

**02/05/14**  
**BUDGET**  
**OVERVIEW**  
**FY 15:**  
**DEPARTMENT OF**  
**COMMERCE,**  
**COMMUNITY &**  
**ECONOMIC**  
**DEVELOPMENT**

<TARGET><BILL></BILL><SUBJECT>02-05-14 BUDGET OVERVIEW  
FY 15 DEPARTMENT OF COMMERCE, COMMUNITY and ECONOMIC  
DEVELOPMENT</SUBJECT><COMM>HF IN28</COMM></TARGET>

# ALASKA

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NORTH TO OPPORTUNITY

## Department Overview FY2015 Governor's Operating Budget

ALASKA DEPARTMENT OF COMMERCE,  
COMMUNITY, AND ECONOMIC DEVELOPMENT

*Promote a healthy economy, strong communities, and protect consumers in Alaska*

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**Department of Commerce, Community and Economic Development  
Department Overview  
FY2015 Governor's Operating Budget**

**Table of Contents**

Department Overview .....	1
Commissioner's Office .....	4
Administrative Services .....	8
Banking and Securities .....	12
Community and Regional Affairs .....	16
Corporations, Business and Professional Licensing .....	22
Economic Development.....	26
Insurance .....	32
Alaska Energy Authority.....	36
Alaska Gasline Development Corporation .....	40
Alaska Industrial Development and Export Authority .....	44
Alaska Seafood Marketing Institute .....	52
Alcoholic Beverage Control Board .....	56
Regulatory Commission of Alaska .....	60

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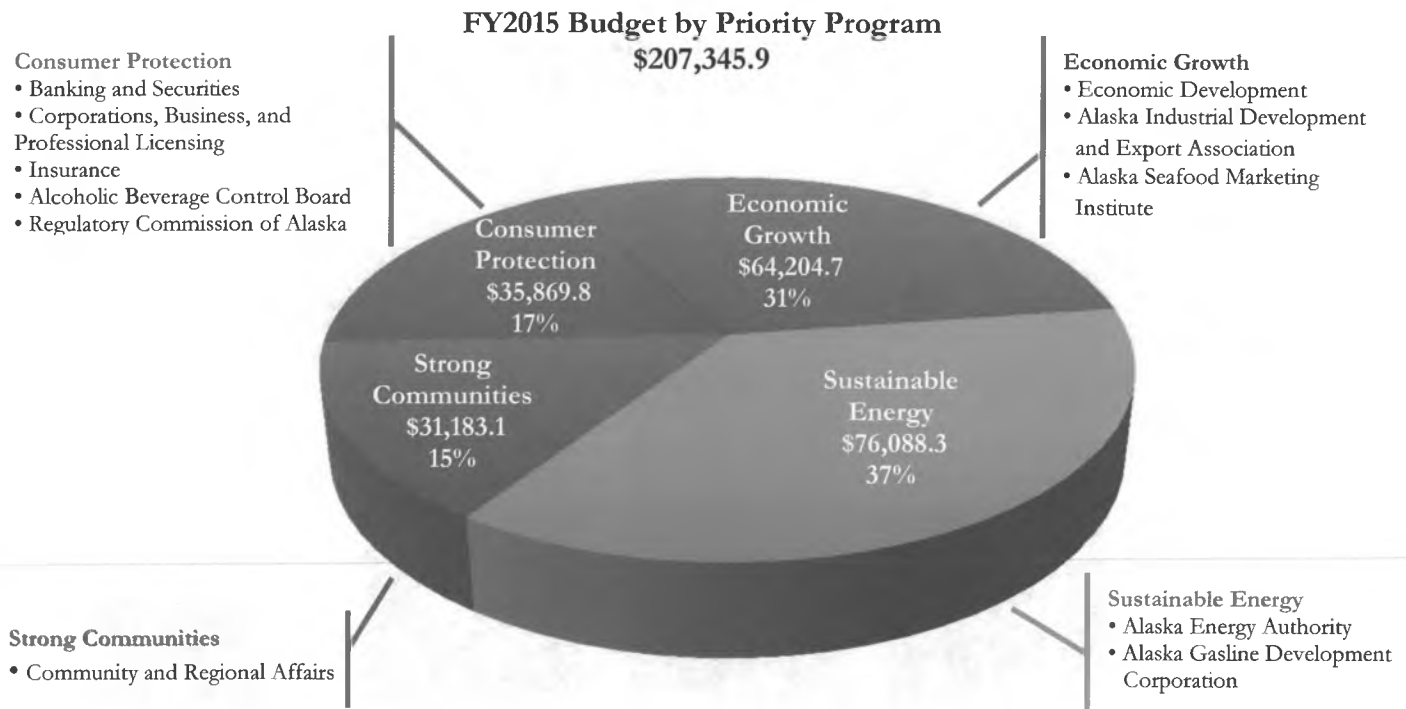
**Department of Commerce, Community and Economic Development**  
**Department Overview**  
**FY2015 Governor's Operating Budget**

The mission of the Department of Commerce, Community, and Economic Development is to promote a healthy economy, strong communities, and protect consumers in Alaska.

The department works to achieve this mission through the efforts of four priority programs.

- **Economic Growth** – encourage business development, investment, and job creation in Alaska.
- **Sustainable Energy** – successful economic development requires a foundation of affordable and sustainable energy for Alaskans and businesses.
- **Strong Communities** – strengthening today's communities, while protecting federal and state investments in rural infrastructure, ensures that communities will be able to benefit from and take advantage of economic opportunities.
- **Consumer Protection** – ensure a stable business climate and consumer protection through the regulation and enforcement of insurance, banking, business related licensing, and public utilities.

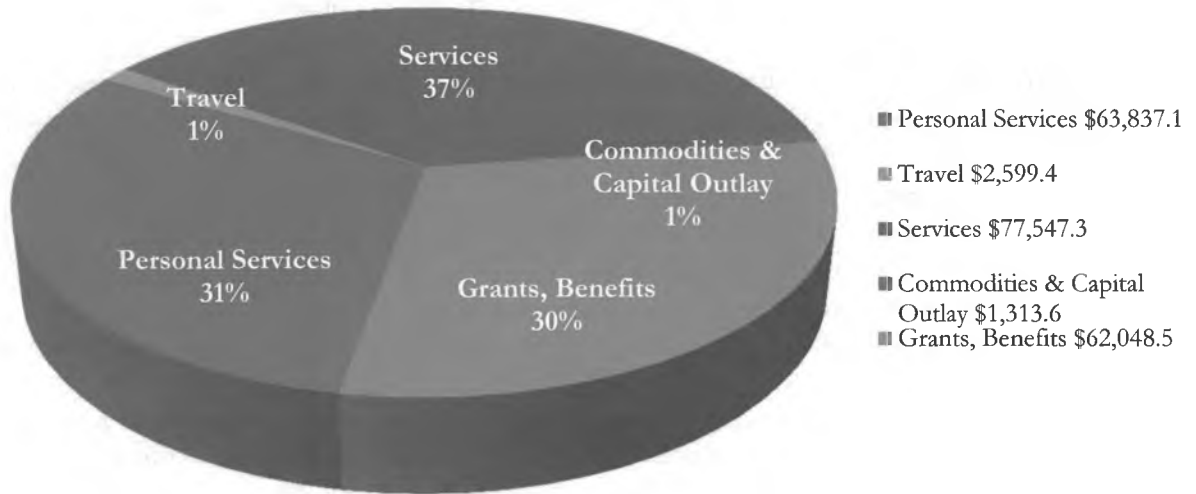
The FY2015 Governor's Operating Budget is \$207,345.9, and represents a nearly two percent decrease from the prior year. It is comprised of 19 percent undesignated general funds, 47 percent designated general funds, 11 percent federal receipts, and 23 percent other funding sources. The request reflects 564 full time positions in ten locations.



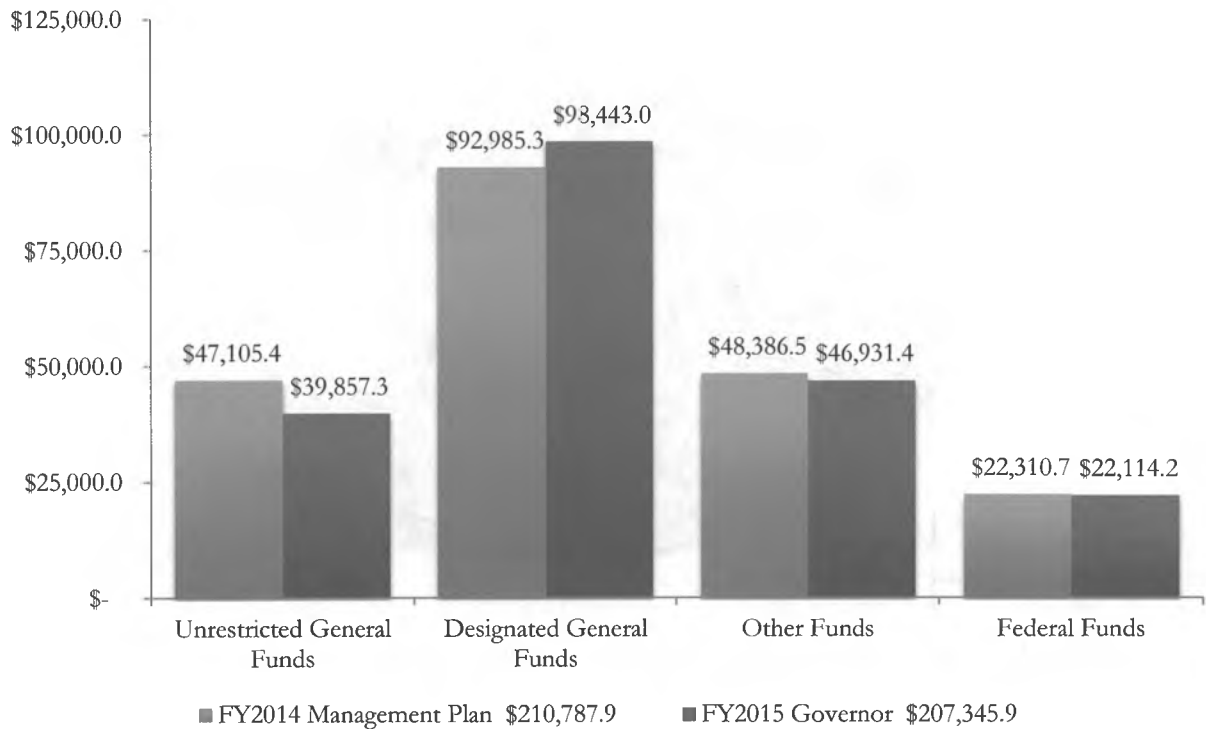
Activities related to the Administrative Services Division and the Commissioner's Office are allocated across all Priority Programs.

**Department of Commerce, Community and Economic Development  
FY2015 Governor's Operating Budget**

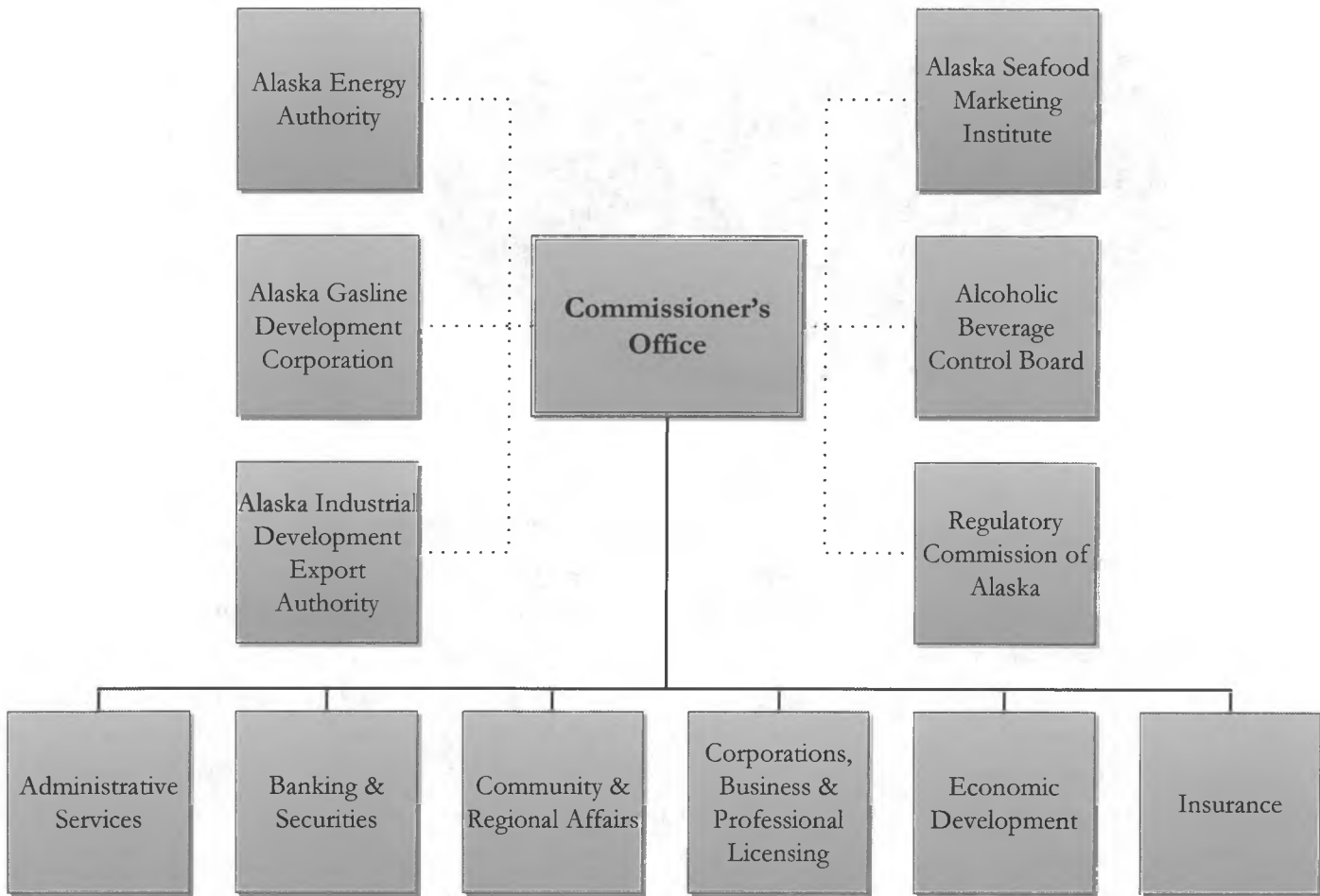
**FY2015 Budget by Line Item  
\$207,345.9**



**Budget by Funding Source  
FY2014 to FY2015**

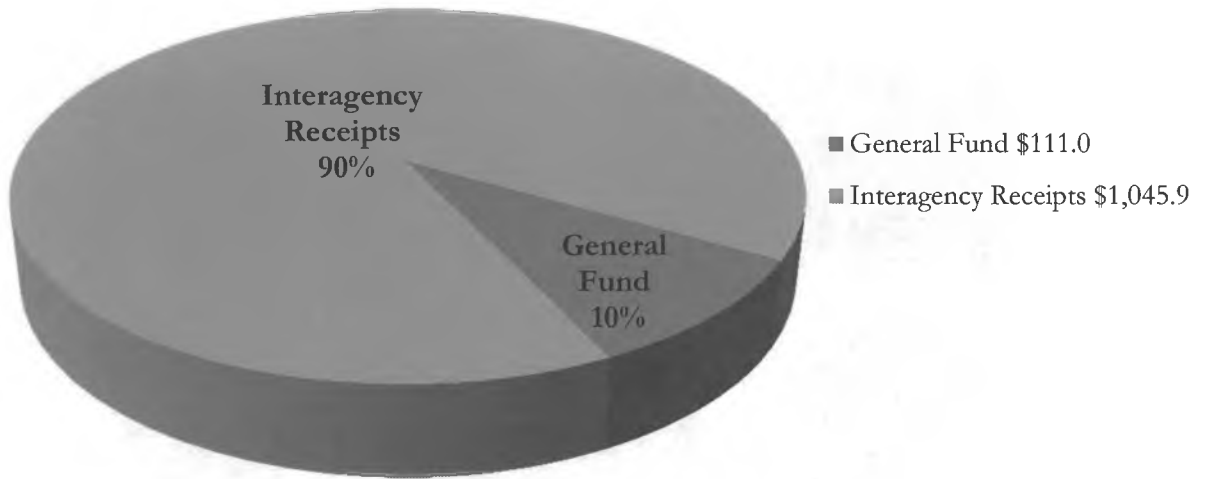


**Department of Commerce, Community and Economic Development  
Organization**



**Department of Commerce, Community and Economic Development  
Commissioner's Office**

**FY2015 Governor's Operating Budget  
\$1,156.9**



**Operating Budget Request by Line Item**

	FY2014 Management Plan	FY2015 Governor	FY2014 to FY2015
Personal Services	978.1	981.2	3.1
Travel	57.5	57.5	0.0
Services	111.0	111.0	0.0
Commodities	7.2	7.2	0.0
Capital Outlay	0.0	0.0	0.0
Grants	0.0	0.0	0.0
<b>Total</b>	<b>1,153.8</b>	<b>1,156.9</b>	<b>3.1</b>

**Changes:** FY2014 to FY2015 budget details:  
3.1 Salary and health insurance adjustments

**Positions:** 8 PFT in Anchorage and Juneau

## Mission and Core Services

Establish department policy and manage the department for the benefit of Alaska's communities and businesses.



*Susan Bell*  
*Commissioner*

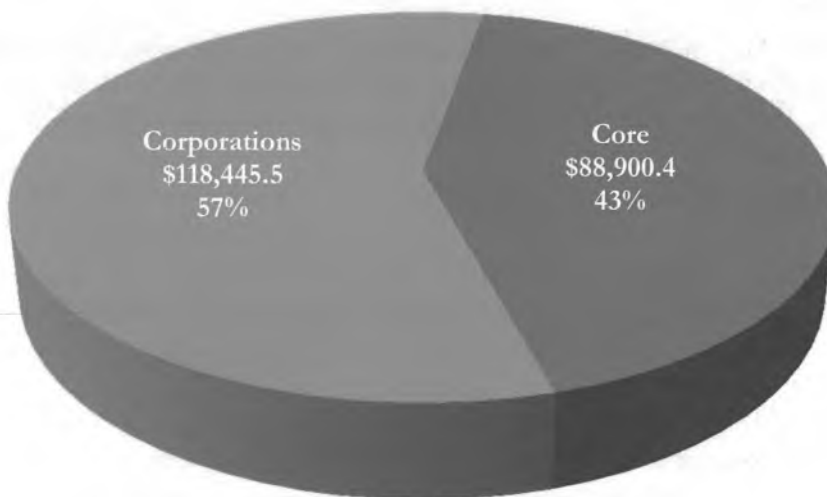
- Direct policy implementation
- Liaison with the Governor's Office
- Participate on Boards and Commissions

## Overview of Programs

The Commissioner's Office oversees all department agencies with a focus on the four priority areas of economic growth, sustainable energy, strong communities, and consumer protection.

The department consists of six core and six corporate agencies that offer an array of programs and services. The corporate agencies, although aligned with the department's mission, operate under a board or commission. The corporate agencies account for 57 percent of the total budget and 226 of the department's 564 full time positions.

### FY2015 Department Budget Request \$207,345.9



## Challenges

The Department of Commerce, Community, and Economic Development (DCCED) has many challenges to achieving its mission, including:

- High cost of energy impacts residents, businesses and economic development efforts
- Gaps in critical infrastructure including roads, ports, communications, processing facilities
- Uncertainty hampering private investment
- Federal regulatory and permitting delays and denials
- Maintain awareness in national and international markets about Alaska products and services
- Geographic scale impacts logistics and transportation costs

The department's core and corporate agencies are charged with responding to these challenges with vision and actions that engage businesses, community leaders, and consumers.

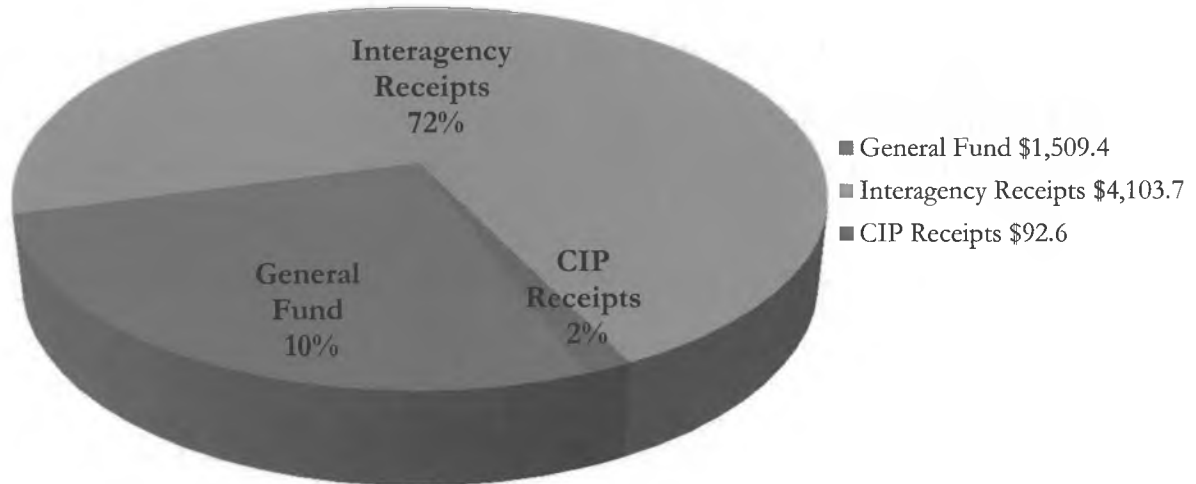
## Accomplishments

- Tourism marketing program generated nearly 800,000 consumer information requests. Visitation approached two million this year, recovering from significant declines in 2009-2010.
- Two episodes of Top Chef were filmed in August 2012 and broadcast in February 2013, reaching more than 2.5 million viewers.
- Tourism marketing continued collaboration with other state marketing programs including seafood, agriculture, transportation, state parks, manufacturing, film, and arts.
- Icelandair's inaugural season was supported by extensive Alaska promotion including the Mid-Atlantic Summit in February, trade missions and in-state familiarization tours.
- Published the "Economic Impact of the Alaska Visitor Industry," showing total impacts of \$3.7 billion, \$107 million in state revenues, and peak employment of 45,000. This report utilizes visitor volume and expenditure data from the Alaska Visitors Statistics Program.
- Promoted Alaska mining in a new "Opportunity Alaska" format at the Prospectors and Developers Association of Canada conference in Toronto.
- Contracted with the University of Alaska Fairbanks to analyze new processing technologies for rare earth elements.
- Constructed a "Made in Alaska Home" trade show booth to promote Alaska building products to consumers, retailers, and building industry. Also created an online listing of Alaska suppliers.
- Promoted Alaska forest products in three Chinese cities (Shanghai, Hangzhou, and Hong Kong) to more than 450 potential buyers.
- Maintained Alaska seafood brand as the second most commonly specified brand on U.S. menus.
- Completed the Community Development Quota program decennial review in January.
- Issued 283 loans totaling \$28.5 million to Alaskan owned businesses throughout the state.
- Alaska agriculture benefited from the department's efficient administration of the Nutritious Foods in Schools grant program and from promotion of Alaska Grown by state tourism and seafood marketing programs.
- Worked with the University of Alaska Fairbanks to analyze arctic commercial shipping opportunities for container ships, cruise ships, oil tankers, and other vessels.
- Participated in the U.S. Manufacturing Summit, coordinated by the National Retail Federation and Walmart.
- Susitna Watana Hydro team completed the second field season for Federal Energy Regulatory Commission (FERC) licensing.

- Alaska Industrial Development and Export Authority and the Alaska Energy Authority are implementing the Interior Energy Plan, trucking liquid natural gas into Fairbanks by 2015 and stimulating expansion of the distribution system.
- Alaska Industrial Development and Export Authority completed construction of the Mustang industrial road and pad, which will add 15,000 barrels/day into the Trans-Alaska Pipeline System.
- Alaska Energy Authority constructed two power plants (Egegik and St. George) and three bulk fuel tanks (Perryville, Bettles, Alakanuk).
- Alaska Energy Authority's Renewable Energy Fund has granted 227.5 million to more than 251 applicants to date.
- New Emerging Energy Technology Fund provided grants to 16 applicants.
- Delivered a Biomass Training and Workshop for interior villages in conjunction with the Fairbanks Economic Development Corporation.
- Bulk Fuel Loans were provided to 73 communities with \$16.5 million in outstanding loans. Streamlined processes for borrowers are in place with the consolidation of the Division of Community and Regional Affairs' Bridge Loan and Alaska Energy Authority's Revolving Loans merging into one program as of January 2013.
- Regulatory Commission of Alaska approved applications from Hilcorp Alaska, LLC for acquisition of natural gas assets in Cook Inlet.
- Alaska Industrial Development and Export Authority (AIDEA) completed Ambler Mining District Access Road baseline studies, a \$70 million expansion of the Ketchikan Shipyard, and worked towards the Skagway Ore Terminal expansion.
- Alcoholic Beverage Control Board transitioned into the department and relocated offices in Anchorage. Twenty two package stores, an increase of seven over 2012, are qualified to provide written orders from rural local option communities.
- Issued two new premium finance company licenses, one new payday lender license, and license renewals to 14 payday lenders, 28 premium finance companies, one small loan company, and one business industrial development corporation (BIDCO).
- Insurance licensees totaled 45,316 at the end of FY2013, an increase of 8.5 percent over the prior year.
- Registered 16 purchasing groups, admitted 15 new insurance companies, four new surplus lines insurers and seven risk retention groups.
- Renewed 35,269 business licenses and 28,697 professional licenses, bringing active licenses to 66,894 professional and 67,074 business, a three percent increase from FY2012.
- Significantly increased transparency of licensing programs with comprehensive financial analyses and quantity reports on 40 professional licensing programs.
- Over 1,100 payments processed to fishermen for Chinook Salmon Mitigation in June and July.

**Department of Commerce, Community and Economic Development  
Administrative Services**

**FY2015 Governor's Operating Budget  
\$5,705.7**



**Operating Budget Request by Line Item**

	FY2014 Management Plan	FY2015 Governor	FY2014 to FY2015
Personal Services	5,220.1	5,219.8	(0.3)
Travel	46.4	46.4	0.0
Services	317.4	317.4	0.0
Commodities	117.1	117.1	0.0
Capital Outlay	5.0	5.0	0.0
Grants	0.0	0.0	0.0
<b>Total</b>	<b>5,706.0</b>	<b>5,705.7</b>	<b>(0.3)</b>

**Changes:** FY2014 to FY2015 budget details:  
 (0.3) Salary and health insurance adjustments  
 0.0 Transfer in Grants Administrator II from Serve Alaska

**Positions:** 50 PFT, 2 NP in Anchorage and Juneau

## Mission and Core Services

Provide support services for the department programs.



*Jeanne Mungle*  
*Division Director*

- Budget
- Accounting
- Procurement
- Information Technology
- Human Resources

## Overview of Programs

**Budget** - coordinate planning, development, and implementation of the department's budget and the performance framework.

**Accounting** - ensure financial integrity over department revenue and expenditures through appropriation, fund, and cost accounting.

**Procurement** - contract development for professional services, purchasing of goods, property control, and space management.

**Information technology** - computer network support and security; software application development, implementation, and support; and web infrastructure development and maintenance.

**Human Resources** – advise management and employees on personnel matters including performance, formal and informal complaints, and recruitment.

## Challenges

Turnover in professional and technical positions is particularly challenging for maintaining consistent and quality services to the department. This situation is further impacted by:

- Transition planning and capacity building to address planned retirements of several senior staff.
- Managing resources for IRIS preparation and implementation.
- Growing demand for a variety of mobile computing platforms, the expectation to provide computing services on an anytime/anywhere basis, and the integration of social media into state business.

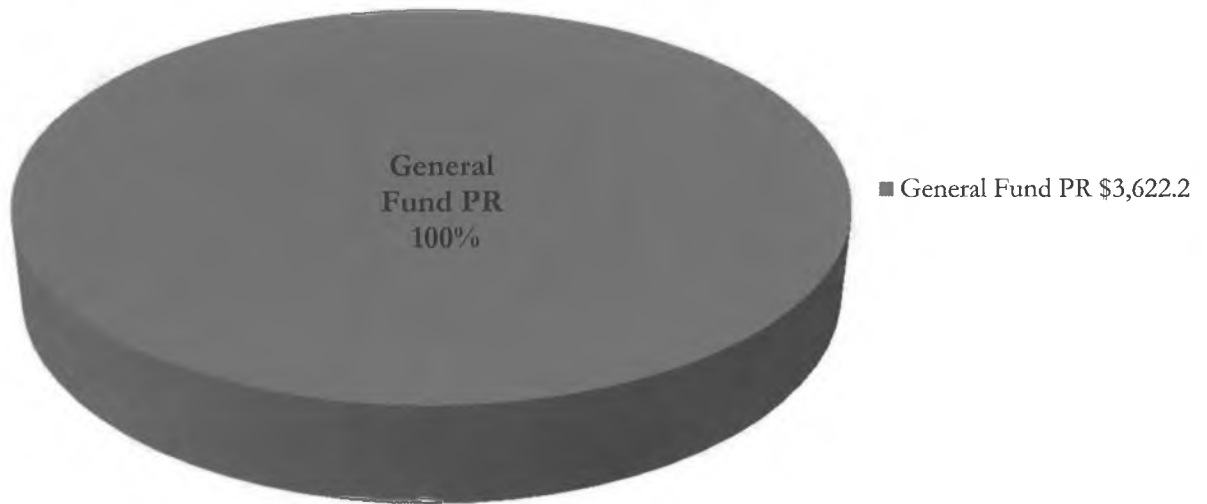
## Accomplishments

- New cost allocation tool developed, tested and reconciled to various scenarios.
- Fiscal certified 32,917 documents, 27,227 of those were input into the system by the division.
- Over 1,100 payments processed to fishermen for Chinook Salmon Mitigation.
- With the Department of Administration, established a procedure for child support obligations and adding estates of deceased individuals in the Alaska Statewide Accounting System (AKSAS).
- Twelve requests for proposals solicited resulting in ten new contracts, with 42 total contracts issued.
- Transferred to a new recruitment system (NeoGov), posted 128 recruitments, authorized 97 new hires, and opened 83 new employee relations cases.
- Consolidated data management system replacing ten separate applications for the Division of Community and Regional Affairs developed and implemented.
- Two primary data systems utilized by the Alcoholic Beverage Control Board migrated and modernized.
- Completed the Alaska Product Preference web application for the Division of Economic Development.
- Major system upgrade and operational enhancements completed to the GL Suites application for the Division of Corporations, Business & Professional Licensing.
- Implemented project to virtualize 90 percent of the department servers to conserve resources, improve reliability and performance, and greatly enhance system management capabilities.

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**Department of Commerce, Community and Economic Development  
Banking and Securities**

**FY2015 Governor's Operating Budget  
\$3,622.2**



**Operating Budget Request by Line Item**

	FY2014 Management Plan	FY2015 Governor	FY2014 to FY2015
Personal Services	2,490.8	2,488.0	(2.8)
Travel	242.1	242.1	0.0
Services	817.7	817.7	0.0
Commodities	46.4	46.4	0.0
Capital Outlay	28.0	28.0	0.0
Grants	0.0	0.0	0.0
<b>Total</b>	<b>3,625.0</b>	<b>3,622.2</b>	<b>(2.8)</b>

**Changes:** FY2014 to FY2015 budget details:  
(2.8) Salary and health insurance adjustments

**Positions:** 24 PFT in Anchorage and Juneau

## Mission and Core Services

Protect consumers of financial services and promote safe and sound financial systems.



*Kevin Anselm*  
*Division Director*

- Charter, license and examine financial institutions
- Register securities and those who sell securities, and conduct examinations for compliance with the law
- Require accurate disclosure of election materials from Alaska Native Claims Settlement Act (ANCSA) corporations and shareholders

## Overview of Programs

The division consists of three sections that administer 12 statutory programs. In addition to licensing and examination duties, staff examiners answer inquiries, investigate and resolve complaints, and contribute to education and outreach activities.

**Banking** – Charter, license, and examine state financial institutions including banks, holding companies, credit unions, trust companies, business industrial development corporations, small loan companies, premium finance companies, and payday lenders.

**Consumer Finance** – Register, license and examine non-depository financial institutions including mortgage lenders and brokers as well as money service businesses. Investigate and resolve complaints and take enforcement action as needed. Provide consumer education and outreach.

**Securities** – Register securities, license and examine those who sell securities and provide securities advice, including broker-dealers, investment advisers, and salespersons registered to work with Alaskan investors. Accept exempt securities and notice filings and issue no action or interpretive letters. Administer Alaska Native Claims Settlement Act proxy material filing requirements and respond to inquiries and requests for investigation. This section also oversees enforcement matters, investigates investor complaints and reports of fraud, and supervises the division's investigator.

## Challenges

The division is exploring ways to maximize trained staff to conduct timely investigations, lead outreach efforts, and provide licensing and examination of the dozen programs this agency administers. Most sections have only three examiners, so retirements and vacancies impact the ability to examine, investigate, provide outreach, and ultimately the quality of consumer protection. The training curve for examiners ranges from two to five years.

Outreach and education efforts to small businesses, investors, and consumers of financial products to ensure consumer protection are limited by available resources. Consumers and investors need to

know where to go for information regarding persons and entities selling financial products and services. They also need to recognize red flags before they part with their money, and know where to call if they need help or suspect a scam. The division continues to increase educational resources for consumers via the division website.

## Accomplishments

### Banking

- Conducted 40 examinations of depository and non-depository institutions utilizing 2,500 examiner hours.
- Issued two new premium finance company licenses and one new payday lender license, and issued license renewals to 14 payday lenders, 28 premium finance companies, one small loan company, and one business industrial development corporation (BIDCO).
- Re-certified one private trust company to conduct limited trust activities.
- Registered 11 exemptions from licensing under the Revised Alaska Trust Company Act. This permits individuals, such as attorneys and certified public accountants, to conduct trust activities without being licensed as a trust company.
- Registered one bank under the Model Foreign Bank Loan Act.
- Issued three parity orders to ensure equal competition for state chartered depository institutions.
- Reports prepared:
  - 2012 Overview of Payday Lending in Alaska based on annual report filings of 28 licensed payday loan offices.
  - 2012 Overview of Premium Finance Lending in Alaska based on annual report filings from 31 licensed premium finance offices.
  - 2012 Business Industrial Development Corporation Report on Economic Development to the Legislature
- Prepared quarterly Statements of Financial Condition for the four state banks and two national banks headquartered in the state.
- Hosted the 2013 Alaska Community Banker Workshop.
- Presented 24 junior achievement sessions to four middle school classes.
- Collected approximately \$389,029 in revenue, comprised mainly of semiannual assessments collected from depository institutions.

### Consumer Finance

- Issued 151 mortgage broker/lender licenses, 119 mortgage branch registrations, 845 mortgage loan originator licenses, and 60 money service business licenses.
- Examined seven mortgage lender/brokers and six money service business licensees, resulting in one investigation and referral for enforcement.
- Conducted four investigations of consumer complaints and commenced four enforcement actions against unlicensed entities.

### Securities

- Most firms, individuals, and the securities must be registered to offer or sell securities in Alaska. At the close of FY2013, there were 1,224 broker/dealers (51 with branches in Alaska) and 730

investment advisers employing over 81,000 salespersons that can work with investors in Alaska. Of the state registered investment advisers, 25 have their primary locations in Alaska.

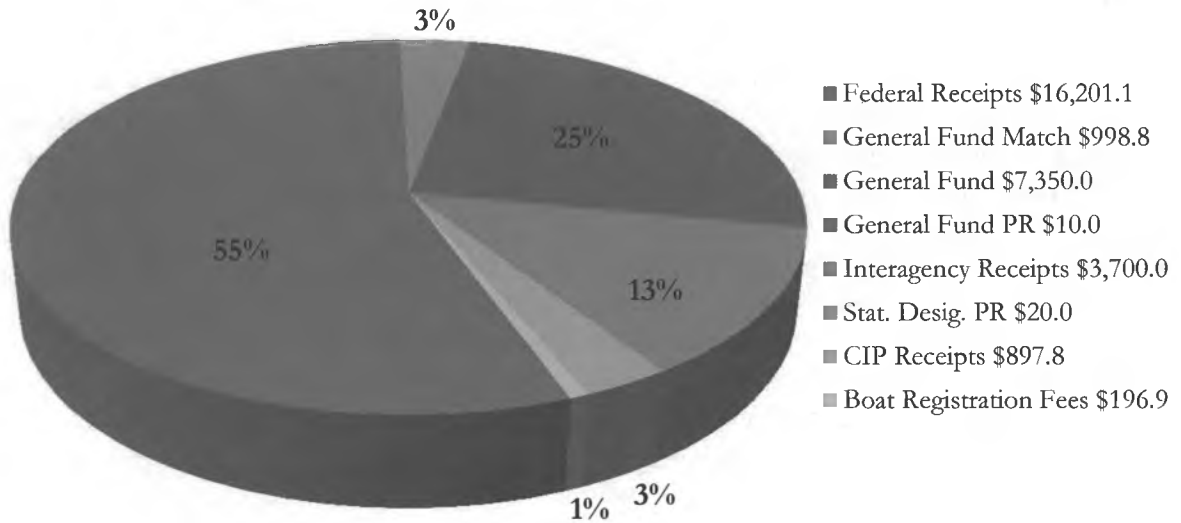
- Requested that 46 applicants for salesperson registration vacate or withdraw their applications because of their disciplinary backgrounds, in lieu of denial.
- Received notice filings for 4,804 mutual fund and unit investment trusts (including renewals).
- Reviewed and approved 370 securities registrations, processed 186 exemptions from securities registration filings, and processed six no action or interpretive letters.
- Conducted 11 investment adviser examinations and one broker-dealer examination.
- Alaska Native Claims Settlement Act (ANCSA) corporations with more than 500 shareholders and \$1 million in assets are required to file annual reports and proxy materials with the division. In FY2013, the division received 229 total filings, of which 138 were made by corporations and 91 made by individuals.
- Received 14 ANCSA requests for investigation and eight investigations were opened. Three ANCSA related administrative orders were issued and over 115 substantive inquiries regarding ANCSA corporations, statutes, and regulations were received.
- Received 104 public records requests on securities and ANCSA. Of the 87 ANCSA requests, 71 were walk-in (resulting in over 5,400 hardcopy pages) and 16 were filed electronically.
- Sponsored a ten hour online course called *Investor Education in Your Workplace®* for over 300 employees at six Alaska credit unions and one municipality, with excellent reviews and results. Topics included saving and investing, retirement planning, and how to work with financial advisors. The average post-test score was 90 percent with a 31 percent increase in knowledge.
- Collected \$12,576,806 in revenue, comprised primarily of registration fees.

### **Investigation and Enforcement**

- At the close of FY2013, there were 57 pending complaints/cases, and 52 files were closed during the year.
- The division issued 14 final administrative orders, comprised of one parity order and 13 consent orders. The consent order breakdown includes: five North American Securities Administrators Association (NASAA) multistate settlements, three Alaska Native Claims Settlement Act (ANCSA) orders, six cease and desist orders, and one permanent bar from securities business.
- Collected \$65,431 in civil penalties and investigative costs.

**Department of Commerce, Community, and Economic Development  
Community and Regional Affairs**

**FY2015 Governor's Operating Budget  
\$29,374.6**



**Operating Budget Request by Line Item\***

	FY2014 Management Plan	FY2015 Governor	FY2014 to FY2015
Personal Services	7,083.0	6,897.5	(185.5)
Travel	371.5	286.8	(84.7)
Services	2,183.6	2,278.5	94.9
Commodities	115.4	115.4	0.0
Capital Outlay	22.0	22.0	0.0
Grants	20,187.4	19,774.4	(413.0)
<b>Total</b>	<b>29,962.9</b>	<b>29,374.6</b>	<b>(588.3)</b>

\*Includes Community and Regional Affairs, Serve Alaska, Payment in Lieu of Taxes, National Forest Receipts, and Fisheries Taxes appropriations.

**Changes:** FY2014 to FY2015 budget details:

- (1.1) Salary and health insurance adjustments
- (89.5) Delete Administrative Assistant II Serve Alaska
- (497.7) Reduce uncollectable receipts GFPR, SDPR, I/A
- 0.0 Sealaska Heritage Institute 150.0 grant OTI restored
- 0.0 Vacancy factor compliance 94.9 Personal Services to Services
- 0.0 Transfer Grants Administrator II from Serve Alaska to Administrative Services

**Positions:** 65 PFT in Anchorage, Bethel, Dillingham, Fairbanks, Juneau, Kotzebue and Nome

## Mission and Core Services

Promote strong communities and healthy economies.



*Scott Ruby*  
*Division Director*

- Local government assistance for public administration and sanitation utilities
- Land management assistance to resolve issues
- Financial assistance: grants, loans, and shared revenue distributions
- Information resources for local government and economic development
- State Assessor technical assistance to municipal assessors
- Local Boundary Commission staffing
- Alaska Native Language Council staffing

## Overview of Programs

The Division of Community and Regional Affairs (DCRA) is charged with meeting the constitutional mandate in Article 10 of the Alaska State Constitution that states “An agency shall be established by law in the executive branch of the state government to advise and assist local governments. It shall review their activities, collect and publish local government information, and perform other duties prescribed by law.”

The focus of DCRA is to promote efficient, accountable, and effective local administration. The target population includes boroughs, city officials, tribal councils, and nonprofit corporations that provide a public service to the community.

**Local Administration Technical Assistance** – training and technical assistance on such topics as local elections, Title 29 compliance, bulk fuel management, local option Title 4 requirements, personnel management, gaming (bingo/pull tabs) management and all aspects of financial management to help local administrators develop their skills to deliver and manage public services. DCRA’s priorities are entities serving communities with a population of 2,500 or less.

**Rural Utility Business Advisors** – training and technical assistance to local water/wastewater utility managers and operators on utility budgeting, rate setting, billing, personnel, accounting, and reporting to develop local skills to manage the utility.

**Financial Assistance** – manage and administer programs in support of communities:

- Bulk Fuel Loans – provide low interest loans for the bulk purchase of fuel to communities, utilities providing power in communities, and fuel retailers in communities with a population of 2,000 or less.
- State and Federal Grants – provide grants to entities under 14 different state and federal grant programs. Recipients of grants include boroughs, cities, tribal entities, corporations, and state and federal agencies. These grants fund a wide variety of purposes including

construction of facilities, operation of programs, and supporting volunteerism as a means of community and state problem solving.

- **Shared Revenue Distributions** – administer direct payments to communities including Community Revenue Sharing, Payment in Lieu of Taxes, Shared Fisheries Taxes, and National Forest Receipts.

**Land Management** – negotiate land settlements, hold title to trust land, and actively manage the usage of land under the terms of the Alaska Native Claims Settlement Act of 1971. Currently, the Municipal Lands Trustee (MLT) holds title to over 13,000 acres in 47 different communities. There are 49 communities where a land re-conveyance settlement must still be negotiated.

**Planning** – assistance to communities on land use and community planning. Technical assistance is primarily in the form of training for planning commissions, and coordinating the development of community aerial photo maps. Also managed are the National Flood Insurance program, Cooperating Technical Partners program, Alaska Coastal Community Impact Assistance program, and the Community Coastal Impact program.

**Research and Analysis** – research, collect, publish and maintain data on community conditions and trends.

**State Assessor** – technical assistance to municipal assessors and prepares official assessments of property values for the state in order to ensure equity in the distribution of education funding and other shared revenue programs.

**Local Boundary Commission (LBC)** – process petitions and prepare preliminary reports and recommendations for the incorporation, boundary alteration, or dissolution cities and boroughs.

**Alaska Native Language Preservation and Advisory Council** – provide staff support for the council, conduct research on existing language programs, prepare draft reports and recommendations for the council's consideration, and prepare reports for submission to the governor and legislature.

## Challenges

A 30 percent reduction in the FY2014 federal Rural Utility Business Advisor (RUBA) grant required the elimination of two field staff positions and has caused the division to reprioritize assistance provided to communities. Remaining funds will be used to complete management assessments and funding for regional training classes, publications/training materials development; and, travel grants for communities to attend training will be reduced or eliminated. In FY2010 to FY2013, field staff worked with communities to successfully increase the number of communities meeting essential management indicators. Reduced staffing and funding will likely show a reversal of this trend.

The number of petitions submitted to form new cities/boroughs and to annex land to existing municipalities has increased over the past two years. Many of these petitions are controversial. Nine petitions were received between 2010 and 2013. Three of these petitions were significantly opposed and took several years to process, and the final decision has been appealed to the courts. When

several petitions are received during the same time period, staff resources and travel funds to hold public hearings and decisional meetings become quickly exhausted.

The number of grants administered by the division increased from 1,820 to 2,350 between FY2011 and FY2014, a 29 percent increase. The value has also increased from \$1.2 billion to \$1.8 billion. Several new grant programs were also implemented (Chinook Salmon Mitigation Impact, Coastal Impact Assistance Program, and the Nutritional Food in Schools). In addition, state agencies that do not have granting authority are turning to DCRA and requesting that the division administer community grants on their behalf. An impact of this additional workload is reduced on-site monitoring and technical assistance to grantees. For federal grants, on-site monitoring will be the minimum visits required by federal grant programs. For state grants, on-site monitoring will occur only when a federal grant monitoring visit to that grantee occurs.

## Accomplishments

### Local Government Assistance

- The number of interventions required to prevent a disruption to essential public services was reduced by 14 percent, the first decrease in three years. Interventions include providing Power Cost Equalization (PCE) on-site training and assistance to communities to file and receive payments that would have expired, such as City of Galena (\$151,208), Perryville (\$21,000), and Larsen Bay (increased monthly reimbursement by 360 percent).
- Under the *Fuel Watch* initiative, staff in FY2013 made 586 calls to 309 different entities to verify that there were adequate financial resources and fuel supplies in place for winter.

### Rural Utility Business Advisor (RUBA)

- Assisted 198 communities, including 247 on-site trips to 142 different communities.
- In FY2013, the number of communities that met the essential indicators of the RUBA management assessment decreased from 94 to 67. The decrease is reflective of several construction projects being completed, fewer sanitation projects starting, and a reduction in program staff due to federal budget reductions.
- RUBA staff presented 15 32-hour courses on utility management in six different regional hubs. A total of 216 rural utility managers attended these courses, an increase of 55 over the previous year. These courses are approved by the University of Alaska for credit and are presented in conjunction with regional health corporations and other regional entities.
- Four QuickBooks accounting classes were held in Anchorage, and 68 utility finance staff members completed the 32-hour training.

### Local Boundary Commission

- The commission issued its written decision approving a petition to dissolve the City of Petersburg and incorporate a Petersburg Borough. The voters approved the action and the borough became effective on January 3, 2013.
- Stayed the City and Borough of Juneau's petition to annex 1,977 square miles of land and water until the conclusion of its appeal of the Petersburg Borough petition.

### Land Management

- In accepting and managing lands in trust for future municipalities, the Municipal Land Trustee:

- Accepted nearly 28 acres of land in Levelock for public use and community expansion.
- Issued a Certificate of Satisfaction for The Kuskokwim Corporation, the ANCSA Village Corporation for the village of Napaimute. This completed the corporation's land conveyance obligation under ANCSA 14(c)(3).
- Accepted and received local approval to accept a land settlement from Ahtna Incorporated, for the community of Tazlina.
- Initiated 33 case files for a disposal of interest in Municipal Land Trust land providing land for residential development and issuance of airport lease renewals.
- Conducted regional and statewide ANCSA 14(c) and site control training sessions in Bethel, Anchorage, Sleetmute, Kokhanok, and Nanwalek.
- Using CIP mapping funds, partnered with the North Slope and Northwest Arctic Boroughs to prepare digital community profile maps for the 19 communities in these boroughs.
- Under the Floodplain Management/National Flood Insurance program completed site visits to Aniak, Ketchikan Gateway Borough, Fort Yukon, Galena, and the Municipality of Anchorage. Post disaster assistance was also provided to Fort Yukon and Galena for substantial damage determinations, high-water mark documentation, and recovery support.
- Conducted Risk Mapping Assessments, Planning Discovery meetings, or mapping technical assistance visits to the Matanuska-Susitna Borough, the Municipality of Anchorage, City and Borough of Sitka, Ketchikan Gateway Borough, City and Borough of Juneau, City of Valdez, City of Cordova, City of Homer, Kenai Peninsula Borough, and the Kodiak Island Borough.
- Facilitated the implementation of grants under the Alaska Climate Change Impact Mitigation Program (ACCIMP) in: Kivalina, Koyukuk, Newtok, Shaktoolik, Shishmaref, and Unalakleet.
- Provided technical assistance on climate change impact mitigation planning to Atmautluak, Kipnuk, Elim, Nelson Lagoon, Nightmute, and Quinhagak.
- Provided technical assistance to grantees in the development of 57 projects funded through the Community Coastal Impact Assistance Program (CCIAP).
- Initiated work on two federal grants received through the Coastal Impact Assistance Program (CIAP) to assist the communities of Kivalina, Shishmaref, Shaktoolik, and Newtok to assess, mitigate, and adapt to impacts of natural hazards in their communities.

### **Financial Assistance**

- The Bulk Fuel Loan program issued 73 loans totaling \$7.4 million to 65 Alaska communities. This reflects the merging of the bulk fuel loan programs previously in AEA and DCRA.
- The grant section administered 2,341 grants under multiple state and federal programs, with a total value of \$1.8 billion. The number of grants administered increased 21 percent over the prior year, and each grant administrator has a workload of approximately 292 grants.
- Of the 896 new legislative grants in FY2013, 238 used the streamlined process for Designated Legislative Grants under \$50,000 that was implemented in FY2012 in response to legislative intent language.
- AmeriCorps members, with Serve Alaska grant assistance, performed more than 236,000 hours of service, valued at over \$5 million and 11,000 community volunteers performed more than 45,650 hours of service valued at over \$1 million. Services areas include health, education, environment, and social service.
- Over \$112 million was distributed to 310 different communities in FY2013 under Community Revenue Sharing (CRS), Payment in Lieu of Taxes (PILT), National Forest Receipts (NFR),

Shared Fisheries Business Tax (SFBT), and the Fisheries Resource Landing Tax (FRLT) programs.

- Distributed over \$3 million in direct payments under the Southeast Alaska Chinook Salmon Mitigation program.

### **Information Resources**

- Published the bi-annual report on fuel prices across Alaska in July 2012 and January 2013.
- Published bi-monthly Lien Watch report that documents liens filed against community entities.
- Updated information on web-based products including the Community Database, the Financial Document Delivery system, Community Photo Library, and Municipal Officials Directory.
- Reviewed 12 population adjustment requests submitted by communities under the Community Revenue Sharing program. These population estimates are used by many agencies for funding programs.

### **Office of the State Assessor**

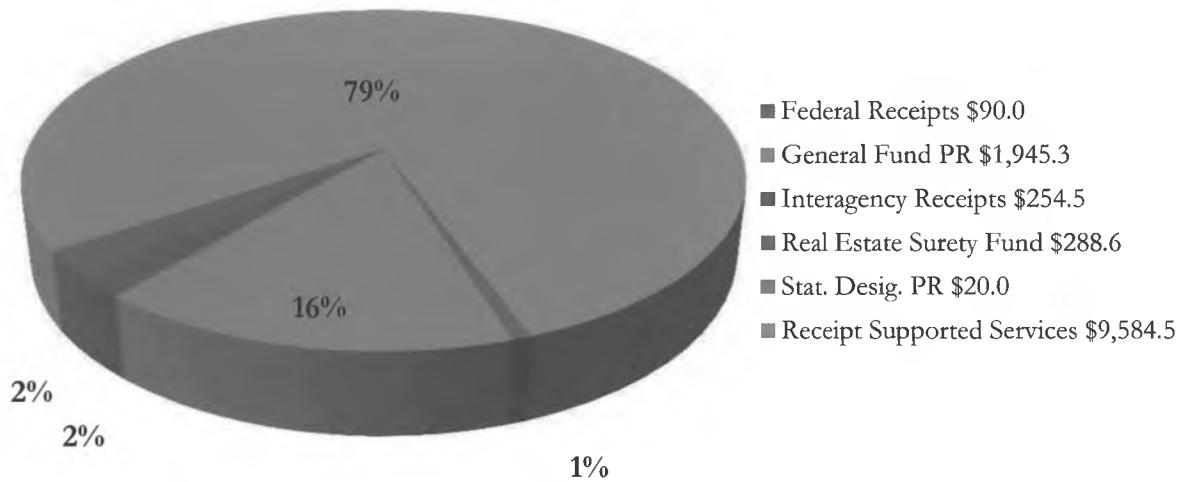
- Completed five trips to communities to provide on-site technical assistance or training.
- Completed assessment audits of procedure and compliance in two municipalities.
- Conducted Board of Equalization training in eight communities.
- Completed full value determinations for 36 municipal governments (18 boroughs and 18 cities in the unorganized borough).
- Prepared and published the Alaska Taxable, a document that presents a wide range of assessment and taxation information for Alaskan municipalities.

### **Alaska Native Language Preservation & Advisory Council**

- Chair and vice-chair were elected at the council's first meeting in December 2012, and three additional meetings were also held.
- Legislative members appointed to the Commission: Rep. Benjamin Nageak by the Speaker of the House in June, and Sen. Donny Olson appointed by the Senate President in August.
- The Council identified three main areas of research: Alaska Native language programs and projects, sustainability, and policy. A survey will be sent out seeking input in these areas.

**Department of Commerce, Community, and Economic Development  
Corporations, Business and Professional Licensing**

**FY2015 Governor's Operating Budget  
\$12,182.9**



**Operating Budget Request by Line Item**

	<b>FY2014 Management Plan</b>	<b>FY2015 Governor</b>	<b>FY2014 to FY2015</b>
Personal Services	6,959.5	6,972.6	13.1
Travel	732.9	640.3	(92.6)
Services	4,417.6	4,322.6	(95.0)
Commodities	110.5	110.0	(0.5)
Capital Outlay	137.4	137.4	0.0
Grants	0.0	0.0	0.0
<b>Total</b>	<b>12,357.9</b>	<b>12,182.9</b>	<b>(175.0)</b>

- Changes:** FY2014 to FY2015 budget details:
- (24.1) Salary and health insurance adjustments
  - (62.8) Delete Long-Term Vacant Office Assistant II
  - 104.5 Prescription Drug Monitoring Database Operating Costs
  - (50.0) Reduce Big Game Commercial Service Board investigations
  - (5.0) Board of Architects, Engineers and Surveyors – Fiscal Note
  - (137.6) Military Training Credit Temporary License program – Fiscal Note
  - Vacancy factor compliance Services to Personal Services (125.0)

**Positions:** 83 PFT in Anchorage and Juneau

## Mission and Core Services

Ensure that competent, professional and regulated commercial services are available to Alaska consumers.



*Don Habeger*  
*Division Director*

- Administer professional licensing
- License businesses and grant tobacco endorsements
- Register corporations and trademarks
- Complaint receipt and investigation

## Overview of Programs

**Professional Licensing** – Licensure of qualified applicants through examination, certification, and other methods of verifying attainment of professional standards for 39 programs. Applicant licensure is administered by board or commission with departmental support for 20 programs, and the remaining 19 programs are administered solely by the division.

**Business Licensing** – Licensure of entities engaging in a business in the state and provide tobacco endorsements for those retail establishments offering tobacco products for sale.

**Corporations** – Provide for the registration and reporting of corporate entities, provide for registered trademarks and maintain information for the public on corporations.

**Investigations** – Conduct investigations to determine whether a person or entity has violated any provision of licensing statute or regulation and administer licensing sanctions as necessary through boards, commissions or department action.

## Challenges

Stabilizing on-going funding for the prescription drug monitoring program (PDMP) is a challenge. The PDMP is a computerized system, mandated by state law, for tracking controlled substance prescriptions that are dispensed by registered Alaska pharmacies and dispensers. Health care providers may use the database to improve patient care by providing prescribers and pharmacists with a controlled substance dispensing history for their patients. A one-time federal grant to develop and initiate the monitoring system expired August 31, 2013 and the database maintenance costs became the state's responsibility. When the PDMP was established by legislation, both legislative houses adopted a letter that it was not the intent that the professional users of the database absorb the costs of managing this public program through their license fees or other fee structure. The Department of Health and Social Services provided interagency funding for FY2014 in response to the medical community's stated need of the PDMP for quality healthcare.

Licensees have expressed interest in stable licensing fees from one renewal cycle to the next. One of the drivers in fee spikes, especially for Alaska's smaller professional licensing programs, is the cost

associated with an investigation. A complex investigation can cost tens of thousands of dollars. Passing these costs along to a smaller pool of licensees within a short cost recovery cycle can have a significant impact on fees.

Several professional licensing boards have expressed concern on the method for paying board member travel costs. Board travel costs are reimbursed to the traveler based on submission of their receipts. The reimbursement method was historically preferred because it provides the traveler maximum flexibility for personal and business related scheduling and it minimizes the administrative workload for the department. Most methods, other than the reimbursement method, will cause a significant increase in administrative workload due to required planning for up to 129 travelers, compliance with the state travel system, the increased number of transactions, certifications, extensive follow up for receipts and documentation to support vendor payment, auditing, reconciliations, collections and record keeping.

## Accomplishments

### Professional and Business Licensing

- Renewed 35,269 business licenses and 28,697 professional licenses, bringing active licenses to 66,894 professional and 67,074 business, a three percent increase from FY2012.
- Issued 1,364 business license tobacco endorsements.
- Improved responsiveness to customers through timely processing:
  - Professional license applications are screened within a ten day review policy timeframe.
  - Barbers and Hairdressers, Pharmacy and Dental licensing renewals are issued in half the time of the four week published goal (on average).
  - Big Game Commercial Services Board's confidential hunt record and transporter activity report automation resulted in a 50 percent savings in processing time.
- Implemented a secure web portal for board members to access board meeting materials, this reduces production and mailing costs and provides an additional safeguard against accidental disclosure of licensees' confidential personally identifiable information.
- Quarterly financial reports on revenues and expenditures for all professional licensing programs are now available on the division website for licensees, stakeholders, and the public.

### Corporations

- Newly formed/registered corporations total 6,329, a six percent increase from FY2012.
- Entities in good standing increased from 60 percent (May 2012) to 91 percent (June 2013) as a result of reinstating courtesy notices to entities and a new IT system.
- Entities on record total 54,660, of which 48,835 were in good standing and 5,825 were non-compliant due to delinquent biennial reports or incomplete registered agent information.

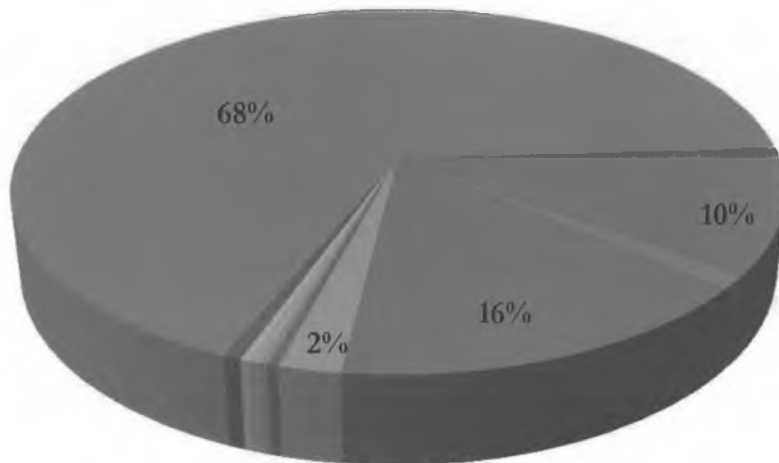
### Investigations

- Received 1,301 intakes/complaints, opened 385 official investigations, and closed 240 cases. Investigations led to 252 licensing actions for violations.
- Closed 76 percent of all new matters within one year of receipt, slightly exceeding the goal of 75 percent.
- Improvements implemented on the GLSuites case management database to address audit findings.
- Recorded 367 license application issues, 86 percent were resolved allowing applicants to obtain a license.

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**Department of Commerce, Community and Economic Development  
Economic Development**

**FY2015 Governor's Operating Budget  
\$27,850.4**



6% for all others

- Federal Receipts \$173.3
- General Fund \$18,910.0
- Interagency Receipts \$158.4
- CIP Receipts \$109.6
- Stat. Desig. PR \$2,828.4
- Vehicle Rental Tax Receipts \$339.6
- Comm. Fishing Loan Fund \$4,332.2
- Fisheries Enhancement RLF \$613.7
- Bulk Fuel Revolving Loan Fund \$54.4
- Rural Development Initiative Fund \$58.3
- Small Business Econ. Dev. RLF \$56.1
- AK Capstone Avionics RLF \$131.6
- Commercial Charter Fisheries RLF \$18.9
- Mariculture RLF \$18.9
- Community Quota Entity RLF \$37.7
- AK Microloan RLF \$9.3

**Operating Budget Request by Line Item\***

	<b>FY2014 Management Plan</b>	<b>FY2015 Governor</b>	<b>FY2014 to FY2015</b>
Personal Services	5,740.5	5,734.6	(5.9)
Travel	269.3	259.3	(10.0)
Services	20,583.4	20,583.4	0.0
Commodities	81.8	81.8	0.0
Capital Outlay	17.2	17.2	0.0
Grants	1,174.1	1,174.1	0.0
<b>Total</b>	<b>27,866.3</b>	<b>27,850.4</b>	<b>(15.9)</b>

\*Includes Economic Development and Investments appropriations.

**Changes:** FY2014 to FY2015 budget details:

- (5.9) Salary and health insurance adjustments
- (10.0) Commercial Passenger Vessel Tax Review – Fiscal Note
- 0.0 Tourism program \$18.7 million OTI restore

**Positions:** 57 PFT, 1 PPT in Anchorage, Fairbanks, Juneau and Tok

## Mission and Core Services

Promote economic development opportunities.



*Joseph Jacobson*  
*Division Director*

- Financing
- Marketing
- Research
- Business Technical Assistance

## Overview of Programs

The Division of Economic Development (DED) collaborates with private industries, state agencies, trade organizations, and public institutions to promote economic opportunities in the state. The division assists potential developers, investors, start-ups and the expansion of existing businesses via financing programs, marketing, resource and market data, technical assistance, and governmental coordination.

**Financing** – promote and administer direct loan programs including origination, servicing, and collections. Programs include: Commercial Fishing, Fisheries Enhancement, Small Business Economic Development, Rural Development Initiative Fund, Capstone Avionics, Mariculture, Community Quota Entity, Commercial Charter Fisheries, Microloan, and Alternative Energy. DED also services loans for other state agencies.

**Tourism** – increase visitor volume and local economic benefit by administering the state’s tourism marketing program, primarily through externally-focused advertising and public relations campaigns. Conduct training programs, research, planning, visitor information, and business and product development assistance to communities, businesses, agencies, and residents.

**Fisheries, Minerals, Timber Development** – promote development by providing assistance that leads to business development and investment opportunities for companies in these sectors. Participate in key trade shows around the globe in support of Alaska’s mineral resource development.

**Film Production** – encourage growth of Alaska’s film industry by marketing Alaska as a production location and coordinating production needs with local entities.

**Made in Alaska** – promote Alaska manufacturing through consumer-targeted Made in Alaska marketing campaign. A new initiative is the Made in Alaska Home, which promotes the use of Alaska-manufactured building materials in homebuilding and construction.

**Alaska Product Preference** – encourage Alaska business opportunities through preferences on state contracts. To qualify, DED certifies that at least 25 percent of the product's value is added in Alaska.

## Challenges

Maintaining awareness in national and international markets about Alaska's favorable business climate is a continual challenge in an increasingly competitive marketplace. Division-led marketing efforts must provide visibility for Alaska's superior products, extensive natural resources, loan programs and incentives, and favorable investment climate.

The Arctic continues to grow in national and international importance; however, capitalizing on development potential remains challenging. Efforts continue on developing Alaska's potential in Arctic mining, tourism, commercial fisheries, and other industries.

Minimal processing of natural resources or value-added manufacturing occurs in Alaska. The division's work with industry and community leaders will promote incentives and help address challenges related to transportation, climate, energy costs, and workforce.

Alaska's once robust forest products industry struggles to achieve sufficient access to timber on federal land. Additionally, small-scale mills and manufacturers have limited resources for promotion.

Fewer production companies are choosing Alaska as a feature film location. To increase production activity in Alaska, the division needs to continue promotion efforts including maintaining a presence at major trade shows, implementing targeted advertising in select trade publications, and seizing all opportunities to meet with industry representatives at specialized events.

Alaska has seen new air carriers enter the market in the past several years and this has resulted in lower airfares and greater capacity. In order to maintain this added air service, the division must maintain a strong level of marketing so that awareness of Alaska and the desire to visit remains high.

## Accomplishments

### Financing and Loan Programs

- Provide risk capital to stimulate business development and a stronger entrepreneurial ecosystem through direct state loan origination and servicing under 26 active programs. For FY2013, the division made 283 loans totaling \$28.5 million from the following loan programs:
  - Alaska Capstone Avionics Revolving Loan Fund – One loan totaling \$31,700 to an Alaskan aircraft owner, collected repayments of \$188,400, and one loan paid off.
  - Alaska Microloans Revolving Loan Fund – Two loans totaling \$63,000, and collected repayments of \$2,900.
  - Commercial Fishing Revolving Loan Fund – Two hundred new loans totaling \$15.2 million, and created and/or saved 638 jobs. Thirty-four of these loans, totaling \$1.9 million, were for the purpose of upgrading older vessel engines to newer more fuel-efficient models, which had a positive effect on the environment and created cost savings. In addition, 144 extension

requests, 40 refinancing applications, and five limited entry permit reinstatements were processed. Delinquency and foreclosure rate continue to remain at a record low 1.4 percent.

- Fisheries Enhancement Revolving Loan Fund – Five loans totaling \$1.7 million to hatchery operators; collected \$9 million in repayments.
- Mariculture Revolving Loan Fund – One loan totaling \$100,000.
- Rural Development Initiative Fund – Six loans totaling \$800,000 for equipment and working capital created and/or retained 23 jobs. The private leverage (match) was almost \$500,000.
- Small Business Economic Development Loans – Eight loans totaling \$1.4 million created and/or saved ten jobs. The private leverage (match) was \$2.2 million.
- Bulk Fuel and Bridge Loan Fund Programs – Sixty new loans totaling \$9.1 million, with repayments of \$11.1 million collected.
- Provided loan servicing in five portfolios for AIDEA, DCRA and DHSS.
- Salmon Enhancement Tax Distribution Program – Provided \$8.5 million to six qualified regional aquaculture associations.
- Extensive outreach efforts with Central, Southcentral, Cook Inlet, Kodiak, Prince William Sound and Southeast Alaska regions to present information on loan programs and meet with interested parties. Outreach in areas that have experienced economic difficulties resulted in loans to commercial fishing harvesters, restaurants, lodges, laundromats, aircraft and boat charters, RV camper-park, zip line, dog wash, mariculture and air freight businesses.
- Volunteer Tax and Loan program (VTLP) – During the 2012 tax season, VTLP teams visited a total of 71 rural communities in 11 areas to provide tax preparation and loan application services. VTLP volunteers prepared about 4,000 tax returns and assisted over 7,800 people. As a result of these efforts, tax refunds generated for rural communities exceeded \$5.7 million.

## **Tourism**

- During year one of a two year commitment, successfully promoted Icelandair flights from the United Kingdom, France, Sweden, Denmark, Netherlands and Germany to Alaska.
- Brought the Top Chef program to Alaska to film several segments. Reached 2.6 million viewers with Alaska's tourism and seafood messages, with an advertising equivalency of \$5.5 million.
- Through public relations efforts, a total of 1,516 Alaska tourism stories appeared in print and digital media with an advertising equivalency of \$16.1 million.
- Through targeted television and magazine advertising, generated 780,671 requests for Alaska travel information, exceeding the goal by 31 percent.
- Generated 1,305,519 site visits to *TravelAlaska.com* through all advertising efforts; launched a Chinese language version of the website.
- Implemented two social media campaigns, thereby increasing the total number of Facebook followers from 7,000 at the beginning of the year to over 107,000 by the end of the year.
- Collaborated with the governments of Alberta, British Columbia and Yukon to promote the drive through Canada and into Alaska as the "Ultimate North American Road Trip". A new driving guide was created, a Facebook page was launched, and four booth spaces were secured at the Quartzsite RV Show, generating exposure to 150,000 RV-travelers attending the show.
- Partnered with Brand USA by placing an ad in its Discover America guide which is translated into 16 languages and distributed at tourism promotional events throughout the year.
- More than 7,300 consumers downloaded the TravelAlaska.com application.

- Completed a winter film shoot and began to edit a winter-specific television commercial and video in order to boost the number of visitors coming to Alaska in the winter months.
- Conducted travel industry outreach at the International PowWow conference, reaching 132 international tour operators and travel journalists through one-on-one meetings; at Cruise3Sixty, reaching 154 travel agents in one-on-one meetings and in training sessions; and, certified an additional 34 U.S. travel agents as Alaska Certified Experts.
- Training was provided to 450 AlaskaHost participants and to 11 new AlaskaHost trainers.
- A total of 25 new trainers were added to the Certified Alaska Tour Guide Program.
- Served 8,000 visitors at the State Visitor and Welcome Center/Alaska Public Lands Information Center in Tok, a decrease of 500 from FY2012.

### **Film Development**

- Approved 24 productions for tax credits of \$13 million based on eligible spending of \$40 million.
- During FY2013, 38 productions received pre-qualification for estimated tax credits of \$10.6 million based on eligible spending of \$32.7 million.
- Participated in various outreach events including the Association of Film Commissioners International Location Trade Show.

### **Fisheries, Minerals, and Timber**

- Promoted Alaska mining showcasing “Opportunity Alaska” at the Prospectors and Developers Association of Canada conference in Toronto.
- Participated with fisheries and seafood businesses in multiple meetings and shows to help educate businesses about available financing and loan options.
- Conducted business retention and expansion survey of the marine trades industry exploring current business activities, challenges for business development, and expectations regarding future growth potential.
- Promoted the state’s minerals marketing program at Alaska Miners Association, Northwest Mining Association, the Association of Mineral Exploration of Canada Roundup, and the Prospectors and Developers Association of Canada. This provided exposure to 39,600 attendees and resulted in follow-up with approximately 325 contacts.
- Coordinated two public meetings for the Alaska Minerals Commission (AMC) and collaborated with AMC on producing the Report of the 2013 Alaska Minerals Commission.
- Collaborated with DNR and DGGS to produce the annual Alaska Minerals Industry Report.
- Collaborated with the DNR and ADFG to implement 34 recommendations to grow Alaska’s forest products industry, as provided by the Alaska Timber Jobs Task Force’s final report.
- Created Made in Alaska Home display featuring Alaska-made building products that was exhibited at the 2013 Anchorage Home, Garden and Remodeling Show. The display was also showcased at the World of Timber and Log Frame Home Show and was displayed at the Mat-Su Business Alliance Business and Industry Fair.

### **Business Development**

- Provided small business technical assistance to approximately 480 businesses.
- Collaborated with economic development organizations to expand small business development services across the state.

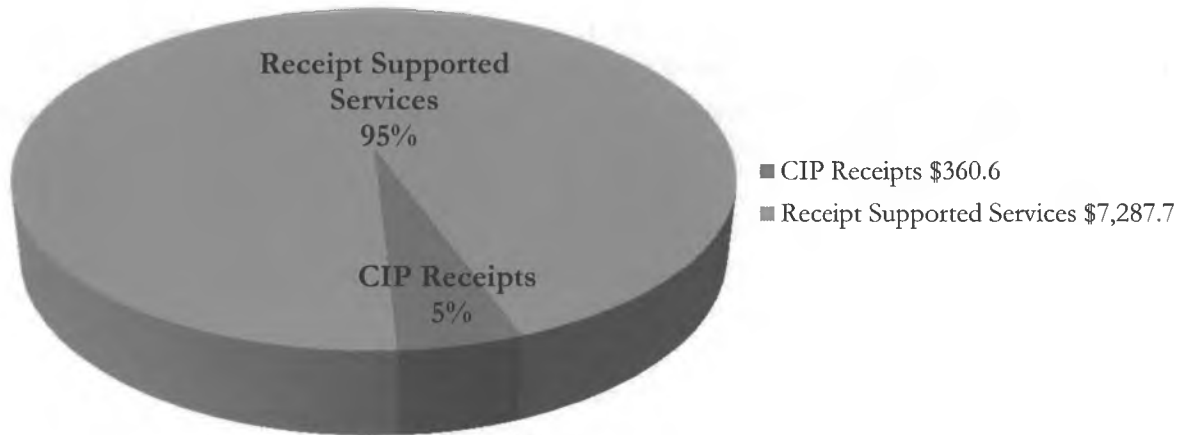
- Provided one-on-one business development services for 525 requests.
- Coordinated business development educational opportunities including workshops, webinars, and trainings. Increased business development assistance and government to business activities.
- Eight percent increase in Alaska Product Preference Program participation from 2012 to 2013.
- Supported capacity building for 12 regional development organizations.

### **Reports Completed**

- Alaska Visitor Statistics Program VI: Interim Visitor Volume Report, Fall/Winter 2012 – 2013
- Economic Impact of Alaska’s Visitor Industry, 2011 – 2012
- The Alaska Film Office 2013 Annual Report to the Legislature
- Alaska Marine Trades and Services: Business Retention and Expansion Survey Results
- Community Development Quota Program Decennial Review Report on:
  - Aleutian Pribilof Island Community Development Association
  - Bristol Bay Economic Development Corporation
  - Central Bering Sea Fishermen’s Association
  - Coastal Villages Region Fund
  - Norton Sound Economic Development Corporation
  - Yukon Delta Fisheries Development Association
- Report of the 2013 Alaska Minerals Commission
- Alaska’s Mineral Industry 2011: Exploration Activity (with DNR/DGGS)
- Made in Alaska Home Building Product Directory
- Southeast Alaska Young Growth Report
- 2012 Alaska Economic Performance Report
- Fiscal Year 2012 Alaska Regional Development Organizations Annual Report

**Department of Commerce, Community and Economic Development  
Insurance**

**FY2015 Governor's Operating Budget  
\$7,648.3**



**Operating Budget Request by Line Item**

	<b>FY2014 Management Plan</b>	<b>FY2015 Governor</b>	<b>FY2014 to FY2015</b>
Personal Services	5,290.2	5,285.1	(5.1)
Travel	175.5	175.5	0.0
Services	2,093.2	2,093.2	0.0
Commodities	59.2	59.2	0.0
Capital Outlay	35.3	35.3	0.0
Grants	0.0	0.0	0.0
<b>Total</b>	<b>7,653.4</b>	<b>7,648.3</b>	<b>(5.1)</b>

**Changes:** FY2014 to FY2015 budget details:  
(5.1) Salary and health insurance adjustments

**Positions:** 51 PFT, 3 NP in Anchorage and Juneau

## Mission and Core Services

The mission of the Division of Insurance is to regulate the Insurance industry to protect Alaskan consumers.



*Marty Hester*  
*Acting Division Director*

- Financial Oversight
- Compliance
- Filing Approval
- Licensing
- Investigations
- Consumer Services

## Overview of Programs

**Financial Oversight** – Enforce financial examination statutes and regulations to ensure insurance companies doing business in Alaska are solvent.

**Compliance** – Various tools including investigations of consumer complaints and market examination of insurance companies are utilized to ensure compliance with Alaska statutes and regulations governing insurance companies.

**Filing Approval** – Monitor rates and forms used by insurers providing insurance coverage for Alaskans for conformity with statutory standards.

**Licensing** – Issue insurance company licenses and producer licenses within reasonable time lines to ensure insurance products are available to Alaskans.

**Investigations** – Alleged fraudulent insurance activities are investigated leading to both civil administrative actions and criminal convictions including felony convictions.

**Consumer Services** – Ensure consumers have the tools to evaluate and purchase insurance products that are appropriate for their needs various outreach programs are conducted.

## Challenges

### Quantity and Complexity Growth

The number of licensees increased from 37,000 to 45,300 (FY2009-FY2013), almost a 22.5 percent increase in five years. As the total number of licensees' increases there is also an increase in the number of licensing challenges received, requiring more staff time for review and analysis. These reviews may then result in additional actions such as noncompliance agreements, denials of licenses, suspensions, or revocations. Even matters that do not require litigation often require considerable review, such as legal analysis involved with licensing an applicant with felony convictions.

There is also an increased quantity, complexity, and visibility of insurance products available to Alaskan consumers. This challenges the division's ability to regulate the products offered and to manage licensing issues arising from new methods of marketing these new products.

In addition to increasing numbers of licensees and complexity of insurance products, the division continues to combat criminal insurance fraud. Though the number of new criminal investigations decreased slightly from 2012, the complexity of crimes continues to increase. The investigation team faces new challenges due to the nature of the crimes, and the new and creative ways that criminals commit them. The ability to close cases is impacted by this increase in complexity. Complex fraud investigations take longer to complete and require new technology and tools to develop evidence that will ensure convictions.

### **Technology**

In November, 2013 the division implemented the first phase of a new IT State-Based Systems (SBS), which will improve internal workflow and allow the division to regulate the insurance industry more efficiently and consistently with other states. The system, when completed, will provide automated services to the industry allowing shareholders to manage their licensing needs electronically. The second phase of the SBS implementation is scheduled for June 2014. It will be challenging to successfully implement this conversion, bring all stakeholders on board, and ensure the new system is well-maintained and fully operational into the future.

### **Affordable Care Act**

Health insurance companies were forced to amend many of their plans for Affordable Care Act compliance and then seek Division of Insurance rate review and approval. Public, industry, and business concerns stemmed from limited information from federal agencies, health policy cancellation notices, rate increases, federal enrollment issues, and potential deadline extensions. Concerns were addressed by the division through frequent public presentations, consumer assistance, and ongoing updates to the Division of Insurance website.

### **Competition**

Alaska needs a competitive insurance marketplace, and the division is actively engaged with industry to foster an insurance market that provides competitive products and services for Alaskan consumers. The division has reached out to the industry to determine how best to assist with regulatory requirements and building a foundation that will allow the industry to move forward with increased product development and availability for Alaskans.

## **Accomplishments**

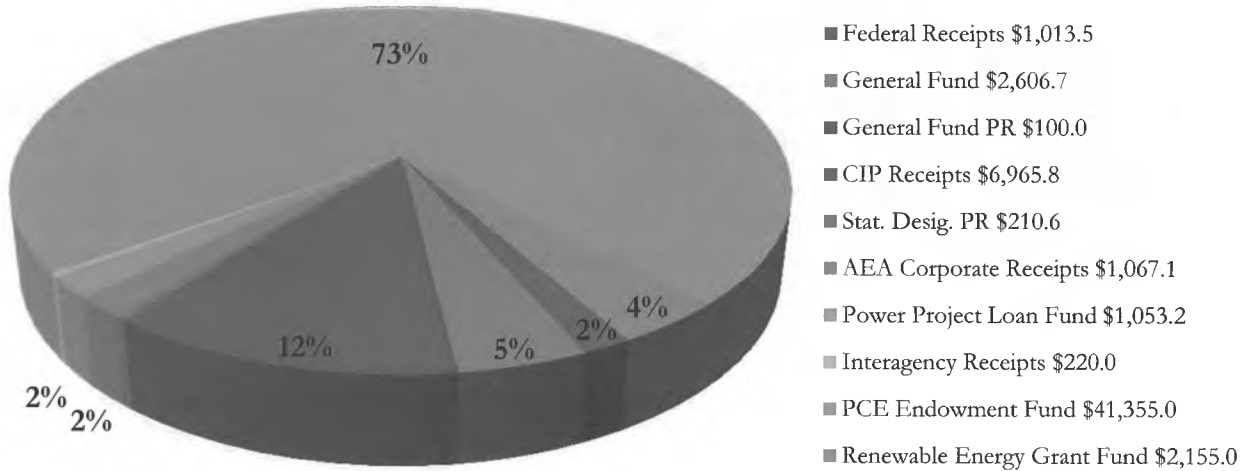
- Registered 16 Purchasing Groups.
- Completed six premium tax audits of surplus lines brokers.
- Admitted 15 new insurance companies, four new surplus lines insurer and seven risk retention groups.
- Started two new financial exams, and completed one financial exam in FY2013.
- Consumer complaints are decreasing in volume, but the complexity continues to increase. In FY 2013 the Consumer Services section opened, investigated and closed 238 consumer complaints, and took action that resulted in additional payments of \$194,648 to consumers in FY2013. An

increase in additional payments to consumers of \$48,760 or 33.4% over FY 2012 on 52 fewer total complaints.

- Opened 54 criminal investigations and closed 77 in FY2013. This was a 5.6% decrease to the number of cases opened in FY12, but a 120% increase to the number of cases that were closed.
- Issued 9 bulletins, seven regulatory orders, 21 disciplinary orders, seven suspension and revocation orders, and completed one regulatory project.
- Approved 3,526 rate and form filings and disapproved 155. There were 716 filings rejected or withdrawn and 223 were still under review at the end of FY2013.
- There were over 45,316 licensees at the end of FY2013, an increase of more than 8.5 percent over FY2012.
- Issued or renewed 29,008 insurance licenses. Approximately 95 percent of initial and renewal applications were received electronically.
- Completed 160 market regulatory activities in FY2013. These were broken out as follows: 136 market analyses related to bulletin B12-02, eight multi-state market conduct examinations, three market conduct examinations and 13 miscellaneous market analyses.
- Collected \$65,855,635 in premium taxes, penalties and fees in FY2013.

**Department of Commerce, Community and Economic Development  
Alaska Energy Authority**

**FY2015 Governor's Operating Budget  
\$56,746.9**



**Operating Budget Request by Line Item**

	FY2014 Management Plan	FY2015 Governor	FY2014 to FY2015
Personal Services	0.0	0.0	0.0
Travel	223.8	213.8	(10.0)
Services	15,268.5	15,349.9	81.4
Commodities	56.0	56.0	0.0
Capital Outlay	27.2	27.2	0.0
Grants	40,100.0	41,100.0	1,000.0
<b>Total</b>	<b>55,675.5</b>	<b>56,746.9</b>	<b>1,071.4</b>

**Changes:** FY2014 to FY2015 budget details:  
         67.4 Salary and health insurance adjustments  
       1,004.0 Power Cost Equalization  
           0.0 Power Cost Equalization \$40.4 million OTI restore

**Positions:** 69 PFT in Anchorage (budgeted in AIDEA)

## Mission and Core Services

Reduce the cost of energy in Alaska.



*Sara Fisher-Goad*  
*Executive Director*

- Alaska State Energy Office and lead agency to develop and coordinate state energy policy
- Assist in the development of safe, reliable and efficient energy systems throughout Alaska, which are sustainable and environmentally sound
- Assist in developing projects in Alaska that reduce and stabilize the cost of energy and decrease dependency on fossil fuels for power and heat
- Increase the reliability and efficiency of rural electric systems
- Reduce the cost of electricity for residential customers and community facilities in rural Alaska
- Operate Authority-owned projects

## Overview of Programs

Alaska Energy Authority (AEA) is the state's energy office and lead agency for statewide energy policy and program development. The Authority builds modern, code-compliant bulk fuel tank farms in rural Alaska, latest generation, high efficiency rural powerhouses and hydroelectric projects. AEA manages the Renewable Energy Fund, the Emerging Energy Technology Fund, the Power Cost Equalization Program and various Energy Efficiency and Conservation Programs. AEA provides grants and loans for qualified energy infrastructure projects. AEA also owns energy infrastructure for the benefit of Alaskans.

## Challenges

AEA has been given the responsibility to manage several new programs and projects. These represent distinct challenges for the Authority. The challenges include AEA's statewide efforts to coordinate and implement regional energy planning, continue moving the Susitna-Watana Hydroelectric Project forward in the Federal Energy Regulatory Commission licensing process, and manage the Emerging Energy Technology Fund grant program. An additional challenge is to continue to provide high quality technical assistance and management of rural energy infrastructure while increasing our outreach and assistance to rural communities wanting to develop energy infrastructure.

## Accomplishments

**Renewable Energy Fund** – AEA began soliciting applications for Renewable Energy Fund (REF) grants in the fall of 2008 and has received 726 applications. Seven application periods are complete, with the Round 7 application period having closed in September 2013. AEA evaluates all applications received. Approved renewable energy projects total \$227.5 million for 251 projects, and \$128.7 million in grant payments have been made through October 2013. Eighty-eight percent of the Rounds 1-5 projects are under way. The first 62 renewable energy projects to either be in operation or be in construction will provide net benefits of \$501 million over their lifetimes (NPV

benefit of \$1,009 million less net present value cost of \$508 million). Investment in these 62 projects is \$112 million.

**Energy Efficiency and Conservation (EE&C)** – Seven Village Energy Efficiency Program (VEEP) grants totaling \$1.38 million were awarded for implementation of efficiency measures in community buildings and infrastructure in: Naknek, Perryville, Egegik, Yakutat, McGrath, Koyukuk, and Minto. The seven projects bring a combined match of nearly \$2 million in addition to the VEEP grants.

The Commercial Building Energy Audit (CBEA) program regulations were signed by the Lt. Governor in August and became effective in late September. EE&C staff issued a Request for Applications in late October to fund roughly 100 commercial building audits.

AEA entered into an RSA with DEC Village Safe Water to do efficiency work on high cost water and sanitation systems in small communities. AEA continues to be a leader in efficiency and conservation outreach and education, coordinating and providing support to the Alaska Energy Efficiency Partnership and its 140 member organizations as well as maintaining a website ([www.akenergyefficiency.org](http://www.akenergyefficiency.org)) focused on efficiency and partnership information and activities. As part of October's Energy Awareness Month outreach initiative, AEA ran statewide television, radio, print, and digital advertisements. Public awareness campaign and outreach efforts also include EE&C staff participation at school assemblies featuring a program called the "Energy Hog" which is designed to increase youth awareness of energy efficiency and conservation. AEA attended more than 30 schools around the state between late August and mid-November participating in Energy Hog assemblies.

**Bulk Fuel Upgrades** – Upgrading bulk fuel facilities reduces the cost of energy by replacing leaking tanks and reducing the risk of future tank and equipment failure. Bringing these facilities into compliance with federal and state regulations also makes them safer and more reliable. In FY2014, four projects are in construction - Perryville, Nunam Iqua, Shishmaref and Scammon Bay (AVEC); four in final design – Edna Bay, St. Michael, Shishmaref and Tatitlek; and 13 in conceptual design – Holy Cross, Kake, Kassan, Kipnuk, Minto, Pilot Station, Port Alsworth, Quinhagak, Shageluk, Shaktoolik, St. George, Togiak, and Tuluksak. In FY2013, bulk fuel tank farm projects were completed in Perryville, Bettles and Alakanuk.

**Rural Power Systems Upgrade** – Powerhouse upgrade projects replace outdated, inefficient systems with new electronically controlled generator sets. AEA has also increased fuel efficiency by adding electronic fuel injectors. AEA's capacity to provide technical assistance is enhanced with the installation of remote monitoring systems. Power plant modules were constructed in Egegik and St. George. Of the total 114 Rural Power Systems Upgrade projects, 53 have been completed.

**Regional Energy Planning** – AEA initiates efforts in various regions to help Alaskans determine their energy priorities and formulate energy plans. In FY2012, AEA signed six contracts with regional entities to develop energy plans in their respective regions and planning efforts are on-going.

**Power Cost Equalization** – PCE payments reduce the cost of power to residential and community customers of eligible utilities. AEA disbursed approximately \$40.4 million in PCE payments for FY2013.

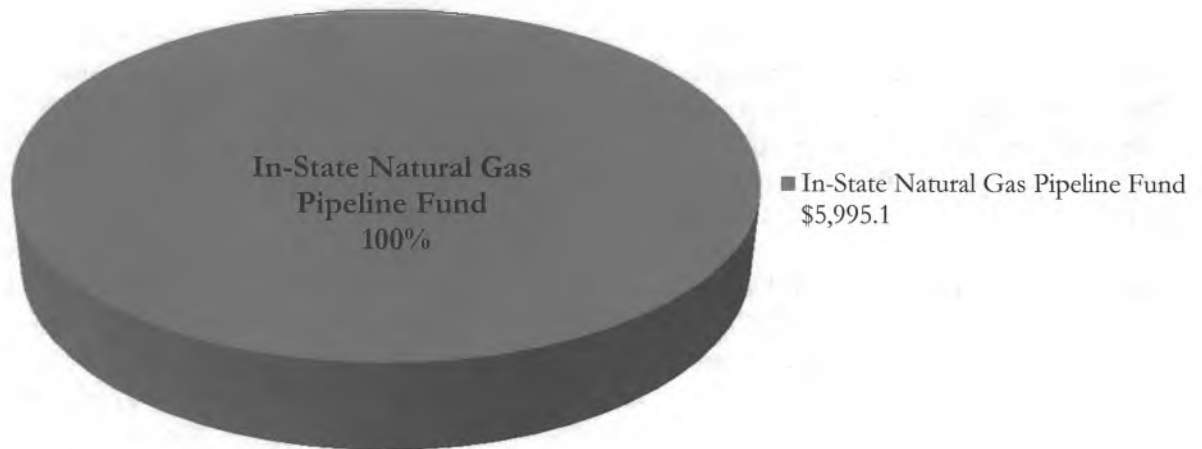
**Training** – Training has been provided for six Bulk Fuel Operators, eight Power Plant Operators and two Advanced Power Plant Operators.

**Emerging Energy Technology Fund Program (EETF)** – AEA manages this recently created program. Its purpose is to fund demonstration projects that test emerging energy technologies or methods of conserving energy; improve an existing energy technology; or deploy an existing technology that has not previously been demonstrated in Alaska. AEA has received 70 proposals. AEA and the EETF Advisory Committee worked together to review and evaluate all proposals. Sixteen projects were selected for funding in 2012. The second round of funding, announced in August 2013, received 27 project proposal abstracts. After review by AEA staff and the EETF Advisory Committee, 10 proposals were selected for the next stage of review which includes full proposals and presentations to the committee, final project selections will be announced in early 2014.

**Susitna–Watana Hydro** – AEA entered the Federal Energy Regulatory Commission (FERC) licensing process in December 2011. Most of 2013 was spent creating and implementing the Susitna-Watana Hydro environmental program. Sixty stakeholder workgroups and technical meetings were held to develop the Proposed Study Plan, approved by FERC in May 2013. The study plan includes 58 individual studies that focus on many resource areas, including: geology, water quality, ice processes, geomorphology, instream flow, aquatic resources, wildlife, salmon and fish species, botanical resources, recreation, aesthetics, cultural resources, socioeconomics, subsistence, transportation, project safety and more. This is in addition to the historical data collected in the 1980s and the 18 early studies conducted during 2012.

Department of Commerce, Community and Economic Development  
Alaska Gasline Development Corporation

**FY2015 Governor's Operating Budget  
\$5,995.1**



**Operating Budget Request by Line Item**

	FY2014 Management Plan	FY2015 Governor	FY2014 to FY2015
Personal Services	5,281.1	5,995.1	714.0
Travel	0.0	0.0	0.0
Services	2,422.2	0.0	(2,422.2)
Commodities	0.0	0.0	0.0
Capital Outlay	0.0	0.0	0.0
Grants	0.0	0.0	0.0
<b>Total</b>	<b>7,703.3</b>	<b>5,995.1</b>	<b>(1,708.2)</b>

**Changes:** FY2014 to FY2015 budget details:  
     41.3 Salary and health insurance adjustments  
     622.7 Employee merit increases  
     (2,372.2) Alaska Gasline Development Corporation – Fiscal Note

**Positions:** 32 PFT in Anchorage

## Mission and Core Services

Advance the development, financing, construction and operation of in-state natural gas pipelines and other transportation systems to deliver natural gas and other non-oil hydrocarbon products for in-state use.



*Dan Fauske*  
*President*

- Advance the engineering, environmental and commercial efforts for the development and sanction of the ASAP project to deliver natural gas from the North Slope of Alaska to Fairbanks and South Central Alaska.
- Coordinate with and accommodate the developers of a large-diameter in-state natural gas pipeline by planning for the development and use of common pipeline facilities.

## Overview of Programs

### Management and Support Functions

- **Executive Management** provides overall management and strategy.
- **Commercial** provides support to maximize the possibility of success of the Open Season, subject to prevailing market conditions and the legal requirements of the project.
- **External Affairs** develops and implements communications strategies that support the corporation's objectives including governmental relations, media relations and relationships with key external Stakeholders.
- **Legal** works with all other divisions to address legal matters pertaining to the operation of AGDC.
- **Finance** – provides financing plan, financial management and internal control.
- **Human Resources** works with all divisions, both corporate and project, to enhance and support the operation and goals of AGDC through staffing AGDC resource needs.
- **Administration** supports the management, governance, facilities and record keeping.
- **Data Management and IT** provides support for public websites, network servers and applications, geographic information system (GIS) applications and activity and financial entity resource planning (ERP) systems.

### Project

- **Project Management and Project Controls** provides the management of the engineering design, permitting, Total Installed Cost (TIC) estimate, project controls and scheduling, permitting and health safety and environment activities.
- **Pipeline** provides the engineering design and cost estimate for the 737 mile long pipeline.
- **Facilities** provides facility engineering design and cost estimate.
- **Environmental Regulatory and Land (ERL)** provides all environmental, regulatory and land support for project permitting including right of way access.

- **Interface and Operations** provides coordination of the facility and pipeline design, cost estimate and operations plans.
- **Health Safety and Environment (HSE)** provides safety support for current activity, designs and plan for operations.

### Challenges

AGDC's challenge in FY2015 will be in meeting timelines for the following:

- Advancing engineering design efforts to complete Class III estimates by the second quarter of 2014 for pipeline, gas conditioning facility and owner's cost for inclusion in development of recourse tariff.
- Developing recourse tariff and draft of terms and conditions and draft precedent agreements to Regulatory Commission of Alaska by the third quarter of 2014.
- Establishing governance and administrative controls for the new independent state corporation.
- Developing new regulations.
- Maintaining schedule to support an open season in the first quarter of 2015.
- Conducting solicitation of shippers (open season) in the first quarter of 2015.
- 2015 – finalizing Section 404 of the Clean Water Act permit application – triggers supplemental environmental impact statement (SEIS), and public comment.

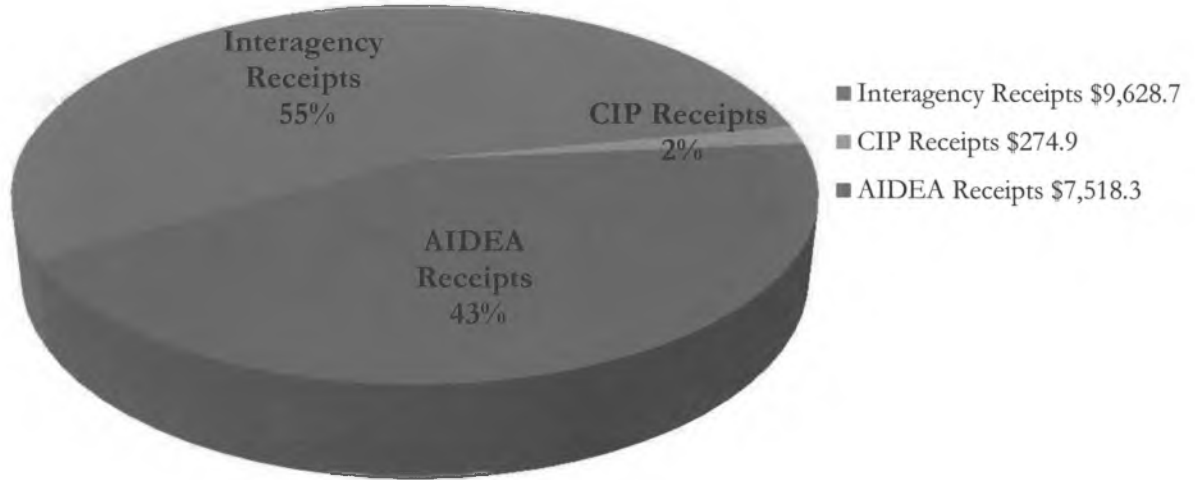
### Accomplishments

- Advanced pipeline and facilities Pre-FEED (Front End Engineering & Design) for Class III cost estimates.
- Engaged USDOT's Pipeline and Hazardous Materials and Safety Administration on the need and conditions of special permit for the pipeline in areas of discontinuous permafrost.
- Conducted extensive summer/winter field programs to obtain geotechnical, wetlands and cultural resource data.
- Began preparing new Alaska Gasline Development Corporation (AGDC) organizational structure with defined business and project execution plans.
- Developed AGDC administrative policies and procedures.
- Initiated commercial engagement.
- Selected program management contractor.
- Selected open season management contractor.
- Advanced construction planning and logistics.
- Initiated discussions with producers, shippers and potential builder/owners.
- Contracted with program manager to augment AGDC staff in managing project.
- Began work with National Park Service on potential routing of the pipeline through Denali National Park.
- Continued extensive public outreach.

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Department of Commerce, Community and Economic Development  
Alaska Industrial Development and Export Authority

**FY2015 Governor's Operating Budget**  
**\$17,421.9**



**Operating Budget Request by Line Item**

	FY2014		FY2015 Governor	FY2014 to FY2015
	Management Plan			
Personal Services	12,930.8		13,797.3	866.5
Travel	150.0		150.0	0.0
Services	3,630.2		3,400.2	(230.0)
Commodities	58.9		58.9	0.0
Capital Outlay	15.5		15.5	0.0
Grants	0.0		0.0	0.0
<b>Total</b>	<b>16,785.4</b>		<b>17,421.9</b>	<b>636.5</b>

- Changes:** FY2014 to FY2015 budget details:
- 45.8 Salary and health insurance adjustments
  - 633.5 AEA Susitna-Watana Hydroelectric Project Staff
  - 257.2 Infrastructure Development Officer, Administrative Support Specialist
  - (300.0) Liquid Natural Gas– Fiscal Note
  - 0.0 Replace 500.0 capital receipts with AIDEA receipts
  - 0.0 Change Hydro Engineer from Non-Permanent to Full Time

**Positions:** 37 PFT in Anchorage (69 PFT are budgeted in AIDEA for AEA)

## Mission and Core Services

Promote, develop, and advance economic growth and diversification in Alaska by providing various means of financing and investments.



*Ted Leonard*  
*Executive Director*

- Provide financing for industrial projects and infrastructure to support economic and resource development in Alaska
- Provide long-term financing to Alaskan businesses for new or existing projects, or for refinancing of existing loans
- Act as a conduit for the issuance of taxable or tax-exempt bonds
- Manage AIDEA's portfolio to maximize growth of the net asset balance while maintaining positive credit ratings
- Provide staffing and administrative support for the Alaska Energy Authority

## Overview of Programs

The Alaska Industrial Development and Export Authority's (AIDEA) strategic vision is to actively partner with businesses and Alaskans as a dynamic resource in continued statewide economic development through the financing of: (1) economic development projects; (2) infrastructure needed for resource development; and (3) efficient and cost effective energy generation. Taken together, these initiatives have the potential to help expand and reshape Alaska's economy.

AIDEA provides a number of different programs aimed at financing business, non-profit, and community projects that contribute to economic growth, provide good paying jobs, and diversify Alaska's economy. AIDEA's programs are varied and provide different opportunities for funding new businesses, business expansion, oil and gas exploration, ship building, mining, major infrastructure, machinery and equipment, and other business needs. AIDEA's recent expansion of programs and financing capabilities has resulted in successful partnerships and created thousands of Alaska jobs.

**Loan Participation** – provides long term financing, both taxable and tax-exempt, to borrowers through a qualified originator for Alaska business enterprises. Loan requests must be sponsored and originated by a financial institution eligible to participate in AIDEA's credit programs. AIDEA may purchase up to 90 percent of a participating loan to a maximum of \$20 million. Terms can be up to 15 years for personal property or 25 years for real property; the maximum loan-to-value is 75 percent and AIDEA offers either a fixed or variable interest rate.

**Project Development** – provides financing to develop, own, and operate facilities within the State, with the purpose of advancing the economic condition and prosperity of a region. Eligible projects include manufacturing facilities, ports, airports, infrastructure for tourism destination facilities, federal facilities, community public purpose, and communications essential for regional economic well-being.

**Infrastructure Development** – provides financing for the development of infrastructure necessary for the opening of new mining areas, the diversification of minerals production, bringing oil and gas fields into production, and for the capability of in-state processing of minerals. Examples of supported projects include: private use industrial roads; energy interconnections bringing power to industrial, mining, and natural resource extraction sites; port and rail route development and expansion; and intermodal transportation systems.

**Conduit Revenue Bonds** – acts as a conduit for the issuance of either taxable or tax-exempt bonds. Neither the assets nor credit of AIDEA is at risk in this program; the creditworthiness of the project, the borrower's strength and credit enhancements offered by the applicant are essential to the underwriting and placement of bonds. AIDEA brings to the table its expertise in issuing bonds and its high AA+ credit rating.

**SETS Development Fund** – provides loan and bond financing, equity, and credit enhancements for “qualified energy development” projects. The SETS program is designed to provide finance packages, including loan guarantees, for qualified projects; defer principal payments; capitalize interest on project financing; enter into project financing agreements; and finance projects with terms of 30 or 50 years for qualified energy transmission, supply, and storage projects.

**New Markets Tax Credit Assistance Guarantee and Loan Program** – issues loan guarantees and loans for projects utilizing the federal New Markets Tax Credit program. This program is designed to incentivize private sector investment in underserved areas with low-income populations and high unemployment.

**Business & Export Assistance** – provides loan guarantees which are available to eligible Alaska businesses for real property, tangible personal property, working capital and export transactions. AIDEA can guarantee up to 80 percent of a loan, to a maximum of \$1 million. Loans must be originated by an eligible financial institution.

## Challenges

AIDEA management projects continued challenges for Alaskan businesses to find needed capital to fund project development and expansion through the next fiscal year. Businesses involved in resource development are especially affected by this capital-constrained environment. AIDEA's role in assisting businesses in finding this capital will continue to expand. This expanded AIDEA role will increase the strain on staff and financial resources.

**More Project Activity with Limited Staff** – There has been a significant increase in the number and scale of projects under AIDEA consideration. This increase has led to substantial growth in staff workload. Impacts of increased workloads are being reduced by streamlining work processes and shifting administrative tasks from higher level staff to lower cost positions. AIDEA expects to need additional administrative support to redistribute duties and help keep work flows cost efficient and effective, while maintaining AIDEA's high quality work products. With the expansion of AIDEA programs and financial tools, program staff and Shared Services workload has increased significantly and will continue to increase significantly over the upcoming years.

**Financial Market Volatility** – Although AIDEA has continued to maintain a strong asset base and balance sheet in FY 13, the balance sheet was negatively impacted by severe financial market

fluctuations in June 2013. Based on the severe market fluctuations at year end, AIDEA had to record a net \$17.5 million in realized and unrealized losses to AIDEA's securities investment portfolio. This write down led to a declaration of a \$10.6 million dividend for FY 15, which is below the average \$20 million AIDEA dividend to the State. This reduction was predominantly the result of a required accounting adjusting entry posted to comply with Government Accounting Standards Board (GASB) Statement No. 31, which requires the Authority to record unrealized losses on its investment portfolio as of June 30th. Based on market conditions in FY 14, AIDEA anticipates that its investment portfolio will regain its value and generate its historic investment rates of return. This will result in future dividends to the State again in the \$20 million range. But, market volatility underscores the importance of informed and agile investment management. Management is working to ensure that AIDEA has adequate and proper staff base to perform daily portfolio management and oversight to ensure AIDEA's projects are funded in a timely manner, and that investments are allocated and invested for the maximum benefit of the Corporation.

**Increased Bond Reporting Requirement Mandates By Federal Government** – Reporting requirements for federal audits for bond issuers and underwriters have increased dramatically over the past few years. The Internal Revenue Service (IRS), Securities and Exchange Commission (SEC), Municipal Securities Rule Making Board (MSRB), and Electronic Municipal Market Access (EMMA) require much more active bond compliance reporting for all bonds, including conduit bonds. AIDEA had 19 revenue bonds with a balance of over \$485 million, and \$80 million in General Obligation bonds, for a total balance of approximately \$565 million of outstanding debt. AIDEA projects that in the upcoming Fiscal Years, it will issue a substantial amount of bonds for the Interior Energy Project and for financing Resource Development Projects. The workload and subsequent monitoring for the existing bonds and these possible new issuances is expected to be very time intensive.

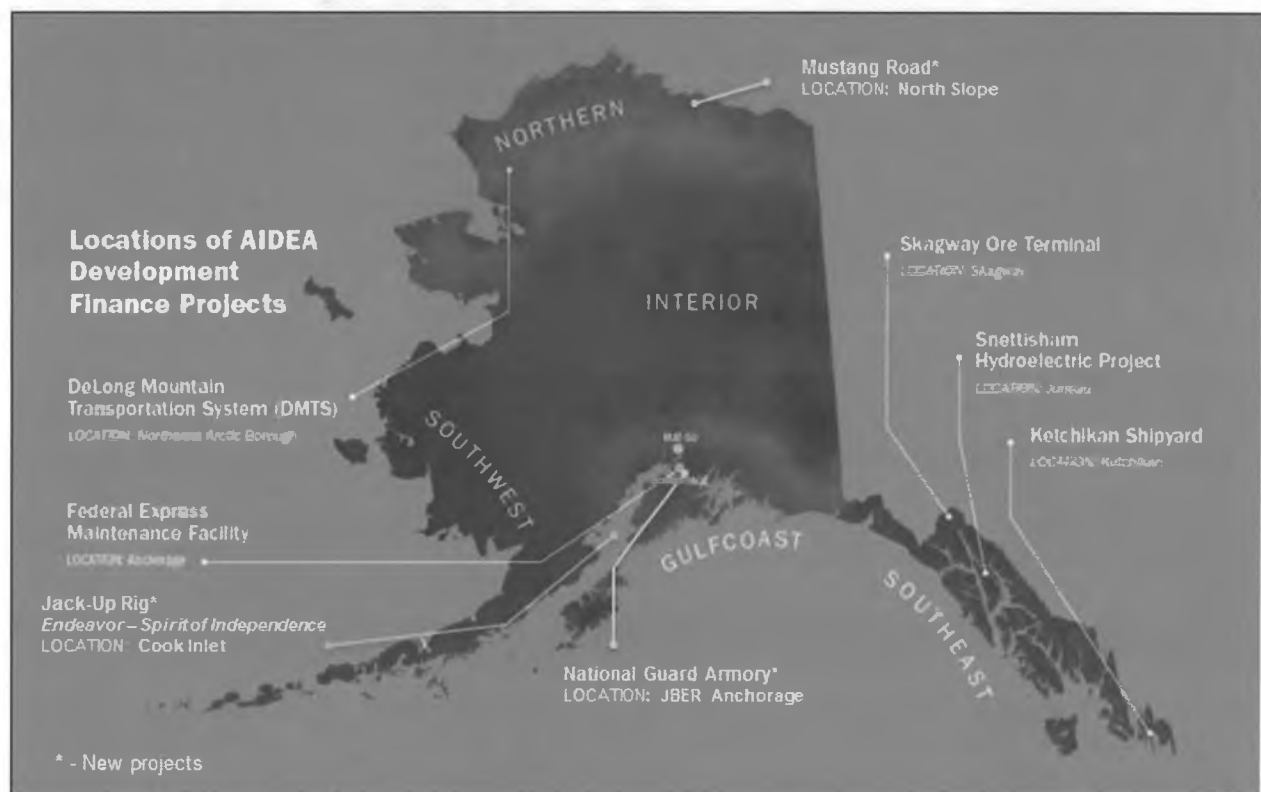
To answer these challenges, management has been streamlining its work flow processes and identifying needed resources, such as a new position to manage investments and debt, so that AIDEA can continue to ensure that businesses can obtain the needed funding to develop projects that will support and expand Alaska's economy.

### Accomplishments

- AIDEA programs led to the creation and retention of more than 297 construction jobs and 893 permanent jobs in FY2013.
- AIDEA's Revolving Fund Net Position (unaudited) at June 30, 2013, totaled over \$1.1 billion.
- AIDEA purchased ten loans for approximately \$11 million, and at June 30, 2013, had committed to fund an additional 4 loans for \$7.5 million. The total of loans purchased since inception of the program is over \$1.2 billion.
- AIDEA will provide the State of Alaska a dividend of \$20.7 million in FY2014. Including the FY2014 dividend, AIDEA has provided the State with over \$345 million in total dividends since inception of the program.
- AIDEA completed the first phase of the Mustang oil development project on Alaska's North Slope with the financing and construction of a five mile gravel road and 19-acre gravel pad in preparation for a \$200 million oil processing facility that is anticipated to pump 15,000 barrels per day or more of oil into TAPS.

- AIDEA is constructing an expansion to the existing National Guard Amory on Joint Base Elmendorf-Richardson (JBER) under a license between the State of Alaska Department of Military and Veterans Affairs (DMVA) and the Coast Guard. The project construction is being financed with AIDEA funds, and when completed the DMVA will lease the facility.
- AIDEA completed a \$77 million expansion of the Ketchikan Shipyard, resulting in a state of the art assembly hall, an operations office, and a production center. The project created over 160 construction jobs and the Shipyard employs over 120 full-time permanent workers.
- AIDEA, with AEA, began the process to determine the physical and financial feasibility of an LNG liquefaction facility on the North Slope so that LNG could be trucked to a storage and distribution utility in Fairbanks to provide affordable energy and reduce the health risk associated with the area's air pollution.

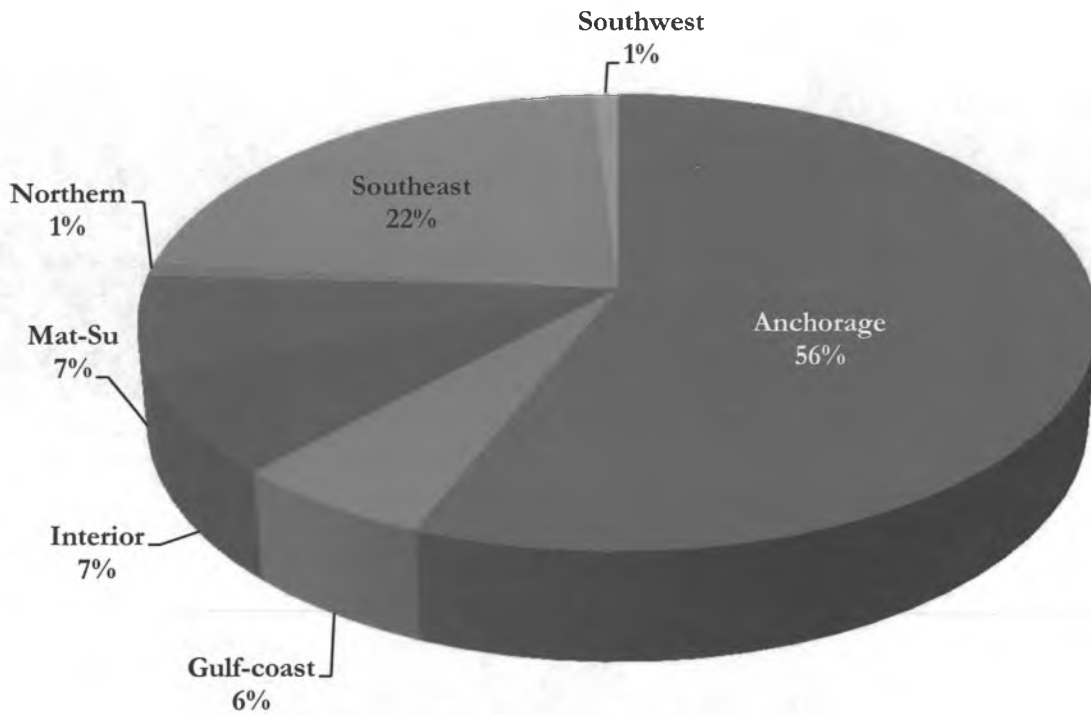
### Map of Major Development Projects



## Regional Diversity of Loan Participations

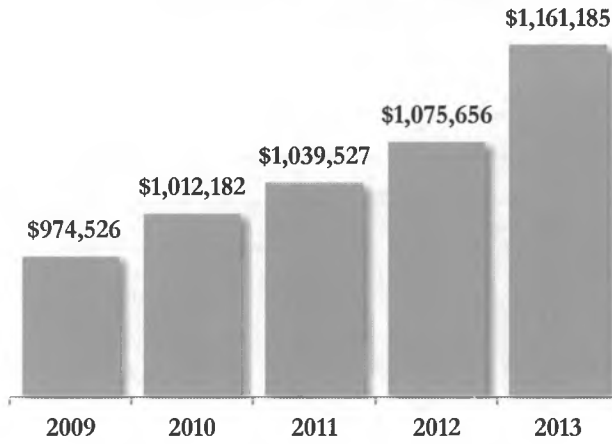
Geographic Region	Balance (excludes Valley Utilities, LLC)	Percent of Dollars	Number of Loans
Anchorage	\$ 211,309,870	56%	129
Gulf-coast	\$ 22,616,198	6%	21
Interior	\$ 26,075,215	7%	9
Mat-Su	\$ 27,355,111	7%	28
Northern	\$ 2,922,495	1%	2
Southeast	\$ 82,957,548	22%	40
Southwest	\$ 5,284,804	1%	6
<b>Totals:</b>	<b>\$ 378,521,242</b>	<b>100%</b>	<b>235</b>

**Participation Loans by Region**

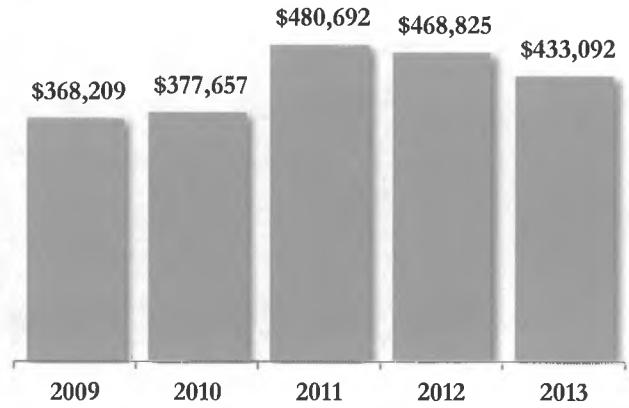


## Project and Financial Activity

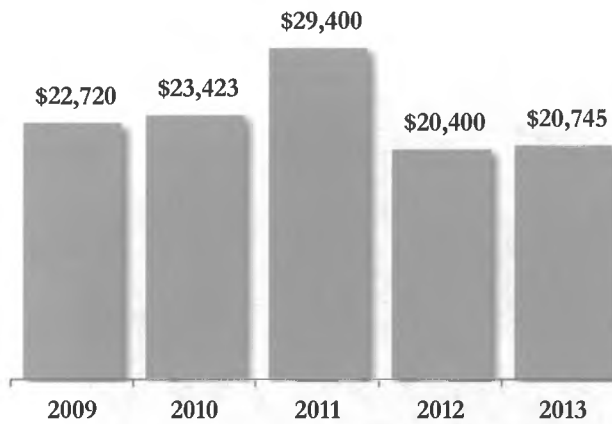
**AIDEA Net Assets**  
*Thousands*



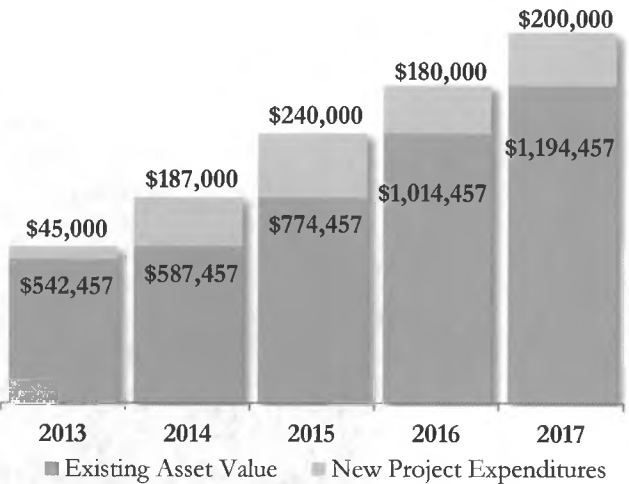
**Revolving Fund - Total Loans**  
*Thousands*



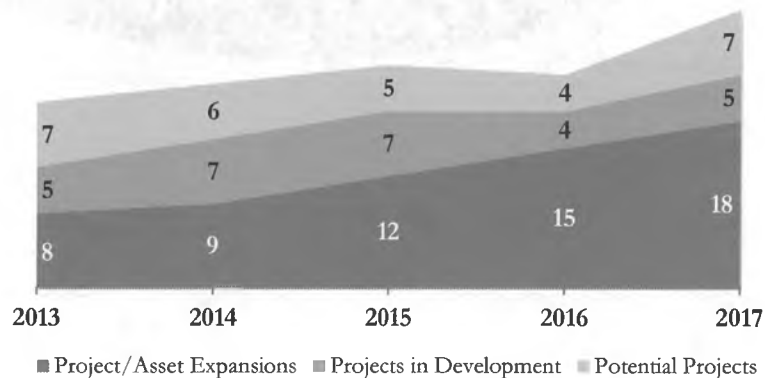
**Dividend History by Year Declared**  
*Thousands*



**AIDEA Project Activity Value**  
*Thousands*



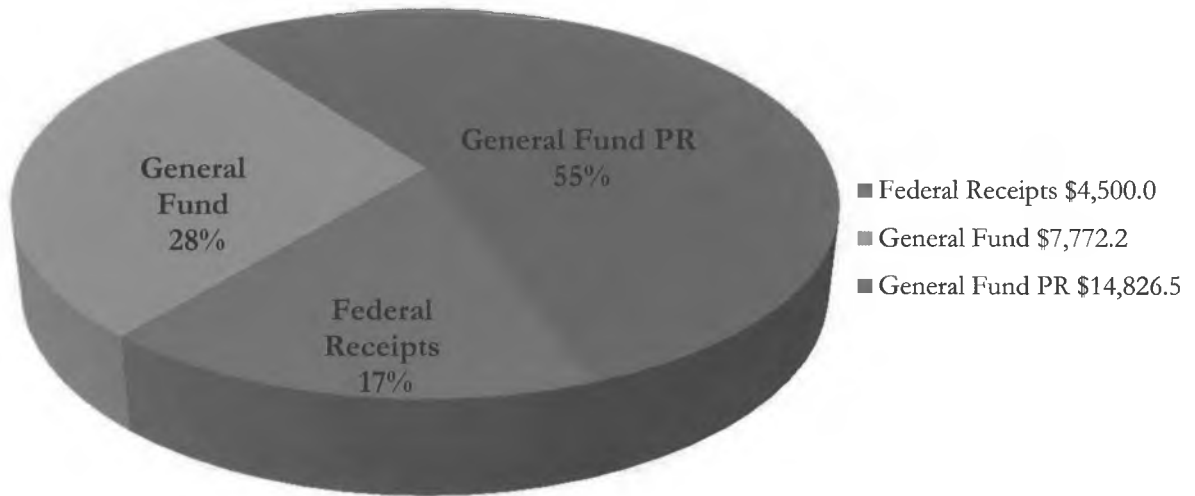
**AIDEA Development Projects**



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**Department of Commerce, Community and Economic Development  
Alaska Seafood Marketing Institute**

**FY2015 Governor's Operating Budget  
\$27,098.7**



**Operating Budget Request by Line Item**

	FY2014 Management Plan	FY2015 Governor	FY2014 to FY2015
Personal Services	2,446.2	2,457.4	11.2
Travel	390.3	390.3	0.0
Services	26,582.9	24,062.5	(2,520.4)
Commodities	180.0	180.0	0.0
Capital Outlay	8.5	8.5	0.0
Grants	0.0	0.0	0.0
<b>Total</b>	<b>29,607.9</b>	<b>27,098.7</b>	<b>(2,509.2)</b>

**Changes:** FY2014 to FY2015 budget details:  
 (75.2) Salary and health insurance adjustments  
 (2,434.0) Adjust authority to align with estimated revenue carryforward

**Positions:** 19 PFT in Juneau, Kodiak and Seattle, WA

## Mission and Core Services

Increase the economic value of Alaska's seafood resources.



*Michael Cerne*  
*Executive Director*

- U.S. and international promotion of Alaska seafood
- Public relations and communications
- Seafood quality technical support

## Challenges

- Seafood consumption in major markets such as the U.S. and Japan are declining.
- Price resistance – following periods of increase in value for particular species such as halibut, black cod and king crab, Alaska producers are encountering price resistance.
- Record breaking runs of pink salmon this year challenges promotional efforts.
- Maintaining market access for all Alaska producers is more challenging each year as environmental Non-Governmental Organization (NGO) sponsored “pay to play” eco-logos become mandatory for market entry.
- Confusion over eco-labels – a proliferation of eco-labels in the marketplace (labels denoting sustainably produced seafood), and the issues of traceability and country of origin labeling require educating customers at consumer and trade levels about the Alaska seafood brand and Alaska as the model of sustainable fisheries management.
- Continued pressure to reduce or eliminate USDA Market Access Program funding (administration and Congress).
- Illegal, unreported and unregulated fish being sold fraudulently in the market having a negative effect on prices.
- Global aquaculture continues to increase its percentage of world seafood supply: Alaska produces about 1.3 percent of world supply and less of the world supply each year. Seasonality, consistency of supply, inelasticity of supply – product availability fluctuates within the season and from year to year, and there are upper limits to wild seafood production in sustainably managed fisheries.
- Increasing fuel and transportation costs; high production costs in Alaska.

## Overview of Programs

The Alaska Seafood Marketing Institute (ASMI) is a public-private partnership between the State of Alaska and the Alaska seafood industry established to foster economic development of a renewable natural resource. ASMI is playing a key role in the repositioning of Alaska's seafood industry as a

competitive market-driven food production industry. Boosting the value of Alaska's seafood product portfolio is accomplished through partnerships with retail grocers, foodservice distributors, restaurant chains, foodservice operators, universities, culinary schools, and the media. It conducts consumer campaigns, public relations and advertising activities, and aligns with industry efforts for maximum effectiveness.

ASMI also functions as a brand manager of the Alaska Seafood family of brands through four primary program areas:

**U.S. Retail Marketing** – domestic program works to align with Alaska seafood suppliers and retailers to support their sales and marketing programs; over the years, the retail program has worked with every major supermarket chain in the country.

**U.S. Foodservice Marketing** – domestic program designed to help commercial and non-commercial foodservice operators, handle, menu and promote wild Alaska seafood products.

**International Marketing** – international promotional effort focused on key markets: Japan, the European Union, Russia, China, and Brazil. The main activities are retail and foodservice promotions, technical seminars, chef and retail Alaska seafood training, Alaska tours for members of the overseas trade and press, trade shows, outbound trade missions, advertising and public relations. Overseas marketing activities receive substantial support in the form of matching grants from the federal government through the U.S. Department of Agriculture (USDA) Market Access Program (MAP).

**Seafood Technical Support** – The Alaska seafood industry, as well as distributors, retailers and foodservice operators, have access to seafood technical support through ASMI's in-house seafood technical program. It is involved in matters of food safety, quality, nutrition and food labeling, as well as environmental issues, fisheries sustainability and seafood purity.

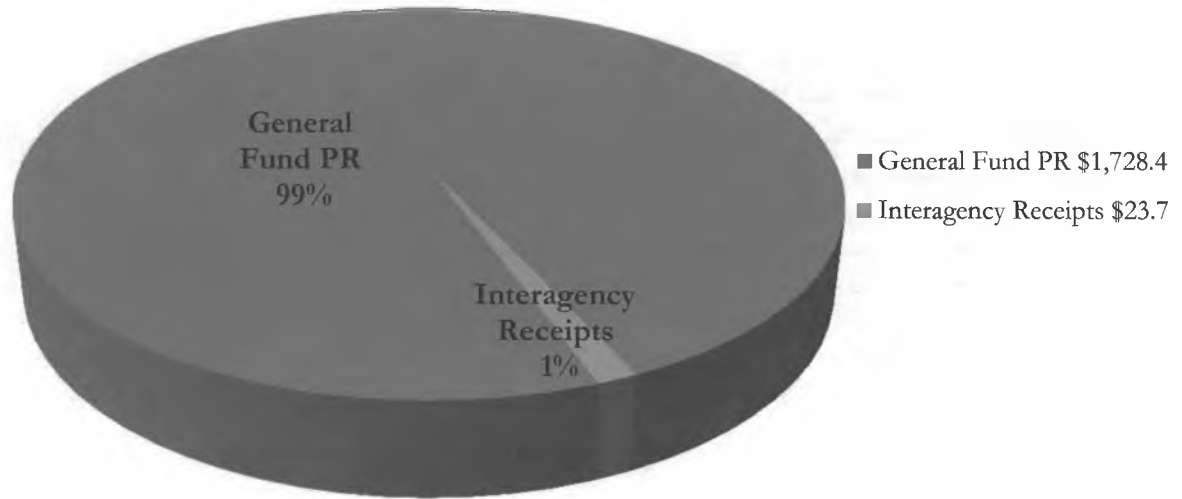
## Accomplishments

- Since 2002, Alaska seafood export value increased nearly 85 percent from \$1.7 billion to \$3.2 billion in 2012. Average export value per ton increased 2 percent in 2012 versus 2011 levels.
- Since 2002, the average ex-vessel price of Alaska salmon has increased from \$0.26/lb. to \$0.89 in 2012 and this is the main driving factor why the total value of commercial salmon permits has increased from \$200 million in 2002, to \$700 million in 2012.
- Conducted media and chef tours/trade missions to Alaska from Brazil, Germany, Japan, and China; attended trade shows in Asia, Europe, Brazil, and the U.S.
- Conducted 32 national chain promotions in over 11,000 restaurants, 17 foodservice distributor promotions, and attended 19 foodservice conferences and trade shows to promote Alaska seafood to trade professionals.
- Gained newspaper, magazine, radio, TV, internet and social media exposure for Alaska Seafood in U.S. and key overseas markets.
- Increased the value of fresh, frozen, and shelf stable (canned and pouched) Alaska seafood in the U.S. and key international markets.

- Expanded use of Alaska canned salmon and canned herring in international food aid programs through ASMI's global food initiative.
- Partnered with the Division of Economic Development's tourism program to host Top Chef episodes filmed in Juneau.
- Achieved first ever direct sales in the emerging Brazil market, the 21st country with Alaska Seafood representation. Direct exports of Alaska seafood to Brazil increased more than ten-fold by volume and 201 percent by value.
- To date, over 65 companies have been Alaska's Responsible Fisheries Management (RFM) Chain of Custody certified.
- Published the Economic Value of Alaska Seafood Industry report highlighting the \$6.4 billion value of the industry employing 64,000 people.
- Collaborated with organizations promoting Alaska as a visitor destination, and used opportunities to showcase Alaska Grown produce. ASMI's worldwide promotions of Alaska Seafood showcase Alaska as a destination for visitors. While not the specific mission of ASMI this is an added benefit that comes at no additional cost.
- Contracted with Alaska Olympic nordic skier Kikkan Randall to promote Alaska seafood.
- Maintained Alaska Seafood brand as the second most commonly specified on U.S. menus.

**Department of Commerce, Community and Economic Development  
Alcoholic Beverage Control Board**

**FY2015 Governor's Operating Budget  
\$1,752.1**



**Operating Budget Request by Line Item**

	FY2014 Management Plan	FY2015 Governor	FY2014 to FY2015
Personal Services	1,163.2	1,161.5	(1.7)
Travel	85.9	85.9	0.0
Services	480.1	480.1	0.0
Commodities	24.6	24.6	0.0
Capital Outlay	0.0	0.0	0.0
Grants	0.0	0.0	0.0
<b>Total</b>	<b>1,753.8</b>	<b>1,752.1</b>	<b>(1.7)</b>

**Changes:** FY2014 to FY2015 budget details:  
 (1.7) Salary and health insurance adjustments  
 0.0 Underage Drinking program 100.0 OTI restore

**Positions:** 11 PFT in Anchorage, Fairbanks, and Juneau

## Mission and Core Services

Protect the public from alcoholic beverage abuse by enforcing state laws regulating alcoholic beverage commerce.



*Shirley A. Côté*  
*Division Director*

- License and renew all qualified applicants to sell alcoholic beverages
- Enforce state laws and regulations governing alcoholic beverage commerce

## Overview of Programs

**Licensing Section** – Manage license applications for new licenses, renewals, and transfers of existing licenses. Notify local governing bodies and community councils of new licenses or changes in existing licenses. Maintain and make license files available to the public. Issue and maintain catering and special events permits.

**Enforcement Section** – Investigate violations of Title IV statutes and 3 AAC regulations that are related to alcoholic beverages, including the sale of alcoholic beverages to underage buyers.

**Inspections and Training** – Conduct inspections of licensed premises. The goal is to provide training to ensure compliance with all laws and regulations. Staff provides training to licensees at their request as well as to members of other agencies.

**Support** – In 2012 the ABC Board created a Stakeholder’s Group with the intention of reviewing Title IV for recommendations for improvement. Five subcommittees were formed to examine the role of the ABC Board, licensing, local option, underage drinking, and internet sales. Staff is available at all meetings as support and to provide information.

## Challenges

For over a decade, investigators have provided proactive enforcement to decrease the danger to the public attributable to underage drinking and alcohol-related accidents and deaths. The federal grant funding for this purpose, previously provided through the Department of Health and Social Services ended December 31, 2012. And, one-time state supplemental funding ends June 30, 2014. Without continued funding, the significant ground gained over the last ten years will be lost.

Statutes allowing the courts to mandate that alcohol-related offenders obtain “Alcohol Restricted” labeled driver’s licenses or identification cards remains difficult for licensees and servers to enforce

when subjects are obviously over the age of 21, and providing identification for proof of age is not required.

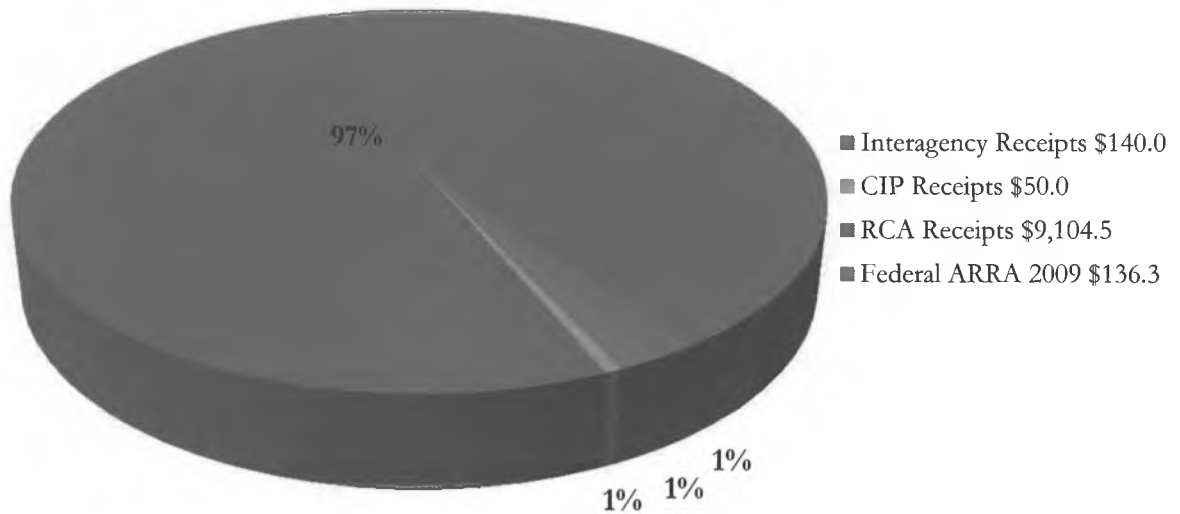
### Accomplishments

- Twenty two package stores, an increase of seven over 2012, are qualified to provide written orders from rural local option communities. After one year from the date of entry the previous year's information was purged, in accordance with state law.
- Resolved 100 percent of civil accusations and local government protests of licenses by imposing ABC Board sanctions.
- Conducted underage compliance checks of 828 alcohol-licensed establishments throughout the state, slightly higher than the prior year. Compliance increased from 87 percent to 89 percent, and compliance goals were met in all eight of the designated regions. Compliance check success rates have remained steady, at 85 percent in 2010, 88 percent in 2011, 87 percent in 2012, and 89 percent in 2013.
- Conducted 81 "shoulder taps" showing 95.1 percent individual buyer compliance with underage alcohol control laws.

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**Department of Commerce, Community and Economic Development  
Regulatory Commission of Alaska**

**FY2015 Governor's Operating Budget  
\$9,430.8**



**Operating Budget Request by Line Item**

	<b>FY2014 Management Plan</b>	<b>FY2015 Governor</b>	<b>FY2014 to FY2015</b>
Personal Services	6,702.4	6,847.0	144.6
Travel	51.5	51.5	0.0
Services	2,662.5	2,371.4	(291.1)
Commodities	156.9	156.9	0.0
Capital Outlay	4.0	4.0	0.0
Grants	0.0	0.0	0.0
<b>Total</b>	<b>9,577.3</b>	<b>9,430.8</b>	<b>(146.5)</b>

**Changes:** FY2014 to FY2015 budget details:  
           3.5 Salary and health insurance adjustments  
       (150.0) Reduce funding for ARRA Electricity Regulatory Assistance  
           0.0 Vacancy factor compliance 291.0 Services to Personal Services

**Positions:** 58 PFT, 4 NP in Anchorage

## Mission and Core Services

Assure viable utility and pipeline service is provided with just and reasonable rates to consumers in Alaska.



*T.W. Patch*  
*Chairman*

- Public information and education to enhance the public's understanding and use of utility and pipeline services.
- Review utility and pipeline filings for compliance with state and federal requirements before final action.
- Dispute resolution between entities and consumers.

## Overview of Programs

The Regulatory Commission of Alaska (RCA) has broad authority to regulate public utilities and pipeline carriers throughout the state. The RCA currently monitors over 600 active certificated utility and pipeline service providers and regulates a broad range of services, from small water and wastewater systems to large telecommunications, electric, natural gas, and pipeline monopolies.

The RCA uses quasi-legislative procedures (adopting regulations through a public process complying with the Administrative Procedure Act) and quasi-judicial procedures (resolving tariff and docketed matters through an adjudication process) to perform the duties assigned by statute. Every proceeding affords participants due process and resulting decisions are based on evidence of record. Proceedings raise issues of law, economics, accounting, finance, and engineering. RCA decisions often establish legal precedent and frequently articulate important policy determinations.

Tariffs state the terms, conditions, rules and rates governing a utility or pipeline carrier's conduct in providing public utility service. All regulated utilities and pipeline carriers are required to have a tariff on file and to operate under its terms. Initial tariffs are submitted with certificate applications, registrations filed by eligible interexchange carriers, or provisional certification applications filed by eligible water/wastewater utilities. After initial approval, regulated utilities and pipeline carriers must notify the RCA of any proposed changes to their tariffs. Review, analysis and disposition of tariff filings are a substantial part of the RCA's workload.

The RCA establishes the Power Cost Equalization (PCE) level (cents/kWh) applicable to each electric utility participant's billing, calculating the PCE level for both non-regulated and regulated PCE recipients. The RCA notifies PCE recipients of the base rate and annually reviews a number of reports filed by non-regulated entities to ensure appropriate use of PCE funding. The RCA also recalculates the PCE level when the Alaska Energy Authority changes the PCE funding level or the legislature adjusts PCE limits.

## Challenges

The lack of clearly articulated standards for review of and the abbreviated period of time allowed for development of a factual record necessary for analysis of the recourse tariff that will be filed by the newly created Alaska Gasline Development Corporation.

Unify the four existing Cook Inlet natural gas pipelines that service Cook Inlet producers under Hilcorp Alaska, LLC. This consolidation of ownership and operations will likely result in uniform transportation rates and rules, and a simplified and integrated nomination process.

Necessary oversight of rates, interconnections, and rules of operation will need to be developed as the Alaska Railbelt electricity generation landscape evolves with increased generation capacity and as inter-utility sales of economy electricity occur. The transmission system will be structurally challenged; and funding will be required for necessary repairs, new technology incorporation, system hardening, enhanced system reliability, and capacity management.

The integration of independent power producer supply and micro generation concerns will continue to challenge the RCA, as will consideration of decoupling of rates from volumetric sales.

## Accomplishments

- Adopted regulations which have significant impact on improving process and minimizing costs to ratepayers and companies:
  - Discovery regulations designed to improve the discovery process and provide increased efficiency in contested cases, and
  - Revised telecommunication regulations to promote greater regional competition in response to changes in the intrastate long distance market.
- Enhanced services from two small utilities by expediting consideration and approval of the transfer of a rural utility that was unable and unwilling to continue providing electric service and by approving the transfer of a small water utility from an owner who sought to discontinue service to an owner willing to provide water utility service.
- Approved applications from Hilcorp Alaska, LLC for acquisition of natural gas assets in Cook Inlet.

A black and white photograph of a mountain range with a lake in the foreground. The mountains are rugged and covered in snow or light-colored rock. The lake is calm and reflects the sky. The foreground shows some dark, leafy vegetation.

# HOUSE FINANCE COMMITTEE

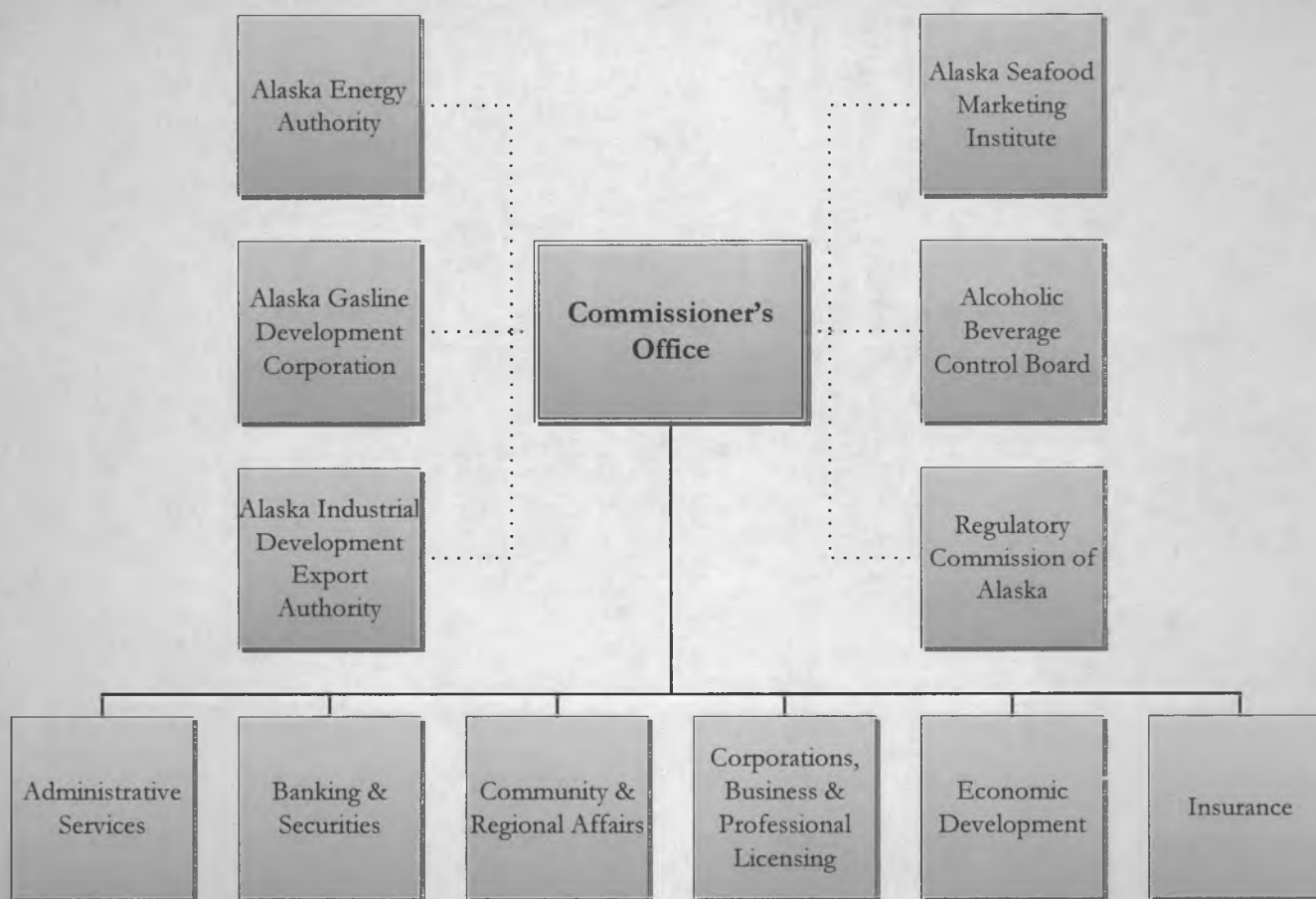
## Department Overview

PREPARED BY THE DEPARTMENT OF COMMERCE,  
COMMUNITY AND ECONOMIC DEVELOPMENT

FEBRUARY 5, 2014

# Department Organization

Mission: Promote a health economy, strong communities, and protect consumers in Alaska.



# Core Services

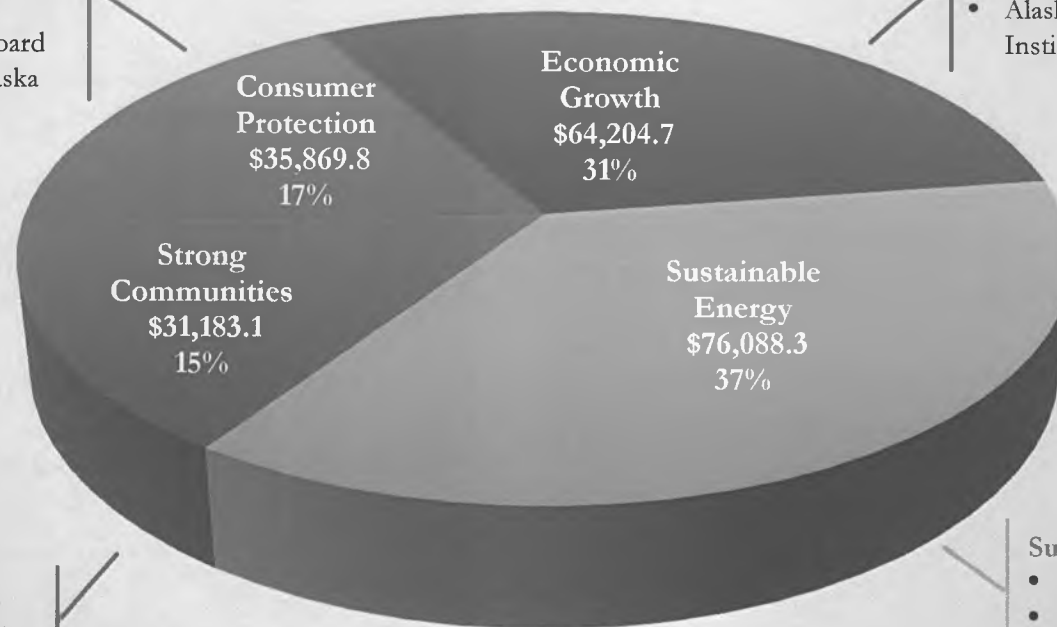
## FY2015 BUDGET

### Consumer Protection

- Banking and Securities
- Corporations, Business, and Professional Licensing
- Insurance
- Alcoholic Beverage Control Board
- Regulatory Commission of Alaska

### Economic Growth

- Economic Development
- Alaska Industrial Development and Export Authority
- Alaska Seafood Marketing Institute



### Strong Communities

- Community and Regional Affairs

### Sustainable Energy

- Alaska Energy Authority
- Alaska Gasline Development Corporation

Activities related to the Administrative Services Division and the Commissioner's Office are allocated across all core services

# Economic Growth

4

## ▶ Division of Economic Development

- ▶ Tourism marketing and new air connections contributed to third consecutive year of growth (1.84 million visitors)
- ▶ Promoted new Icelandair flights to Alaska in the UK, France, Sweden, Denmark, the Netherlands, and Germany and brought Top Chef program to Alaska, reaching 2.6 million viewers
- ▶ Presented Opportunity Alaska seminar at Toronto mineral industry conference; exposure to 39,600 attendees with 325 follow up contacts
- ▶ Promoted manufacturing sector and Made in Alaska products at U.S. Manufacturing Summit by National Retail Federation and Walmart
- ▶ 24 film productions approved for tax credit based on \$40 million spend
- ▶ 283 loans for \$28.5 million to Alaska owned businesses throughout the state
- ▶ Extensive outreach to rural and coastal Alaska regions to promote utilization of loan programs

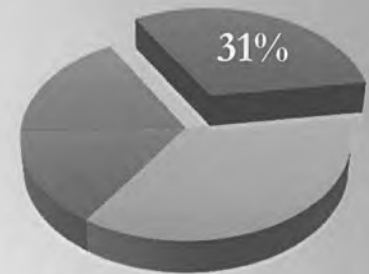


# Economic Growth

5

## ▶ Alaska Industrial Development and Export Authority

- ▶ Net asset value over \$1.1 billion (June 2013)
- ▶ \$20.7 million dividend to the state in FY2014
- ▶ Created and retained more than 297 construction jobs and 893 permanent jobs
- ▶ Completed 10 loan participations totalling \$11.5 million
- ▶ Completed the first phase of the Mustang oil development project on the North Slope
- ▶ Completed the \$77 million expansion of the Ketchikan shipyard
- ▶ Developing the Interior Energy Project, including an LNG liquefaction facility on the North Slope



# Economic Growth

6

## ▶ Alaska Seafood Marketing Institute

- ▶ Export value up nearly 85 percent to \$3.2 billion in ten years
- ▶ Maintained Alaska seafood brand as the second most commonly specified on U.S. menus
- ▶ Conducted trade missions, media outreach, and chef tours to Alaska from Brazil, Germany, Japan and China
- ▶ Conducted national promotions in more than 11,000 restaurants, participated in 17 foodservice distributor promotions, and attended 19 foodservice trade shows
- ▶ Expanded collaboration with tourism marketing program, Alaska Grown, and Nutritious Foods in Schools grants

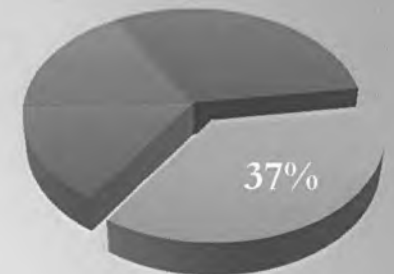


# Sustainable Energy

7

## ▶ Alaska Energy Authority

- ▶ Renewable Energy Fund invested \$227.5 million in 251 projects (Rounds I-VI; Round VII underway)
- ▶ Disbursed \$40.4 million in PCE grant payments in FY 2013
- ▶ Rural power system upgrades (53 of 114 completed)
- ▶ New Emerging Energy Technology Fund program evaluated 70 proposals, 16 projects funded in FY 2013 (Round II selection underway)
- ▶ Awarded seven village energy efficiency program grants totaling \$1.38 million
- ▶ Continued progress towards regulatory work for Susitna-Watana Hydro project, conducting 58 field studies in 2013

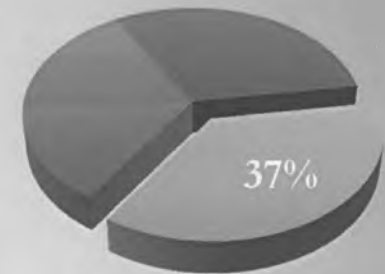


# Sustainable Energy

8

## ▶ Alaska Gasline Development Corporation

- ▶ Advanced pipeline and facilities front end engineering and design for class III cost estimates
- ▶ Conducted extensive field program for geotechnical, wetlands, and cultural resource data
- ▶ Engaged USDOT's Pipeline and Hazardous Materials and Safety Administration on needed special permits
- ▶ Selected open season management contractor
- ▶ Incorporated new organizational structure into business and project execution plans



# Strong Communities

9

## ▶ **Community and Regional Affairs**

- ▶ RUBA assisted 198 communities, trained 216 utility managers
- ▶ \$1.8 billion distributed through 2,341 state and federal grants
- ▶ Over \$112 million distributed for community revenue sharing, PILT, NFR, fisheries business tax, fisheries landing tax
- ▶ Bulk fuel loans totalling \$7.4 million to 65 communities
- ▶ Fuel Watch Initiative made 586 calls to 309 communities verifying adequate financial resources and actions for winter fuel
- ▶ Preparing digital community profile maps for 19 communities in North Slope and Northwest Arctic Boroughs
- ▶ Completed full value determinations for 36 municipal governments (18 boroughs and 18 cities in unorganized boroughs)



# Consumer Protection

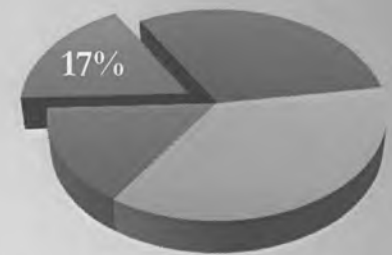
10

## ▶ **Banking and Securities**

- ▶ Conducted examinations of 40 depository and non-depository institutions
- ▶ Issued new licenses to 2 premium finance companies, 1 payday lender, 151 mortgage broker/lenders, and 60 money services businesses
- ▶ Issued license renewals to 14 payday lenders, 28 premium finance companies, 1 small loan company, 1 business industrial development corporation (BIDCO)
- ▶ Collected over \$12.9 million in fees and assessments

## ▶ **Corporations, Business and Professional Licensing**

- ▶ Renewed 35,269 business licenses (67,074 active) and 28,697 professional licenses (66,894 active), a 3 percent increase from FY 2012
- ▶ Newly framed/registered corporations total 6,329, a 6 percent increase over FY 2012
- ▶ Corporate entities in good standing increased from 60 to 91 percent due to courtesy notices and a new IT system
- ▶ Quarterly financial reports for professional licensing programs now available on website for licensees, stakeholders, and the public

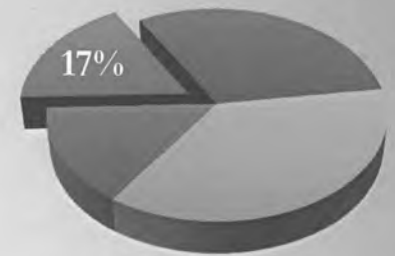


# Consumer Protection

11

## ▶ Insurance

- ▶ Issued or renewed 29,008 licenses, 95 percent submitted electronically (45,316 active licensees)
- ▶ Registered 16 purchasing groups; admitted 15 new insurance companies, four surplus line insurers, and seven risk retention groups
- ▶ Opened 54 and closed 77 criminal investigations; investigated 238 consumer complaints, took actions resulting in \$194,648 to consumers
- ▶ Collected \$65.8 million in premium taxes, penalties and fees in FY 2013



# Consumer Protection

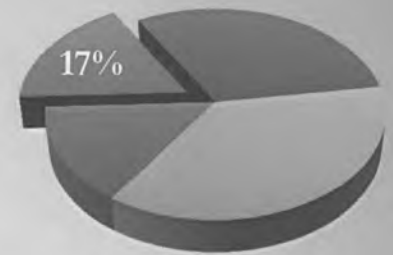
12

## ▶ **Alcoholic Beverage Control Board**

- ▶ Licensees achieved 89 percent compliance with underage related laws, continuing a steady increase for the fourth year
- ▶ Twenty two package stores, an increase of seven, are qualified to provide written orders from rural local option communities

## ▶ **Regulatory Commission of Alaska**

- ▶ Revised telecommunication regulations to promote greater regional competition in response to changes in intrastate long distance market
- ▶ Discovery regulations designed to improve the process and provide increased efficiency in contested cases
- ▶ Approved application from Hilcorp Alaska, LLC for acquisition of natural gas assets in Cook Inlet



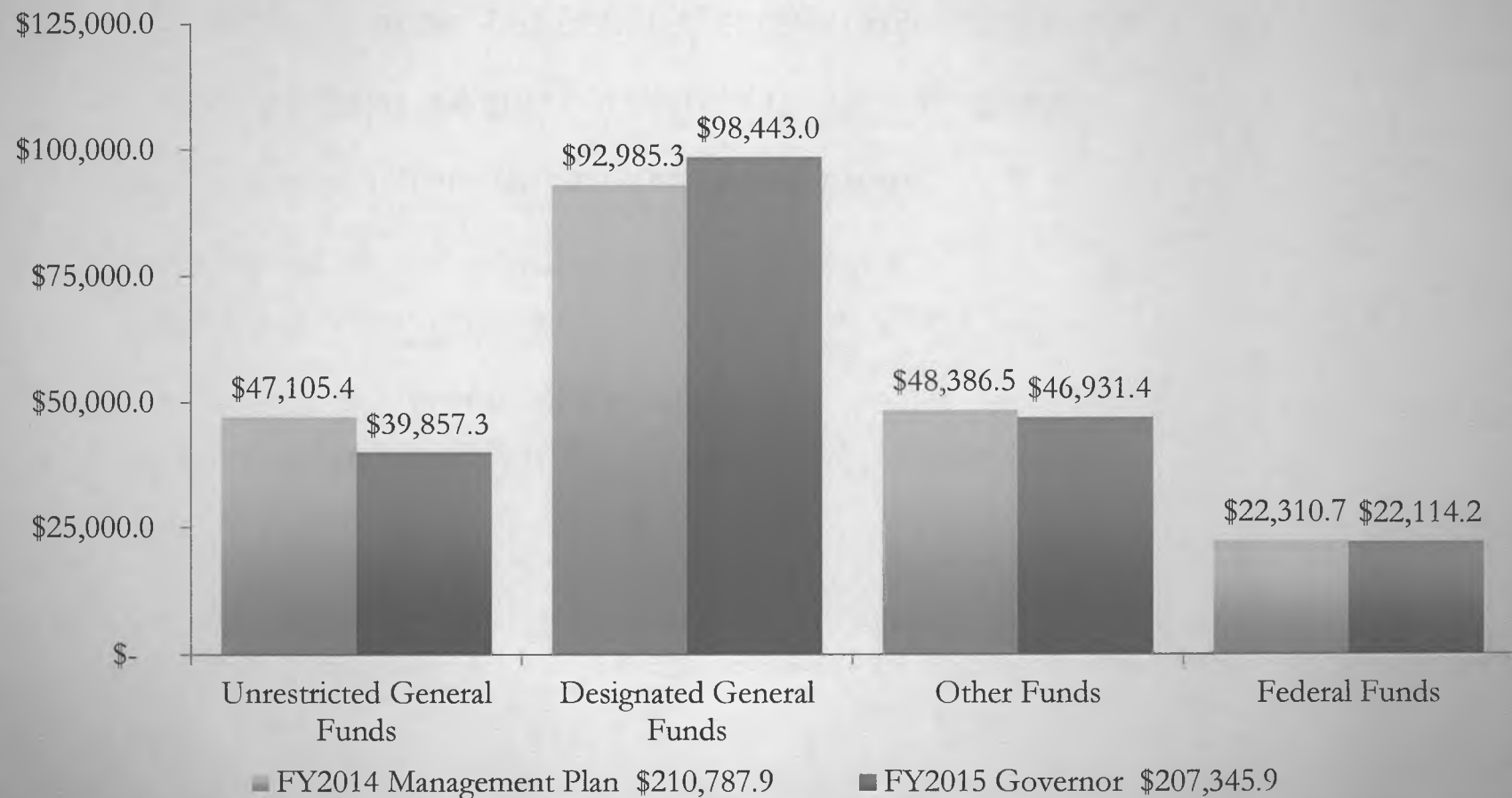
# Challenges

13

- ▶ High cost of energy impacts residents, businesses and economic development efforts
- ▶ Gaps in critical infrastructure including roads, ports, communications, and processing facilities
- ▶ Uncertainty hampering private investment
- ▶ Federal regulatory and permitting delays and denials
- ▶ Maintain awareness in national and international markets about Alaska products and services
- ▶ Geographic scale impacts logistics and transportation costs

# Budget by Fund Source

FY2014 to FY2015



# Budget by Line Item

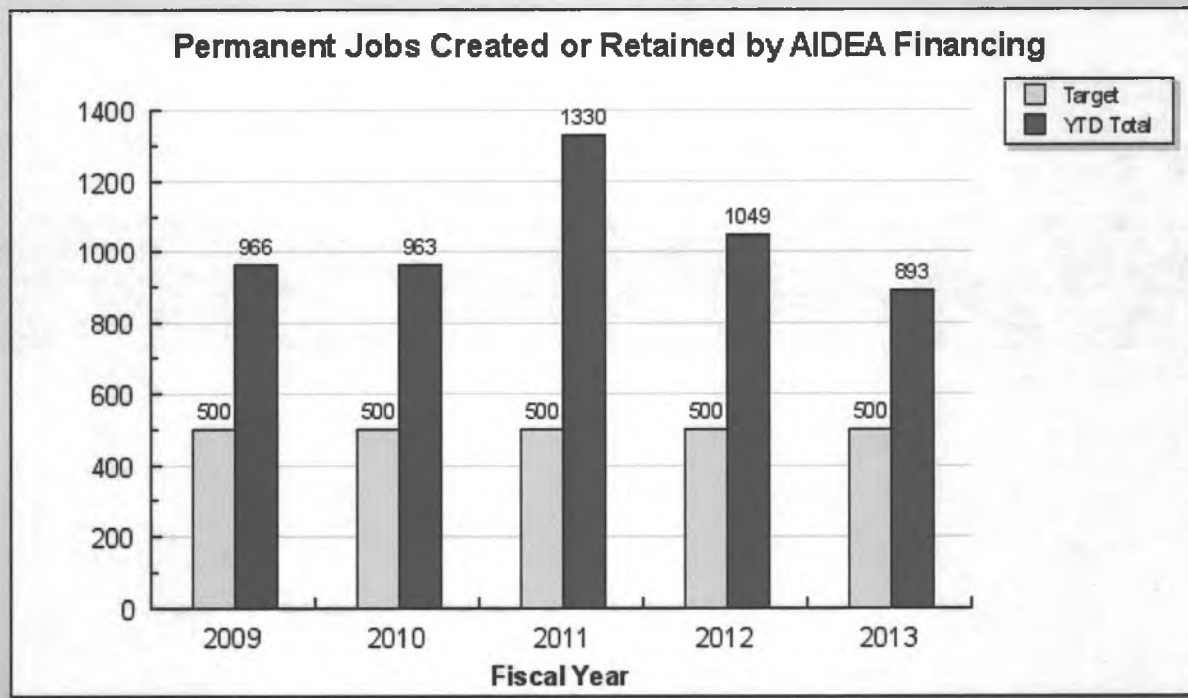
## FY2014 to FY2015

	FY2014 Management Plan	FY2015 Governor	Difference	
Personal Services	\$62,285.9	\$63,837.1	+\$1,551.2	2.5%
Travel	\$2,796.7	\$2,599.4	-\$197.3	-7.1%
Services	\$82,929.7	\$77,547.3	-\$5,382.4	-6.5%
Commodities	\$1,014.0	\$1,013.5	-\$0.5	-
Capital Outlay	\$300.1	\$300.1	-	-
Grants, Benefits	\$61,461.5	\$62,048.5	+\$587.0	1.0%
<b>TOTAL</b>	<b>\$210,787.9</b>	<b>\$207,345.9</b>	<b>-\$3,442.0</b>	<b>-1.6%</b>

# Performance Measures

## ECONOMIC GROWTH

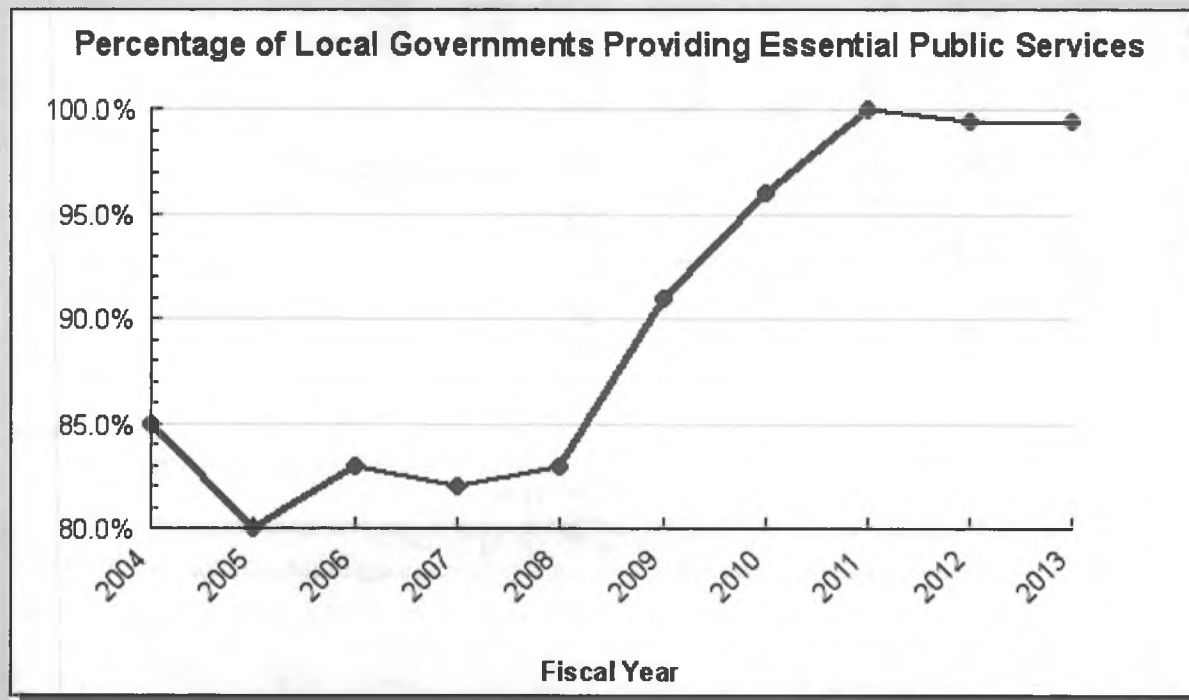
Target: Create, or retain, 500 permanent jobs annually through the Project Development and Commercial Finance programs



# Performance Measures

## STRONG COMMUNITIES

Target: 100 percent of municipal governments provide essential public services



# LFD: Share of Agency Operations (GF Only)

The department's GF budget grew by \$72.1 million between FY06 and FY15 Governor's Request -- an average annual growth rate of 8.5%.

The total percentage GF growth from FY06 to FY15 Governor's Request is 109%.

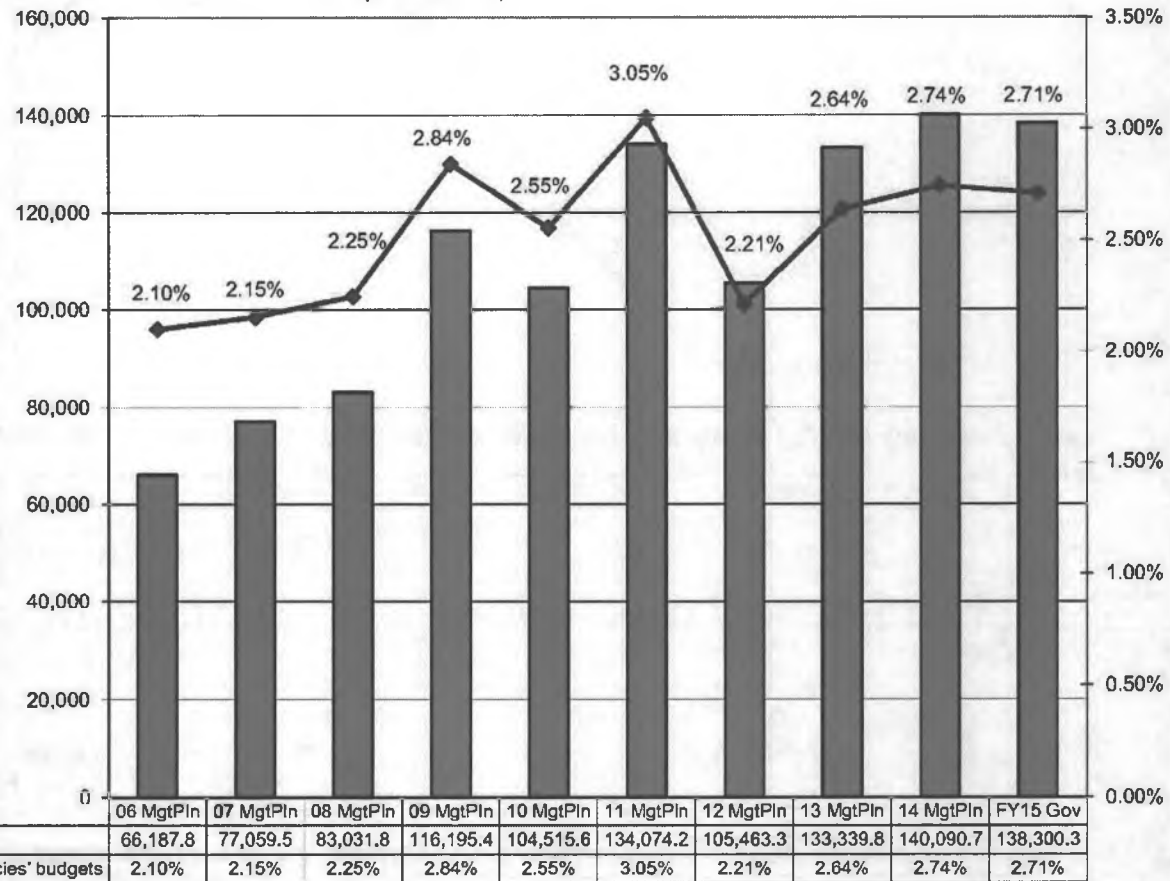
The department's total FY15 Governor's Request GF budget equals \$417 per resident worker.\*

The department's budget increased by:  
 \$33.2 million from FY08 to FY09 -- an increase of 40%. Significant increases include:  
 -- \$24.4 million for AEA Power Cost Equalization  
 -- \$4 million for QTA Contract increase from \$5 million to \$9 million  
 -- \$1.6 million for expansion of Domestic & Overseas Seafood Marketing

\$29.6 million from FY10 to FY11 -- an increase of 28%. Significant increases include:  
 -- \$15.6 million for the establishment of the Alaska Gasline Development Corporation (one-time)  
 -- \$5 million for Named Recipient Tourism Grant (one-time)  
 -- \$2 million for Renewable Energy Grants Management (one-time)

\$27.9 million from FY12 to FY13 -- an increase of 28%. Significant increases include:  
 -- \$16 million for Tourism Marketing  
 -- \$5.5 million for Seafood Marketing  
 -- \$3.9 million for AEA Power Cost Equalization

**Department of Commerce, Community & Economic Development  
 Share of Total Agency Operations  
 (GF Only)  
 (\$ Thousands)**

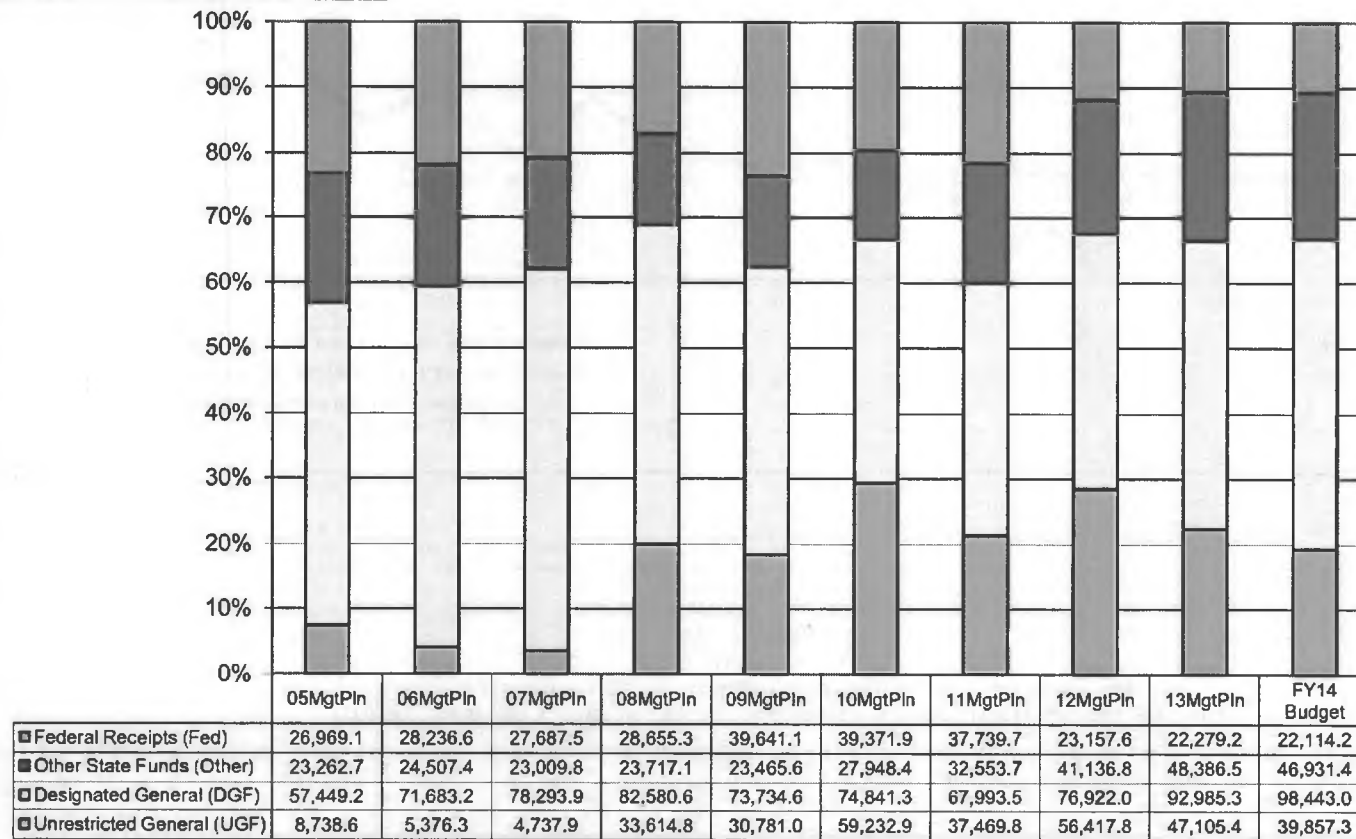


\* According to the Department of Labor, there were 331,081 resident workers in Alaska in 2011.

# LFD: Funding Sources

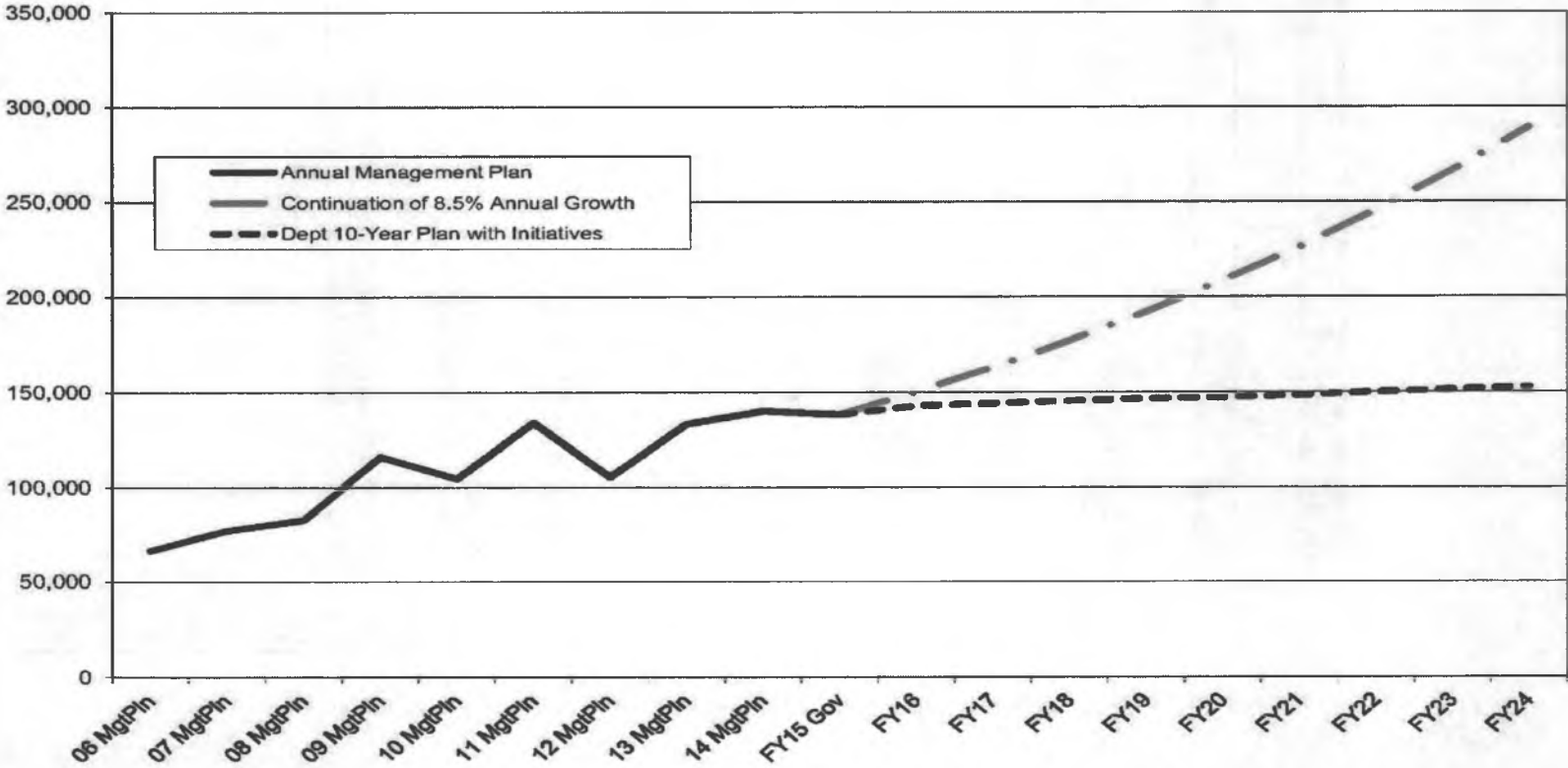
**Department of Commerce, Community & Economic Development**  
**Percent of the Total Department's Budget by Fund Group**  
 (All Funds)  
 (\$ Thousands)

The percentage of general funds (UGF & DGF) in the department's budget was 57% in FY06 and is 67% in FY15 Governor's Request.



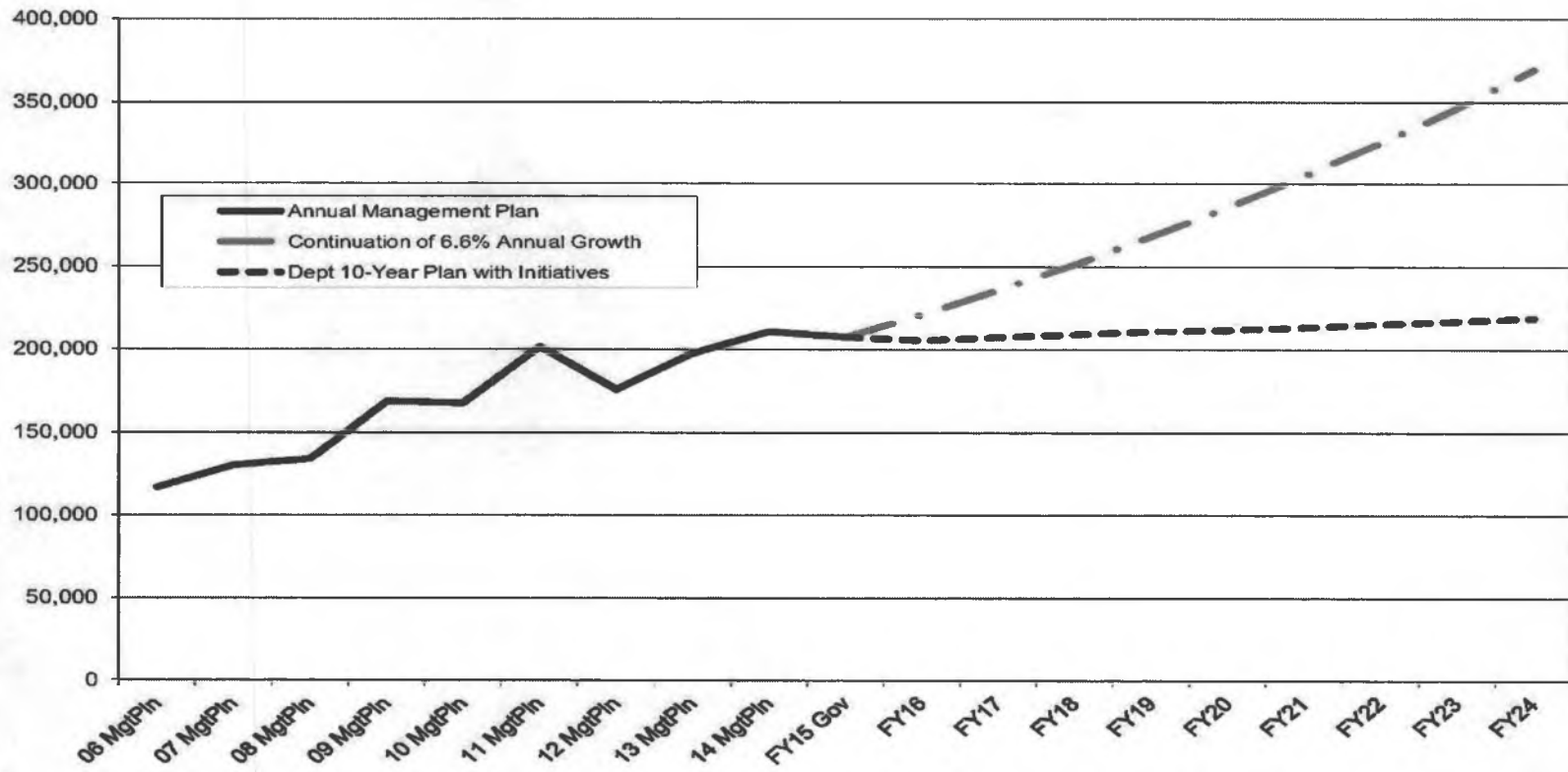
# LFD: Ten-Year Plan (GF Only)

**Department of Commerce, Community & Economic Development  
Continued Budget Growth Compared to 10-Year Plan  
(GF Only)  
(\$ Thousands)**



# LFD: Ten-Year Plan (All Funds)

**Department of Commerce, Community & Economic Development  
Continued Budget Growth Compared to 10-Year Plan  
(All Funds)  
(\$ Thousands)**





# Comments and Questions