

LEG. FINANCE - BILLS 1977 - 1978 776

HB 648 cont. thru HB 654 776

The report also extensively documents serious policy disputes between the owners, Alyeska and Bechtel concerning the appropriate scheduling of labor and design, and the rudiments of a contracting strategy to be pursued with the pipeline's execution contractors. For example, Bechtel strongly recommended negotiation of contracts with execution contractors at the earliest possible time to allow their involvement in planning for the road and pipeline construction schedule for 1974. When this strategy was arbitrarily rejected, Bechtel correctly predicted that the resulting loss of construction and planning time would produce substantial cost overruns.

The Bechtel-Alyeska owners dispute reflects a more profound problem. The duplicative management structure developed by the owners led not only to excessive administrative costs but to paralysis of the management decision making process. Confusion pervaded all levels of the project while the execution contractors, labor, Bechtel, Alyeska and the owners attempted unsuccessfully to sort out their relationships and responsibilities. There is irony in Alyeska's and Bechtel's assessment of the same problems and their diametrically opposed solutions. For example, while Bechtel was demanding increased compensation for additional personnel to correct alleged Alyeska errors, Alyeska was criticizing Bechtel for utilizing unnecessary personnel in handling contractual duties. Bechtel management

complained continually that their decisions were being countermanded by redundant Alyeska personnel, while Alyeska criticized Bechtel's administration for being over-centralized. As an additional ironic footnote, the TAPS owners' representatives expressed dismay that Alyeska supervisors were not in the field enough to respond to crises.

In mid-1975, the owners' resolved these policy disputes by terminating Bechtel -- an action that sent deep tremors through the project at a critical point. In the resulting confusion, the execution contractors continued to expend funds without incentive programs to restrain costs, chaotic procurement and inventory processes persisted, and effective labor management remained practically non-existent. The TAPS owner companies were thus reduced to a single option -- the expenditure of enormous excess sums of money to see the project through to completion. With no apparent alternative by the 1976 construction season, the owners abjectly approved additional expenditures for more labor, equipment and spare parts. Yet despite these infusions, 1976 productivity levels fell below those of 1975. In the end, total project expenditures were nearly \$8 billion -- far in excess of the relatively modest projections at the start of construction in 1974 (\$4 billion) and a vast inflation of the original 1969 estimate of about \$1 billion.

Corroborating our analysis, RPA Associates has concluded that the organizational structure of the TAPS project

was neither effective nor efficient. RPA's study identifies a series of defects in the management of TAPS that hampered project control efforts, increased costs, forced construction delays and obstructed quality control. In supplementing the Special Counsel's analysis, RPA found that a lack of organizational definition and a failure to delegate authority resulted from poor planning and was perpetuated by inadequate control systems. In RPA's view, Alyeska failed to observe these basic management principles:

- o Include those persons who will be responsible for executing policies in the planning process;
- o Develop plans that are sufficiently flexible to accommodate subsequent required changes; and
- o Establish performance targets.

Based on its research and analysis, RPA determined that Alyeska's loss of control over costs stemmed from its inability to:

- o provide incentives to meet cost targets;
- o collect accurate performance information on a timely basis; and
- o take effective remedial action to correct observed problems.

RPA also identified costly management errors in the failure to follow effective budget control practices; to provide inventory control; to establish effective accounting information,

cost reporting and accounts payable systems; and to implement effective procurement and labor-verification procedures.

The ineptness of Alyeska management inevitably infected the ability of the execution contractors to operate at an optimum, cost-effective pace. In the end, RPA found, Alyeska management's only production target was to have the project completed by a specific date.

Thus, the inefficient and indiscriminate use of labor and equipment was condoned -- provided that project schedules were met. According to the RPA report, such an institutional indifference to costs -- and cost controls -- could have resulted in overruns of up to 33% of the project's total costs, i.e. \$2.4 billion.

Although the managerial deficiencies of the TAPS project were relatively easy to identify, quantifying the cost consequences of such deficiencies proved more difficult. In attempting to analyze the cost history of the TAPS project, Aerospace and VBS Associates were significantly hampered by the data deficiencies in Alyeska's own records. Their report found, for example, that the 1974 and 1975 Alyeska control estimates had to be recast to conform to the different methodology used by Alyeska to display project costs as of April 1977. In this manner, the consultants were able to identify major increases to the project budget which were approved between 1974 and 1977. They then requested Alyeska to provide back-up documents explaining

why these increases had occurred. Unfortunately, Aerospace and VHS were unable to complete this crucial phase of the inquiry because Alyeska was either unable or unwilling to produce the requested data. The absence of such information at least suggests that huge budget increases were approved without any analysis of possible cost-effective alternatives.

The consultants next turned to a normative analysis to evaluate why excessive overruns had occurred. Utilizing well-established methodology, they ranked each of the five sections of pipeline construction by relative difficulty and designated, for compelling reasons, Section 4 as the "standard" section. This was not designated to reflect optimum performance, but simply to establish a norm to which the other EC's might be compared. This approach was, in fact, extremely conservative since Section 4 suffered significant cost overruns. Moreover, the comparative approach of the Aerospace-VHS study takes into account contingencies and difficulties of environment, logistics, and inflation.

The Aerospace-VHS team, thus computed excessive costs on the pipeline portion of the TAPS project to be \$843 million. This figure represents significant costs which could have been avoided if the construction effort generally was as efficient and well-managed as Section 4. However, because of insufficient data, the \$843 million figure does not take into account of the

effects of the impact of mismanagement on the cost of permanent materials.

In a separate report, Professor Robert Lind, who coordinated and reviewed all consultant efforts, supported and supplemented the Aerospace-VHS and RPA findings. Professor Lind also quantified, on the basis of available evidence, the effects of TAPS planning and management failures. He concluded that a conservative estimate of the effect of such failures on costs, in addition to the \$843 million derived from the standard-of-performance analysis, was 5 to 10% of the total costs for pipeline and roads construction. Thus, the Lind report concluded that the probable cost effect of planning and management failures in the pipeline and roads portion of the project was between \$1.1 and \$1.35 billion.

While the construction of the terminal and pump stations was not susceptible to the Aerospace comparative analysis, Professor Lind was able quantitatively to analyze this portion of the project. Using Alyeska's June 1975 control estimate as a base point, plus an additional 20% allowance for estimating error, the Lind report concluded that a comparison with the final budget of April 1977 revealed a cost overrun of approximately \$300 million. In sum, based upon the findings in this report, and the separate RPA, Aerospace and VHS analyses, Professor Lind calculated excess expenditures to be at least \$1.4 to \$1.6 billion. The Special Counsel's analysis has produced

a cost disallowance figure within the same range.

During the course of this investigation, numerous Alyeska officials were asked for explanations of the huge final project cost and of specific incidents that contributed to cost escalation. On those occasions when interviews were provided, Alyeska officials rationalized the cost increases on the grounds that its "oil-in" schedule was met and that TAPS is an impressive technological achievement. Recognition of these accomplishments, however, cannot be permitted to obscure the fact that TAPS project expenditures were excessive by at least \$1.5 billion.

XII. CONCLUSION AND RECOMMENDATIONS

The foregoing chapters, in our view, reflect a project which was poorly planned, mismanaged, and institutionally incapable of -- and often indifferent to -- effective cost control. The Report has focused upon the lack of planning, management and control systems because it was these factors -- not isolated instances of theft or labor "gold bricking" -- which pushed the cost of the project far beyond reasonable levels.

In our analysis, we have been mindful of the complexities of the TAPS project and have not sought to impose our judgment or our hindsight or to second guess various decisions made over the course of the project. Rather, we have sought to make an objective appraisal taking all available evidence into account. As the Federal Power Commission explained in examining the reasonableness of a power plant's construction costs:

We have no intention of merely substituting hindsight as to what items should have cost, under conditions which cannot be accurately determined years after the event, for the record evidence as to what they actually did cost. But where, as in this case, the staff of the Commission shows the costs of any part of the project materially exceeded estimates or are substantially out of line with comparable costs of other projects or comparable work on the same project, it is the duty of

the licensee to show such costs were the result of circumstances beyond its control and that it employed reasonable care and exercised due diligence in an effort to control such costs and prevent inflation in its investment in the project. ^{1/}

Judicial and regulatory bodies have had relatively few occasions to apply these principles to construction efforts such as TAPS. However, the case of Colorado Power Company v. Halderman, 295 F.178 (1924), is on point. There the court conceded that, in constructing a dam, the company had confronted difficult and unusual circumstances. Nevertheless, it approved the exclusion of certain expenditures from the rate base as excessive and imprudently incurred. The court explained that:

. . . many of these problems, such as the weather, unaccessibility, and labor, to some extent, could have been reasonably anticipated before the beginning of work; . . . these are the problems that the construction of hydroplants generally present -- that is, they are necessarily constructed under adverse conditions, and the site and its physical surroundings cannot be selected with a view to ideal construction conditions.

Governed by the foregoing principles, our recommendation is that at least \$1.5 billion should not be included in the rate base of the Trans-Alaska Pipeline System (TAPS)

^{1/} See Susquehanna Power Co., 4 F.P.C. 74, 123 P.U.R. (N.S.) 418, 460 (1944).

tariffs subject to the jurisdiction of this APC.^{2/} It should be stressed that this determination was not made by applying lower 48 pipeline construction norms to the TAPS project. Rather, for the pipeline and roads portion of the project, it utilized man-hour data prepared by Alyeska and its contractors after the TAPS construction was underway. Therefore, it took account of the difficult regulatory, logistical and geotechnical constraints under which the TAPS was constructed. Even taking account of these factors, the analysis shows a minimum \$1.2 billion excess attributable to mismanagement of the pipeline and roads portion of the project alone. This analysis is corroborated by the report of Resource Planning Associates, and by a study undertaken by the Aerospace Corporation and VHS Associates using a wholly different approach.

Unfortunately, the absence of comparable data about the Valdez terminal and pump stations portion of the project --

^{2/} In the course of our investigation, the Special Counsel sought to obtain access to books and records of the TAPS pipeline companies which are required to be maintained under Alaska law and the Commission's regulations. The pipeline companies advised the Special Counsel that Alyeska maintained such records and, at the Special Counsel's request, Alexander Wiskup's accounting firm sought to inspect Alyeska's records. However, as Mr. Wiskup reported to the Commission in a letter dated July 1, 1977, Alyeska does not maintain such records and refuses to reveal what parties do. We recommend that this matter be pursued in separate inquiry by the Commission.

in part resulting from the obstacles imposed by the TAPS owner companies and their contractors -- precludes such detailed quantification of that portion of the project. However, that portion of the project cost nearly \$2 billion and suffered from the same management deficiencies as the pipeline portion. Indeed, Alyeska itself concedes that early and avoidable design inadequacies alone cost this portion of the project \$50 to \$100 million. Drawing upon the economic analysis of another consultant, Prof. Robert Lind of Cornell University, the Special Counsel conservatively attributes \$300 million of the TAPS terminal and pump station expenditures to mismanagement, bringing the minimum excessive cost figure for the entire project to \$1.5 billion.

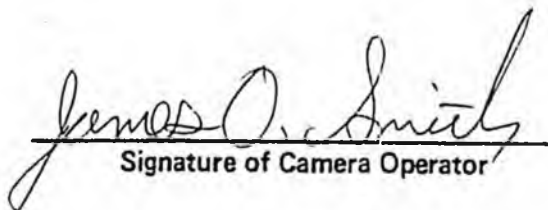
Finally, as Appendix A to the report describes, the investigation was delayed and obstructed by the refusal of the TAPS owners and their contractors to provide access to employees and records on a cooperative basis. Thus, a complete chronicle of the TAPS project remains in the possession of those who have exhibited no desire to release it. Once the full story is known, additional excessive expenditures may well come to light.

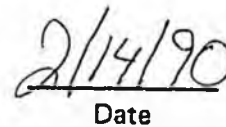


RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.


Signature of Camera Operator


Date

COMMITTEE REPORT

HOUSE

2/3/78

FURTHER: _____

Date: _____

Mr. Speaker:

The Committee on FINANCE has had HB 652

"An Act making a special appropriation to the Department of Natural Resources for disbursement to the Steering Council on Alaska Lands; effective date."

under consideration and (a majority of the committee) (the committee reports it back as follows)

- recommends it do pass recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for _____

- and _____ new title same title
- AND attaches a Letter of Intent New Fiscal Note
- reports it back without recommendation
- and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

Chairman

MEMORANDUM

State of Alaska

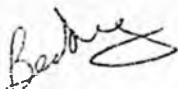
TO:

Legislative Affairs

DEPT. _____
DIV. _____
SEC. _____

DATE : 2/23/78

FROM:



Becky Fritz
House Finance Committee
Room 411, Capital Bldg.
Ph: 3795

SUBJECT:

Please prepare the attached Finance Committee Substitute
for HB 652 and return to me.

Introduced: 1/18/78
Referred: Resources and
Finance

BY THE RULES COMMITTEE BY REQUEST
(for the Steering Council for
Alaska Lands)

1 IN THE HOUSE.

2 HOUSE BILL NO. 652

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Natural Resources for disbursement to the
8 Steering Council on Alaska Lands; and providing for an
9 effective date."

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

\$896,222

11 * Section 1. The sum of ~~\$831,222~~ is appropriated from the general fund to
12 the Department of Natural Resources for disbursement to the Steering Council
13 for Alaska Lands.

14 * Sec. 2. The unexpended and unobligated portion of this appropriation
15 lapses into the general fund on December 31, 1978, or when legislation is
16 enacted setting aside (for National Parks, Forest, Wildlife Refuge and Wild
17 and Scenic River Systems,) land withdrawn under sec. 17(d)(2) of the Alaska
18 Native Claims Settlement Act, whichever occurs first.

19 * Sec. 3. This Act takes effect July 1, 1978.
20
21
22
23
24
25
26
27
28
29

Introduced: 1/18/78
Referred: Resources and
Finance

BY THE RULES COMMITTEE BY REQUEST
(for the Steering Council for
Alaska Lands)

1 IN THE HOUSE

2 HOUSE BILL NO. 652

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Natural Resources for disbursement to the
8 Steering Council on Alaska Lands; and providing for an
9 effective date."

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

11 * Section 1. The sum of \$831,222 is appropriated from the general fund to
12 the Department of Natural Resources for disbursement to the Steering Council
13 for Alaska Lands.

14 * Sec. 2. The unexpended and unobligated portion of this appropriation
15 lapses into the general fund on December 31, 1978, or when legislation is
16 enacted setting aside (for National Parks, Forest, Wildlife Refuge and Wild
17 and Scenic River Systems,) land withdrawn under sec. 17(d)(2) of the Alaska
18 Native Claims Settlement Act, whichever occurs first.

19 * Sec. 3. This Act takes effect July 1, 1978.
20
21
22
23
24
25
26
27
28
29

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 652
 Title Special Appropriation-d-2 Steering Council
 Requested by House Finance Date February 6, 1978

II. FISCAL DETAIL

Agency Affected Department of Natural Resources
 Program Category Affected NRMEC
 Budget Request Unit(s) Affected Administration

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-					

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

There is no cost in administering this appropriation as the funding is passed through Natural Resources to the Legislative Affairs Agency which provides the appropriate administrative support.

IV. DATE Feb. 6, 1978 PREPARED BY Patrick W. Conheady
 AGENCY Department of Natural Resources
 PHONE 465-2400

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

HB 652

MEMORANDUM

To: STEVE COWPER
Chairman
Finance Committee

From: SHARON LONG
Administrative Assistant
(d) (2) Steering Council Budget

Date: February 22, 1978

Re: (d) (2) STEERING COUNCIL BUDGET

\$ 85,722.00 STAFF AND OPERATIONS

-Rent and furnishings for offices at
1016 West 6th Avenue, Suite B
Anchorage, Alaska 99501

-Plus salaries for staff

\$ 12,000.00 PLANNING AND COUNCILING

-Media advice, national and regional

\$102,500.00 TRAVEL/SPEAKERS BUREAU

-Includes \$70,000.00 for "Speakers Bureau"
which would cover Alaska representatives
personally contacting every other State
Legislature. And, Council members and
staff travel for \$32,500.00

\$ 40,000.00 COMMUNICATIONS INTERNAL

-Telephone, telegraph, telex

\$150,000.00 LEGAL REPRESENTATION

-Includes firms with Washington offices with
entree to both minority and majority.

+50,000.

\$ 11,500.00

MATERIALS REPRODUCTION

-Copying of slides, maps, film segments, xeroxing of briefing books, legal opinions, memoranda, and legislation.

\$ 13,000.00

PRINTING

-Brochures and other mail out materials.

\$ 4,000.00

GRAPHICS DESIGN

-Brochure and report work

\$ 6,000.00

RADIO PRODUCTION

-For productions of radio pieces for use in Congressional communications and key congressional districts in the lower 48.

\$140,000.00

TV and for FILM PRODUCTION & BROADCAST TIME PURCHASE

-TV: Studio production time for information programs.

-FILM PRODUCTION: Possible expansion of existing film piece or production of new piece depending on conditions in Congress and the U.S.

-BROADCAST TIME PURCHASE: Radio or TV time purchase to air materials.

\$ 50,000.00

SPACE PURCHASE

-For purchase of newspaper space in key regions.

\$ 10,000.00

DIRECT MAIL

-Information dissemination to Congress, other legislatures, Alaska public.

\$ 25,000.00

SURVEY RESEARCH

-For survey of Congressional attitudes and buying a couple questions in an existing Gallup or Harris type poll.

\$ 13,000.00

SPECIAL CONSULTANTS

-Hire of individuals on short term basis with special knowledge or areas of influence in a specific issue area.

\$ 12,500.00

EVALUATIONS AND REPORTS

-Reports concerning regionalized knowledge and evaluations such as in "Coalition of Western States" type programs.

\$ 12,000.00

MISCELLANEOUS EXPENSES

-Such as Projector or video tape machine rentals, messenger service, publication subscriptions, transcriptions, paper, pencils, paper clips, push pins, typewriter ribbons, 3 ring binders, scotch tape, rubber bands, map pins, dictionary, phone message pads, etc.

\$ 70,000.00

USA NEWS MEDIA CAMPAIGN

-An individual with nation wide entree to major editors and newspaper to conduct a 5 month nationwide newspaper visiting program.

\$ 75,000.00

USA NEWS FEED OPERATION

-To set up and execute a system of feeding (d) (2) related News into the various states and regions. This would require relating "our" news to the pertinent issues of a specific state or region.

\$831,222.00

TOTAL

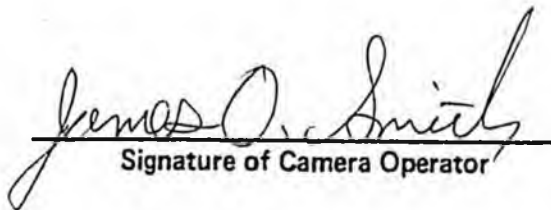
+ 15. Seminar/Work Session
on Corp Mgmt

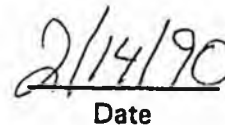


RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.


Signature of Camera Operator


Date

COMMITTEE REPORT
SENATE

3/15/78

FURTHER: _____

Date: March 20, 1978

Mr. President:

The Committee on FINANCE has had CSHB 592 am (eff. date am) special appropriation to Dept. of Natural Resources for disbursement to the Steering Council for Alaska lands

under consideration and (a majority of the committee) (the committee reports it back as follows)

- recommends it do pass recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for _____
- and _____ new title same title
- AND attaches a Letter of Intent New Fiscal Note
- reports it back without recommendation
- and recommends it be referred to the _____ Committee

MEMBERS SIGNING ~~DO-PASS~~:

OTHER RECOMMENDATIONS:

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Chairman

Original sponsor: Rules Committee by
Request (for the
Steering Council for
Alaska Lands)

Offered: 2/25/78
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE BILL NO. 652 am (eff. date am)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

TENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act making a special appropriation to the Depart-

7

ment of Natural Resources for disbursement to the

8

Steering Council for Alaska Lands; and providing for an

9

effective date."

10

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

11

* Section 1. The sum of \$896,222 is appropriated from the general fund to

12

the Department of Natural Resources for disbursement to the Steering Council

13

for Alaska Lands.

14

* Sec. 2. The unexpended and unobligated portion of this appropriation

15

lapses into the general fund on December 31, 1978, or when legislation is

16

enacted setting aside (for National Parks, Forest, Wildlife Refuge and Wild

17

and Scenic River Systems,) land withdrawn under sec. 17(d)(2) of the Alaska

18

Native Claims Settlement Act, whichever occurs first.

19

* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.

20

070(c).

21

22

23

24

25

26

27

28

29

#

Introduced: 1/18/78
Referred: Resources and
Finance

BY THE RULES COMMITTEE BY REQUEST
(for the Steering Council for
Alaska Lands)

1 IN THE HOUSE

2 HOUSE BILL NO. 652

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Natural Resources for disbursement to the
8 Steering Council on Alaska Lands; and providing for an
9 effective date."

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

11 * Section 1. The sum of \$831,222 is appropriated from the general fund to
12 the Department of Natural Resources for disbursement to the Steering Council
13 for Alaska Lands.

14 * Sec. 2. The unexpended and unobligated portion of this appropriation
15 lapses into the general fund on December 31, 1978, or when legislation is
16 enacted setting aside (for National Parks, Forest, Wildlife Refuge and Wild
17 and Scenic River Systems,) land withdrawn under sec. 17(d)(2) of the Alaska
18 Native Claims Settlement Act, whichever occurs first.

19 * Sec. 3. This Act takes effect July 1, 1978.
20
21
22
23
24
25
26
27
28
29

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 652
Title Special Appropriation-d-2 Steering Council
Requested by House Finance Date February 6, 1978

II. FISCAL DETAIL

Agency Affected Department of Natural Resources
Program Category Affected NRMEC
Budget Request Unit(s) Affected Administration

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		-0-				

FUNDING (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

There is no cost in administering this appropriation as the funding is passed through Natural Resources to the Legislative Affairs Agency which provides the appropriate administrative support.

IV. DATE Feb. 6, 1978 PREPARED BY Patrick W. Conheady
AGENCY Department of Natural Resources
PHONE 465-2400
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

SENATOR MIKE COLLETTA



Senate

SENATE FLOOR LEADER

MEMORANDUM

March 23, 1978

TO: Senator John Sackett, Chairman
Senate Finance Committee

FROM: Senator Mike Colletta

Re: (u)(2) visits to State Legislatures

A briefing session for all persons traveling to other State Legislatures will be arranged just prior to departures.

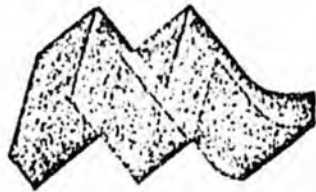
The sessions are for the purpose of reviewing the Steering Council's policies and positions, update on current status of HR 39, use of maps and video film and equipment, and pertinent information regarding federal lands in the state to be visited.

The Federal-State Land Use Planning Commission for Alaska publication, 'The D-2 Book' Volume I, Lands of National Interest in Alaska will be used as a general briefing book.

For further information please contact Sharon Long of the Steering Council for Alaska Lands staff, 1016 West 6th Avenue, Suite B, Anchorage, Alaska 99501, 277-2415.

NATIONAL D-2 INFLUENCE PROGRAM

	<u>Alternative I (Radio plus nat'l newspapers)</u>	<u>Alternative II (Local plus nat'l newspapers)</u>	<u>Alternative III (Combination of I and II)</u>
Planning & Budgeting	3,500	3,500	3,500
Benchmark Survey	15,000	15,000	15,000
Plan Implementation	750,000	727,000	1,353,100
Follow-up Survey	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>
Subtotal	773,500	761,100	1,386,600
CSHB 652 am Reduction	<u>(81,000)</u>	<u>(81,000)</u>	<u>(81,000)</u>
TOTAL	692,500	680,100	1,305,600



murray, kraft & rockey, inc.
advertising & public relations

3925 Reka Drive, Anchorage, Alaska 99504, (907) 279-3516

AN OUTLINE FOR
THE STATE OF ALASKA
FOR A
NATIONAL d-2 INFLUENCE PROGRAM

Prepared for
Senator Joseph L. Orsini

by
Murray, Kraft & Rockey, Inc.
3925 Reka Drive
Anchorage, Alaska 99504

February 27, 1978

INTRODUCTION

At the request of Senator Joe Orsini, Murray, Kraft & Rockey, Inc. has prepared the following prospectus, detailing estimated reach and frequency which might be achieved by the State of Alaska, should it desire to go to the American public with messages urging reasonable assignment of d-2 lands.

Obviously, close coordination with our congressional delegation would be required, since rather than "shot-gunning" advertising, our messages should be concentrated in those congressional districts wherein influence is required. However, for purposes of this outline, the agency has selected the 128 leading United States markets, and for purposes of budgeting have assigned market values to the total, based on two different media proposals, and the combination of both.

In order to produce a detailed plan, to include budget allocation by market and medium, with frequency and penetration figures, and specific costs, Murray, Kraft & Rockey, Inc. would require approximately two weeks' time and a preliminary budget of \$3,500.

II THE SITUATION

Sometime this summer or fall, the Congress of the United States will consider one or more bills providing for assignment and disposition of the d-2 lands of the Alaska Native Claims Settlement Act. Within Alaska, it is generally conceded that a bill such as the Udall bill could work extreme hardship on Alaskans and our economy. On the other hand, recent events would seem to indicate that the environmental groups opposing a limited d-2 settlement have begun to lose some of their momentum. Obviously, in an election year politicians are inclined to vote "on the right side" on matters which either effect their constituency, or about which their constituents have strong feelings. To this point, most Americans (with the exception of Alaskans) have very little knowledge of, or interest in, the d-2 assignments. Therefore, their elected officials may cast their vote in Congress with relative impunity. As has been shown by the Panama Canal controversy, however, an involved constituency can drastically effect political outcomes. It would be our hope that the attached program could help Alaskans to achieve their goal of an equitable d-2 land settlement.

III OBJECTIVES

- A. To reach a substantial portion of the constituents of those United States Senators and Representatives most subject to influence, with sufficient explanatory information, and enough frequency, to win them to Alaska's position.

- B. To measure results, both before and after, in order to provide proof positive to these members of Congress that a vote favorable to Alaska's position will not harm them politically with their constituents, and in fact may be of positive benefit.

IV STRATEGY

- A. Selection of Target. Immediate meetings with our Congressional Delegates and their staffs, and other resource persons in our nation's capitol, in order to ascertain which congressional districts should be reached. In general, we would tend to concentrate major effort on those votes most subject to influence. Secondary emphasis would be placed on those already supporting Alaska's cause, since these officials also require our assistance with their constituents. Final targets would be those adamant adversaries who are facing strong opposition in their bids for reelection.
- B. Survey. As soon as target markets are selected, we would arrange for a survey which essentially would seek to determine what people now know about the d-2 lands issue, how important they consider it to be, and how they feel about it. This would be a bench-mark survey, and would precede the media program.
- C. Creation of Program. Working with resource people from the State of Alaska, the agency would seek to create communications material which would educate,

inform and influence the general public. In all instances, materials would give every appearance of factuality and all information would be footnoted where necessary. Should radio be utilized, we would seek to find responsible, nationally-known spokesmen to help promote Alaska's views.

- D. Media Placement. The agency would contract with a nationally reputable media buying service, in order to ensure that materials are delivered to the media in a timely fashion, yet not so far in advance as to alert the opposition. Incidentally, it would be our contention that the Fairness Doctrine may not be invoked against radio stations carrying our messages should this media be selected. This is because of the "local controversy" aspect of past rulings. However, please bear in mind that each station must bear the responsibility for making determination as to whether provisions of the Fairness Doctrine should be afforded, if requested by the opposition. Naturally, fairness provisions apply only to broadcast--not print media.

MEDIA PLAN

- A. The following list of 128 markets constitutes a total population of 117,745,000 American citizens.

Alabama - Birmingham Metro, Mobile, Montgomery, Huntsville

Arizona - Phoenix Metro, Tucson

Arkansas - Little Rock, Fort Smith, Texarkana

California - Los Angeles, Oakland, San Francisco, San Diego

Colorado - Denver-Boulder, Colorado Springs, Pueblo

Connecticut - Hartford, Stamford-Norwalk

Delaware - New Castle, Wilmington

Florida - Dade County Metro, Orlando, Tampa, Tallahassee

Georgia - Atlanta Metro, Augusta, Columbus, Savannah

Hawaii - Honolulu

Idaho - Boise City, Pocatello-Idaho Falls

Illinois - Chicago, Arlington, Madison, Rock Island

Indiana - South Bend, Evansville, Indianapolis

Iowa - Davenport, Des Moines, Cedar Rapids

Kentucky - Louisville, Ashland, Lexington

Louisiana - New Orleans, Baton Rouge, Jefferson, Shreveport

Maine - Portland, Augusta

Massachusetts - Boston, Springfield, New Bedford

Michigan - Lansing, Detroit, Grand Rapids, Flint

Minnesota - Minneapolis-St. Paul, Duluth

Mississippi - Jackson, Biloxi, Columbus, Greenville

Nebraska - Omaha, Grand Island, North Platte, Lincoln

Nevada - Las Vegas, Reno

New Hampshire - Manchester, Portsmouth-Exeter

New Jersey - Newark, Trenton, Camden, Patterson

New Mexico - Albuquerque Metro, Las Cruces

New York - New York, Buffalo, Albany

North Carolina - Raleigh-Durham, Charlotte,
Greensboro

North Dakota - Fargo-Moorhead, Grand Forks, Minot

Ohio - Cleveland, Columbus, Cincinnati

Oklahoma - Oklahoma City, Tulsa

Oregon - Portland, Salem

Rhode Island - Warwick, Pawtucket

South Carolina - Spartanburg, Greenville, Charleston

Tennessee - Memphis, Nashville, Knoxville, Chattanooga

Texas - Dallas, Fort Worth, Houston, El Paso,
San Antonio

Utah - Ogden, Salt Lake

Virginia - Newport News-Norfolk-Portsmouth, Richmond

Washington - Seattle-Tacoma, Olympia, Spokane

Washington, D. C.

West Virginia - Charleston, Huntington, Wheeling

Wyoming - Cheyenne, Casper

1. Plan No. 1 - Basic Radio, Supported by
National Newspapers.

The agency would purchase an average of three adult stations per market, with a frequency of four spots per day per station for a period of three weeks. The number of stations per city would vary from one (in the smaller communities) to six (in Los Angeles and New York). This type of selection should deliver an estimated penetration of 60% of the total population, with a frequency per listener of 4.5 times. This amounts to total impressions of 317,915,000 generated in a 21-day period. In addition, radio would be supported by National newspaper schedules.

National Newspapers

<u>Publication</u>	<u>Circulation</u>
New York Times	1,479,862
Washington Post	762,825
Wall Street Journal	1,484,667
Christian Science Monitor	<u>170,087</u>
Total Circulation	3,897,441*

*for total readership of 7,210,266, at an average pass-along factor of approximately 1.85%.

Summary. In one three-week period, Americans receive 323,623,288 impressions urging their support of a reasonable d-2 legislation, under Plan No. 1.

2. Plan No. 2 - Local Newspaper Program.

Newspaper advertising generally tends to reach community thought leaders. We do not wish to appear to be the "blue-eyed Arabs" some of the eastern establishment is calling us. Therefore we feel that advertising should be less than full-page size, contain fairly detailed information, and although all advertising would follow a specific format, we would recommend that each succeeding ad would cover different aspects of the d-2 controversy. Frequency would be one ad per week, in the 128 foregoing markets. Ads would be approximately three-quarters of a page in size, and would appear in 217 newspapers, both morning and evening. Along with the New York Times and the Washington Post, we would once again recommend inclusion of the Wall Street Journal and the Christian Science Monitor--two of the nation's leading national newspapers.

Total combined circulation of all 217 newspapers is approximately 29,203,000. Applying the 1.85 pass-along factor, each ad would have theoretical exposure to 54,025,550 readers.

Multiplying this factor by three--the number of insertions--we would be exposed to a potential 162,076,650 readers. However, the nature of the subject and the ad would dictate against high readership. Therefore, if we assume that one-fourth of all readers actually see the ad, we would have a "noted" factor of 40,519,163. If, of this number, one-fourth read all or most of the ad--a fair average based on national readership surveys--we will have reached with our message a total of 10,129,791 Americans.

VI BUDGET

Plan I - Radio plus national newspapers. \$750,000.

Plan II - Local newspaper advertising program. \$727,600.

Obviously, the most effective program would combine these two, although not necessarily simultaneously.

Rather, we would recommend a six-week program, initiated by radio, and culminating with the newspaper advertising.

The total price for carrying out both newspaper and radio in 128 of the leading population centers of the United States would be \$1,353,100.

In addition, we estimate the two national surveys at approximately \$15,000 each, or a total of \$30,000. It is imperative, in our opinion, that the surveys be taken, because we believe that this actual data will provide the basic vehicle for using our advertising effort to influence legislation.

VII CONCLUSION

The foregoing programs are estimated only, but in the agency's experience, should be reasonably accurate, and are inclusive enough to include such factors as creativity, production, and direct expense incurred in formulating and carrying out the program. As an item of general philosophy, we would urge that advertising messages concentrate on people--both the people of Alaska, and the people of the United States who will benefit from Alaskan resources which might otherwise be lost if an unduly restrictive d-2 act is passed. Again, because of the drastic fact of d-2 legislation on Alaskans in all walks of life, we would urge that primary consideration be given to working with Alaskan professional firms and suppliers. Finally, it is our contention that the media themselves will respond more favorably to advertising which is generated in, and from, Alaska--perhaps even to the extent of supplying favorable editorial support.

MEMORANDUM

To: STEVE COWPER
Chairman
Finance Committee

From: SHARON LONG
Administrative Assistant
(d) (2) Steering Council Budget

Date: February 22, 1978

Re: (d) (2) STEERING COUNCIL BUDGET

\$ 85,722.00 STAFF AND OPERATIONS

-Rent and furnishings for offices at
1016 West 6th Avenue, Suite B
Anchorage, Alaska 99501

-Plus salaries for staff

\$ 12,000.00 PLANNING AND COUNCILING

-Media advice, national and regional

\$102,500.00 TRAVEL/SPEAKERS BUREAU

-Includes \$70,000.00 for "Speakers Bureau"
which would cover Alaska representatives
personally contacting every other State
Legislature. And, Council members and
staff travel for \$32,500.00

\$ 40,000.00 COMMUNICATIONS INTERNAL

-Telephone, telegraph, telex

\$150,000.00 LEGAL REPRESENTATION

-Includes firms with Washington offices with
entree to both minority and majority.

2,50,000.

\$ 11,500.00

MATERIALS REPRODUCTION

-Copying of slides, maps, film segments, xeroxing of briefing books, legal opinions, memoranda, and legislation.

\$ 13,000.00

PRINTING

-Brochures and other mail out materials.

\$ 4,000.00

GRAPHICS DESIGN

-Brochure and report work

\$ 6,000.00

RADIO PRODUCTION

-For productions of radio pieces for use in Congressional communications and key congressional districts in the lower 48.

\$140,000.00

TV and for FILM PRODUCTION & BROADCAST TIME PURCHASE

-TV: Studio production time for information programs.

-FILM PRODUCTION: Possible expansion of existing film piece or production of new piece depending on conditions in Congress and the U.S.

-BROADCAST TIME PURCHASE: Radio or TV time purchase to air materials.

\$ 50,000.00

SPACE PURCHASE

-For purchase of newspaper space in key regions.

\$ 10,000.00

DIRECT MAIL

-Information dissemination to Congress, other legislatures, Alaska public.

\$ 25,000.00 SURVEY RESEARCH
 -For survey of Congressional attitudes and buying a couple questions in an existing Gallup or Harris type poll.

\$ 13,000.00 SPECIAL CONSULTANTS
 -Hire of individuals on short term basis with special knowledge or areas of influence in a specific issue area.

\$ 12,500.00 EVALUATIONS AND REPORTS
 -Reports concerning regionalized knowledge and evaluations such as in "Coalition of Western States" type programs.

\$ 12,000.00 MISCELLANEOUS EXPENSES
 -Such as Projector or video tape machine rentals, messenger service, publication subscriptions, transcriptions, paper, pencils, paper clips, push pins, typewriter ribbons, 3 ring binders, scotch tape, rubber bands, map pins, dictionary, phone message pads, etc.

\$ 70,000.00 USA NEWS MEDIA CAMPAIGN
 -An individual with nation wide entree to major editors and newspaper to conduct a 5 month nationwide newspaper visiting program.

\$ 75,000.00 USA NEWS FEED OPERATION
 -To set up and execute a system of feeding (d) (2) related News into the various states and regions. This would require relating "our" news to the pertinent issues of a specific state or region.

\$831,222.00 TOTAL

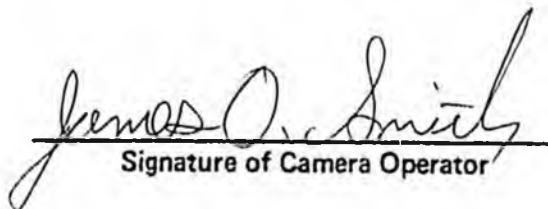
+ 15. Seminar/Work Session
 on Coop Mgmt

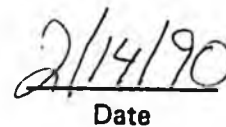


RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.


Signature of Camera Operator


Date

CITY OF SEWARD



P. O. BOX 337
SEWARD, ALASKA 99664

CITY MANAGER	224-5214
COMPTROLLER	224-5216
INFORMATION	224-5215
CITY POLICE	224-5201

January 9, 1978

Honorable Peter Loveseth
Alaska House of Representatives
Pouch V
Juneau, AK 99811

RE: REQUEST FOR EMERGENCY RELIEF FUNDS TO REIMBURSE THE CITY OF SEWARD FOR THE
18 MAY 1977 CATASTROPHIC FAILURE OF THE TRANSMISSION LINES AT THE MILE 18
SLIDE AREA

Dear Pete:

- Reference:
- A. Letter from U.S. Department of Transportation Federal Highway Administration, HNG-10, dated 17 August 1977.
 - B. Letter from City of Seward dated 2 September 1977.
 - C. Letter from State of Alaska dated 10 October 1977.
 - D. Letter from City of Seward dated 2 December 1977.
 - E. Letter from State of Alaska dated 6 December 1977.
 - F. Letter from State of Alaska dated 15 December 1977.

The City of Seward is requesting financial assistance and help as a result of the 18 May 1977 catastrophic failure of our transmission line crossing the slide zone at milepost 18 on the Seward Highway.

We have made every attempt to secure emergency funding through the Kenai Peninsula Borough Civil Defense Director (reff. B) and also from the Alaska Disaster Office (reff. C). Mr. Newbury, Director of the State of Alaska Emergency Services, has suggested the approach we are now making. We request consideration and appropriation from the State of Alaska to help offset the unusual expenses incurred as a result of the mudslide and resulting damages to our transmission line.

On 20 May 1977, Governor Jay S. Hammond issued a proclamation declaring an emergency as a result of the 18 May 1977 failure of the bridge and adjacent roadway approaches. As a result of the proclamation, the Federal Highway Administration approved 100 percent emergency relief funds to construct temporary roadway facilities and construction and new alignment of a bridge and approach roadway (reff. A).

Honorable Peter Loveseth

January 9, 1978

Page Two

The financial loss to our community is significant. We feel that since the destruction was of the magnitude to warrant the Governor declaring a proclamation of emergency and subsequently receiving funds from the Federal Government, the community of Seward is justified in requesting the funds desperately needed to reimburse the costs incurred for the emergency repair and proposed relocation of the power transmission line.

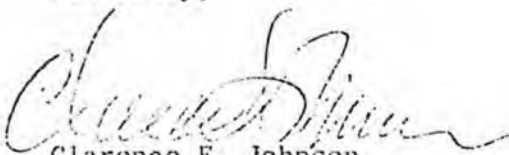
The following are a list of expenses incurred by the City of Seward as a result of the mud slide. We have also included anticipated costs to relocate the transmission line from its temporary configuration to the permanent realignment of the new highway.

1. Temporary construction (reff. B) \$52,742.87
 2. Gravel Pads - Subcontract to highway realignment
(work to be performed) \$44,660.00*
 3. Relocation of Transmission Line to new highway
realignment (work to be performed) \$82,000.00*
 4. Contingency 10 percent (\$2,000 + 44,660) \$13,000
- Total Financial Assistance Requested \$192,402.87

* Engineering Estimate

We respectfully request your consideration and appropriation of funds for the purpose of reimbursing the City of Seward for the unusual expenses incurred and anticipated as a result of the mudslide and damages to our transmission line.

Sincerely,



Clarence E. Johnson
City Manager

Attachments:

Identical letter sent Honorable Jalmar M. Kerttula

cc: Honorable Jay Hammond

CEJ/TS/lb



U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION
WASHINGTON, D.C. 20590

A

AUG 17 1977

IN REPLY REFER TO:

HNG-10

Mrs. Rolland Johnson
Box 515
Seward, Alaska 99664

Dear Mrs. Johnson:

We have been asked to answer your letter of July 25 to the President seeking help in regard to the replacement of a bridge on the Seward Highway in Alaska. The bridge was destroyed by a massive mud slide and debris avalanche at Milepost 18. Secretary of Transportation Brock Adams acknowledged your letter on August 3.

On May 20, Governor Jay S. Hammond issued a proclamation declaring an emergency as a result of the May 18 catastrophic failure of the bridge and adjacent roadway approaches. The proclamation requested Federal-aid emergency relief funds to repair the damages. Federal Highway Administrator William M. Cox approved the request on June 27. Emergency relief funds will reimburse the State for 100 percent of the eligible costs of the temporary detour, debris removal, and the construction of the bridge and approach roadways on new alignment. Our field representatives in Alaska are cooperating fully with the State as it develops plans for the work.

We note you sent a copy of your letter to Governor Hammond. This is appropriate because State officials are responsible for the planning, design, and construction of the emergency relief work. We are sending a copy of this correspondence to our Alaska Division Administrator to let him know of your concern about restoration of service.

Sincerely yours,

Joseph W. Bardell, Jr.

For
W. J. Wilkes
Director, Office of Engineering

CITY OF SEWARD



P. O. BOX 537
SEWARD, ALASKA 99664

B

CITY MANAGER	224-5214
COMPTROLLER	224-5216
INFORMATION	224-5215
CITY POLICE	224-5201

September 2, 1977

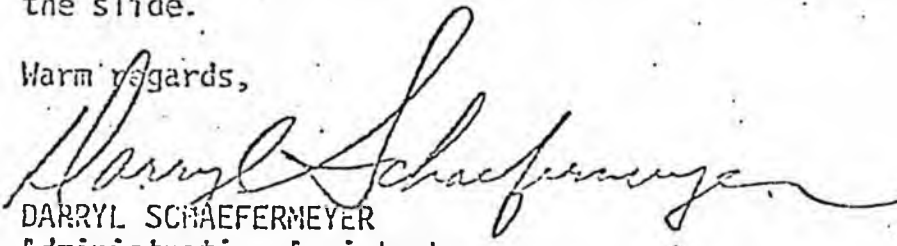
Mr. Don Gallagher
Civil Defense Director
Kenai Peninsula Borough
P.O. Box 850
Soldotna, Alaska 99569

Dear Don:

Attached per our conversation of September 2, 1977, are copies of the billings totalling 52,742.87 received by the City for work performed to restore power following the Mile 18 slide. It is our understanding that you will transmit this information to the Alaska Disaster Office in an effort to secure full or partial payment of these costs.

Additionally, I have enclosed a letter from the Federal Highway Administration relative to a gubernatorial proclamation issued on May 20, 1977, and approved by the FHA on June 27, declaring an emergency as a result of the slide.

Warm regards,


DARRYL SCHAEFERMEYER
Administrative Assistant

Enclosures

DS/lb

STATE OF ALASKA

DEPARTMENT OF MILITARY AFFAIRS

ALASKA DIVISION OF EMERGENCY SERVICES

JAY S. HAMMOND, GOVERNOR

1305 EAST 4TH AVENUE
ANCHORAGE - 99501

October 10, 1977

Darryl Schaefermeyer
Administrative Assistant
City of Seward
Box 337
Seward, Alaska 99664

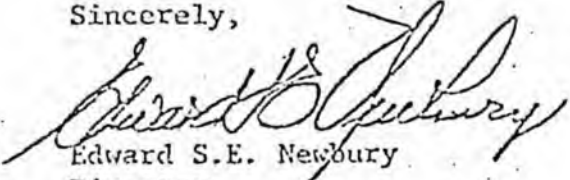
Dear Mr. Schaefermeyer:

Mr. Gallagher, Kenai Peninsula Borough Civil Defense Director, has forwarded your letter to this office concerning the expenses incurred by the City of Seward as a result of the mudslide at Mile 18.

Unfortunately, this incident does not qualify as a disaster within the scope of the Alaska Statutes in force on May 18, 1977. The Governor was authorized use of the Disaster Relief Fund to alleviate the effects of any incident which had been declared to be a major disaster by the President of the United States; however, since there was no presidential declaration this avenue is closed to us.

I recommend that you request one of your legislators to propose an appropriation for the purpose of reimbursing the city for the unusual expenses incurred as a result of the mudslide and the resulting damage. There is ample precedent for such action and it should permit the city to recoup some, or all, of these unforeseen expenses.

Sincerely,


Edward S.E. Newbury
Director

cc: Donald J. Gallagher
Kenai Peninsula Borough

CITY OF SEWARD



P. O. BOX 337
SEWARD, ALASKA 99664

CITY MANAGER 224-5214
COMPTROLLER 224-5216
INFORMATION 224-5215
CITY POLICE 224-5201

December 2, 1977

Department of Transportation and
Public Facilities
Central Region
4111 Aviation Avenue, Pouch 6900
Anchorage, AK 99502

ATTENTION: WALT DOWNS

RE: PROJECT ERFD-60(1)-SNOW RIVER PROJECT

Gentlemen:

The City of Seward requests to enter into the public record our position regarding the proposed road relocation at Mile 18.1.

We would request that the "proposed power line" as shown on the enclosed drawing be included with your plans to relocate the damaged roadway.

Abandonment of the old roadway will leave our power line in a very precarious position. We have always relied heavily on the roadway to provide a work platform to service this most critical river crossing.

We endorse the efforts made by the State of Alaska, Department of Transportation and Public Facilities, to improve the slide damaged roadway. We also request consideration be made and grant the relocation of the City of Seward's transmission line to follow the new roadway relocation.

A preliminary estimate to relocate this line at the time of roadway construction is \$82,000. This would include all materials and labor necessary to position the line in a proximity to provide access from the new road.

Department of Transportation and
Public Facilities

December 2, 1977

Page two

As it is our understanding that the plans for the road relocation currently being developed we urge your early attention to this request so that it can be incorporated into these plans as a part of the total project. In this regard, please feel free to contact our electrical engineer, Mr. Tom Small, CH2M Hill, 310 K Street, Suite 602, Anchorage, AK, telephone 279-6491, for any assistance you may need.

Sincerely,

Clarence E. Johnson
City Manager

CEJ/TS/DS/lb

bcc: T. Small

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION
and PUBLIC FACILITIES

JAY S. HAMMOND, GOVERNOR

CENTRAL REGION

4111 AVIATION AVENUE, POUCH 6900
ANCHORAGE 99502 (TELEX 23-133)

December 6, 1977

RECEIVED

DEC 8 1977

CITY OF SEWARD
CITY MANAGER

Mr. Clarence E. Johnson
City Manager
City of Seward

Dear Mr. Johnson:

We are in receipt of your letter concerning the power line relocation at Mile 18.1. This correspondence will be entered into the official transcript of the Public Hearing held on November 30 in Moose Pass. We are also transmitting it to our Utilities Section for further evaluation.

Sincerely,



Matt Downs
Transportation Planner
DOT/PF

WTD:k1

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

Division of Highways
Design and Construction

CENTRAL REGION

POUCH 6900
ANCHORAGE, ALASKA 99502
(TELEX 25-185)

RECEIVED

DEC 19 1977

December 15, 1977

CITY OF SEWARD
CITY MANAGER

RE: 242C-2513
ERFO-60(1)
Snow River ARR Bridge
Mile 18.1
City of Seward Electrical

Mr. Clarence E. Johnson
City Manager
City of Seward
P.O. Box 337
Seward, Alaska 99664

243-1255

Dear Mr. Johnson:

Reference is made to your letter of December 2, 1977 addressed to Walt Downs concerning the above project.

Current State and Federal regulations for relocating or adjusting utility facilities on a highway project require the facility to be in direct conflict with the construction limits of the proposed project. Therefore, in this case, State or Federal participation would not be available to fund the relocation of the City's power line.

It should be noted that a twenty foot wide embankment will remain on the existing alignment of the Seward Highway from the present Alaska Railroad crossing south to where the new highway alignment ties back in. This will provide the same access that now exists for the power line.

If it is inevitable that the line must be relocated due to the slide area, please have your Electrical Engineer contact our design section to work out the details of location and

Mr. Clarence Johnson

-2-

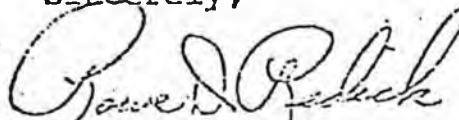
December 15, 1977

coordination. I would definitely recommend that it be constructed under a separate contract administered by the City in lieu of it being included in the highway contract. We have found the bids to be extremely high for the electrical work when included as a part of a highway project.

We can insert provisions in our contract requiring the highway contractor to cooperate and coordinate his efforts with an electrical contractor if the line is to be constructed during the highway project. I will instruct my design personnel to work with your Engineer on these provisions.

If I can be of any further assistance in this matter, please contact my office.

Sincerely,



Rowe D. Redick
Regional Engineer

Introduced: 1/18/78
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY LOVSETH

2 HOUSE BILL NO. 653

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation with respect to
7 a utilities transmission line at Mile 18.1 of the
8 Seward Highway; and providing for an effective date."

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

10 * Section 1. The sum of \$192,743 is appropriated from the general fund to
11 be apportioned as follows:

12 (1) \$52,743 to the City of Seward to reimburse the city for its
13 expenditures to meet extraordinary expenses incurred as a result of damage to
14 the city transmission line on May 18, 1977;

15 (2) \$140,000 to the Department of Transportation and Public Facil-
16 ities to relocate the principal transmission line serving the City of Seward
17 in conjunction with realignment of the roadway at Mile 18.1 of the Seward
18 Highway.

19 * Sec. 2. The unexpended and unobligated portion of the appropriation
20 made in sec. 1(2) of this Act lapses into the general fund June 30, 1979.

21 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
22 0.0(c).

23

24

25

26

27

28

29

#

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. S.B. No. 425 and H.B. No. 653 (Identical)
 Title Appropriation for City of Seward Transmission Line Relocation
 Requested by Legislative Finance Division Date _____

HB 653

II. FISCAL DETAIL
 Agency Affected Department of Transportation and Public Facilities
 Program Category Affected Transportation
 Budget Request Unit(s) Affected Highways Design and Construction

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Since this proposed relocation is not related to the proposed highway reconstruction at Mile 18.1 on the Seward Highway, it would seem to be more logical to appropriate this funding directly to the City of Seward. The purpose of the line movement is solely to improve the accessibility of the line from the proposed highway location, for future maintenance of the line.

IV. DATE _____ PREPARED BY *AD Seegal*
 AGENCY DOT/PF

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named) Kertulla, Lovseth
 PHONE _____

COMMITTEE REPORT
HOUSE

4/7/78

FURTHER: _____

Date: _____

Mr. Speaker:

The Committee on Finance has had HB 653

"An Act making a special appropriation with respect to a utilities transmission line at Mile 18.1 of the Seward Highway; eff. date."

under consideration and (a majority of the committee) (the committee reports it back as follows)

- recommends it do pass recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for _____

- and _____ new title same title
- AND attaches a Letter of Intent New Fiscal Note
- reports it back without recommendation
- and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

COMMITTEE REPORT

HOUSE

FURTHER: FINANCE

1/18/78

Date: April 6, 1978

Mr. Speaker:

The Committee on STATE AFFAIRS has had HB 653
"An Act making a special appropriation with respect to a utilities trans-
mission line at Mile 18.1 of the Seward Highway; eff. date."

under consideration and (a majority of the committee) (~~the~~ ~~or~~ ~~mittee~~
~~reports it back as follows~~)

- recommends it do pass () recommends it do not pass
- () recommends it do pass with attached amendment(s)
- () recommends it be replaced with CS for _____
- and _____ () new title () same title
- () AND attaches a Letter of Intent () New Fiscal Note
- () reports it back without recommendation
- () and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

P. S. Bradley
DO PAS
Byron W. Kettner - Do Pass
W. Miles - Do Pass

P. S. Bradley
Chairman

4561
Lorenz

Introduced: 1/18/78
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY LOVSETH

2 HOUSE BILL NO. 653

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation with respect to
7 a utilities transmission line at Mile 18.1 of the
8 Seward Highway; and providing for an effective date."

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

10 * Section 1. The sum of \$192,743 is appropriated from the general fund to
11 be apportioned as follows:

12 (1) \$52,743 to the City of Seward to reimburse the city for its
13 expenditures to meet extraordinary expenses incurred as a result of damage to
14 the city transmission line on May 18, 1977;

15 (2) \$140,000 to the Department of Transportation and Public Facil-
16 ities to relocate the principal transmission line serving the City of Seward
17 in conjunction with realignment of the roadway at Mile 18.1 of the Seward
18 Highway.

19 * Sec. 2. The unexpended and unobligated portion of the appropriation
20 made in sec. 1(2) of this Act lapses into the general fund June 30, 1979.

21 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
22 070(c).

ALASKA STATE LEGISLATURE

TENTH Legislature SECOND Session

HOUSE BILL NO. 653

By LOVSETH

'An Act making a special appropriation with respect to a utilities transmission line at Mile 18.1 of the Seward Highway; and providing for an effective date.'

utilit.transm.line Seward Hwy.

Introduced in the House 1-18, 1978

HISTORY IN THE HOUSE

1978	Read first time and referred to Committee on State Affairs and Finance										
Jan. 18	Reported back with recommendation that										
	Read second time and										
	Read third time and										
	<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date										
Yeas	Yeas										
Nays	Nays										
Absent	Absent										
Excused	Excused										
	Reconsideration										
	<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date										
Yeas	Yeas										
Nays	Nays										
Absent	Absent										
Excused	Excused										
	Reported correctly engrossed										
	Signed by Speaker										
	Sent to Senate										
	CHIEF CLERK OF THE HOUSE										

HISTORY IN THE SENATE

19	Read first time and referred to Committee on										
	Reported back with recommendation that										
	Read second time and										
	Read third time and										
	<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date										
Yeas	Yeas										
Nays	Nays										
Absent	Absent										
Excused	Excused										
	Reconsideration										
	<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date										
Yeas	Yeas										
Nays	Nays										
Absent	Absent										
Excused	Excused										
	Reported correctly engrossed										
	Signed by President										
	Returned to House										
	SECRETARY OF THE SENATE										

HISTORY IN THE HOUSE

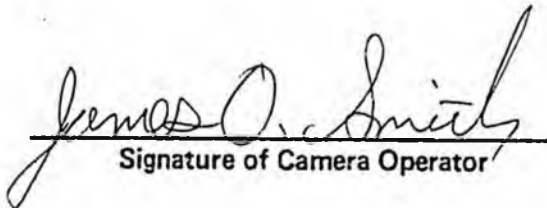
19	Received from Senate
	Concurred in Senate amendment thus adopting:
	Failed to concur in Senate amendment; asked Sen. to recede
	Senate receded from amendment
	Senate failed to recede from amendment
	FCC appointed by House
	FCC appointed by Senate
	FCC adopted
	To enrolling
	Reported correctly enrolled
	Sent to Governor
 by Governor
	Filed with Lt. Governor
	Chapter No.

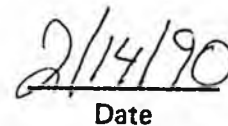


RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.


Signature of Camera Operator


Date

Introduced: 1/18/78
Referred: State Affairs and
Finance

BY BRADLEY, ANDERSON, BUCHHOLDT,
COTTEN, COWPER, DANKWORTH, DUNCAN,
ELIASON, FREEMAN, GARDINER, GRUENING,
HAUGEN, HAYES, LETHIN, LOVSETH,
MCKINNON, MALONE, MEEKINS, MILES,
MILLER, NAKAK, OSE, PARR, PHILLIPS,
SCHAEFFER, SNIDER AND SWANSON

1 IN THE HOUSE

2 HOUSE BILL NO. 654

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for redevelopment assistance in
7 blighted commercial areas."

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

9 * Section 1. AS 45.90 is amended by adding a new chapter to read:

10 CHAPTER 92. COMMERCIAL REDEVELOPMENT PROGRAM.

11 Sec. 45.92.010. PURPOSE. The legislature finds that there are
12 commercial areas which, because of inadequate planning or economic
13 decay, constitute an aesthetic or economic blight on cities and towns in
14 the state. It is the intent and policy of the legislature to encourage
15 and assist in the redevelopment of these blighted areas wherever practi-
16 cable and to prevent their recurrence.

17 Sec. 45.92.020. DESIGNATION OF REDEVELOPMENT AREAS. A local
18 governing body may identify and declare redevelopment areas within its
19 jurisdiction. In order to qualify as a redevelopment area under this
20 chapter, an area must be commercially developed and constitute a serious
21 aesthetic or economic blight on the community. A redevelopment area
22 must have significant potential for improvement and need for assistance
23 under this chapter. To be eligible under this chapter, the designation
24 of redevelopment areas is required to be certified by the department.

25 Sec. 45.92.030. REDEVELOPMENT PLANS. In order to qualify for
26 assistance under this chapter, the local governing body shall submit to
27 the department a redevelopment plan which establishes coherent guide-
28 lines and objectives for improvements within a redevelopment area that
29 are economically feasible and aesthetically pleasing. The department

1 is responsible for reviewing all redevelopment plans. No assistance may
2 be granted in a redevelopment area under this chapter unless a redevelop-
3 ment plan is approved by the department for that area.

4 Sec. 45.92.040. CREATION OF COMMERCIAL REDEVELOPMENT REVOLVING
5 FUND. There is created in the Department of Commerce and Economic
6 Development a commercial redevelopment revolving fund.

7 Sec. 45.92.050. POWERS AND DUTIES OF THE DEPARTMENT. (a) The
8 department may

9 (1) make loans to a business for developments or improvements
10 in a redevelopment area;

11 (2) designate agents and delegate powers to them as is
12 necessary;

13 (3) establish amortization plans for the repayment of loans
14 not to exceed 20 years;

15 (4) adopt regulations necessary to carry out its functions
16 under this chapter.

17 (b) The department shall consult with the Department of Community
18 and Regional Affairs on regulations and procedures established under
19 this chapter.

20 (c) The department shall, within the limitations of appropriations
21 for that purpose, reimburse local governments on a pro rata basis for up
22 to 50 per cent of revenue foregone as a result of ordinances enacted
23 under AS 29.53.035(h).

24 Sec. 45.92.060. LIMITATIONS ON LOANS. (a) State participation in
25 a loan to a business under this chapter may not be more than \$3,000,000.

26 (b) The loan shall be secured by acceptable collateral and may not
27 exceed 75 per cent of the appraised value of the collateral offered as
28 security.

29 (c) The rate of interest may not exceed eight per cent a year on

1 the unpaid balance of the state's share of the loan.

2 (d) A loan of \$150,000 or more under this chapter must be partic-
3 ipated in by a financial institution in an amount which is not less than
4 20 per cent of the total amount of the loan. A loan of less than
5 \$150,000 does not require participation by a financial institution.

6 (e) The participating financial institution shall administer and
7 service the loan for a reasonable fee not exceeding one-half of one per
8 cent.

9 (f) The lien of the state is a first lien to the extent of its
10 portion of the total loan and the participating financial institution
11 shall have a first lien to the extent of its portion of the total loan.

12 (g) The proposed improvement or development to be financed by the
13 loan must conform to the redevelopment plan for the area in which it is
14 located.

15 Sec. 45.92.070. SALE OR TRANSFER OF MORTGAGES AND NOTES. (a) The
16 commissioner may sell or transfer at par value or at a premium or dis-
17 count to any bank or other private purchaser for cash or other considera-
18 tion the mortgages and notes held by the department as security for
19 loans made under this chapter.

20 (b) The commissioner may sell or transfer at par value to the
21 Department of Revenue the mortgages and notes held by the Department of
22 Commerce and Economic Development as security for loans made under this
23 chapter. The Department of Revenue shall purchase the mortgages and
24 notes offered.

25 Sec. 45.92.080. REQUIRED LOCAL EFFORT. To be eligible to receive
26 assistance under this chapter, a local governing body is required to
27 demonstrate to the department that it has made a good faith effort to
28 establish planning and zoning procedures that will arrest the spread of
29 blight and prevent its recurrence.

1 Sec. 45.92.090. DEFINITIONS. In this chapter

2 (1) "commissioner" means the commissioner of commerce and
3 economic development;

4 (2) "department" means the Department of Commerce and Economic
5 Development.

6 * Sec. 2. AS 29.53.035 is amended by adding a new subsection to read:

7 (h) A municipality may by ordinance exempt from taxation all or
8 any part of the increase in assessed value of improvements to or new
9 developments on real property in a redevelopment area under AS 45.92 if
10 an increase in assessed value is directly attributable to alteration of
11 the natural features of the land or new maintenance, repair or reno-
12 vation of an existing structure or new development and if the altera-
13 tion, maintenance, repair, renovation or development, when completed,
14 enhances the exterior appearance or aesthetic quality of the land or
15 structure and is certified by the Department of Commerce and Economic
16 Development to conform with the redevelopment plan for that area under
17 AS 45.92. An exemption provided under this subsection may continue for
18 up to four years from the date the improvement is completed or from the
19 date of approval for the exemption by the Department of Commerce and
20 Economic Development, whichever is later.

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 654
Title Providing redevelopment assistance in blighted commercial areas
Requested by _____ Date 1-27-78

HB 654

II. FISCAL DETAIL

Agency Affected Commerce & Economic Development
Program Category Affected Development
Budget Request Unit(s) Affected Business Loans

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES			48.5	50.9	53.5	56.1
200 TRAVEL			4.2	4.4	4.6	4.9
300 CONTRACTUAL			6.0	3.0	3.1	3.3
400 COMMODITIES			.5	.5	.6	.6
500 EQUIPMENT			2.0	0	0	0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
Appropriation			3,000.0	0	0	0
TOTAL			3,061.2	58.8	61.8	64.9

FUNDING (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
GENERAL FUND			3,061.2	58.8	61.8	64.9
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
FULL TIME			2	2	2	2
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

To properly administer this program will require one loan examiner and clerical support to be located in Anchorage. The person will be required to work closely with municipalities and make recommendations to the loan committee. Due to the increased volume of existing loan programs, the Division could not properly administer this program with the existing staff. See attached chart.

IV. DATE 1/27/78 PREPARED BY Pete Jeans
AGENCY Division of Business Loans
PHONE 465-2510
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

HB 654

Personal Services

Loan Examiner III	Range 19	25,632	
Clerk Typist III	Range 8	12,060	
Benefits		6,596	
Health		1,972	
FICA		<u>2,280</u>	
Total Personal Services			48,540

Travel

12 3-day trips @ \$200 each		2,400	
36 days per diem x \$50		<u>1,800</u>	
Total Travel			4,200

Contractual

Regulations, printing, rent			6,000
-----------------------------	--	--	-------

Commodities

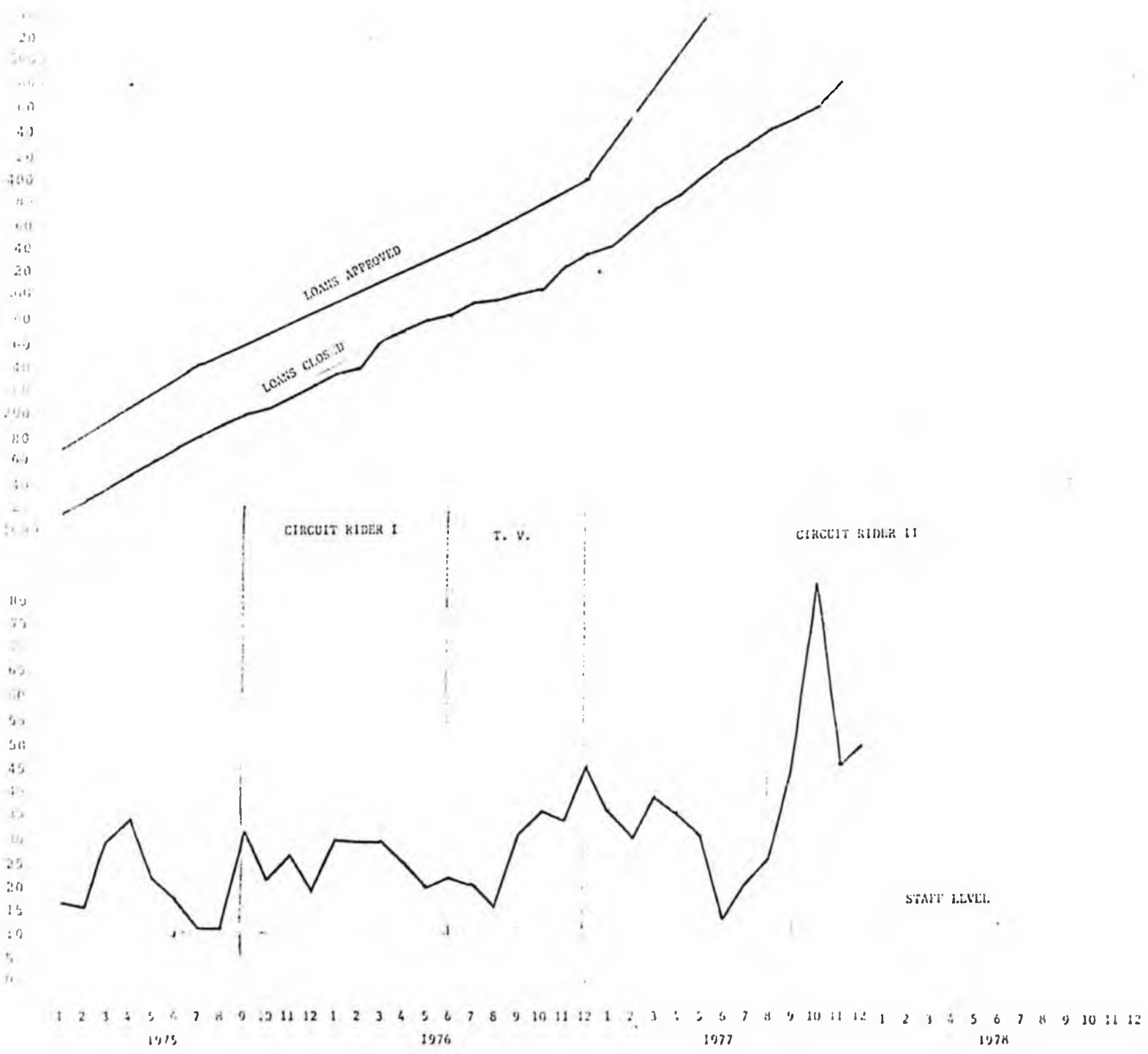
500

Equipment

2,000

TOTAL

61,240



COMMITTEE REPORT

HOUSE

4/10/78

FURTHER: _____

Date: _____

Mr. Speaker:

The Committee on FINANCE has had HB 654
"An Act providing for redevelopment assistance in blighted commercial areas."

under consideration and (a majority of the committee) (the committee reports it back as follows)

- recommends it do pass recommends it do not pass
 recommends it do pass with attached amendment(s)
 recommends it be replaced with CS for _____
and _____ new title same title
 AND attaches a Letter of Intent New Fiscal Note
 reports it back without recommendation
 and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

COMMITTEE REPORT

HOUSE

1/18/78

FURTHER: FINANCE

Date: April 7, 1978

Mr. Speaker:

The Committee on STATE AFFAIRS has had HB654
"An Act providing for redevelopment assistance in blighted commercial areas."

under consideration and (^{3 members} ~~a majority~~ of the committee) (~~the committee~~
~~reports it back as follows~~)

- recommends it do pass () recommends it do not pass
- () recommends it do pass with attached amendment(s)
- () recommends it be replaced with CS for _____
- and _____ () new title () same title
- () AND attaches a Letter of Intent () New Fiscal Note
- () reports it back without recommendation
- () and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

A. S. Bradley - Do Pass The McKinnon Do Pass if amended.
NO Boyle Do Pass if amended
Jim W. Patton - Do Pass

A. S. Bradley
 Chairman

Introduced: 1/18/78
Referred: State Affairs and
Finance

BY BRADLEY, ANDERSON, BUCHHOLDT,
COTTEN, COWPER, DANKWORTH, DUNCAN,
ELIASON, FREEMAN, GARDINER, GRUENING,
HAUGEN, KAYES, LETHIN, LOVSETH,
MCKINNON, MALONE, MEEKINS, MILES,
MILLER, NAKAK, OSE, PARR, PHILLIPS,
SCHAEFFER, SNIDER AND SWANSON

4212
Humphreys
1 IN THE HOUSE

2 HOUSE BILL NO. 654

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for redevelopment assistance in
7 blighted commercial areas."

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

9 * Section 1. AS 45.90 is amended by adding a new chapter to read:

10 CHAPTER 92. COMMERCIAL REDEVELOPMENT PROGRAM.

11 Sec. 45.92.010. PURPOSE. The legislature finds that there are
12 commercial areas which, because of inadequate planning or economic
13 decay, constitute an aesthetic or economic blight on cities and towns in
14 the state. It is the intent and policy of the legislature to encourage
15 and assist in the redevelopment of these blighted areas wherever practi-
16 cable and to prevent their recurrence.

17 Sec. 45.92.020. DESIGNATION OF REDEVELOPMENT AREAS. A local
18 governing body may identify and declare redevelopment areas within its
19 jurisdiction. In order to qualify as a redevelopment area under this
20 chapter, an area must be commercially developed and constitute a serious
21 aesthetic or economic blight on the community. A redevelopment area
22 must have significant potential for improvement and need for assistance
23 under this chapter. To be eligible under this chapter, the designation
24 of redevelopment areas is required to be certified by the department.

25 Sec. 45.92.030. REDEVELOPMENT PLANS. In order to qualify for
26 assistance under this chapter, the local governing body shall submit to
27 the department a redevelopment plan which establishes coherent guide-
28 lines and objectives for improvements within a redevelopment area that
29 are economically feasible and aesthetically pleasing. The department

1 is responsible for reviewing all redevelopment plans. No assistance may
2 be granted in a redevelopment area under this chapter unless a redevelop-
3 ment plan is approved by the department for that area.

4 Sec. 45.92.040. CREATION OF COMMERCIAL REDEVELOPMENT REVOLVING
5 FUND. There is created in the Department of Commerce and Economic
6 Development a commercial redevelopment revolving fund.

7 Sec. 45.92.050. POWERS AND DUTIES OF THE DEPARTMENT. (a) The
8 department may

9 (1) make loans to a business for developments or improvements
10 in a redevelopment area;

11 (2) designate agents and delegate powers to them as is
12 necessary;

13 (3) establish amortization plans for the repayment of loans
14 not to exceed 20 years;

15 (4) adopt regulations necessary to carry out its functions
16 under this chapter.

17 (b) The department shall consult with the Department of Community
18 and Regional Affairs on regulations and procedures established under
19 this chapter.

20 (c) The department shall, within the limitations of appropriations
21 for that purpose, reimburse local governments on a pro rata basis for up
22 to 50 per cent of revenue foregone as a result of ordinances enacted
23 under AS 29.53.035(h).

24 Sec. 45.92.060. LIMITATIONS ON LOANS. (a) State participation in
25 a loan to a business under this chapter may not be more than \$3,000,000.

26 (b) The loan shall be secured by acceptable collateral and may not
27 exceed 75 per cent of the appraised value of the collateral offered as
28 security.

29 (c) The rate of interest may not exceed eight per cent a year on

1 the unpaid balance of the state's share of the loan.

2 (d) A loan of \$150,000 or more under this chapter must be partic-
3 ipated in by a financial institution in an amount which is not less than
4 20 per cent of the total amount of the loan. A loan of less than
5 \$150,000 does not require participation by a financial institution.

6 (e) The participating financial institution shall administer and
7 service the loan for a reasonable fee not exceeding one-half of one per
8 cent.

9 (f) The lien of the state is a first lien to the extent of its
10 portion of the total loan and the participating financial institution
11 shall have a first lien to the extent of its portion of the total loan.

12 (g) The proposed improvement or development to be financed by the
13 loan must conform to the redevelopment plan for the area in which it is
14 located.

15 Sec. 45.92.070. SALE OR TRANSFER OF MORTGAGES AND NOTES. (a) The
16 commissioner may sell or transfer at par value or at a premium or dis-
17 count to any bank or other private purchaser for cash or other considera-
18 tion the mortgages and notes held by the department as security for
19 loans made under this chapter.

20 (b) The commissioner may sell or transfer at par value to the
21 Department of Revenue the mortgages and notes held by the Department of
22 Commerce and Economic Development as security for loans made under this
23 chapter. The Department of Revenue shall purchase the mortgages and
24 notes offered.

25 Sec. 45.92.080. REQUIRED LOCAL EFFORT. To be eligible to receive
26 assistance under this chapter, a local governing body is required to
27 demonstrate to the department that it has made a good faith effort to
28 establish planning and zoning procedures that will arrest the spread of
29 blight and prevent its recurrence.

1 Sec. 45.92.090. DEFINITIONS. In this chapter

2 (1) "commissioner" means the commissioner of commerce and
3 economic development;

4 (2) "department" means the Department of Commerce and Economic
5 Development.

6 * Sec. 2. AS 29.53.035 is amended by adding a new subsection to read:

7 (h) A municipality may by ordinance exempt from taxation all or
8 any part of the increase in assessed value of improvements to or new
9 developments on real property in a redevelopment area under AS 45.92 if
10 an increase in assessed value is directly attributable to alteration of
11 the natural features of the land or new maintenance, repair or reno-
12 vation of an existing structure or new development and if the altera-
13 tion, maintenance, repair, renovation or development, when completed,
14 enhances the exterior appearance or aesthetic quality of the land or
15 structure and is certified by the Department of Commerce and Economic
16 Development to conform with the redevelopment plan for that area under
17 AS 45.92. An exemption provided under this subsection may continue for
18 up to four years from the date the improvement is completed or from the
19 date of approval for the exemption by the Department of Commerce and
20 Economic Development, whichever is later.
21
22
23
24
25
26
27
28
29

HB 654

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

1 Sec. 45.92.090. DEFINITIONS. In this chapter

2 (1) "commissioner" means the commissioner of commerce and
3 economic development;

4 (2) "department" means the Department of Commerce and Economic
5 Development.

6 * Sec. 2. AS 29.53.035 is amended by adding a new subsection to read:

7 (h) A municipality may by ordinance exempt from taxation all or
8 any part of the increase in assessed value of improvements to or new
9 developments on real property in a redevelopment area under AS 45.92 if
10 an increase in assessed value is directly attributable to alteration of
11 the natural features of the land or new maintenance, repair or reno-
12 vation of an existing structure or new development and if the altera-
13 tion, maintenance, repair, renovation or development, when completed,
14 enhances the exterior appearance or aesthetic quality of the land or
15 structure and is certified by the Department of Commerce and Economic
16 Development to conform with the redevelopment plan for that area under
17 AS 45.92. An exemption provided under this subsection may continue for
18 up to four years from the date the improvement is completed or from the
19 date of approval for the exemption by the Department of Commerce and
20 Economic Development, whichever is later.
21
22
23
24
25
26
27
28
29

ALASKA STATE LEGISLATURE

TENTH Legislature SECOND Session

HOUSE bill NO. 654

By BRADLEY, ANDERSON, BUCHHOLDT, COTTEN, COWPER, DANKWORTH, DUNCAN, ELIASON, FREEMAN, GARDINER, GRUENING, HAUGEN, HAYES, LETHIN, LOVSETH, MCKINNON, MALONE, MEEKINS, MILES, MILLER, NAKAK, OSE, PARR, PHILLIPS, SCHAEFFER, SNIDER AND SWANSON

"An Act providing for redevelopment assistance in blighted commercial areas."

redevelop.assist.blighted areas

Introduced in the House 1-18-1978

HISTORY IN THE HOUSE

19 78

Jan. 13

Read first time and referred to Committee on State Affairs and Finance

Reported back with recommendation that

Read second time and

Read third time and

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reconsideration

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reported correctly engrossed
Signed by Speaker
Sent to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reconsideration

PASS Effective Date
Yeas Yeas
Nays Nays
Absent Absent
Excused Excused

Reported correctly engrossed
Signed by President
Returned to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Received from Senate

Concurred in Senate amendment thus adopting:

Failed to concur in Senate amendment; asked Sen. to recede

Senate receded from amendment

Senate failed to recede from amendment

FCC appointed by House

FCC appointed by Senate

FCC adopted

To enrolling

Reported correctly enrolled

Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No.