of this legislation, Native Family Assistance Programs in Alaska could be designed to be more culturally sensitive, locally controlled, flexible, and ultimately more effective without additional cost to the state.



THE CLOCK KEEPS TICKING!

The first two years of welfare reform in Alaska have shown success by: a reduced caseload, lower welfare benefit expenditures, more recipients in work activities, additional funding for child care and work services, the creation of new job opportunities, greater community involvement, and increased child support. While these are significant achievements, great challenges still remain.

As of the date of this report, many Temporary Assistance recipients in Alaska have only 34 months left in their lifetime to receive Temporary Assistance benefits. The clock is ticking fast, es-

pecially for those recipients who lack skills, have little work history or face other barriers to employment. It is the state's goal to not let anyone hit the 60-month limit without another means of supporting their families.

Of paramount concern is the well-being of the children in those families for whom the Alaska Temporary Assistance Program is intended to help. It will take the ongoing commitment of the state, communities, Native and other non-profit organizations, employers and political leaders to meet this challenge.

The mustering of resources through the reinvestment of saved benefit dollars and from other sources is essential to help recipients gain work skills and prevent their families from facing extreme hardship.

Welfare reform holds great hope for many low-income families in Alaska. Much has been accomplished, but there remains much to be done.



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<http://www.hss.state.ak.us>

This report was produced by the:
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Division of Public Assistance
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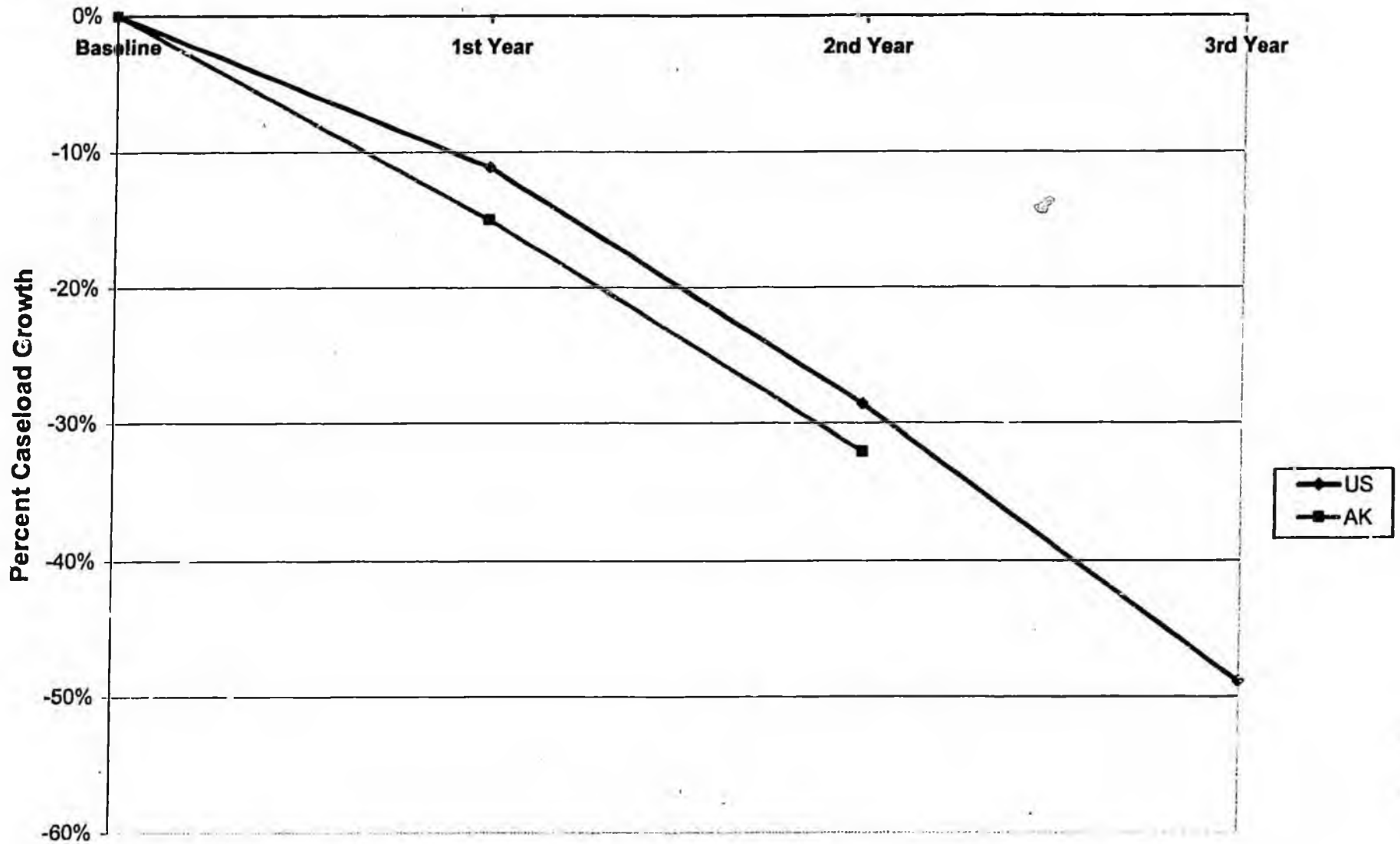
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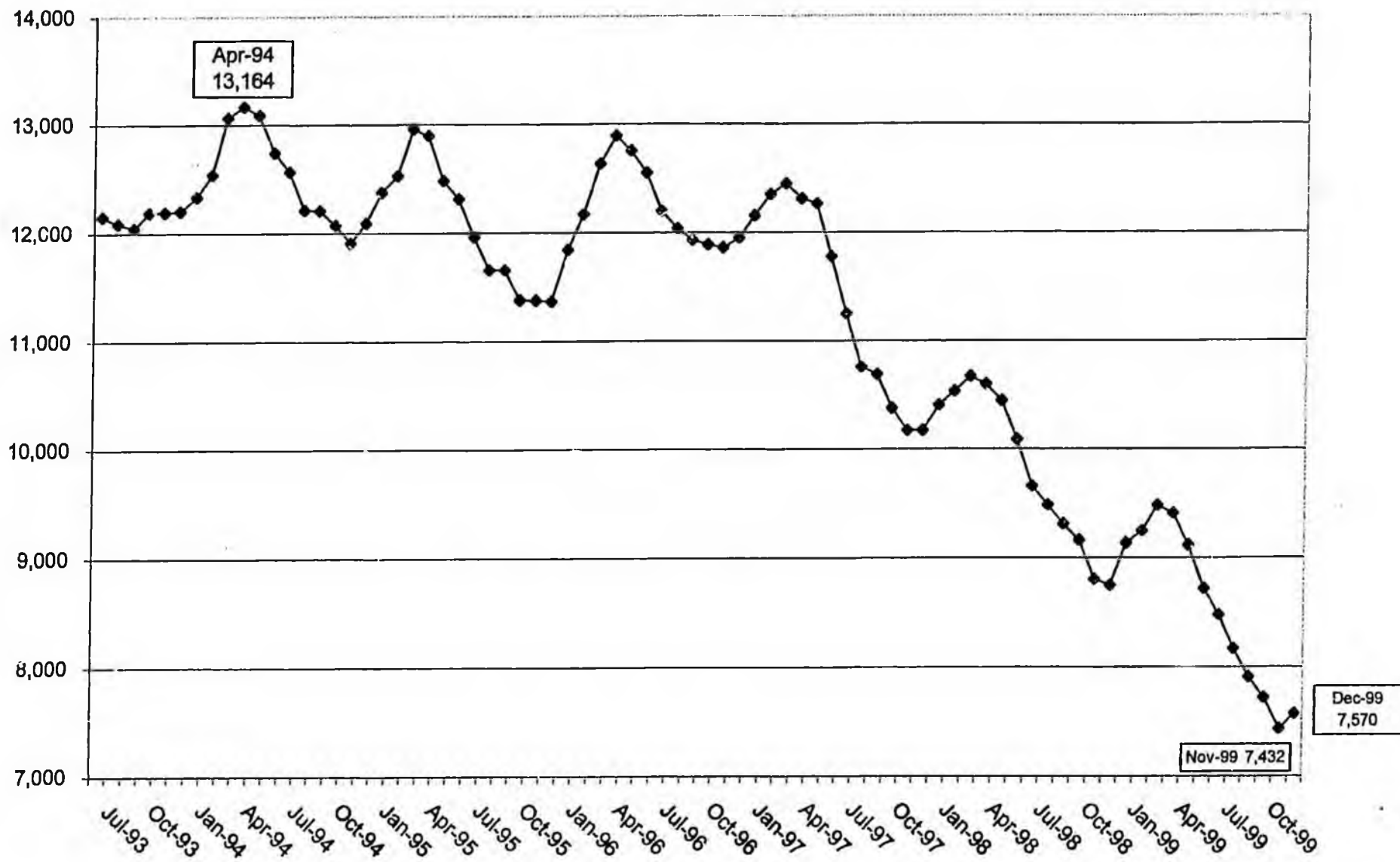
Temporary Assistance for Needy Families Percent of the Caseload Growth by Program Year



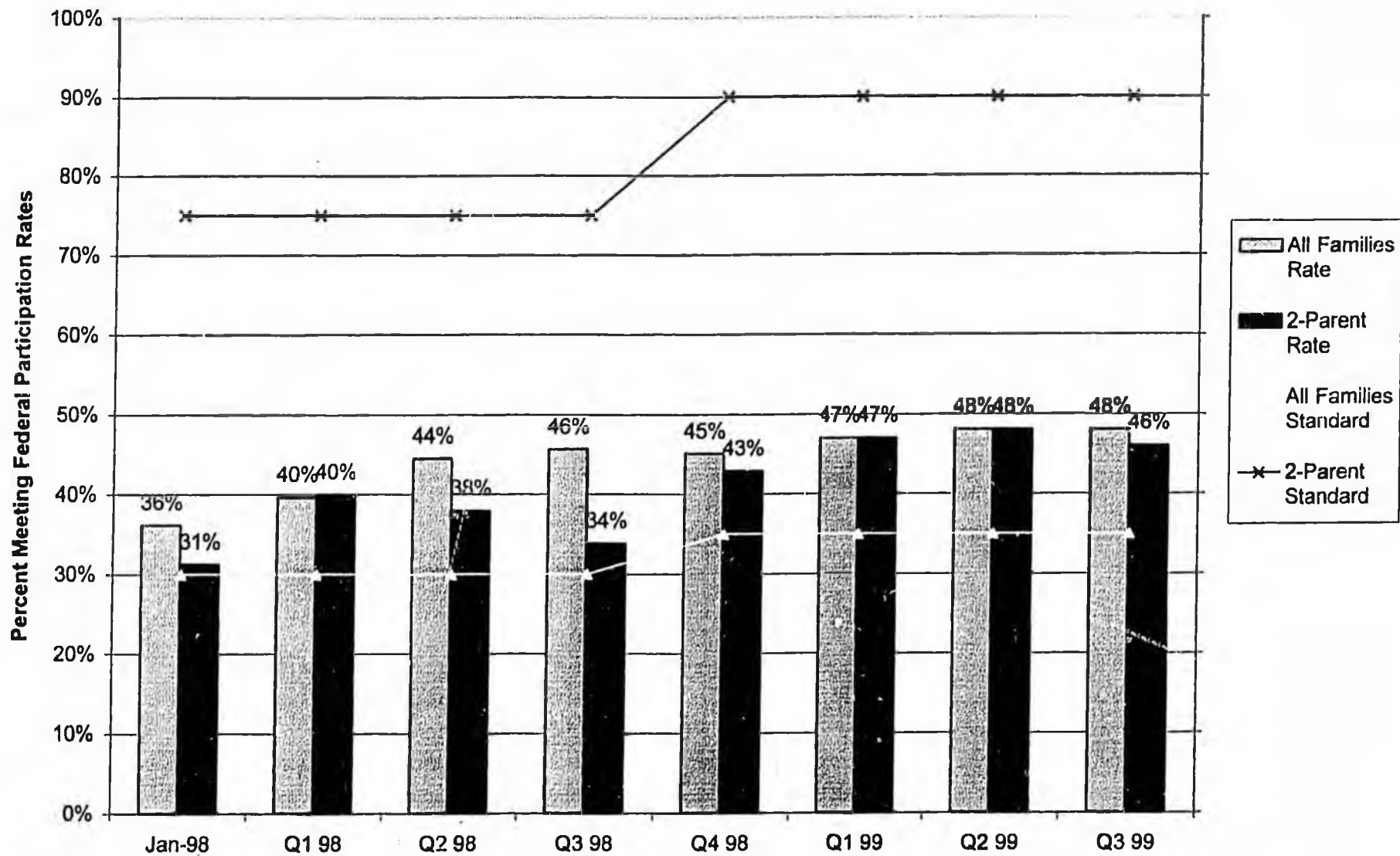
The baseline for the U.S. is from January 1996 and the baseline for Alaska is January 1997.
The final year's data for both Alaska and the entire U.S. is from June 1999

1/25/00

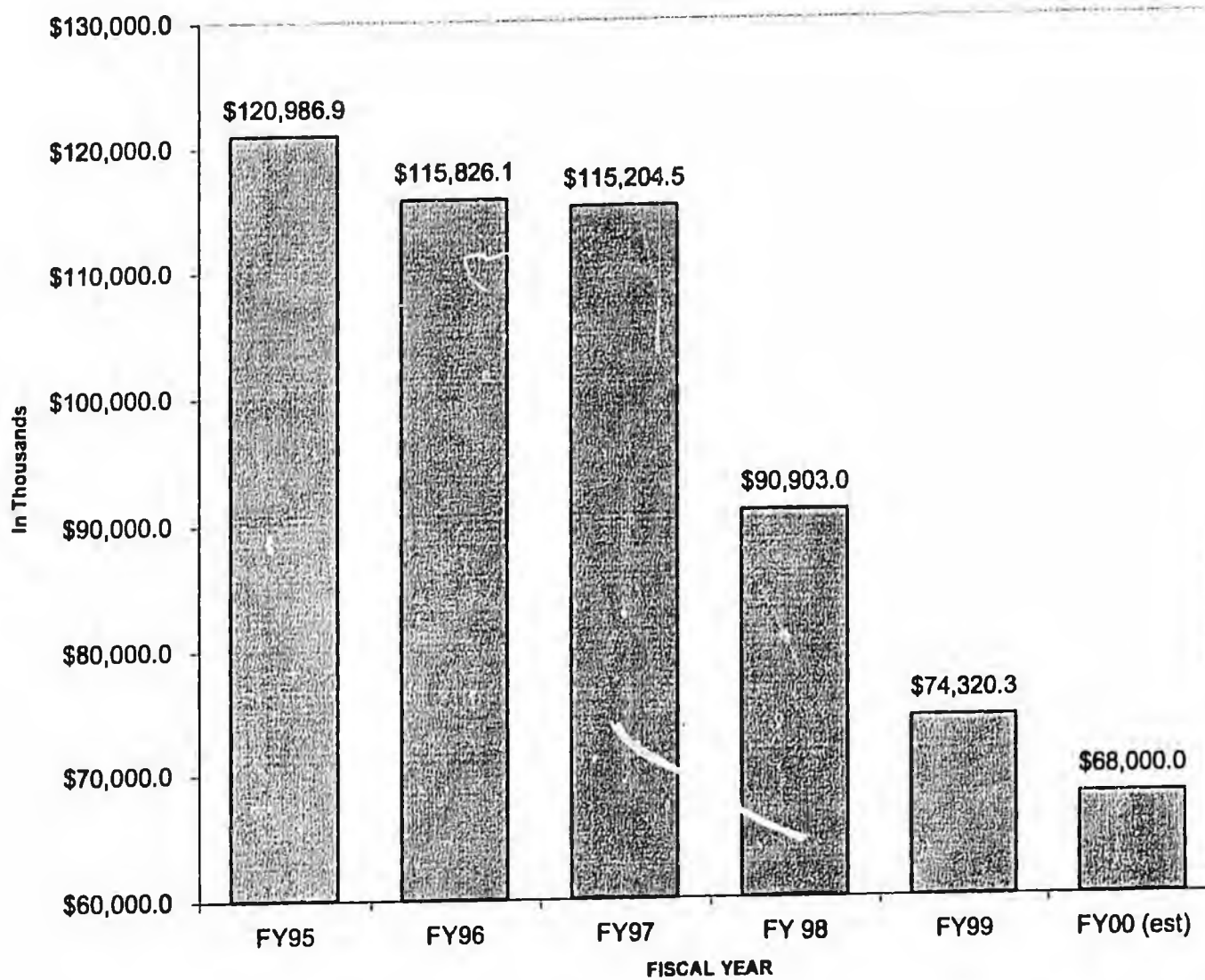
AFDC/ATAP Caseload FY94 - Present



Alaska Division of Public Assistance Performance Measures Federal Work Participation Rates



AFDC/ATAP Cash Benefit Expenditures



1/25/00

DPA Monthly Caseload and Benefit Summary

December 1999

Page 2

TEMPORARY ASSISTANCE PARTICIPATION RATE			
RATE	FOR MONTH	YEAR TO DATE	FFY 00 REQUIRED
Overall	38%	40%	40%
Two-Parent	46%	45%	90%

1/25/00

Work Activity Assignments	Dec-99
Temporary Assistance Clients	
Unduplicated total of clients assigned to 'countable' work activities:	3,773
Types of activities assigned:	
Unsubsidized Employment	59%
Work Experience	2%
Contracted Job Search	14%
Community Work Experience	10%
Vocational Education	17%
High School/GED	2%
<i>Percentages may not add up to 100% because clients may be assigned to more than one work activity.</i>	

Months Remaining on the TANF Time Limit

Temporary Assistance Non-Exempt Families		
Months Remaining	Number of Families	Percent of Cases
0 - 6	0	0.0%
7 - 12	0	0.0%
13 - 18	0	0.0%
19 - 24	11	0.2%
25 - 30	22	0.4%
31 - 36	1,706	33.9%
37 - 42	519	10.3%
43 - 48	587	11.6%
49 - 54	820	16.3%
55 - 59	1,374	27.3%
Total	5,039	100.0%

Families exempt from the TANF Time Limit include Child Only families and Adult Included families currently living in Exempt Native Villages.

TEMPORARY ASSISTANCE CASELOAD BY DPA SERVICE/CENSUS AREA		
DPA SERVICE AREA	CENSUS AREA	CASES
NOME	Nome Census Area	207
BETH'EL	Bethel Census Area	409
	Wade Hampton Census Area	305
KENAI	Kenai Peninsula Borough	527
KOTZEBUE	Northwest Arctic Borough	129
KODIAK	Kodiak Island Borough	89
ALEUTIANS	Aleutians East Borough	14
	Aleutians West Census Area	7
BRISTOL BAY	Bristol Bay Borough	1
	Dillingham Census Area	132
	Lake & Peninsula Borough	30
PWC/COPPER	Valdez-Cordova Census Area	84
INTER-SOUTHEAST	Haines Borough	30
	Skagway-Hoonah-Angoon Census Area	48
	Yakutat Borough	7
	Wrangell-Petersburg Census Area	82
JUNEAU	Juneau Borough	264
SITKA	Sitka Borough	62
KETCHIKAN	Ketchikan Gateway Borough	199
PRINCE OF WALES	Prince of Wales/Outer Ketchikan Census Subareas	62
METLAKATLA	Metlakalla Indian Community Census Subarea	47
NORTHERN	Denali Borough	11
	North Slope Borough	28
	Yukon-Koyukuk Census Area	15
	Southeast Fairbanks Census Area	95
FAIRBANKS	Fairbanks North Star Borough	552
ANCHORAGE	Municipality of Anchorage	2,974
MAT-SU	Matanuska-Susitna Borough	805
TOTAL		7,215

TEMPORARY ASSISTANCE CASELOAD TYPES				
ONE PARENT	TWO PARENT	INCAPACITATED	CHILD ONLY	TOTAL ALL FAMILIES
4,922	1,003	89	1,201	7,215

Division of Public Assistance
Monthly Caseload and Benefit Summary
December 1999

PROGRAM CASELOAD	Current Month Dec-99	Last Month Nov-99	Last Year Dec-98	Percent Change 12/99 vs. 12/98	FY 97 Baseline (Pre-WR) Dec-96	Percent Change 12/99 vs 12/96
Alaska Temporary Assistance Program	7,215	7,068	8,388			
Athabaskan Self-Sufficiency Assistance Partnership	355	364	365			
Alaska TANF Programs Total	7,570	7,432	8,753	-13.5%	11,946	-36.6%
Adult Public Assistance	13,260	13,192	12,603	5.2%	11,550	14.8%
Food Stamps	13,189	12,774	14,363	-8.2%	16,375	-19.5%

PROGRAM EXPENDITURE	Current Year Dec-99	Prior Year Dec-98	Percent Change	FY 97 Baseline (Pre-WR) Dec-96	Percent Change 12/99 vs 12/96
Alaska Temporary Assistance Program	\$4,952.8	\$5,757.8	-14.0%	\$9,552.2	-48.2%
Adult Public Assistance	\$4,129.4	\$3,811.9	8.3%	\$3,693.0	11.8%
Food Stamps	\$3,791.5	\$4,248.6	-10.8%	\$4,382.6	-13.5%

**Temporary Assistance Families
Receiving Child Care Assistance in November**

**Temporary Assistance Families
Receiving Pass-Thru Payment
Due to Child Support Collection in Month**

938 = 13%

Child Care Expenditures	Families served in month	Families on wait list
PASS I (Temporary Assistance)	966	n/a
PASS II (Transition to work)	605	n/a
PASS III (At-risk)	2,494	593
Total	4,065	593

Initial Applications by Region

	CURRENT YEAR Dec-99					PRIOR YEAR Dec-98				
	Central	Coastal	Northern	Southeast	Total	Central	Coastal	Northern	Southeast	Total
Temporary Assistance	631	387	137	150	1,305	607	349	184	139	1,279
Adult Public Assistance	140	123	103	45	411	171	138	93	53	455
Food Stamps	1,005	661	387	268	2,321	1,083	631	380	299	2,393
Total	1,776	1,171	627	463	4,037	1,861	1,118	657	491	4,127

1/25/00

DPA Welfare to Work Services Provided By Grantee and Contractors

To meet the challenges presented by welfare reform, the Division of Public Assistance (DPA) provides funds through grants, contracts and reimbursable service agreements (RSA) to community organizations, businesses, and partner agencies best situated to provide welfare to work services. The majority of the funding provided to these organizations purchases case management and Work Search services. DPA's new service delivery model ensures:

- A Work First! approach
- Community support and local involvement essential to the success of welfare reform.
- Application of local knowledge of the economy, businesses and culture that is best obtained through community based organizations
- Localized and de-centralized delivery of services that maximizes local knowledge and resources necessary to place clients into jobs or other meaningful work activities.

Work First

- Guiding philosophy successful in moving welfare recipients into employment
- Motto "a job, a better job, a career" (Even minimum wage jobs can be the stepping stone to a better job)
- Emphasizes fundamental value of work to enhance self-esteem and provide a good role model for children.
- The best way to learn about work is on the job and the best way to succeed in the labor market is to join it
- Testing the labor market is the best assessment of employability
- Job search is a central activity.

Work Search

- Cornerstone of DPA's "work first" approach to welfare reform
- Moves clients into the workforce as quickly as possible
- Activities conducted in group settings and model the day-to-day requirements of a job.
- Attendance is for four weeks, five days a week, up to eight hours per day
- Assesses skills, interests, aptitudes and employment barriers
- Uses workshops, lectures and other training modules to prepare clients to successfully find and keep employment
- Job club and peer mentoring
- Job search monitored by the Work Search provider
- Coaching, matching and placement of clients into employment

Case Management: The one-on-one interaction between a case manager and a client, in which the case manager is responsible for managing and arranging services that help the client move along the path from welfare to work. The case manager:

- Assesses client employability
- Helps develop the client's Family Self Sufficiency Plan (FSSP)
- Links clients to resources that support self-sufficiency
- Monitors family's progress in meeting self-sufficiency goals
- Assists in job referral
- Authorizes supportive services that assist clients in their efforts to prepare for, seek and retain employment.

DPA has defined three categories of Case Management:

- *Regular Case Management* is provided in service areas where Work Search is available to clients through another contract or grant. Regular case managers work with a caseload of clients who are either employed or unemployed.
- *Post Employment Case Management* is provided in service areas with Work Search and consists of a caseload of employed clients needing extra support to maintain their current jobs and/or to find better employment. Post employment case managers perform all the duties of the regular case managers, plus they assist employers who may need help with an individual client/employee.
- *Comprehensive Case Management* is provided where Work Search is not available for a caseload composed of both employed and unemployed clients. The comprehensive case manager performs all the duties of the regular and post employment case managers, plus appropriate functions that are part of Work Search.

Division of Public Assistance

FY00 Community Case Management and Work Search Grants and Contracts

Organization	Agency	Location	Service	Person Months	Amount
DPA Central Region					
Cook Inlet Tribal Council	G	Anchorage	RCM	600	\$861,400
Nine Star	C	Anchorage	WS	110	\$297,000
University of Alaska, Anchorage	C	Anchorage	CWE	50	\$50,000
University of Alaska, Anchorage	C	Anchorage	WS	110	\$297,000
Cook Inlet Tribal Council	G	Anchorage	WS	75	\$202,500
Human Resources	C	Mat-Su	WS	86	\$232,200
Job Ready Inc.	C	Anchorage	PECM	300	\$435,000
University of Alaska, Anchorage	C	Anchorage	PECM	300	\$435,000
Human Resources	C	Mat-Su	PECM	240	\$348,000
DPA Coastal Region					
Aleutian/Pribilof Island Association	G	Aleutian/Pribilof	CCM	34	\$75,800
Association of Village Council Presidents	G	Bethel	CCM	450	\$816,400
DOLWD	RSA	PWS/Copper River	CCM	52	\$112,200
Copper River Native Association	G	PWS/Copper River	CCM	29	\$59,700
DOLWD	RSA	Homer	CCM	77	\$154,000
Maniilaq Manpower	G	Kotzebue	CCM	90	\$162,200
DOLWD	G	Nome	CCM	120	\$119,994
Department of Education	RSA	Seward	CCM	32	\$64,000
DOLWD	RSA	Kenai	PECM	120	\$174,000
DOLWD	RSA	Kenai	WS	46	\$124,200
Kodiak Borough	C	Kodiak	CCM	100	\$215,500
Bristol Bay Native Association	G	Bristol Bay	CCM	180	\$376,400
DPA Northern Region					
Adult Learning Programs of Alaska	C	Fairbanks	WS	89	\$240,300
DOLWD	RSA	Northern	CCM	109	\$234,700
DOLWD	RSA	Fairbanks	PECM	180	\$261,000
DPA Southeast Region					
Tlingit & Haida	G	Inter-SE	CCM	66	\$122,500
DOLWD	RSA	Inter-SE	CCM	57	\$123,100
Metlakatla Indian Corporation	G	Metlakatla	CCM	38	\$65,200
Southeast Regional Resource Center	C	Prince of Wales	CCM	45	\$97,200
Center for Community	C	Sitka	CCM	55	\$110,000
DOLWD	RSA	Juneau	PECM	50	\$72,500
DOLWD	RSA	Ketchikan	PECM	60	\$87,000
Tlingit & Haida	G	Juneau	RCM	93	\$136,100
Southeast Regional Resource Center	C	Juneau	WS	40	\$108,000
Southeast Regional Resource Center	C	Ketchikan	WS	20	\$59,400
Total					\$7,329,494

G = Grant

C = Contract

RSA = Reimbursable Service Agreement

WS = Work Search

CCM = Comprehensive Case Management

RCM = Regular case Management

PECM = Post-Employment Case Management



1/25/00

The Voice of Interior Alaska

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Donated car jump-starts welfare-work program

By MARTHA BRISTOW
Staff Writer

It was a 45-below twist to a story with a happy ending: Lavoris Cofey was supposed to get a car Thursday, but the vehicle would not start because it had not been plugged in.

Still, Thursday was a superlative day for Cofey. It was her 36th birthday and the dawn of a new, independent life with a donated 1991 Ford Taurus—once it thaws—courtesy of Love In the Name of Christ.

The agency is a clearinghouse for local churches that matches needs in the community with volunteer services and donated goods.

"I thank God for the blessing of Love INC to be able to bless others," Cofey said during a brief ceremony at the agency's new, under-renovation headquarters at 1231 Noble St.

As ice fog swirled outside the window, Cofey accepted a symbol of Fairbanks car ownership: a new blue extension cord.

Cofey is a single mom who completed certified nursing assistant training through the Welfare to Work program. She is the first person to receive a car through a Love INC plan to help people join or rejoin the work force, said Terry Reichardt, the agency's executive director.

When Cofey first contacted the agency a year ago, she needed transportation to her classes. Later, when she got a job in an assisted-living home, she needed a ride to and from her 4-to-midnight shift. She also needed help getting her three kids to day care.

At first, Love INC plugged Cofey into a network of volunteer drivers who provide almost 600 rides every month, said Cornelia Stubblefield, the agency's transportation coordinator.

"We've found that transportation is such a problem for people who are making the transition to work," said Katie Zickmer, Love INC project coordinator. "These people on low income just pour their money into cabs."

Love INC started its transportation program six years ago and enlarged it about 18 months ago. Stubblefield constructs a schedule that matches the needs of 57 clients with shifts covered by 83 volunteer drivers. The drivers provide rides to work, medical appointments, job interviews and other important commitments.

The transportation is friendly and dependable, Cofey said. "I've never been late to work," she said.

The drawback to the volunteer-driven transportation program is that people become dependent on it, Reichardt said. "We've got to move people off of the transportation program and on to independence."



Sam Harrel/News-Miner

GOOD TIMING—Love In the Name of Christ Executive Director Terry Reichardt gives an extension cord to Lavoris Cofey to use with her car that Love INC gave her Thursday in the agency's new offices on Noble Street. The extension cord is important because the car, a 1991 Ford Taurus donated to Love INC, would not start since it was not plugged in the night before. "I thank God for the blessing of Love INC to be able to bless others," said Cofey, who celebrated her 36th birthday Thursday.

In the past year, Love INC launched the Vehicle Incentive Plan. Working with the Department of Public Assistance, the agency matches donated cars with people who need them.

People who donate cars to a nonprofit agency can de-

duct the donation from their income taxes, Reichardt said.

Although the people who receive the cars don't have to invest any money up front, they do have to invest some time and effort. Cofey, for instance, had to attend

See WELFARE, Page A-8

WELFARE: To work

Continued from Page A-1
a series of "Quality Life" workshops offered by Love INC to clients and to the general public. The workshops include "Stretching Your Money," "Cooking on a Tight Budget" and "Purchasing and Caring for a Car."

Cofey describes the workshops as "awesome," especially the ones about saving money.

"That, I needed. I really needed it," she said. "I've got money saved up, and I've never had money saved up before."

Over the next year, Cofey will meet with a volunteer mechanic who will teach her the fine points of vehicle maintenance and make sure her Ford Taurus is running well. At the end of a year, if Cofey

completes all of the training, Love INC will remove its lien from the vehicle title.

Having a car will make an immense difference in her life, Cofey said. For one thing, she'll save on cab fare. Even though she had rides through Love INC for work, she occasionally called a cab to transport herself and children. It's not unusual to spend \$30 for one outing, she said.

She'll also be able to take more university classes, to further her career.

"This is the beginning of a new year and it looks very promising," Cofey said.

DPA TRAIN TO HIRE INITIATIVE

Objective:

To provide short-term training for demand occupations that encourage employers to hire Temporary Assistance clients.

Principles:

1. Focus on demand occupations with potential for full time employment
2. Short-term training (between 2 to 12 weeks)
3. Employer assures hire of successful trainees
4. Small group training (5-10 participants)
5. Guarantee employer involvement through training designed to meet employers' needs
6. Employer-based training curriculum

Employer Incentives:

1. Meets the demand for trained employees
2. Cost sharing of training with DPA
3. Potential Tax Credits
4. Good public relations for employers
5. Ongoing case management and other services to support working clients
6. Transitional services to clients when employment leads to case closure

Training Options:

1. Employer training programs
 - Employer has formal training program
 - DPA pays training per capita training costs
2. Employer-based Vendor training
 - Employer(s) without formal training program
 - Collaborate with Vendor to develop and present curricula
 - DPA pays training per capita training costs
3. Subsidized OJT

Successful Models:

Employer Training Programs

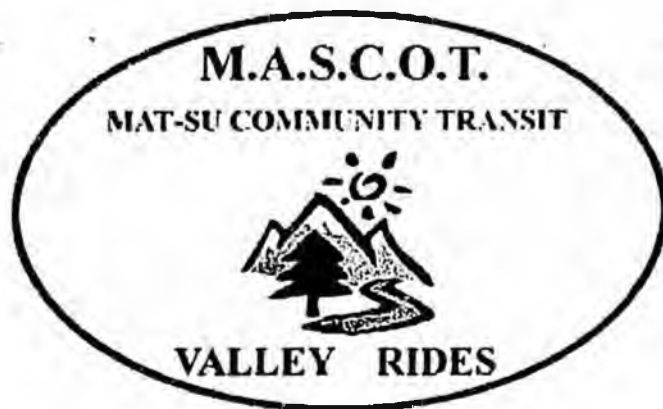
National Bank of Alaska

- 2 Training sessions provided by NBA
- Clients pre-screened and referred by DPA and Service Providers
- 14 clients attended the training - 11 hired by NBA.

Providence Hospital

- 5 Training sessions administered by Providence Hospital for Certified Nursing Assistants
- Clients pre-screened and referred by DPA and Service Providers
- 47 clients attended training, 34 completed training all were hired

1/25/00



M.A.S.C.O.T. buses will be making over **400 stops daily!!** Throughout Alaska's Mat-Su Valley, bus stop locations have been placed at many key locations. These include residential areas, medical facilities, senior centers, local businesses, health and social services, as well as recreational areas.

M.A.S.C.O.T. is a Non-Profit organization in Alaska with the goal:

To provide a reliable, accessible, cost efficient, and effective transportation system which will increase the mobility of Mat-Su Valley residents and visitors.

Our Commuter service has been established to encourage a reduction in the number of drive-alone trips, essentially decreasing the number of vehicles on our roadways.

This service makes connections twice daily with Anchorage People Movers buses at the Eagle River Transfer Center.

All M.A.S.C.O.T. buses are wheelchair accessible!



M.A.S.C.O.T. has advertising space available on the inside as well as the outsides of our buses.

SCHEDULES:

Mat-Su Valley Service and Commuter Service

GENERAL INFO/CUSTOMER SERVICE

LINKS

What can you offer?
Here's a list of possible resources you or your team might offer through a Family Pathfinders team:

1/25/00

- help arrange for child care, housing or transportation;
- be a friend to talk things over with;
- provide tutoring for family members;
- provide computer tutoring;
- help a family organize its finances and budget;
- help provide clothing, grooming items and household articles;
- help complete job applications, resumes and help develop interview skills;
- help find and maintain a suitable job.



Family Pathfinders

Mission Statement

Family Pathfinders is a partnership of civic groups, businesses, congregations and state government agencies working with welfare families to help free them from dependence on public assistance.

Contact:

Family Pathfinders
Norma Carter, Coordinator
Beyond Shelter Program
3710 East 20th Avenue
Anchorage, Alaska 99508-3418

(907) 276-3046 phone

(907) 276-2472 fax

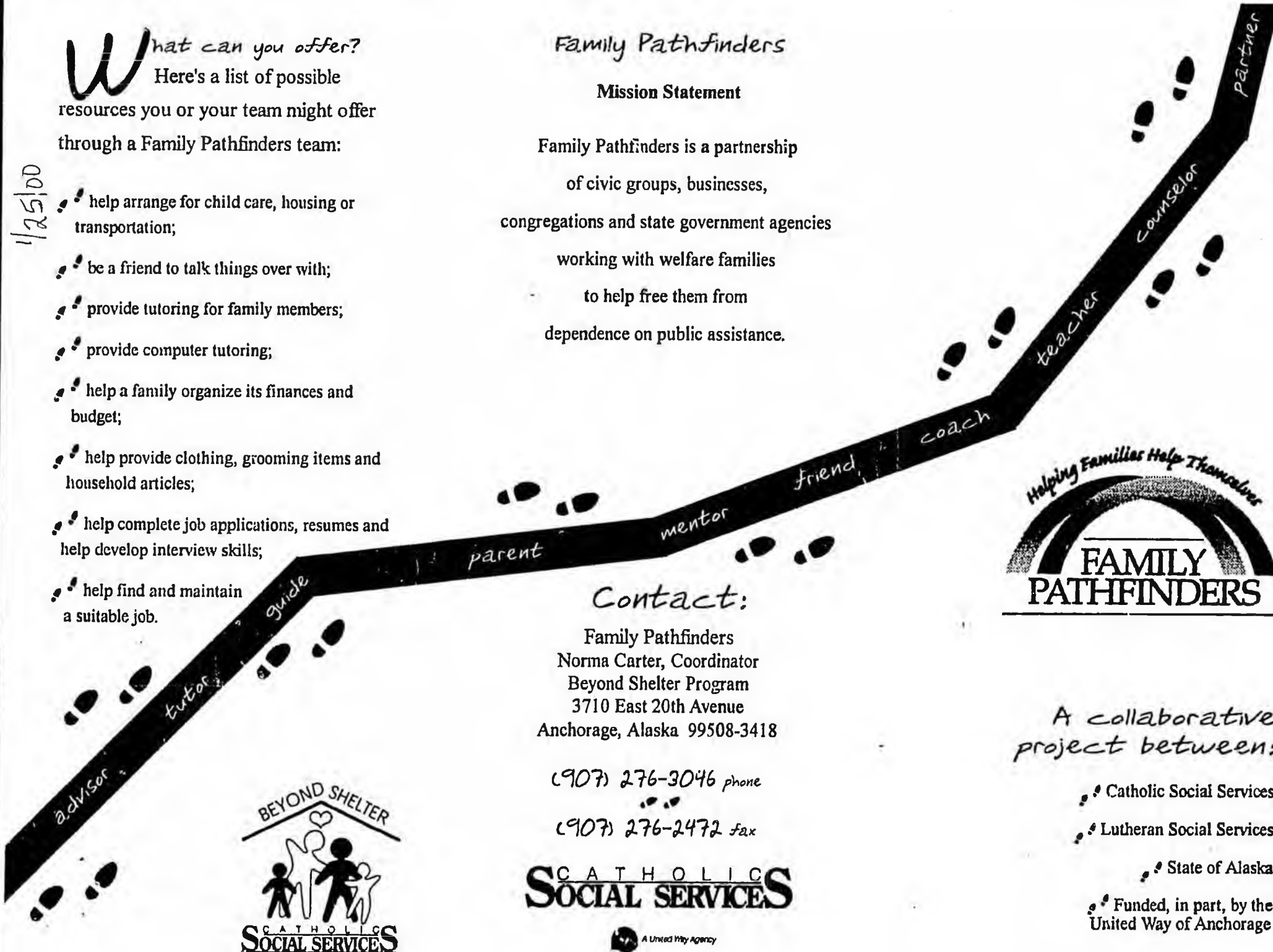
**CATHOLIC
SOCIAL SERVICES**

 A United Way Agency



A collaborative project between:

- Catholic Social Services
- Lutheran Social Services
- State of Alaska
- Funded, in part, by the United Way of Anchorage



Just think about ...
 the one person who stands out in your life as a great mentor. Do you recall a teacher whose advice you could always count on? Was it a friend who would drop everything when you had a problem and just needed someone who would listen? Or, does a family member fit the description of that close confidante who can always be counted for non-judgemental support? Maybe you are, or can be, that person for someone else!

Can you imagine...
 where you might be if you didn't have a network of friends, family members or others to lean on every once and a while — someone to provide you with moral support, personal and professional experience, referrals to services, practical advice, and sounding boards for your own ideas.

You just feel better knowing they are a part of your life and you are a part of their's. After all, personal and professional contacts are among the most important ingredients to a productive and successful life.

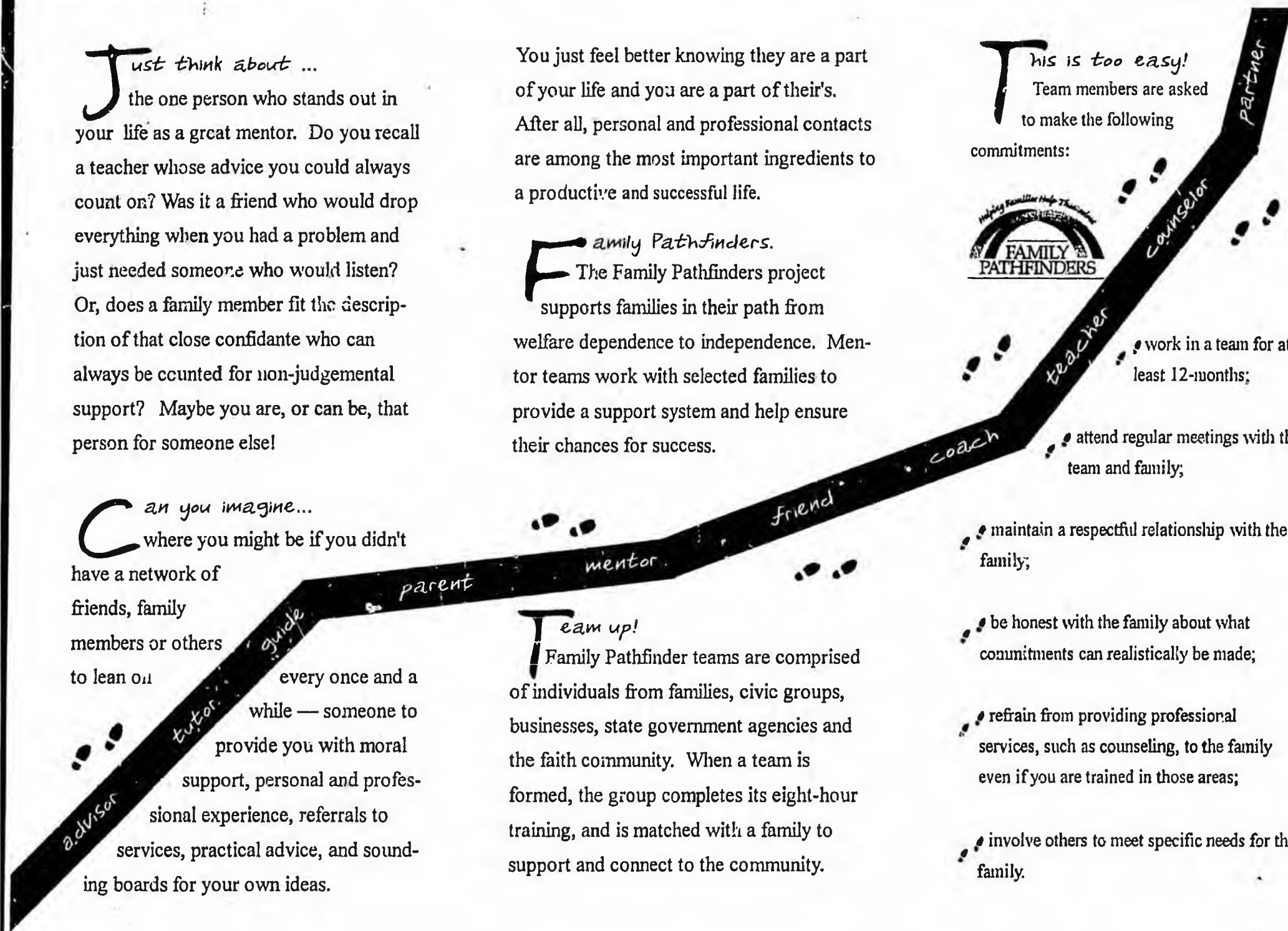
Family Pathfinders.
 The Family Pathfinders project supports families in their path from welfare dependence to independence. Mentor teams work with selected families to provide a support system and help ensure their chances for success.

Team up!
 Family Pathfinder teams are comprised of individuals from families, civic groups, businesses, state government agencies and the faith community. When a team is formed, the group completes its eight-hour training, and is matched with a family to support and connect to the community.

This is too easy!
 Team members are asked to make the following commitments:



- work in a team for at least 12-months;
- attend regular meetings with the team and family;
- maintain a respectful relationship with the family;
- be honest with the family about what commitments can realistically be made;
- refrain from providing professional services, such as counseling, to the family even if you are trained in those areas;
- involve others to meet specific needs for the family.



1/25/00

**Alaska Department of Health & Social Services
Division of Public Assistance
Performance Measures**

PROGRAM OBJECTIVE: Client reaches highest level of economic self-sufficiency.

DESIRED OUTCOMES	PERFORMANCE MEASURES
Increase the percentage of Temporary Assistance clients who obtain paid employment.	Percentage of Temporary Assistance adults with earned income. Percentage of closed Temporary Assistance cases with earned income. Percentage of Temporary Assistance clients with hours of paid employment greater than an average of 30 hrs./week. Rate of job-entry for Temporary Assistance adults in the fiscal year.
Increase the percentage of current and former clients who retain paid employment.	Rate of increase in total earnings of employed Temporary Assistance adults. Rate of job retention of Temporary Assistance adults.
Increase the percentage of Temporary Assistance children who receive Child Support from absent parents.	Percentage of Temporary Assistance families receiving child support. Percentage of Temporary Assistance families with earned income <u>and</u> child support. Percentage of <u>closed</u> Temporary Assistance cases with earned income <u>and</u> child support.
Clients obtain high quality jobs.	Percentage of employed Temporary Assistance families with employer provided health insurance. Average hourly wage of working Temporary Assistance adults.

PROGRAM OBJECTIVE: Responsible stewardship.

DESIRED OUTCOMES	PERFORMANCE MEASURES
Benefits are timely.	Percentage of Customer Service Assessments reflecting timely benefits.
Benefits paid are accurate.	Food Stamp payment accuracy rate. Temporary Assistance payment accuracy rate.
Clients participate in work activities.	Percentage of Temporary Assistance families participating in federally countable work activities. Percentage of clients not participating in work activities because of lack of child care
All overpayments are repaid.	Percentage of overpaid Temporary Assistance dollars collected from families. Percentage of overpaid FS dollars collected from families.
Clients become self-sufficient before the 5 year Temporary Assistance time limit.	Percentage of families with benefits for 60 months or more.

Alaska Temporary Assistance Program Evaluation

Purpose of the project:

- To learn more about the status of families that have left the Temporary Assistance Program, and the reasons why some have returned.
- The information will be used to strengthen the program in the goal of moving families toward self-sufficiency.

Evaluators: Institute for Circumpolar Health Studies and the UAA School of Social Work, in consultation with a Citizens Advisory Committee. The Advisory Committee will work with the evaluators to:

- monitor the course of the evaluation project,
- assist the evaluators in the analysis and interpretation of data,
- review and comment on evaluation findings and recommendations.

Timelines: October 1999 – August 2000 (first draft report)

Budget: \$249,625

Primary research question:

- Is the Department of Health and Social Services achieving the goal of moving recipients into jobs so they can support their families?

Evaluation Objectives:

- To assess the characteristics of families who have left the welfare roles (leavers) since July 1997.
- To learn more about families who have moved into jobs to support their families.
- To identify those factors associated with staying off welfare.
- To compare leavers with those families that have returned to the welfare roles after a period of absence (returners).

What are we measuring? – evaluation constructs:

- | | | |
|----------------------------|-----------------------------|---------------------------|
| ▪ Basic leaver information | ▪ Current & past employment | ▪ ATAP services received |
| ▪ Leaver demographics | ▪ Other sources of income | ▪ Other services received |
| ▪ Child care | ▪ Housing | ▪ Transportation |
| ▪ Health factors | ▪ Client perceptions | ▪ Rural issues |

Method:

- Conduct client survey
- Review case files
- Analyze with DPA administrative data and other data available to DPA