

**ALASKA LEGISLATURE**  
**HOUSE and SENATE FINANCE COMMITTEE FILES, 1993-1994** 1177

# FISCAL NOTE

**STATE OF ALASKA**  
**1994 LEGISLATIVE SESSION**

No. 1  
 Bill Version: SB 203  
 (S) Publish Date: 2-11-94

Revision Date: \_\_\_\_\_ Dept. Affected: Public Safety  
 Title: "An act requiring unified municipalities to provide police protection and law enforcement..." BRU: Alaska State Troopers  
 Sponsor: Senate Labor and Commerce Component: Detachments  
 Requestor: Senate Community & Regional Affairs COMPONENT SERIAL NO. 799

**EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)**

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>CAPITAL</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>REVENUE FUND SOURCE:</b>	-0-	-0-	-0-	-0-	-0-	-0-

**FUNDING: (Thousands of Dollars)**

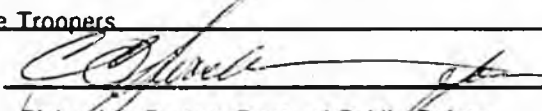
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-

**POSITIONS:**

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY 94) impact: \$ \_\_\_\_\_

**ANALYSIS: (Attach a separate page if necessary.)**  
 No fiscal impact is anticipated.

Prepared By: Francis C. Allan Phone: 269-5691  
 Division: Alaska State Troopers Date: 10/5/93  
 Approved by Commissioner:  Date: 10/5/93  
 Agency: Richard J. Burton, Dept. of Public Safety

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# FISCAL NOTE

**STATE OF ALASKA**  
**1994 LEGISLATIVE SESSION**

No. 2  
Bill Version: CSSB 203 (CRA)  
(S) Publish Date: 2-11-94

Revision Date: \_\_\_\_\_ Dept. Affected: Public Safety  
Title: "An Act relating to police protection  
service areas in municipalities." BRU: Alaska State Troopers  
Sponsor: (S) Labor & Commerce by Request Component: Detachments  
Requestor: (S) Community & Regional Affairs COMPONENT SERIAL NO. 799

**EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)**

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	86.7	417.4	785.6	785.6	785.6	785.6
TRAVEL	22.0	38.8	33.0	33.0	33.0	33.0
CONTRACTUAL	45.0	61.2	146.4	146.4	146.4	146.4
SUPPLIES	7.0	35.5	13.2	13.2	13.2	13.2
EQUIPMENT	0.0	289.2	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	146.7	146.7	146.7	146.7
<b>TOTAL OPERATING</b>	<b>150.7</b>	<b>842.1</b>	<b>1,124.9</b>	<b>1,124.9</b>	<b>1,124.9</b>	<b>1,124.9</b>
<b>CAPITAL EXPENDITURES</b>						
<b>CHANGE IN REVENUES (1005)</b>	<b>2,101.4</b>	<b>2,782.8</b>	<b>3,065.6</b>	<b>3,065.6</b>	<b>3,065.6</b>	<b>3,065.6</b>
<small>Revenue Code</small>						

**FUNDING: (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF	160.7	842.1	1,124.9	1,124.9	1,124.9	1,124.9
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>160.7</b>	<b>842.1</b>	<b>1,124.9</b>	<b>1,124.9</b>	<b>1,124.9</b>	<b>1,124.9</b>

Estimate of current year (FY 94) impact: \$ \_\_\_\_\_

**POSITIONS:**

FULL-TIME	0	11	12	12	12	12
PART-TIME	0	0	0	0	0	0
TEMPORARY	3	3	0	0	0	0

ANALYSIS: (Attach a separate page if necessary.)

See attached analysis.

Prepared By: Francis Allan Phone: (907) 269-5691  
 Division: Alaska State Troopers Date: 02/10/94  
 Approved by Commissioner: *Richard L. Burton* Date: 02/10/94  
 Agency: Richard L. Burton, Dept. of Public Safety

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The area of Anchorage known as the Hillside (to include other areas such as Girdwood and Indian) is the home of approximately 20,000 citizens, a population equivalent to a small town. Prior to determining the size of law enforcement presence, demographics must be reviewed. This area is primarily residential, with many small businesses and some light manufacturing. There is one junior high and five elementary schools in the area. There are nine bars in the area from Indian to Girdwood. The majority of the population is single family residences in the mid to upper income levels.

Suitable patrol presence for the entire Anchorage Post is four units per shift, with a supervisor who is proactive and provides occasional initial response as well as backup for the four primary patrol units. This is the minimum adequate coverage for the entire Post area (Girdwood south to Turnagain, Hillside, and north to the Palmer Patrol border, not including investigative follow up units) for full service response. Eleven additional Troopers are necessary to increase police services to this level.

Administration, supervision, and dispatch of the unit will take place with the current staff assigned to the Anchorage Post. Billing would take place to the percentage of time spent in the Hillside/Girdwood area (excluding highway work) by the existing positions responding to the Hillside/Girdwood area. Sixty percent of the current Anchorage Post time (10 Troopers) would be billed to the Hillside/Girdwood area, 30% of the Dispatch time would be billed to the Hillside/Girdwood, and eleven additional Troopers would be billed to bring the area to full service response. Three of these new eleven Troopers would be assigned to investigative follow-up, along with one additional clerk that would be required to process the paperwork generated for prosecution purposes.

The other duties that make up the 40% of Anchorage Post work not Hillside/Girdwood related are patrol and accident investigation on the highway system, search and rescues, response to the community of Tyonek, prisoner transport, criminal response to the correctional facilities, API, McLaughlin Youth Center, and the courthouse; these duties will be handled by the remainder (40%, six troopers) of the current Anchorage Post.

Costs specifically associated with individual positions include the indirect management administrative cost of 15%.

**FY95 COSTS:**

	<u>Recruiting Costs*</u>
Personal Services	86.7
Travel	22.0
Contractual	45.0
Supplies	7.0
Equipment	<u>0.0</u>
<b>TOTAL</b>	<b>160.7</b>

\* Based upon actual expenditures incurred in recruiting for Academy Class # 42. Costs include two non-perm background investigators; one for 9 months, one for 3 months, and a non-perm Clerk Typist for 12 months (PACS 12-#128, 12-#127 and 12-#126).

**FY96 COSTS:**

	<u>Recruiting Costs<sup>(1)</sup></u>	<u>Academy &amp; FTO Costs<sup>(2)</sup></u>	<u>Initial Equip.<sup>(3)</sup></u>	<u>Total</u>
Personal Services	73.3	344.1	0.0	417.4
Travel	14.0	24.8	0.0	38.8
Contractual	25.0	36.2	0.0	61.2
Supplies	2.0	33.5	0.0	35.5
Equipment	<u>0.0</u>	<u>0.8</u>	<u>283.4</u>	<u>289.2</u>
<b>TOTAL</b>	<b>114.3</b>	<b>444.4</b>	<b>283.4</b>	<b>842.1</b>

(1) Personal Services includes two non-permanent background investigators for 6 months and one non-permanent Clerk Typist III for 6 months.

(2) See page 9 of 11. Costs for 11 recruits while at the Academy and during Field Officer Training.

(3) See Base Cost sheets. Cost of equipment is not repeated in future years.

**FY97 thru FY00 COSTS:**

	<u>Invest.</u> <u>x 3</u>	<u>Troopers</u> <u>x 8</u>	<u>CT III</u> <u>x 1</u>	<u>Total</u>
Personal Services	214.9	535.4	35.3	785.6
Travel	9.0	24.0	0.0	33.0
Contractual	26.5	118.3	1.6	146.4
Supplies	2.9	7.7	2.6	13.2
Equipment	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
<b>TOTAL</b>	<b>253.3</b>	<b>685.4</b>	<b>39.5</b>	<b>978.2</b>

Management and Administration Overhead 15%

146.7

**TOTAL**

**1,124.9**

INVESTIGATOR I  
Anchorage  
Base Cost  
(PACS 12-#121, #122, #123)

PERSONAL SERVICES

Salary - Range 77, Step A, including 120 hours of overtime	\$49,927	
Benefits	<u>21,704</u>	
Total Personal Services		\$71,631

TRAVEL AND PER DIEM

Average - Training, transfer costs, etc.		3,000
--	--	-------

CONTRACTUAL

Telephone, postage, \$85 per mo	1,020	
Photo processing, \$40 per mo	480	
PSEA Physical exam, average	325	
HWCF Vehicle, Class 116, yearly operating/replacement costs per SEF	<u>7,020</u>	
Total Contractual		8,845

SUPPLIES AND MATERIALS

Replacement uniforms, jackets, hats handcuffs, etc. \$2,091 x 15% replaced yearly	314	
Film supplies, office supplies	325	
Vehicle accessories - blanket, tire chains, snow tires, flares, etc.	<u>325</u>	
Total Supplies		964

EQUIPMENT

Vehicle - SEF Class 116, unmarked	16,800	
Car radio with siren	3,000	
Portable radio	2,000	
Office furniture, desk, chair, etc.	1,100	
Firearms - S&W .4006 & Rem 870P	<u>782</u>	
Total Equipment		<u>23,682</u>

**TOTAL COST**

**\$108,122**



STATE TROOPER  
 Anchorage  
 Base Cost  
 (PACS #113, #114, #115, #116, #117, #118, #119, #120)

PERSONAL SERVICES

Salary - Range 76, Step A		
including 120 hours of overtime	\$46,418	
Benefits	<u>20,506</u>	
Total Personal Services		\$66,924

TRAVEL AND PER DIEM

Average - Training, transfer costs, etc.		3,000
--	--	-------

CONTRACTUAL

Telephone, postage, \$85 per mo	1,020	
Photo processing, \$40 per mo	480	
PSEA Physical exam, average	325	
HWCF Vehicle, Class 115, yearly operating/replacement costs per SEF	<u>12,960</u>	
Total Contractual		14,785

SUPPLIES AND MATERIALS

Replacement uniforms, jackets, hats handcuffs, etc.		
\$2,091 x 15% replaced yearly	314	
Film supplies, office supplies	325	
Vehicle accessories - blanket, tire chains, snow tires, flares, etc.	<u>325</u>	
Total Supplies		964

EQUIPMENT

Vehicle - SEF Class 116, unmarked	20,000	
Car radio	2,100	
Portable radio	2,000	
Office furniture, shared	500	
Firearms - S&W .4006 & Rem 870P	<u>782</u>	
Total Equipment		<u>25,382</u>

<b>TOTAL COST</b>		<b>\$111,055</b>
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CLERK TYPIST III  
Anchorage  
Base Cost  
(FACS 12-#124)

PERSONAL SERVICES

Salary - Range 8, Step A		
including 60 hours of overtime	\$23,212	
Benefits	<u>12,047</u>	
Total Personal Services		\$35,259

CONTRACTUAL

Telephone, postage, \$50 per mo	600	
Repair and maintenance on microcomputer	500	
Utilities	<u>500</u>	
Total Contractual		1,600

SUPPLIES AND MATERIALS

Computer paper	500	
Registration forms	1,000	
Stationery, copier paper, etc.	<u>1,100</u>	
Total Supplies		2,600

EQUIPMENT

Desk	500	
Chair	225	
Computer table	600	
Microcomputer, printer, software	<u>8,000</u>	
Total Equipment		<u>9,325</u>

**TOTAL COST** **\$ 48,784**

DEPARTMENT OF PUBLIC SAFETY  
Per Recruit Cost of an Academy Class and FTO  
FY96

Assumptions:

Length in weeks = 15  
Length in days = 106  
Start date = 01/08/96

**PERSONAL SERVICES -**

Recruit Salaries 6 months (Academy & FTO) \$ 31,285

**TRAVEL - Cost of airfare to/from Sitka**

750

Instructors, non-Academy staff,

Pro-rated cost per student

1,500

Subtotal

2,250

**CONTRACTUAL -**

Meals, Sheldon Jackson, \$18 per day x 106

1,908

Gym/pool, \$2 per day x 56 days

112

Firing Range

80

Lodging, \$7 per day x 106 days

742

Facilities, \$30.00 per week

450

Subtotal

3,292

**SUPPLIES -**

Various Academy Supplies, \$9 per day

954

Initial Trooper Issue

2,091

Subtotal

3,045

**EQUIPMENT -**

Replacement costs pro-rated per  
student, \$5 per day

530

**TOTAL COST PER STUDENT**

**\$ 40,402**

**ELEVEN STUDENTS =**

**\$ 444,122**

### REVENUE

	<u>FY95</u>	<u>FY96</u>	<u>FY97 - FY00</u>
1) Revenue from increased enforcement efforts associated with costs.	160.7	842.1	1,124.9
2) Existing Hillside enforcement effort* ( see page 11 of 12 ).	<u>1,940.7</u>	<u>1,940.7</u>	<u>1,940.7</u>
<b>TOTAL</b>	<b>2,101.4</b>	<b>2,782.8</b>	<b>3,065.6</b>

\* - Revenue from providing the existing State Trooper services to Hillside.

Note: Revenue collection will be done by the municipality, which will involve collecting the revenue noted above plus 4%, which will be retained as an administrative cost.

**CURRENT COST OF HILLSIDE SERVICE**

CLASS	PCN	P.S. - FY95	Non-P.S. -	% (2)	TOTAL
		Gov. Budget	FY95 Gov. Budget(1)		
Trooper	1068	\$80,009	\$18,749	0.60	\$59,254.80
Trooper	1071	80,364	18,749	0.60	59,467.80
Trooper	1131	70,026	18,749	0.60	53,265.00
Trooper	1185	70,026	18,749	0.60	53,265.00
Trooper	1211	97,580	18,749	0.60	69,797.40
Trooper	1234	67,903	18,749	0.60	51,991.20
Trooper	1254	86,125	18,749	0.60	62,924.40
Trooper	1337	72,148	18,749	0.60	54,538.20
Trooper	1371	76,004	18,749	0.60	56,851.80
Trooper	1376	86,665	18,749	0.60	63,248.40
Trooper	1484	83,874	18,749	0.60	61,573.80
Trooper	1497	70,026	18,749	0.60	53,265.00
Trooper	1499	86,125	18,749	0.60	62,924.40
Trooper	1612	70,026	18,749	0.60	53,265.00
Trooper	1657	94,381	18,749	0.60	67,878.00
Trooper	1666	91,981	18,749	0.60	66,438.00
Sgt	1037	107,839	12,809	0.60	72,388.80
Sgt	1128	100,867	12,809	0.60	68,205.60
Sgt	1356	95,059	12,809	0.60	64,720.80
F/Sgt	1027	97,196	12,809	0.60	66,003.00
CT III	1444	44,547	4,200	0.60	29,248.20
CT III	1527	40,993	4,200	0.60	27,115.80
Clerk IV	1380	44,864	4,200	0.60	29,438.40
RD II	1141	55,137	1,000	0.30	16,841.10
RD II	1171	53,741	1,000	0.30	16,422.30
RD II	1220	52,070	1,000	0.30	15,921.00
RD II	1299	55,742	1,000	0.30	17,022.60
RD II	1328	56,298	1,000	0.30	17,189.40
RD II	1331	54,888	1,000	0.30	16,766.40
RD II	1350	61,954	1,000	0.30	18,886.20
RD II	1402	53,403	1,000	0.30	16,320.90
RD II	1776	47,651	1,000	0.30	14,595.30
RD II	1052	50,269	1,000	0.30	15,380.70
RD III	1054	60,099	1,000	0.30	18,329.70
RD III	1403	52,952	1,000	0.30	16,185.60
RD III	1429	63,876	1,000	0.30	19,462.80
CCMC Spvrs	1404	58,636	1,000	0.30	17,890.80
Investigations (3)					143,250.00

**CURRENT HILLSIDE COST:**

**\$1,687,533.60**

Management and Administrative Overhead 15%

**253,130.04**

**TOTAL**

**\$1,940,663.64**

**Rounding**

**1940.7**

**Footnotes for Page 11**

- (1) Estimated non-personal services costs are similar to those detailed on pages 7 and 8.
- (2) Estimated percentage of effort currently directed at providing service to the Hillside area.
- (3) Based upon the history of the expenditures made by the Criminal Investigations Bureau during the past two years for major crimes occurring in the Hillside area. This involves an estimated four homicides per year.

02/09/1994 16:36:31 =====

02/09/94 Position Information Inquiry/Update 16:37:23

Position: 12-12#121 Project: 0 Salary Costs: 49,927.20  
 Component: 12-62-01-01-01-01 Benefits Costs: 21,703.83  
 Scenario: 8 FY: 95 COLA %= 0.00 Total Costs: 71,631.03

-----  
 Actuals not available (Status: UNKNOWN) ° Retirement Code: P  
 -----

° Step: A for 12.0 months & Step: B for 0.0 months (total: 12.00 )  
 00/00/00 ° Merit Date; use merit defaults? N ( 0.0 @ & 0.0 @ )  
 0 ° Class/Sched Prefix: 1 Schedule: 1A (actual: )  
 ° Bargaining Unit: AA Range: 77 (actual: )  
 ° Location Code: EBA Place: ANCHORAGE  
 ° Job Class Code: P7704 Title: CORPORAL PS \_\_\_\_\_  
 ° Seasonal Indic.: F Type: -

-----  
Optional Override Salary Rates:

Monthly Rate: 0.00 for 0.0 months & rate of 0.00 for 0.0 months  
 Hourly Rate: 0.00 for 0.0 months Frozen at this rate? (Y/N): N

Premium Pay Items/Amounts Budgeted

	Item Cost	----- Actual Costs -----	
		Y.T.D.	Prior Year
Overtime Hours: 120.0	3,931.20	0	0
Graveyard Shift Diff. (months): 0.00	0.00	0	0
Swing Shift Diff. (months): 0.00	0.00	0	0
Hazard Pay (\$): 0.00	0.00	0	0
Sea Duty Pay (\$): 0.00	0.00	0	0
Standby Pay (\$): 0.00	0.00	0	0
Higher Class Work Pay (\$): 0.00	0.00		
Area Subsistence Pay (\$): 0.00	0.00	0	0
Additional Salary (\$): 576.00	576.00		
PLUS 0.00000 PERCENT C.O.L.A.	0.00		
	=====	=====	=====
Total Premium Pay Costs:	4,507.20	0	0

Press ENTER to update record; enter # or use PF key to go another screen:  
 1=Position Inquiry/Update 2=Funding info 12=Exit w/o update Selection: 0

02/09/1994 16:39:39 =====

02/09/94 Position Information Inquiry/Update 16:40:44

Position: 12-12#113	Project: 0	Salary Costs: 46,418.40
Component: 12-62-01-01-01-01		Benefits Costs: 20,505.60
Scenario: 8 FY: 95	COLA %= 0.00	Total Costs: 66,924.00

-----  
Actuals not available (Status: UNKNOWN ) Retirement Code: P

```

00/00/00 0
  * Step: A for 12.0 months & Step: B for 0.0 months (total: 12.00 )
  * Merit Date; use merit defaults? N ( 0.0 @ 0.0 @ )
  * Class/Sched Prefix: 1 Schedule: 1A (actual: )
  * Bargaining Unit: AA Range: 76 (actual: )
  * Location Code: EBA Place: ANCHORAGE
  * Job Class Code: P7703 Title: STATE TROOPER
  * Seasonal Indic.: T Type: -

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Premium Pay Items/Amounts Budgeted

	Item Cost	----- Actual Costs -----	
		Y.T.D.	Prior Year
Overtime Hours: 120.0	3,650.40	0	0
Graveyard Shift Diff. (months): 0.00	0.00	0	0
Swing Shift Diff. (months): 0.00	0.00	0	0
Hazard Pay (\$): 0.00	0.00	0	0
Sea Duty Pay (\$): 0.00	0.00	0	0
Standby Pay (\$): 0.00	0.00	0	0
Higher Class Work Pay (\$): 0.00	0.00		
Area Subsistence Pay (\$): 0.00	0.00	0	0
Additional Salary (\$): 576.00	576.00		
PLUS 0.00000 PERCENT C.O.L.A.	0.00		
	=====	=====	=====
Total Premium Pay Costs:	4,226.40	0	0

Press ENTER to update record; enter # or use PF key to go another screen:  
1=Position Inquiry/Update 2=Funding info 12=Exit w/o update Selection: 0



02/09/1994 16:37:55 =====

02/09/94 Position Information Inquiry/Update 16:39:02

Position: 12-12#124 Project: 0 Salary Costs: 23,212.20  
Component: 12-62-01-01-01 Benefits Costs: 12,046.80  
Scenario: 8 FY: 95 COLA %= 0.00 Total Costs: 35,259.00

-----  
Actuals not available (Status: UNKNOWN ) Retirement Code: A  
-----

00/00/00 ° Step: A for 12.0 months & Step: B for 0.0 months (total: 12.00 )  
0 ° Merit Date; use merit defaults? N ( 0.0 @ & 0.0 @ )  
° Class/Sched Prefix: 1 Schedule: 1A (actual: )  
° Bargaining Unit: GG Range: 08 (actual: )  
° Location Code: EBA Place: ANCHORAGE  
° Job Class Code: P1123 Title: CLERK TYPIST III  
° Seasonal Indic.: F Type: -

-----  
Premium Pay Items/Amounts Budgeted

	Item Cost	----- Actual Costs ----- Y.T.D.	Prior Year
Overtime Hours: 60.0	1,024.20	0	0
Graveyard Shift Diff. (months): 0.00	0.00	0	0
Swing Shift Diff. (months): 0.00	0.00	0	0
Hazard Pay (\$): 0.00	0.00	0	0
Sea Duty Pay (\$): 0.00	0.00	0	0
Standby Pay (\$): 0.00	0.00	0	0
Higher Class Work Pay (\$): 0.00	0.00		
Area Subsistence Pay (\$): 0.00	0.00	0	0
Additional Salary (\$): 0.00	0.00		
PLUS 0.00000 PERCENT C.O.L.A.	0.00		
	=====	=====	=====
Total Premium Pay Costs:	1,024.20	0	0

Press ENTER to update record; enter # or use PF key to go another screen:  
1=Position Inquiry/Update 2=Funding info 12=Exit w/o update Selection: 0

**Municipal Fiscal Impact Note**  
(AS 24.08.035(e))

2/3/94  
(S) CRA  
THEN FIN

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. SB 203  
Version: 8-LS0626E

Revision Date: 4/21/93 Municipalities Affected: Unified: Anchorage, Juneau, Sitka  
 Title: An Act requiring unified municipalities to provide police protection and law enforcement services Requested By: Senate CRA  
 Sponsor: Senate Labor & Commerce Committee

**Municipal Costs: (Thousands of Dollars)**

Operating	FY95	FY96	FY97	FY98	FY99	FY2000
Personal Services	2,180.5	2,479.0	2,479.0*	2,479.0*	2,479.0*	2,479.0*
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants, Claims						
Miscellaneous	1,135.5	431.2	431.2*	431.2*	431.2*	431.2*
<b>Total Operating</b>	<b>3,316.0</b>	<b>2,910.2</b>	<b>2,910.2*</b>	<b>2,910.2*</b>	<b>2,910.2*</b>	<b>2,910.2*</b>

\* not adjusted for inflation

<b>Capital</b>						
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**Funding (Thousands of Dollars)**

Property Taxes	3,316.0	2,910.2	2,910.2*	2,910.2*	2,910.2*	2,910.2*
Sales Taxes						
User Fees						
Federal Receipts						
State Receipts						
Other						
<b>Total</b>						

**Positions**

Full-Time	37	37	37	37	37	37
Part-Time						

**Analysis:**

Amends Title 29 to require unified municipalities (Juneau, Sitka and Anchorage) to provide police protection within the entire area of the municipality. Juneau and Sitka already provide this service on an areawide basis. In Anchorage, certain areas are currently policed by the State troopers. The cost and position estimates provided above were developed by the Municipality of Anchorage and represent the estimated cost of assuming police protection and law enforcement services in these additional Anchorage areas. Estimates include costs for personnel, prosecution, new equipment and other miscellaneous costs. The Municipality estimates a requirement for 24 patrol officers, 2 traffic officers, 3 investigators and 6 office support positions to cover areas not currently receiving municipal police services. This legislation makes no provision for funding of the additional services. It is assumed the municipality would levy some form of tax on a service area basis to fund additional police services.

Prepared by: Michael Cushing, Research Analyst  
 Division: Municipal and Regional Assistance Division  
 Approved by: *Ken R. Hurlburt*  
 Commissioner: \_\_\_\_\_  
 Agency: Department of Community and Regional Affairs

Phone: 465-4751  
 Date: 1/31/94  
 Date: 2/1/94

**PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE**  
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SR 203

FISCAL NOTE

1-10-94  
(S)CRA  
THEN FIN

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. CSSB 203 ( )

WORK DRAFT  
1/11/94

Revision Date: January 12, 1994  
Title: "...Department of Public Safety providing police protection...in unified municipalities..."  
Sponsor: Senate Labor & Commerce by Request  
Requestor: Senate Labor & Commerce

Department Affected: Department of Law  
BRU: Prosecution  
Component: All  
COMPONENT SERIAL NO. 0085 through 0090

EXPENDITURES/REVENUES:

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND &						
GRANTS, CLAIMS						
MISCELL'ANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING:

1002 Federal						
1003 GF Match						
1004 GF						
1005 GF/Program						
1006 GF/MHTIA						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: -0-

ANALYSIS: (Attach a separate page if necessary.)  
Please see the attached analysis.

*Richard I. Peques*

Prepared by: Richard I. Peques, Director  
Division: Administrative Services Division

Phone: 465-3672  
Date: January 12, 1994

Approved by Commissioner: Bruce M. Botelho, Attorney General  
Agency: Department of Law

Date: January 12, 1994

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE  
For further distribution information call the Governor's Legislative Office

**FISCAL NOTE**

**STATE OF ALASKA  
1994 LEGISLATIVE SESSION**

**BILL NO. CSSB 203 ( )**

WORK DRAFT  
1/11/94

**ANALYSIS CONTINUATION:**

This bill would amend Alaska's municipal government statute AS 29, to provide that the Department of Public Safety shall charge a unified municipality for the costs of providing police protection and law enforcement services to any area of the unified municipality that is not receiving police protection provided by the municipality itself. The bill also provides certain contracting and funding terms, including authorizing the commissioner of public safety to contract with a municipality to provide police protection in place of the department under the Department of Public Safety's proposed authority to provide police protection in a unified municipality that is not receiving police protection by the municipality itself. In either event, the prosecution caseload for the Department of Law will not change substantially. Consequently, there should not be fiscal impact for the Department of Law.

# Municipality of Anchorage



P.O. BOX 196650  
ANCHORAGE, ALASKA 99519-6650  
TELEPHONE: (907) 343-4431  
FAX: (907) 272-1991

*Tom Fink, Mayor*

OFFICE OF THE MAYOR

February 10, 1994

FEB 14 1994

Sen. Drue Pearce, Co-Chair  
Senate Finance Committee  
State Capitol, Room 508  
Juneau, AK 99801-1182

Dear Sen. Pearce:

Earlier this week the Senate Community & Regional Affairs Committee referred SB 203 to the Senate Finance Committee. I am writing to you regarding the Municipality's opposition to SB 203 which relates to contracting with State Troopers for providing police protection services to Southeast Anchorage residents (i.e., Hillside).

I believe the concepts currently proposed under SB 203 represent the wrong approach. The Municipality instead supports a concept similar to that recommended by the Task Force on Governmental Roles in their July 10, 1992 Final Report. Namely, the Task Force recommended the following:

" To encourage and facilitate the implementation of police protection and to generate economies of scale, the Task Force advocates a change in Title 29 to permit the assemblies of unified municipalities and home rule boroughs to establish service areas for police protection, not withstanding charter provisions that place restriction on the service area formation process. Authority to form service areas for police protection should also be given to general law boroughs. This would resolve the Hillside problem and prevent similar situations in other municipalities."

The Municipality believes in equal police protection for all its citizens through equal taxation. The Anchorage Police Department (APD) should be the preferred single agency to provide police service to the Hillside in order to ensure equitable distribution of police service costs and to avoid overlapping jurisdictions.

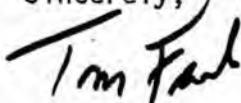
I strongly disagree with the concept of using State Troopers to provide police protection to the Hillside. The Department of Public Safety has officially stated in a written letter that the Troopers would not enforce municipal laws. APD should be the providers of police service to the Hillside since they are fully qualified to provide the necessary service, which includes protection for Hillside residents beyond their neighborhoods.

SB 203 fails to offer an effective and equitable solution to the problem of unreimbursed police service costs that exists with respect to most Southeast Anchorage residents. SB 203 omits addressing specific costs that would have to be funded related to police service such as: incarceration costs, including prisoner care costs (e.g., medical costs); cost of transporting prisoners; prosecution costs; indigent defense; and police protection of prisoners while at

court. In addition, section 29.35.495(c) of SB 203 discusses the direct costs of State Troopers providing service, however the bill omits discussion of related indirect costs and does not provide for charging the costs of non-site specific investigative services (e.g., crime lab) which are part of police protection services. Finally, related to police service costs, SB 203 does not include a provision to allow for adjustments to the Troopers estimated costs in the event that costs are understated.

In general, the Municipality supports a simple solution to Mandatory Police Service that would create statutory language giving the local governing body the option of requiring police service be paid by all Anchorage residents. I urge you to not support SB 203 as currently written based on the above reasons. This bill would not be in the best overall interests of the Municipality.

Sincerely,

A handwritten signature in black ink that reads "Tom Fink". The signature is written in a cursive, slightly slanted style.

Tom Fink  
Mayor

**SOUTHEAST ANCHORAGE  
LAW ENFORCEMENT SURVEY  
SUMMARY OF RESULTS  
February 10, 1992**

Attached is the summary of results of a law enforcement survey conducted in southeast Anchorage in January 1992.

The intent of the survey was to obtain as much feedback as possible on what southeast Anchorage residents want in police protection related to levels of service, costs, and providers, in order that direction would be available to the task force and to elected officials.

The survey was prepared by the Southeast Anchorage Police Protection Task Force, organized in October 1991 to explore alternatives for law enforcement in southeast Anchorage and to work toward alternatives which can be supported by the residents and which may be recommended to elected officials and voters in southeast Anchorage. The task force is composed of representatives of each of the southeast Anchorage community councils and HALO, Inc., a southeast Anchorage homeowners and landowners' organization. The contact for the task force is Maribeth Brown, Chair, 345-1468.

The survey was mailed to 10,546 households in southeast Anchorage. The mailing labels were obtained from Motznik Computer Services, Inc., from lists of registered voters in southeast Anchorage who voted in any 1990 or 1991 election or who have registered to vote since October 6, 1990. (Where two or more registered voters with the same last name were shown at the same address, one collectively-addressed form was sent.)

A total of 2,067 responses were received as of January 31.

Responses are summarized in total and are also subtotaled by community council.

(Review copies of survey results by Community Council area are available from your Community Council and at Samson-Diamond Library.)

e) conduct routine traffic patrols and enforcement		
very important	409	(20%)
somewhat important	748	(36%)
not important	851	(41%)
no response	60	(3%)

f) establish and support community service programs, such as Neighborhood Watch Program, School Liaison Program

very important	398	(19%)
somewhat important	780	(38%)
not important	817	(40%)
no response	72	(4%)

3. Highest taxes respondents willing to pay for law enforcement indicated as "very important" and "somewhat important" in above question.

*Question: What is the most you are willing to pay for the law enforcement you have indicated as "very important" and "somewhat important" in question 2? Please check one.*

\$0	213	(10%)
\$100 per \$100,000 assessed value	655	(32%)
\$200 per \$100,000 assessed value	516	(25%)
\$300 per \$100,000 assessed value	302	(15%)
\$400 per \$100,000 assessed value	247	(12%)
no response	135	(7%)

4. Respondents' satisfaction with level of law enforcement in area (after 11-1-91):

*Question: Rate your satisfaction with the current (after November 1, 1991) level of law enforcement in your area (the information sheet describes those services). Please check one.*

very satisfied	313	(15%)
satisfied	480	(23%)
neutral	574	(28%)
dissatisfied	421	(20%)
very dissatisfied	236	(11%)
no response	43	(2%)

5. Law enforcement agency generally preferred by respondents.

*Question: Check the law enforcement agency that you generally prefer for your area.*

Alaska State Troopers	1,076	(52%)
Anchorage Police Dept	272	(13%)
It doesn't matter to me	687	(33%)
no response	32	(2%)



**SOUTHEAST ANCHORAGE  
LAW ENFORCEMENT SURVEY  
SUMMARY OF RESULTS  
February 10, 1992**

Attached is the summary of results of a law enforcement survey conducted in southeast Anchorage in January 1992.

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Responses are summarized in total and are also subtotaled by community council.

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**SOUTHEAST ANCHORAGE  
LAW ENFORCEMENT SURVEY  
SUMMARY OF RESULTS  
February 10, 1992**

**RESULTS OF 2,067 RESPONSES**

**1. Response totals by community council district:**

*Question: Please circle the Community Council District in which you live (the attached map indicates those areas)*

Abbott Loop	466	Glen Alps	17	Mid-Hillside	295
Basher	21	Hillside East	182	Rabbit Creek	355
Bear Valley	43	Huff-O'Malley	578	Don't Know/missing	110

**2. Types of law enforcement identified by respondents as important\*:**

*Question: What types of law enforcement do you see as important for you and your family? Please give a score for each to show how important you think each service is (3=very important, 2=somewhat important, 1=not important)*

*\*Percentages may not total 100% due to rounding*

**a) respond to and investigate serious crimes, accidents with injury, crimes in progress**

very important	1,935	(94%)
somewhat important	59	(3%)
not important	39	(2%)
no response	34	(2%)

**b) conduct regular neighborhood patrols**

very important	459	(22%)
somewhat important	779	(38%)
not important	773	(37%)
no response	56	(3%)

**c) investigate civil problems, noise/nuisance, disorderly conduct, non-motor vehicle accidents, run-away juveniles**

very important	438	(21%)
somewhat important	995	(48%)
not important	571	(28%)
no response	63	(3%)

**d) investigate non-violent crimes (e.g., burglary, theft, criminal mischief, trespass, embezzlement) with no immediate suspect**

very important	834	(40%)
somewhat important	964	(47%)
not important	221	(11%)
no response	48	(2%)

## e) conduct routine traffic patrols and enforcement

very important	409	(20%)
somewhat important	748	(36%)
not important	851	(41%)
no response	60	(3%)

## f) establish and support community service programs, such as Neighborhood Watch Program, School Liaison Program

very important	398	(19%)
somewhat important	780	(38%)
not important	817	(40%)
no response	72	(4%)

3. Highest taxes respondents willing to pay for law enforcement indicated as "very important" and "somewhat important" in above question.

*Question: What is the most you are willing to pay for the law enforcement you have indicated as "very important" and "somewhat important" in question 2? Please check one.*

\$0	213	(10%)
\$100 per \$100,000 assessed value	655	(32%)
\$200 per \$100,000 assessed value	516	(25%)
\$300 per \$100,000 assessed value	302	(15%)
\$400 per \$100,000 assessed value	247	(12%)
no response	135	(7%)

4. Respondents' satisfaction with level of law enforcement in area (after 11-1-91):

*Question: Rate your satisfaction with the current (after November 1, 1991) level of law enforcement in your area (the information sheet describes those services). Please check one.*

very satisfied	313	(15%)
satisfied	480	(23%)
neutral	574	(28%)
dissatisfied	421	(20%)
very dissatisfied	236	(11%)
no response	43	(2%)

5. Law enforcement agency generally preferred by respondents.

*Question: Check the law enforcement agency that you generally prefer for your area.*

Alaska State Troopers	1,076	(52%)
Anchorage Police Dept	272	(13%)
It doesn't matter to me	687	(33%)
no response	32	(2%)

6. Respondents' support for law enforcement service alternatives:

*Question: Please indicate your support by circling yes or no for each of the following alternatives for law enforcement. (Options a) and b) are the only ones currently available to southeast Anchorage. If high interest is shown in any of the other options, the law enforcement will pursue their legal and political possibilities.)*

<u>alternative</u>	<u>yes</u>	<u>no</u>	<u>no response</u>
a) Anchorage Police Dept. at \$380 per \$100,000 assessed value (Oct 1991 ballot)	433 (21%)	1,501 (73%)	131 (6%)
b) Leave things as they are now	618 (30%)	1,264 (61%)	185 (9%)
c) Seek a separate service area using State Troopers, supported by taxes (but lower than \$380 per \$100,000 assessed value)	1,246 (60%)	620 (30%)	201 (10%)
d) Seek a separate service area using State Troopers supported by taxes (but lower than \$380 per \$100,000 assessed value), with a further contribution to the APD of no more than \$50 per \$100,000 assessed value for services we receive from APD when traveling downtown and for APD emergency backup to the Troopers in Southeast Anchorage	749 (36%)	1,094 (53%)	224 (11%)
e) Seek a separate service area using the APD, supported by taxes (but lower than \$380 per \$100,000 assessed value)	732 (35%)	1,108 (54%)	227 (11%)
f) Gradually phase into APD to full service and cost	428 (21%)	1,364 (66%)	275 (13%)

#

**SB**

**210**

**HFIN**

**FILE**

HOUSE COMMITTEE REPORT

(11)

Date Referred: March 16, 1994

FURTHER REFERRALS:

Date of Committee Action: 4/21/94

CSSB 210(FIN)

The FINANCE Committee considered:  
CS FOR SENATE PILL NO. 210(FIN) am DISPOSAL OF DALTON HWY RIGHT-OF-WAY LA

"An Act relating to disposals of state land within five miles of the right-of-way of the Dalton Highway of a licensed public utility or a licensed common carrier; relating to disposals of state land for nonresidential development in nodes of development along the Dalton Highway; requiring licensed public utilities to pay the costs of change, relocation, or removal of a utility facility due to construction of a highway project; and allowing state leases and materials sales for reconstruction and maintenance of state highways and construction or maintenance of airports."

- RECOMMENDATIONS:  
 be replaced with HCSCSSB 210(FIN)  the same title  
 a new title  
 have attached amendments(s)  
 do pass  
 do not pass  
 no recommendations  
 individual recommendations  
 additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

- ATTACHES NEW FISCAL NOTE(s): (Dept) APPROVES PREVIOUS: (Dept/Date)  
 fiscal impact \_\_\_\_\_  fiscal note(s) \_\_\_\_\_  
 zero fiscal note \_\_\_\_\_  zero fiscal note(s) DNR 4/15/94  
DOTPF 2/7/94

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<u>Ronald J. Larson</u> Larson	<input checked="" type="checkbox"/>	<u>Eileen Maclean</u> Maclean		<input checked="" type="checkbox"/>	
<u>Mark Hanley</u> Hanley	<input checked="" type="checkbox"/>	<u>James Grussendorf</u> Grussendorf		<input checked="" type="checkbox"/>	
<u>Larry Martin</u> Martin	<input checked="" type="checkbox"/>				
<u>Sean R. Parnell</u> Parnell	<input checked="" type="checkbox"/>				
<u>Mike Navarre</u> Navarre	<input checked="" type="checkbox"/>				
<u>Tay Brown</u> Brown	<input checked="" type="checkbox"/>				
<u>Tom Thibault</u> Thibault	<input checked="" type="checkbox"/>				
<u>Richard Foster</u> Foster	<input checked="" type="checkbox"/>				
<u>[Signature]</u>					
<u>[Signature]</u>					
<u>[Signature]</u>					
<u>[Signature]</u>					
<u>[Signature]</u>					
<u>[Signature]</u>					

Ronald J. Larson  
 CHAIRMAN'S SIGNATURE  
Eileen Maclean  
 Maclean

FISCAL NOTE

Revision Date:  
Title: Disposal of Dalton Hwy Right Of Way Land

Department Affected: DOT&PF  
BRU: Northern Region Planning

Sponsor: Sharp  
Requestor:

Component: Northern Region Planning  
Component Serial Number: #578

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING:	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE FUND SOURCE	0	0	0	0	0	0
---------------------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

1002 FEDERAL RECEIPTS	0	0	0	0	0	0
1003 GF MATCH	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/PROGRAM RECEIPTS	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL FUNDING:	0	0	0	0	0	0

POSITIONS

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY94) impact: \$0

Changes in CSSB 210 (FIN)  
have no fiscal impact. This  
fiscal note is appropriate.

ANALYSIS: (Attach a separate page if necessary)

Adoption of this bill would not adversely affect DOT&PF. As a possible user of utility services, DOT&PF may benefit from it.

2-15-94 mm  
date: Comte Aide (initial)

Prepared by: Norman Piisanen

Phone: 451-2385

Division: Northern Region Planning

Date: January 14, 1994

Approved by Commissioner: B.A. Campbell

Phone: 465-3901

Agency: Department of Transportation and Public Facilities

Date: January 18, 1994

Changes in CSSB 210 (RES)  
have no fiscal impact. This  
fiscal note is appropriate.



# FISCAL NOTE

No. 3  
 Bill Version: SSB 210 (Fin)  
 (S) Publish Date: 2-15-94

**STATE OF ALASKA**  
**1994 LEGISLATIVE SESSION**

B)

Revision Date: 14-Feb-94 Dept Affected: Natural Resources  
 Title: "An Act relating to disposals of state land within BRU: Resource Development  
five miles of the right-of-way of the Dalton Highway to a licensed..." Component: Land Development  
 Sponsor: Senator Sharp  
 Requestor: Senate Finance Committee Component Serial No. 431

**Expenditures/Revenues (Thousands of Dollars)**

OPERATING EXPENDITURES	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CAPITAL EXPENDITURES</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CHANGE IN REVENUES ( )</b>	10.0 / 50.0	10.0 / 50.0	20.0 / 50.0	20.0 / 50.0	20.0 / 50.0	20.0 / 50.0

**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY94) cost: \$ None

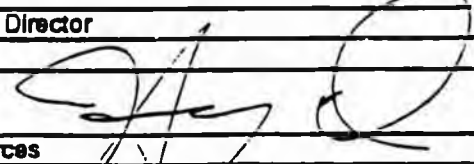
**POSITIONS**

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

**ANALYSIS:** (Attach a separate page if necessary)

DNR supports the bill.

Revenue generation can vary widely depending on whether the highway is opened for public use. The figures above reflect both situations (closed / open).

Prepared by: Ron Swanson, Director Phone: 762-2692  
 Division: Land Date: 14-Feb-94  
 Approved by Commissioner:  Date: 14-Feb-94  
 Agency: Natural Resources

**HOUSE CS FOR CS FOR SENATE BILL NO. 210(FIN)**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**EIGHTEENTH LEGISLATURE - SECOND SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

Offered: -  
Referred:

Sponsor(s): **SENATOR SHARP**

**REPRESENTATIVE James**

**A BILL**  
**FOR AN ACT ENTITLED**

1 "An Act relating to disposals of state land within five miles of the right-of-way  
2 of the Dalton Highway to a licensed public utility or a licensed common carrier;  
3 relating to disposals of state land for nonresidential development in nodes of  
4 development along the Dalton Highway; requiring licensee public utilities to pay  
5 the costs of change, relocation, or removal of a utility facility due to construction  
6 of a highway project; and allowing state leases and materials sales for  
7 reconstruction and maintenance of state highways and construction or maintenance  
8 of airports."

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

10 \* Section 1. AS 19.40.200(b) is amended to read:

11 (b) The prohibition on disposal of state land under (a) of this section does not  
12 apply to a disposal

1                   (1) to a licensed public utility or a licensed common carrier under  
2 AS 38.05.810(e);

3                   (2) for the reauthorization of leases that were in effect on  
4 January 1, 1994, for nonresidential purposes within the following development  
5 nodes:

6                   Coldfoot:

7                               Township 28 North, Range 12 West, Fairbanks Meridian

8                                       Sections 9 - 10

9                                       Sections 15 - 16

10                   Yukon River Crossing:

11                               Township 13 North, Range 11 West, Umiat Meridian

12                                       Section 26;

13                   (3) for nonresidential development within the following  
14 development node:

15                   Deadhorse:

16                               Township 10 North, Range 14 East, Umiat Meridian

17                                       Sections 24 - 25

18                               Township 10 North, Range 15 East, Umiat Meridian

19                                       Section 19

20                                       Section 30; or

21                   (4) necessary for

22                               (A) [(1)] an oil and gas lease under AS 38.05.180;

23                               (B) [(2)] exploration, development, production, or transportation  
24 of oil and gas north of 68 degrees north latitude; or

25                               (C) [(3)] a state lease or materials sale for

26                                       (i) exploration, development, production, or transportation  
27 of oil and gas; [OR]

28                                       (ii) reconstruction or maintenance of state highways; or

29                                       (iii) construction or maintenance of airports [THE  
30 HIGHWAY NORTH OF 68 DEGREES NORTH LATITUDE].

31 \* Sec. 2. AS 19.40.200 is amended by adding a new subsection to read:

1  
2  
3  
4  
5  
6

(d) Notwithstanding another provision of law, when the department determines and orders that a utility facility located across, along, over, under, or within the highway right-of-way must be changed, relocated, or removed, the licensed public utility owning or maintaining the facility shall change, relocate, or remove it in accordance with the order and is responsible for the cost of the change, relocation, or removal.

8-LS1100  
Luckhaupt  
4/18/94

HOUSE CS FOR CS FOR SENATE BILL NO. 210( )  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
EIGHTEENTH LEGISLATURE - SECOND SESSION

BY

Offered:  
Referred:

Sponsor(s): SENATOR SHARP

REPRESENTATIVE James

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to disposals of state land within five miles of the right-of-way  
2 of the Dalton Highway to a licensed public utility or a licensed common carrier;  
3 relating to disposals of state land for nonresidential development in nodes of  
4 development along the Dalton Highway; requiring licensed public utilities to pay  
5 the costs of change, relocation, or removal of a utility facility due to construction  
6 of a highway project; and allowing state leases and materials sales for  
7 reconstruction and maintenance of state highways and construction or maintenance  
8 of airports."

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

10 \* Section 1. AS 19.40.200(b) is amended to read:

11 (b) The prohibition on disposal of state land under (a) of this section does not  
12 apply to a disposal

1 (1) to a licensed public utility or a licensed common carrier under  
 2 AS 38.05.810(e);

3 (2) for the reauthorization of leases that were in effect on  
 4 January 1, 1994, for nonresidential purposes within the following development  
 5 nodes:

6 Coldfoot:

7 Township 28 North, Range 12 West, Fairbanks Meridian

8 Sections 9 - 10

9 Sections 15 - 16

10 Yukon River Crossing:

11 Township 13 North, Range 11 West, Umiat Meridian

12 Section 26;

13 (3) for nonresidential development within the following  
 14 development node:

15 Deadhorse:

16 Township 10 North, Range 14 East, Umiat Meridian

17 Sections 24 - 25

18 Township 10 North, Range 15 East, Umiat Meridian

19 Section 19

20 Section 30; or

21 (4) necessary for

22 (A) [(1)] an oil and gas lease under AS 38.05.180;

23 (B) [(2)] exploration, development, production, or transportation  
 24 of oil and gas north of 68 degrees north latitude; or

25 (C) [(3)] a state lease or materials sale for

26 (i) exploration, development, production, or transportation  
 27 of oil and gas; [OR]

28 (ii) reconstruction or maintenance of state highways; or

29 (iii) construction or maintenance of airports [THE

30 HIGHWAY NORTH OF 68 DEGREES NORTH LATITUDE].

31 \* Sec. 2. AS 19.40.200 is amended by adding a new subsection to read:

1  
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6

(d) Notwithstanding another provision of law, when the department determines and orders that a utility facility located across, along, over, under, or within the highway right-of-way must be changed, relocated, or removed, the licensed public utility owning or maintaining the facility shall change, relocate, or remove it in accordance with the order and is responsible for the cost of the change, relocation, or removal.

**FISCAL NOTE**

Revision Date: \_\_\_\_\_ Department Affected: DOT&PF  
 Title: Disposal of Dalton Hwy Right Of Way Land BRU: Northern Region Planning  
 Sponsor: Sharp Component: Northern Region Planning  
 Requestor: \_\_\_\_\_ Component Serial Number: #578

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
<b>TOTAL OPERATING:</b>	0	0	0	0	0	0
<b>CAPITAL</b>	0	0	0	0	0	0
<b>REVENUE FUND SOURCE</b>	0	0	0	0	0	0

**FUNDING: (Thousands of Dollars)**

1002 FEDERAL RECEIPTS	0	0	0	0	0	0
1003 GF MATCH	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/PROGRAM RECEIPTS	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
<b>TOTAL FUNDING:</b>	0	0	0	0	0	0

**POSITIONS**

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0				

Estimate of current year (FY94) impact: \$0

Changes in CSSB 210 (FIN) have no fiscal impact. This fiscal note is appropriate.

**ANALYSIS: (Attach a separate page if necessary)**

Adoption of this bill would not adversely affect DOT&PF. As a possible user of utility services, DOT&PF may benefit from it.

2-15-94 date mm Comte Aide (initial)

Prepared by: Norman Piispanen  
 Division: Northern Region Planning  
 Approved by Commissioner: [Signature]  
 Agency: Department of Transportation and Public Facilities

Phone: 451-2385  
 Date: January 14, 1994  
 Phone: 465-3901  
 Date: January 18, 1994

Changes in CSSB 210 (RES) have no fiscal impact. This fiscal note is appropriate. 2-4-94



# FISCAL NOTE

No. 3  
 Bill Version: SSB 210 (Fin)  
 (S) Publish Date: 2-15-94

**STATE OF ALASKA**  
**1994 LEGISLATIVE SESSION**

B)

Revision Date: 14-Feb-94 Dept Affected: Natural Resources  
 Title: "An Act relating to disposals of state land within BRU: Resource Development  
five miles of the right-of-way of the Daltor Highway to a licensed..." Component: Land Development  
 Sponsor: Senator Sharp  
 Requestor: Senate Finance Committee Component Serial No. 431

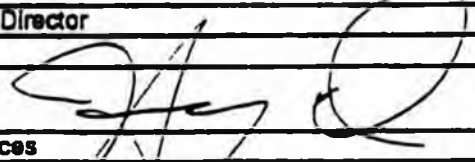
Expenditures/Revenues		(Thousands of Dollars)				
OPERATING EXPENDITURES	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CAPITAL EXPENDITURES</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CHANGE IN REVENUES ( )</b>	10.0 / 50.0	10.0 / 50.0	20.0 / 50.0	20.0 / 50.0	20.0 / 50.0	20.0 / 50.0

FUND SOURCE		(Thousands of Dollars)				
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY94) cost: \$ None

POSITIONS		FY95	FY96	FY97	FY98	FY99	FY00
FULL-TIME		0	0	0	0	0	0
PART-TIME		0	0	0	0	0	0
TEMPORARY		0	0	0	0	0	0

**ANALYSIS:** (Attach a separate page if necessary)  
 DNR supports the bill.  
 Revenue generation can vary widely depending on whether the highway is opened for public use. The figures above reflect both situations (closed / open).

Prepared by: Ron Swanson, Director Phone: 762-2692  
 Division: Land Date: 14-Feb-94  
 Approved by Commissioner:  Date: 14-Feb-94  
 Agency: Natural Resources

## SPONSOR STATEMENT

CSSB-210(Fin)

Senator Bert Sharp

Under current statute, the state is prohibited from disposing of or leasing state land within five miles of the right-of-way of the Dalton Highway. The state has recently acquired several parcels of land in this area, under its land selection allocation, yet it cannot be leased or purchased. This is in spite of the fact that the previous owner (federal BLM) did lease parcels in these areas.

In the summer of 1992, Summit Telephone Company applied to the Alaska Public Utilities Commission for certification to provide telephone service to Coldfoot and Wiseman. BLM assured them they would not have any problems obtaining a long term lease for a central switching office and 60 foot radio tower in Coldfoot.

Upon receiving certification from APUC, Summit immediately went to BLM to obtain the land. They were told that the land surrounding Coldfoot had been transferred to the State of Alaska, and they would have to apply to the Department of Natural Resources to obtain land in Coldfoot.

The Department of Natural Resources informed Summit Telephone that there could be no leasing or sale of land in the Coldfoot area, because such disposal was prohibited by statute.

Also included in the land transfer was the transfer to the state of existing leaseholds and pending leasehold applications.

The state is unable to renew existing leases as they expire or to consider new applications, or accomodate legitimate state needs. Besides the Summit Telephone application, there are existing leases, some of which are at Coldfoot to Petro Star, Inc. for a 33-acre parcel and a Unocal staging area at Franklin Bluffs.

There are several other application pending.

The Department of Natural Resources has testified that the lands involved and subject to leasing or sale are located in areas where such activity is presently allowed.

Those are the five mile Yukon River Crossing, Coldfoot-Wiseman and the Happy Valley-Franklin Bluffs areas and Deadhorse.

Senate Bill 210 would modify this ban and allow the Department of Natural Resources to lease the land for non-residential development. This would enable telephone service, airport and highway maintenance activities to proceed as well as public service needs.

I urge your favorable vote on this legislation. Thank you.

## SECTIONAL ANALYSIS

### CSSB 210(Fin)

An Act relating to disposal of state land within five miles of the right-of-way of the Dalton Highway for certain uses.

\*Section 1. The allowable uses for state land under AS 19.40.200(b) of this section is expanded to include:

(b)(1) a licensed public utility or a licensed common carrier under AS 38.05.810(e);

(b)(2) nonresidential development within the Yukon River Crossing, Coldfoot, Happy Valley, Franklin Bluffs and Deadhorse development areas;

(b)(3)(C)(ii) reconstruction or maintenance of state highways;

(b)(3)(C)(iii) construction or maintenance of airports.

# STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

## DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

400 WILLOUGHBY AVENUE  
JUNEAU, ALASKA 99801-1796  
PHONE: (907) 465-2400  
FAX: (907) 465-3886

January 24, 1994

The Honorable Mike Miller  
Chair, Resources Committee  
Alaska State Senate  
State Capitol  
Juneau, Alaska 99801-1182

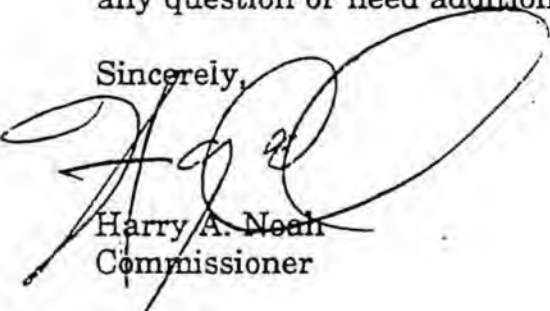
Dear Senator Miller:

We fully support Senate Bill 210 which authorizes the Department of Natural Resources to dispose of state land within five miles of the right-of-way of the Dalton Highway to a licensed public utility or a licensed common carrier. This is needed to allow for the construction and operation of such things as pipelines, electric and telephone lines. These uses are currently prohibited under AS 19.40.200.

We would also recommend that the statute be further amended to authorize the Department to dispose of land for industrial and commercial uses within the identified development nodes at Coldfoot, Happy Valley, Franklin Bluffs, Yukon Crossing and Deadhorse. In the last year, land at these locations has been conveyed to the state. We are prohibited from issuing leases or permits, for even the existing facilities, at these locations. In addition, we are prohibited from removing or disposing of gravel. There is currently a need for gravel at Deadhorse for airport improvement that we are unable to provide.

Please feel free to contact me or Ron Swanson, Director, Division of Land, if you have any question or need additional information.

Sincerely,



Harry A. Noan  
Commissioner

HAN/sf

cc: Senator Sharp  
Commissioner Bruce Campbell, DOT/PF  
Ron Swanson, Director, Div. of Land  
Jerry Gallagher, Legislative Liaison, DNR  
Raga Elim, Legislative Liaison, Office of the Governor



*Department of Transportation  
and Public Facilities*

# POSITION PAPER

BILL NO: SB 210

APPROVED: 

TITLE: Disposal of Dalton Hwy  
Right of Way Land

DATE: January 18, 1994

The Department of Transportation and Public Facilities (DOT&PF) supports amendment of AS 19.40.200 to allow disposal of state land within five miles of the Dalton Highway right of way for the purpose of establishing public utility systems.

DOT&PF recommends that AS 19.40.200 also be amended to allow disposal of state land and materials for construction, improvement and maintenance of public facilities. Such an amendment would facilitate work on corridor airports, service roads, access roads and waysides, as well as on the Dalton Highway south of 68 degrees north latitude.

*For Further Information contact J.K. Ginger Johnson at 465-3904.*

SUMMIT TELEPHONE COMPANY  
571 Aquilla Street  
Fairbanks, Alaska 99712  
Phone (907)452-1012

April 29, 1992

Senator Bert Sharp  
State Capital  
Juneau, Alaska 99801-1182

Dear Senator Sharp:

In the summer of 1992, Summit Telephone Company, Inc. (Summit) decided to apply to the Alaska Public Utilities Commission (APUC) to serve the communities of Coldfoot and Wiseman. Our plan required that we obtain an acre or two at Coldfoot for the central switching office and 60 ft. radio tower. We visited the federal BLM office here in Fairbanks to discuss the land acquisition. The BLM informed us that there would be no problem obtaining a long term lease of federally owned property in Coldfoot for such a purpose.

Recently the APUC certified Summit to serve the Coldfoot and Wiseman area. Yesterday we visited the BLM office to begin the paperwork to obtain a lease. The BLM told us that the land surrounding Coldfoot had been transferred to the State of Alaska in August 1992. We would have to apply to the Alaska DNR to obtain land at Coldfoot.

We visited the Alaska DNR office in Fairbanks. We were told that there could be no leasing or sale of land by the state in the Coldfoot area because such disposals are prohibited by AS 19.40.200.

Sec. 19.40.200. Disposal of land or materials. (a) The state may not dispose of state land under AS 38 which is within five miles of the right-of-way of the highway.

(b) The prohibition on disposal of state land under (a) of this section does not apply to a disposal necessary for

- (1) an oil and gas lease under AS 38.05.180;
- (2) exploration, development, production, or transportation of oil and gas north of 68 degrees north latitude; or
- (3) a state lease or materials sale for exploration, development, production, or transportation of oil and gas or reconstruction or maintenance of the highway north of 68 degrees north latitude.

(c) Before the sale of materials under (b)(3) of this section to a private entity or person or to a state agency the state shall give due consideration to the availability of materials from private sources in the area where the materials are needed.



P. Stoop to Senator Sharp  
April 29, 1993  
Page 2

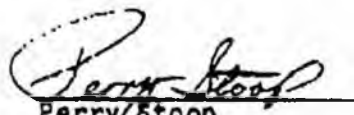
This prohibition against nearly all uses of state land seems needlessly harsh. There is a population in the area that has need of a public telephone utility. The state has a lot of land in the area, yet none of that land can be leased or purchased from the state for use by Summit, the certificated public telephone utility. Elsewhere, Alaska Statutes allow for the lease or purchase of state land by licensed (certificated) public utilities.

Sec. 38.05.810(e) The lease, sale, or other disposal of state land at appraised fair market value may be negotiated with a licensed public utility or a licensed common carrier by the director with the approval of the commissioner if the utility or carrier reasonably requires the land for the conduct of its business under its license.

Summit suggests that §19.40.200(h) be changed as follows to allow state land to be available to public utilities:

§19.40.200(h) The prohibition of disposal of state land under (a) of this section does not apply to AS 38.05.810(e) nor to a disposal necessary for  
(1) an oil . . . .

I would be glad to discuss this issue with you at any time. Thank you.

  
Perry Stoop

# HOUSE COMMITTEE REPORT

(7) Date Referred: March 2, 1994 FURTHER REFERRALS Finance

Date of Committee Action: 3/15/94  
 The TRANSPORTATION Committee considered: CSSB 210(FIN) am  
 CS FOR SENATE BILL NO. 210(FIN) am DISPOSAL OF DALTON HWY RIGHT-OF-WAY LAND

"An Act relating to disposals of state land within five miles of the right-of-way of the Dalton Highway to a licensed public utility or a licensed common carrier; relating to disposals of state land for nonresidential development in nodes of development along the Dalton Highway; requiring licensed public utilities to pay the costs of change, relocation, or removal of a utility facility due to construction of a highway project; and allowing state leases and materials sales for reconstruction and maintenance of state highways and construction or maintenance of airports."

- RECOMMENDATIONS: | | the same title  
 be replaced with \_\_\_\_\_ | | a new title
- have attached amendments(s)
  - do pass
  - do not pass
  - no recommendations
  - individual recommendations
  - additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept) APPROVES PREVIOUS: (Dept/Date)  
 fiscal impact \_\_\_\_\_  fiscal note(s) \_\_\_\_\_  
 zero fiscal note \_\_\_\_\_  zero fiscal note(s) \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>[Signature]</i>	x	<i>[Signature]</i>		✓	
<i>[Signature]</i>	x	<i>[Signature]</i>		✓	
<i>[Signature]</i>	x	<i>[Signature]</i>		✓	

*[Signature]*  
 CHAIRMAN'S SIGNATURE



**SB**

**210**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

DATE: 2/7/94

FURTHER:

DATE TURNED INTO OFFICE: 2-15-94

The Finance Committee considered **SENATE BILL NO. 210**

"An Act relating to disposals of state land within five miles of the right-of-way of the Dalton Highway to a licensed public utility or a licensed common carrier."

and recommends:

replace with CS SB 210 (FINANCE)  
 or  adopt previous CS                    
 attaches amendment(s)

same title  
 new title  
 technical title change  
 (HB only)

adopts          Letter of Intent

further referral to the         

do pass

do not pass

no recommendation

individual recommendations

**NEW FISCAL NOTES**

Department	Date	Zero	Fiscal
DNR #431	2-14-94	<input checked="" type="checkbox"/>	

**PREVIOUS FISCAL NOTES**

Department	Date	Zero	Fiscal
DOT & PF	2-14-94	<input checked="" type="checkbox"/>	

Appropriation No Fiscal Note

**DO PASS:**

[Signature]  
[Signature]

**OTHER RECOMMENDATIONS:**

Tom Kelly - No Rec  
Alvin King - No Rec

1. [Signature] do pass  
 Co-Chair: Signature/Recommendation

2. [Signature] do pass - 10 EPS  
 Co-Chair: Signature/Recommendation



REPORTED OUT OF  
SFC 2-15-94

# FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. CSSB210(RES)

Revision Date: 14-Feb-94  
Title: "An Act relating to disposals of state land within five miles of the right-of-way of the Dalton Highway to a licensed..."  
Sponsor: Senator Sharp  
Requestor: Senate Finance Committee

Dept Affected: Natural Resources  
BRU: Resource Development  
Component: Land Development  
Component Serial No. 431

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>CHANGE IN REVENUES ( )</b>	<b>10.0 / 50.0</b>	<b>10.0 / 50.0</b>	<b>20.0 / 50.0</b>	<b>20.0 / 50.0</b>	<b>20.0 / 50.0</b>	<b>20.0 / 50.0</b>

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY94) cost: \$ None

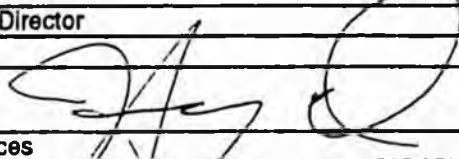
POSITIONS

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

DNR supports the bill.

Revenue generation can vary widely depending on whether the highway is opened for public use. The figures above reflect both situations (closed / open).

Prepared by: Ron Swanson, Director Phone: 762-2692  
Division: Land Date: 14-Feb-94  
Approved by Commissioner:  Date: 14-Feb-94  
Agency: Natural Resources

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

FISCAL NOTE

Revision Date: \_\_\_\_\_ Department Affected: DOT&PF  
 Title: Disposal of Dalton Hwy Right Of Way Land BRU: Northern Region Planning  
 Sponsor: Sharp Component: Northern Region Planning  
 Requestor: \_\_\_\_\_ Component Serial Number: #578

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING:	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

1002 FEDERAL RECEIPTS	0	0	0	0	0	0
1003 GF MATCH	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/PROGRAM RECEIPTS	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL FUNDING:	0	0	0	0	0	0

POSITIONS

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY94) impact: \$0

ANALYSIS: (Attach a separate page if necessary)

Adoption of this bill would not adversely affect DOT&PF. As a possible user of utility services, DOT&PF may benefit from it.

Prepared by: Norman Piispanen

Phone: 451-2385

Division: Northern Region Planning

Date: January 14, 1994

Approved by Commissioner: B.K. Campbell

Phone: 465-3901

Agency: Department of Transportation and Public Facilities

Date: January 18, 1994

Changes in SSB 210 (RES)  
 have no fiscal impact. This  
 fiscal note is appropriate.  
2-4-94 date  
Comte Aude (initial)



8-LS1110E.1  
Luckhaupt  
2/14/94

AMENDMENT

*MOVED  
adopted*

OFFERED IN THE SENATE  
TO: CSSB 210(RES)

BY SENATOR SHARP

Page 1, line 3, following "for":

Insert "reconstruction and maintenance of state highways and"

Page 2, lines 9 - 11:

Delete "the highway north of 68 degrees north latitude; or

(iii) construction or maintenance of airports."

Insert "state highways: or

(iii) construction or maintenance of airports [THE  
HIGHWAY NORTH OF 68 DEGREES NORTH LATITUDE]."

SENATE FINANCE  
COMMITTEE

Amendment Number: ①  
Bill Number: SB 210  
Sponsor: Sharp Date: 2/14/94  
Logged In By: (Prr)

*Fin*  
CS FOR SENATE BILL NO. 210~~(RES)~~

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

BY THE SENATE RESOURCES COMMITTEE

Offered: 2/7/94  
Referred: Finance

Sponsor(s): SENATOR SHARP

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to disposals of state land within five miles of the right-of-way  
2 of the Dalton Highway to a licensed public utility or a licensed common carrier;  
3 relating to disposals of state land for nonresidential development in nodes of  
4 development along the Dalton Highway; and allowing state leases and materials  
5 sales for construction or maintenance of airports along the Dalton Highway."

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

7 \* Section 1. AS 19.40.200(b) is amended to read:

8 (b) The prohibition on disposal of state land under (a) of this section does not  
9 apply to a disposal

10 (1) to a licensed public utility or a licensed common carrier under

11 AS 38.05.810(e);

12 (2) for nonresidential development within the Yukon River

13 Crossing, Coldfoot, Happy Valley, Franklin Bluffs, and Deadhorse development

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nodes; or

(3) necessary for

(A) [(1)] an oil and gas lease under AS 38.05.180;

(B) [(2)] exploration, development, production, or transportation  
of oil and gas north of 68 degrees north latitude; or

(C) [(3)] a state lease or materials sale for

(i) exploration, development, production, or transportation  
of oil and gas; [OR]

(ii) reconstruction or maintenance of the highway north  
of 68 degrees north latitude; or

(iii) construction or maintenance of airports.

# FISCAL NOTE No. 1

**STATE OF ALASKA**  
**1994 LEGISLATIVE SESSION**

B) Bill Version: SB 210

(S) Publish Date: 2-7-94

Revision Date: \_\_\_\_\_ Dept Affected: Natural Resources  
 Title: "An Act relating to disposals of state land within  
five miles of the right-of-way of the Dalton Highway to a licensed..." BRU: Resource Development  
 Sponsor: Senator Sharp Component: Land Development  
 Requestor: Senator Sharp Component Serial No. 431

**Expenditures/Revenues (Thousands of Dollars)**

OPERATING EXPENDITURES	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0

<b>CAPITAL EXPENDITURES</b>	0.0	0.0	0.0	0.0	0.0	0.0
-----------------------------	-----	-----	-----	-----	-----	-----

<b>CHANGE IN REVENUES ( )</b>	0.0	0.0	0.0	0.0	0.0	0.0
-------------------------------	-----	-----	-----	-----	-----	-----

**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY94) cost: \$ None

**POSITIONS**

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

**ANALYSIS:** (Attach a separate page if necessary)  
 DNR supports the bill with amendments to allow land and material disposals within development nodes.

Changes in CS SB 210 (RES) have no fiscal impact. This fiscal note is appropriate.

2-4-94 date [Signature] Comte Aide' (initial)

Prepared by: [Signature] Ron Swanson, Director Phone: 762-2692  
 Division: Land Date: 14-Jan-94  
 Approved by Commissioner: [Signature] Date: 14-Jan-94  
 Agency: Natural Resources

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# FISCAL NOTE

STATE OF ALASKA

BILL NO. CSSB210(RES)

1994 LEGISLATIVE SESSION

Revision Date: 7-Feb-94  
 Title: "Ar. Act relating to disposals of state land within five miles of the right-of-way of the Dalton Highway to a licensed..."  
 Sponsor: Senator Sharp  
 Requestor: Senate Finance Committee

Dept Affected: Natural Resources  
 BRU: Resource Development  
 Component: Land Development  
 Component Serial No. 431

Expenditures/Revenues		(Thousands of Dollars)				
OPERATING EXPENDITURES	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CAPITAL EXPENDITURES</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CHANGE IN REVENUES ( )</b>	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE		(Thousands of Dollars)				
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY94) cost: \$ None

POSITIONS		FY95	FY96	FY97	FY98	FY99	FY00
FULL-TIME		0	0	0	0	0	0
PART-TIME		0	0	0	0	0	0
TEMPORARY		0	0	0	0	0	0

**ANALYSIS:** (Attach a separate page if necessary)  
 DNR supports the bill with amendments to allow land and material disposals within development nodes.

Prepared by: Ron Swanson, Director Phone: 762-2692  
 Division: Land Date: 7-Feb-94  
 Approved by Commissioner: Harry A. Noah Date: 7-Feb-94  
 Agency: Natural Resources

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SPONSOR STATEMENT

SENATOR BERT SHARP

SB-210

Under current statute, the state of Alaska is prohibited from disposing of, or leasing, state land within five miles of the right-of-way of the Dalton Highway. The state owns many acres of land in this area, yet it cannot be leased or purchased. This prohibition on state land seems needlessly harsh.

In the summer of 1992, Summit Telephone Company applied to the Alaska Public Utilities Commission for certification to provide telephone service to Coldfoot and Wiseman. BLM assured them they would not have any problems obtaining a long term lease for a central switching office and 60 foot radio tower in Coldfoot.

Upon receiving certification from APUC, Summit immediately went to BLM to obtain the land. They were told that the land surrounding Coldfoot had been transferred to the State of Alaska, and they would have to apply to the Department of Natural Resources to obtain land in Coldfoot.

The Department of Natural Resources informed Summit Telephone Company that there could be no leasing or sale of land in the Coldfoot area, because such disposal was prohibited by statute.

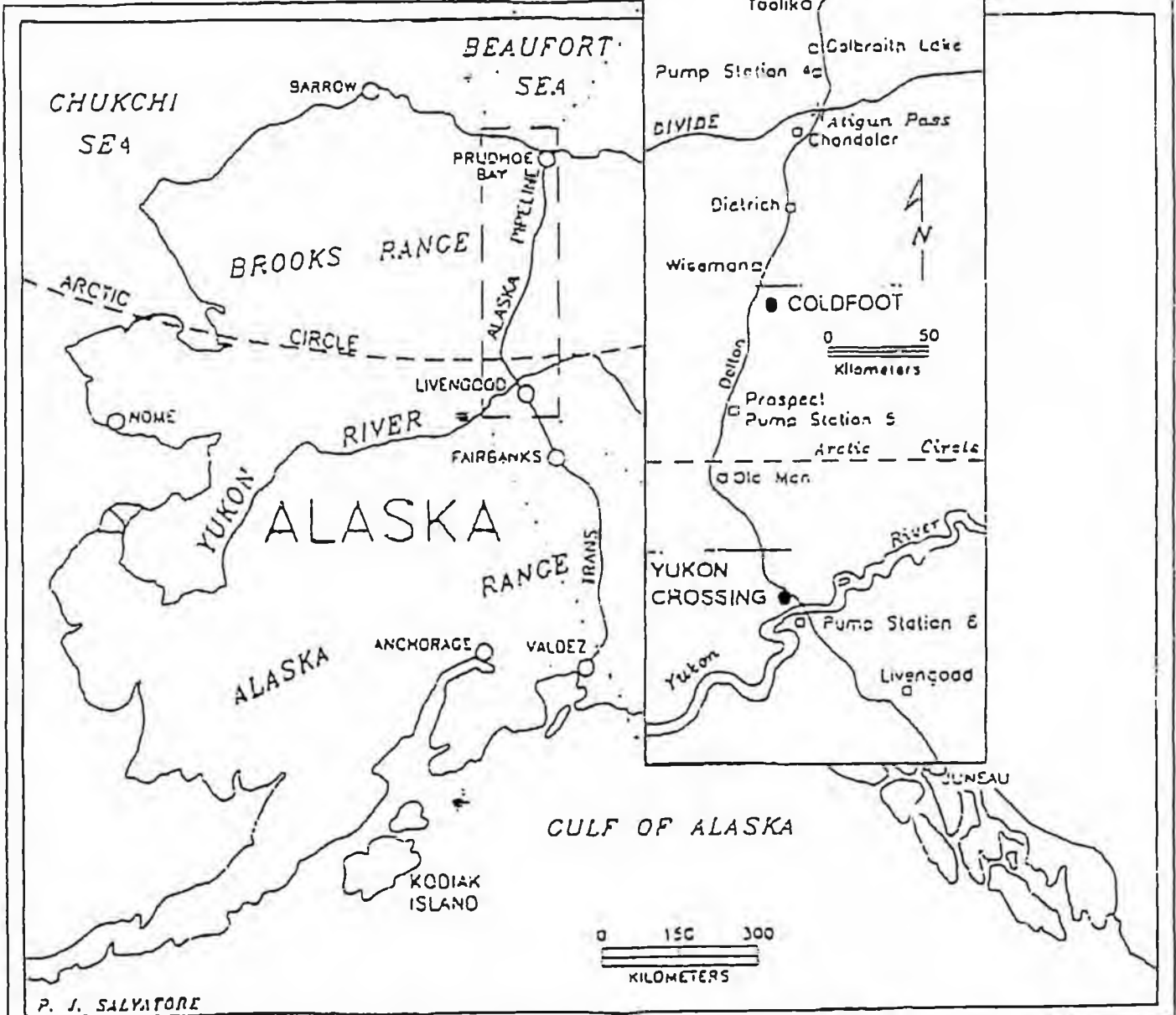
Senate Bill 210 would lift this ban and allow the Department of Natural Resources to lease the land for nonresidential development. This would enable telephone service, airport and highway maintenance, and many other public service needs to be met.

I urge your favorable vote on this very important legislation. Thank you.

# DALTON HIGHWAY

DEVELOPMENT NODES  
Proposed in HB309:

- Coldfoot
- Deadhorse
- Franklin Bluffs
- Happy Valley
- Sagwon
- Yukon Crossing



P. J. SALVATORE

**SENATE COMMITTEE REPORT**  
FIRST COMMITTEE OF REFERRAL

DATE: 5/5/93

FURTHER: FINANCE

Date of 5-Day Notice: 1/27/94  
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 2.4.94

RESOURCES Committee considered SB 210

~~An Act~~ relating to disposals of state land within five miles of the right-of-way of the Dalton Highway to a licensed public utility or a licensed common carrier."

and recommends: and a majority of the committee recommends it be replaced with

replace with CS SB210 (RES)

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

attaches amendment(s) and do pass

adopts \_\_\_\_\_ Letter of Intent

further referral to the \_\_\_\_\_

do pass

do not pass

no recommendation

individual recommendations

*2 of 5*

**FISCAL NOTE INFORMATION**

Department	Date	Zero	Fiscal
DNR	1.14.94	0	
DOT/PF	1.18.94	0	

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

Governor's Bill with Previous Fiscal Notes (enter information above)

**DO PASS:**

*Frank*  
*D. Roman* *Leman*  
*Kenner* *Plawc*

**OTHER RECOMMENDATIONS:**

*Al Hedger - No Rec*  
*Paul J. Haroff - No Rec*

*Mike Miller Do Pass*

Chair: Signature and Recommendation



**SB**

**212**

**HFIN**

**FILE**

# HOUSE COMMITTEE REPORT

(11)

Date Referred: March 23, 1994

FURTHER REFERRALS:

Date of Committee Action: 4/22/94

The FINANCE Committee considered:

CSSB 212(FIN) am

CS FOR SENATE BILL NO. 212(FIN) am

STATE PROCUREMENTS AND PUBLICATIONS

"An Act relating to the giving of procurement notices; changing the content of the required procurement reports to the legislature by the commissioner of administration; relating to publications produced by state agencies; establishing an innovative construction procurement methods pilot program; and establishing legislative findings, a legislative purpose, and legislative intent for state procurement; and providing for an effective date."

**RECOMMENDATIONS:**

be replaced with HCS CSSB 212 LLC  the same title  a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal impact Admin.

fiscal note(s) DOTPF 2/9/94 Admin

zero fiscal note Admin.

zero fiscal note(s) Admin

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<u>Ronald J. Larson</u> Larson	X				
<u>Mark Hanley</u> Hanley	Y				
<u>Terry Martin</u> Martin	V				
<u>Paul R. Parnell</u> Parnell	X				
<u>Ben Grussendorf</u> Grussendorf	X				
<u>Erin Hoffman</u> Hoffman	Y				
<u>Mike Navarre</u> Navarre	✓				
<u>Tay Brown</u> Brown	✓				
<u>Richard Foster</u> Foster	X				
<u>[Signature]</u>					

  
 CO-CHAIRMAN'S SIGNATURE Larson

# FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. HCS CSSB 212(L&C)

Revision Date: \_\_\_\_\_ Dept. Affected: Statewide\*  
 Title: An Act relating to the giving of procurement notices: changing the content of the required procurement... BRU: \_\_\_\_\_  
 Sponsor: Senate Labor & Commerce Component: \_\_\_\_\_  
 Requestor: (H) Labor & Commerce COMPONENT SERIAL NO. \_\_\_\_\_

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	256.1*	256.1*	256.1*	256.1*	256.1*	256.1*
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
<b>TOTAL OPERATING</b>	<b>256.1*</b>	<b>256.1*</b>	<b>256.1*</b>	<b>256.1*</b>	<b>256.1*</b>	<b>256.1*</b>

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING:

1002 Federal Receipts	*	*	*	*	*	*
1003 GF Match		*	*	*	*	*
1004 GF	*	*	*	*	*	*
1005 GF/Program Receipts	*	*	*	*	*	*
1006 GF/MHTIA	*	*	*	*	*	*
Other	*	*	*	*	*	*
<b>TOTAL</b>	<b>256.1*</b>	<b>256.1*</b>	<b>256.1*</b>	<b>256.1*</b>	<b>256.1*</b>	<b>256.1*</b>

POSITIONS

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY94) impact: \$ -0-

ANALYSIS: (attach a separate page if necessary.)

See attached.

\*Bids are awarded by the Division on behalf of customer agencies that have a variety of funding sources. This analysis reflects potential cost impacts to all agencies as a result of potentially higher bid awards. These are not cost impacts to the Division of General Services.

Prepared By: Dugan Petty, Director *[Signature]*  
 Division: General Services

Phone: 465-2250  
 Date: \_\_\_\_\_

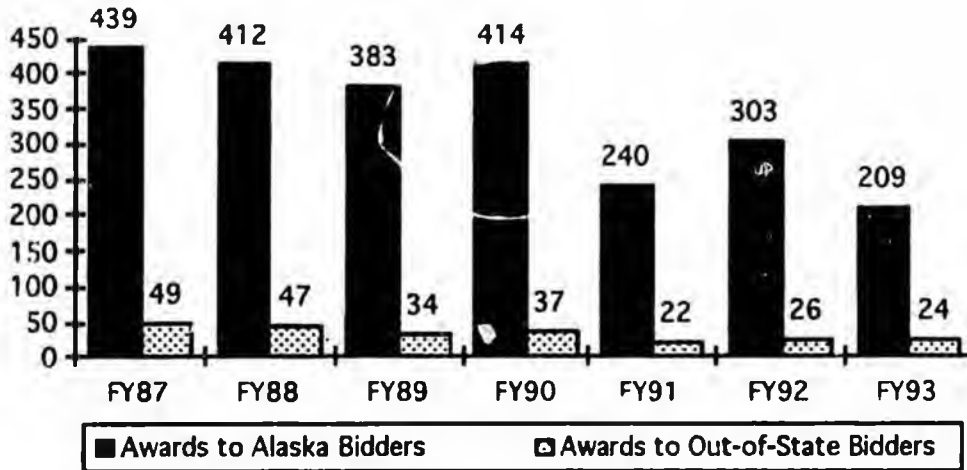
Approved by Commissioner: Nancy Bear Usura *[Signature]*  
 Agency: Department of Administration

Date: 3/31/94

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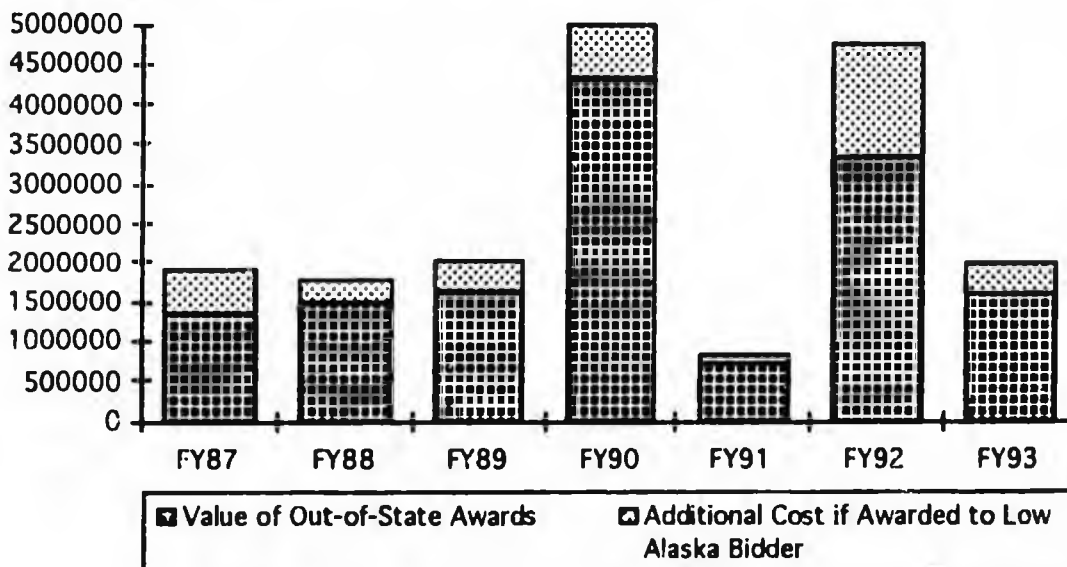
Section 2 of the bill requires notices of bids and proposals to be mailed only to in-state bidders on the contractors list when practicable. We estimate this bill will result in Alaska bidders receiving 66% more of the awards that currently go out-of-state. On average, over the past seven years 34 bids a year are awarded to out-of-state bidders. The graph below demonstrates the number of out-of-state awards in relationship to in-state bid awards over the past seven years.

**Invitations to Bid Issued by Department of Administration**



An analysis of out-of-state bids issued from FY87 through FY93 indicate that prior implementation of this bill, if 66% effective, would have kept an average of \$1.3 million per year worth of contracts issued by the Department of Administration in-state. The average annual addition costs to State agencies of not purchasing from the otherwise low bidder would be approximately \$356.0. (See graph and table below.)

**Difference in Cost Between Alaska Bidders and Low Bidder When Award was Made to Out-of-State Bidder**



## FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. HCS CSSB 212(L&C)  
Page 3 of 3

	FY87	FY88	FY89	FY90	FY91	FY92	FY93
<b>Value Out-of-State Awards</b>	\$1,335.1	\$1,499.5	\$1,618.7	\$4,324.0	\$730.0	\$3,340.0	\$1,605.0
<b>Value of Low AK Bidders</b>	\$1,922.0	\$1,754.0	\$2,010.1	\$4,992.1	\$835.1	\$4,730.1	\$1,993.0
<b>Cost if Awarded to Low AK Bidders</b>	\$586.8	\$254.5	\$391.4	\$668.1	\$105.2	\$1,390.0	\$388.0

The bill permits bids to be issued to out-of-state bidders when specifically requested or when the notice limitation to only in-state bidders is not practicable. We estimate the number of bids that will go to out-of-state vendors and the number of out-of-state bid awards to be reduced by 66%. Therefore we project, based on the most recent FY93 data, the potential fiscal impacts associated with 66% of the out-of-state awards going to the low Alaska bidder to be:

- Projected Awards Captured for In-State Business            24 x 66% =            16 awards
- Projected Value of Low Alaska Bidder Captured for In-State Business            \$1,993.0 x 66%=            \$1,315.40
- Projected Value of Out-of-State Awards            \$1,605.0 x 66% =            \$1,059.30
- Projected Fiscal Impact (Difference)            \$256.1

# FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

BILL NO. HCS CSSB 212(L&C)

Revision Date: \_\_\_\_\_ Dept. Affected: Administration  
 Title: An Act relating to the giving of procurement BRU: General Services  
notices: changing the content of the requirement procurement. Component: Purchasing  
 Sponsor: Senate Labor & Commerce  
 Requestor: House Labor & Commerce Committee COMPONENT SERIAL NO. 60

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE FUND SOURCE:	0	0	0	0	0	0
----------------------	---	---	---	---	---	---

**FUNDING:**

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
Other	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

**POSITIONS**

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY94) impact: \$ -0-

**ANALYSIS:** (attach a separate page if necessary.)

This bill will require one-time notices of the revised statute to all bidders on the contractors list maintained under AS 36.30.050. Thereafter notices will be mailed only to bidders with Alaska zip codes unless a bidder specifically requests a bid solicitation for a specific Invitation to Bid.

Fiscal impact to the Division will be minimal.

Prepared By: Dugan Petty, Director *Dugan Petty*  
 Division: General Services

Phone: 465-2250  
 Date: \_\_\_\_\_

Approved by Commissioner: Nancy Bear Usura *Nancy Bear Usura*  
 Agency: Department of Administration

Date: 3/31/94

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STATE OF ALA A  
1994 LEGISLATIVE SESSION

FISCAL NOTE

3  
Bill Version: SB 212  
(S) Publish Date: 2-9-94

Revision Date: 1/27/94 Department Affected: DOT&PF  
Title: State Procurements and Publications BRU: E&OS  
Sponsor: Senate L&C Committee Component Serial Number: D&C 547

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	5.0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
<b>TOTAL OPERATING:</b>	<b>5.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE FUND SOURCE	0	0	0	0	0	0
---------------------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

1002 FEDERAL RECEIPTS	0	0	0	0	0	0
1003 GF MATCH	0	0	0	0	0	0
1004 GF	5.0	0	0	0	0	0
1005 GF/PROGRAM RECEIPTS	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
<b>TOTAL FUNDING:</b>	<b>5.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

POSITIONS

FULL-TIME
PART-TIME
TEMPORARY

Changes in CS5B 212 (Fin)  
reflect NO FISCAL CHANGE from the original  
fiscal note. This fiscal note is appropriate.  
2-15-94 date Comte Aide (initial) sh

Changes in CS5B 212 (L&C)  
reflect NO FISCAL CHANGE from the original  
fiscal note. This fiscal note is appropriate.  
2/8/94 date Comte Aide (initial) ADT

Estimate of current year (FY94) impact: \$ 0

**ANALYSIS:** (Attach a separate page if necessary) The \$5,000 will be used to develop regulations for the pilot program. Since this is a pilot program, it will not be applied to all state funded projects but on selected ones with the most opportunity for success. In FY94 about \$30 million in state funded projects were awarded. We anticipate it being used on approximately 10% of the projects. Although any bonuses should be off set by lower bids, it may be necessary to set aside project specific funds to pay for the bonuses.

Prepared by: Mal Linthwaite, Director  
Division: E&OS  
Approved by Commissioner: [Signature]  
Agency: Department of Transportation and Public Facilities

Phone: 465-2951  
Date: February 1, 1994  
Phone: 465-3901  
Date: February 2, 1994

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# Alaska State Legislature

Senator Tim Kelly, Chair  
Senator Steve Rieger, Vice Chair  
Senator Bert Sharp  
Senator Judy Salo  
Senator Georrianna Lincoln



STATE CAPITOL, SUITE 101  
JUNEAU, ALASKA 99801-1182  
PHONE: (907) 465-3822  
FAX: (907) 465-3756

## SENATE LABOR AND COMMERCE COMMITTEE

716 W 4TH, SUITE 400  
ANCHORAGE, AK 99501-2133  
PHONE: (907) 258-8100  
FAX: (907) 258-4524

### SECTIONAL ANALYSIS FOR CS SB 212 (FIN): THE "BUY ALASKA" BILL

**Section 1:** Findings, Purpose, and Intent.

**Section 2:** Amends AS 36.30.130, Public Notice of Invitation to Bid, to encourage procurement officers to restrict notice of contract solicitation when practicable to Alaskan suppliers when and providers of services desiring to compete for state contract work, unless specifically requested by an out-of-state contractor. (This practice already in DOT/PF.)

**Section 3 & 10:** Provide a 4 year sunset to Section 2 so that its effectiveness may be evaluated. This sunset was put in at the request of the Department of Administration.

**Section 4:** Amends AS 36.30.540, Procurements Report to the Legislature, to require that the commissioner's report on procurement to the legislature include the number of bidders located in the State and out-of-state that bid or made proposals on procurements. This will allow the legislature to track the success of the procurement reforms.

**Section 5:** Repeals and re-enacts AS 44.99.200, Production of Publications, to replace the requirement that State publications be produced at State-operated facilities with a requirement that State publications be produced at a private sector facility located in the State when practicable. In addition, it mandates that standards for the production of publications be established by the Department of Administration.

**Section 6:** Amends AS 44.99.210, Disclosures on Publication, to conform to Section 5.

**Section 7:** Repeals AS 44.99.230, Standards for State Publications. This provision was amended into 44.99.200 (Section 5).

*Sectional*

Sectional Analysis - SB 212

"Buy Alaska" Bill

Page 2

**Section 8:** Establishes an Innovative Construction Procurement Methods Pilot Program within the DOT/PF for a period of two years. This program will allow the department, through regulation, to use bonuses to replace the current preferences required under AS 36.30.

The commissioner must first determine in writing that using the innovative methods is in the best interests of the state, not contrary to the intent and purposes of the current preference system, and describe how the innovative methods modify the procurement procedures of 36.30. The commissioner shall make two reports to the legislature on the construction contracts awarded under the pilot program 15 and 27 months after it begins.

**Section 9:** Establishes that report requirements under Section 4 of this act apply to reports due after the effective date of this act.

**Section 10:** With Section 3, provides a 4 year sunset to Section 2 so that the effectiveness of limiting contract solicitation to Alaskan businesses and publications may be evaluated. This sunset was put in at the request of the Department of Administration. Establishes that the first report under Section 4 of this act is due January 15, 1995.

# Alaska State Legislature

Senator Tim Kelly, Chair  
Senator Steve Rieger, Vice Chair  
Senator Bert Sharp  
Senator Judy Salo  
Senator Georgianna Lincoln



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SENATE LABOR AND COMMERCE  
COMMITTEE

716 W. 4TH, SUITE 400  
ANCHORAGE, AK 99501-2133  
PHONE: (907) 258-8180  
FAX: (907) 258-4524

## SPONSOR STATEMENT

### CS SB 212(FIN): "BUY ALASKA" LEGISLATION

State government is one of the largest purchasers of goods and services in the Alaskan economy, purchasing everything from road design and construction services to copy machines and paper and pencils. The use of services and products provided by Alaskan businesses stabilizes and diversifies Alaska's economy.

SB 212 aims to help strengthen Alaska's economy by increasing the share of State government's contracts for goods and services going to Alaskan businesses.

Specifically, this legislation would establish an Innovative Construction Procurement Methods Pilot Program within the DOT/PF for a period of two years to implement an Alaska Bonus Program to replace the current preferences.

Current incentives include the Alaskan Bidders Preference, Alaska Subcontracting, Disadvantage Business Enterprises/Equal Employment Opportunity programs, and Alaska Products Preference, and the Alaska Hire Program. The latter two are largely unworkable and consequently underutilized or not utilized at all. Allowing the DOT/PF to test on a trial basis a bonus system which provides bonuses at project completion and encourages the same policy goals would be more economically beneficial for vendors, reduce administrative costs and bid protests, and could likely be used in joint federal/state projects where State preferences are currently not allowed.

The commissioner would establish this program through regulation and report to the legislature on the program's progress 15 and 27 months after implementation. If successful, the legislature could expand and extend this program indefinitely, replacing the current preferences.

*Sponsor Statement*

Lastly, this bill incorporates a number of provisions from the "Make-It-Alaskan" legislation from the 17th Legislature, House Bill 245, which would also increase the amount of State work going to Alaskans. This bill would:

- 1) Encourage procurement officers to restrict notice of contract solicitation to Alaskan suppliers and providers of services desiring to compete for state contract work. (This practice is already standard in DOT/PF);
- 2) Require the commissioner to include in his report to the legislature on State procurements the number of bidders located in-state and out-of-state that bid or made proposals on procurements;
- 3) Replace the statutory requirement that State publications be produced at State-operated facilities with a requirement that State publications be produced at a private sector facility located in the State when practicable. In addition, standards for the production of publications would be established by the Department of Administration, and a cost box would be required for all publication's exceeding \$1,500 in cost.



*Department of Transportation  
and Public Facilities*

# POSITION PAPER

**BILL NO:** CS SB 212

**APPROVED:** 

**TITLE:** State Procurements and  
Publications

**DATE:** February 2, 1994

The Department of Transportation and Public Facilities is generally supportive of innovative ways of contracting which will reduce the bureaucratic process. Even with an innovative program of bonuses, it may be difficult to alternate the basic process of awarding, furnishing materials, etc. Nearly all successful contractors are Alaska based and only a very small percentage of material originates from out of state.

*Position Paper*  
For Further Information contact J.K. Ginger Johnson at 465-3904.

Discussion Bullets for:

## **Procurement Code Modifications to Implement a State Bonus Program**

### **Background:**

For several years those agencies conducting public works contracts have been concerned over the effectiveness of incentive programs such as "Disadvantaged Business Enterprises/ Equal Employment Opportunity", "Alaskan Hire", and Alaska "preferences" within the State Procurement. And while a considerable effort in both manpower and money have gone into these areas, it remains their belief that the fullest, most positive results possible from these incentive programs have not been attained. Therefore it is suggested that the current preferences be replaced with a bonus program.

### **Benefits:**

The following benefits will be achieved by incorporating a bonus program:

- The program will be more "economically" beneficial to vendors and hence more readily used.
- Administrative enforcement costs associated with bid protests, record keeping requirements and inspections will be reduced.
- "Game playing" on the part of vendors, for the sole purpose of obtaining the contract, would be decreased or eliminated.
- Federal and state mandated incentives could still be implemented, but at a time more conducive to the overall project and with reduced administration costs to all parties.
- Federal regulations which prohibit "localized bidding preferences" do not prohibit performance incentives – and in fact the federal agencies may even provide funding.
- Reciprocal trade statutes based on "preferences" would become inconsequential.
- Over time effectiveness of the incentive programs would improve, administrative costs would decrease, and bid prices would return to the competitive levels that were encountered prior to the bonus program.

### **Suggested Overview of the Bonus Program:**

It is envisioned that the bonus program could pay up to 5% of the contract award amount in additional bonus money. By basing the value of the bonus on the contract award amount, contingency funds could be set aside at the time of award for payment of the bonus at a later date. Upon satisfactory performance, bonus payments in the following areas and in the suggested amounts, could be paid. The various levels of a bonus would be set in the specifications or regulations so they could be adjusted to the changing procurement needs.

(see table on following page)

**- DISCUSSION BULLETS -**  
**FOR "BONUS" SYSTEM**

Incentive Under Consideration	Suggested Bonus Value (maximum percent of contract)
<ul style="list-style-type: none"> <li>• <i>Disadvantaged Business Enterprises/ Equal Employment Opportunity</i>, both state and federal mandates are address by the current program. (5% of the value of the qualifying DBE/EEO contracted services, up to the allowable maximum dollar amount, would be paid.)</li> </ul>	Recommended bonus . . . 2%
<ul style="list-style-type: none"> <li>• <i>Alaska Hire Program</i>, currently a state program which mandates the use of the local work force on state funded construction projects. (5% of the salaries – as documented in the certified payroll - for all alaskan workers, up to the allowable maximum dollar amount, would be eligible for a bonus.)</li> </ul>	Recommended bonus . . . 2%
<ul style="list-style-type: none"> <li>• <i>Alaska Bidder's Preference</i>, currently a state preference program within AS 36.30 which gives bidders residing in Alaska a bidding advantage over non-resident bidders. In its present form this is not an allowable incentive on federal aid contracts.</li> </ul>	Recommended bonus . . . 2%
<ul style="list-style-type: none"> <li>• <i>Alaska Products Preference</i>, currently a state preference program within AS 36.30 which gives bidders a bidding advantage when using products made in Alaska. In its present form this is not an allowable incentive on federal aid contracts. (3, 5 or 7% of the invoice amount – as documented by the manufacturer - for all alaskan products, up to the allowable maximum dollar amount, would be eligible for a bonus.)</li> </ul>	Recommended bonus . . . 2%
<ul style="list-style-type: none"> <li>• <i>Subcontracting</i>, currently the state requirements within AS 36.30 make it difficult, though not impossible, for non-resident subcontractors to work on state funded construction projects. An alternative to this approach is to reward prime contractors for using local subcontractors. (5% of the value of the qualifying alaskan subcontracted services, up to the allowable maximum dollar amount, would be paid.)</li> </ul>	Recommended bonus . . . 2%

**Bonus Program Details:**

The department has developed conceptual guidelines and parameters in each of the above incentive areas. We would be happy to share this information with lawmakers or assist them in whatever way possible.

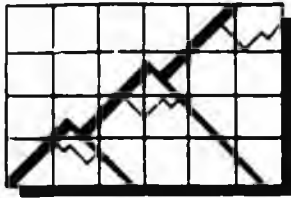
**Example:**

A bridge project with an award amount of \$1,000,000 to resident bidder; locally manufactured materials valued at \$300,000; a local workforce payroll for the prime contractor of \$400,000; local subcontractor services valued at \$100,000; and DBE contracts valued at \$50,000 would produce the following bonus.

- Bidder's Preference for the prime yields a bonus of  $\$1,000,000 \text{ times } .02 = \$20,000.00$
- Alaska Product preference for locally manufactured concrete components with a manufactured value of \$300,000 and a DCED Class III certification yields  $\$300,000 \text{ times } .07 = \$21,000.00$ , but by specification this amount is capped at  $\$20,000.00$
- Alaska Hire based upon a certified payroll of \$400,000 yields  $\$400,000 \text{ times } .05 = \$20,000.00$
- Subcontracting Bonus based on subcontracts valued at \$100,000 yields  $\$100,000 \text{ times } .05 = \$5,000.00$
- DBE Subcontracting Bonus based on subcontracts valued at \$50,000 yields  $\$100,000 \text{ times } .05 = \underline{\$2,500.00}$   
Yields a subtotal Project bonus of  $= \$67,500.00$

But, the OVERALL PROJECT bonus is capped at 5%. Thus the maximum amount payable to the contractor on a \$1 million award is  $\$50,000.00$





# University of Alaska Small Business Development Center

## MEMORANDUM

TO: Senate Economic Task Force

FR: Larry Cash, Chair, Small Business Development Center Task Force on State Procurement

DATE: February 18, 1994

SUBJ: Support for SB 212(FIN) relating to State Procurement (BUY ALASKA)

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Members of the UAA Small Business Development Center Advisory Board convened a special Procurement Task Force to discuss state procurement initiatives and specifically SB 212 which was reintroduced this session. The task force met on February 10 and focused their discussions on this important legislation and how it will affect small businesses in Alaska and their ability to compete with out-of-state bidders.

We support the passage of SB 212 and believe it will have a positive impact on small business in Alaska. The fiscal note of \$5000 from Department of Transportation to formulate and administer the Pilot Bonus Program is reasonable and should be passed. We believe the fiscal note of \$256,000 from the Department of Administration should not be construed as an actual budget appropriation as it is an estimate only of potential increased costs resulting from curtailing out-of-state bid solicitations. Because these potential costs will revert to Alaska's private sector, this fiscal note should not be a deterrent to passage of this bill.

A concern was addressed as to the deletion of Section 9 of the original legislation which created a state policy for Procurement of Investment Services. The task force considers this legislation important to the potential development of the financial services industry in Alaska and to support the Permanent Fund investment requirements and should be reconsidered. Furthermore, service fees generated by Permanent Fund investments should be spent in Alaska to the maximum extent possible.

This task force will continue to follow this and other legislation that effects small business and state procurement policy and law. We urge you to support SB 212 and consider our recommendations.

Thank you.