

ALASKA LEGISLATURE

2444

HOUSE and SENATE FINANCE COMMITTEE FILES, 2003-2004

\$2.1 million increase to the base in General Fund/Mental Health funds and \$1.7 million in Alaska Housing Finance Corporation (AHFC) Corporate Receipts.

- Committed \$8 million in Trust income for FY97 to support the state's Comprehensive Integrated Mental Health Program.
- Funded a three-year plan to assist the state in phasing out Harborview Development Center and placing residents in the community of their choice.
- The total rate of return on the Trust Fund at APFC was 13.43 percent.
- Conducted the first timber sale, selling 5 million board feet for about \$1 million at Icy Bay.
- Began selling subdivision lots throughout the state, with 25 lots offered.
- Initiated a minerals program, licensing about 20,000 acres of Trust Land for mineral exploration.

1997

- Assisted in closure of the Harborview Developmental Center and reallocated \$1 million in resources from the Center to community-based services.
- Began the due diligence process to downsize Alaska Psychiatric Institute (API) and the need to replace the old building.
- Initiated and developed results-based budgeting for the Comprehensive Integrated Mental Health Programs.
- Developed and established the first emergency funding process.
- Initiated and developed the Small Projects Grants funding process to be independently administered by The Trust and provide funding for small and innovative projects that benefit Trust beneficiaries.
- Began to leverage Trust income to develop coordinated transportation and special needs housing for Trust beneficiaries.
- Assisted with the development of the Quality Assurance Task Force.
- Trust's Land Management Regulations became effective.
- Recommended funding for the state's FY98 Comprehensive Integrated Mental Health Program and successfully negotiated a \$500,000 increase to the base in General Fund/Mental Health

funds and \$2.2 million in AHFC Corporate Receipts.

- Committed \$10.4 million in Trust income for FY98 to support the state's Comprehensive Integrated Mental Health Program in the Mental Health Budget Bill.
- Generated \$2 million in revenues from Trust land, a 36 percent increase.
- The total rate of return on the Trust Fund at APFC was 17.07 percent.
- Received title to about 4,700 parcels of land totaling about 1 million acres.
- Offered 70,000 Cook Inlet Basin acres as part of DNR lease offering for oil and gas exploration and development.
- Issued "transition" leases to Department of Administration for existing state uses of Trust's valuable waterfront land in Juneau, increasing Trust's lease revenue from about \$200,000 to \$550,000.
- Sold 50 million board feet of timber at Icy Bay under a multi-year contract with a contract value of about \$8 million to The Trust.

1998

- Assisted with the development of the first Women's Substance Abuse Treatment Program for women in Alaska's prisons.
- Committed \$3 million in Trust income to resolve the replacement of the aging API facility.
- Implemented statewide beneficiary survey to find out who the beneficiaries are and the quality of their lives.
- Provided emergency funding for the Arc of Anchorage.
- Developed and sponsored the collaborative meeting of the 4 advisory boards on policy and funding issues.
- Recommended funding for the state's FY99 Comprehensive Integrated Mental Health Program and successfully negotiated the implementation of \$2.9 million increase to the base in General Fund/Mental Health funds.
- Committed \$11.2 million in Trust income for FY99 to support the state's Comprehensive Integrated Mental Health Program in the Mental Health Budget Bill.
- Generated \$2.5 million from Trust land.

5-YEAR TIMELINE — 1996-2000



1996



1997



- Increased the annual payout rate from 3 percent to 3.25 percent of the Trust Fund to fund programs in the Comprehensive Integrated Mental Health Program.
- Total rate of return on the Trust Fund at APFC was 16.35 percent.
- Executed a land exchange with the Kenai Peninsula Borough to provide a site for NASA's Challenger Learning Center to be built. The Trust received equal value Kenai river front lands adjacent to river front parcels it already owned.
- Negotiated a \$900,000 land exchange with the City and Borough of Juneau, setting the stage for redevelopment of The Trust's valuable waterfront lands in Juneau.

1999

- Completed the Comprehensive Integrated Mental Health Plan to measure how Trust beneficiaries are doing in the "life domains" identified in the plan.
- Completed the statewide survey of beneficiaries' needs.
- Supported and funded the expansion of the state's assisted living program.
- Partnered with AHFC to develop the special-needs housing program.
- Supported and funded the development of the long-term instrument for gathering and reporting beneficiary information through the DHSS Data Warehouse.
- Identified the need for rural services and created a system of collaboration with regional health corporations and links that increase and assure the most appropriate service access practicable at the community level.
- Sponsored the first Rural Outreach Trip in which approximately 25 individuals from various statewide programs responsible for making policy decisions that affect Trust beneficiaries visited the Bethel area and neighboring villages.
- Recommended funding for the state's FY00 Comprehensive Integrated Mental Health Program and successfully negotiated a \$1.7 million increase to the base in General Fund/Mental Health funds.
- Committed \$11.8 million in Trust income for FY00 to support the state's Comprehensive Integrated Mental Health Program in the

Mental Health Budget Bill.

- Generated \$3.5 million from Trust Land, a 40 percent increase.
- Increased the annual payout rate from 3.25 percent to 3.5 percent of The Trust Fund for funding programs in the Comprehensive Integrated Mental Health Program.
- The total rate of return on the Trust Fund at APFC was 9.49 percent
- Initiated the Trust's Community Enhancement Initiative (CEI) to find buyers for Trust Lands that have significant conservation values, such as the scenic backdrop to Sitka, the waterfront of Gustavus and the scenic and environmentally significant Petersburg Creek watershed.
- Initiated The Trust's "good neighbor" agreement program, whereby the TLO and certain communities formally agreed to work towards shared land development and land management goals.
- Held the TLO's first lot sale, offering 39 parcels for sale, with a cumulative value of \$700,000.
- Completed an asset management plan for Trust land in the Kachemak Bay area, setting the stage for selling leased Trust Lands to the lessees.
- Converted the Fort Knox mill site lease to a regional mill site lease, thereby allowing off-site ores to be processed at the mill. Rents increased from \$30,000 to \$150,000 per year.
- Reacquired scattered correction parcels worth \$600,000 along with 5,400 acres of subsurface estate in the Cook Inlet Basin area and 1,280 acres of coal estate in Interior Alaska.
- Began efforts to rezone and develop valuable Anchorage hillside real estate. TLO commenced cooperative efforts with state and federal agencies, the City and Borough of Juneau, Gold Belt Native Corporation and private landowners to plan for the redevelopment of valuable waterfront lands

2000

- Awarded the first Mental Health Trust Mover Awards to recognize individuals and organizations that have helped improve the lives of Trust beneficiaries.
- Launched the Partnership Initiative for Trust funding.



The TRUST

The Alaska Mental Health

- Sponsored the rural initiative for the four advisory boards to develop and identify the needs of rural beneficiaries.
- Focused the second Rural Outreach trip to the Fort Yukon area on rural issues and partnering.
- Partnered with seven different funding groups to leverage \$2.9 million in Trust income, making \$11.5 million available for programs to benefit Trust beneficiaries.
- Initiated the Telepsychiatry into the overall telemedicine project with other partners.
- Recommended funding for the state's FY01 Comprehensive Integrated Mental Health Program and successfully negotiated a \$1.2 million increase to the base in General Fund/Mental Health funds.
- Committed \$17.9 million in Trust income for FY01 to support the state's Comprehensive Integrated Mental Health Program in the Mental Health Budget Bill.
- Generated \$3.6 million from Trust land.
- The total rate of return on the Trust Fund at APFC was 9.18 percent.
- Negotiated the first placer gold lease on Trust Lands, requiring a percentage of gross royalty, rather than the percentage of net income royalty required on general State lands.
- Renegotiated the Icy Bay timber sale contract to add 40 million board feet to the sale and to address declining timber values.
- Completed the first CEI transaction, selling 160 acres of prime brown bear habitat on the Kenai Peninsula to the Nature Conservancy.
- Completed the first TLO competitive mineral lease offering, leasing 20,000 acres for mineral exploration in the Salcha area south-east of Fairbanks.
- Assisted Ionia, Inc. in its effort to protect its operation from encroaching land uses.

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The Alaska Mental Health
Trust Authority
The TRUST

REFORMING MANDATED TREATMENT

(The Alcohol Fund Package)

Court Mandated Treatment to Support a Safer Alaska

What Alaskans Say

"The best way to fight the vast majority of violent crime in Alaska is to do a better job treating and then preventing alcohol abuse."

- Tom Clemons, president,
Association of Alaska Chiefs of
Police

"If Alaska can deal with its drinking problem, it will be safer, the workforce will be stable and it will be a more attractive place for businesses to invest and grow."

-Rick Solie, Fairbanks
NorthStar Borough Assembly
member, ConocoPhillips
Alaska Inc.

"The best child protection plan is treating and preventing alcohol abuse. When families are healthy, children are safe."

-Cynthia Bender, President,
Alaska Native Health Board

For details about Reforming
Mandated Treatment, contact
Jeff Jessee, Alaska Mental Health
Trust Authority, 269-7960

A \$15.5 Million Investment in Alaska's Future: When lawmakers approved the Dime-A-Drink alcohol tax increase in 2002, they committed half the annual anticipated revenue – or about \$15.5 million – to treating and preventing the abuse of alcohol and other drugs. **Reforming Mandated Treatment** prioritizes developing new treatment capacity for those with a legal mandate to get treatment. **Reforming Mandated Treatment** is a comprehensive initiative to use this fund to fight crime, save lives and make Alaska a better place for children, families and businesses.

A Smart Solution to Alaska's No. 1 Problem: By approving **Reforming Mandated Treatment**, lawmakers can help Alaska's law enforcement, social service, substance abuse and mental health professionals address the immense social and economic impacts of alcohol in Alaska. There's no doubt the problem is enormous. A study done for the Advisory Board on Alcoholism and Drug Abuse says substance abuse, the vast majority from alcohol, cost Alaska's economy \$614 million in 1999. To make matters worse, when Alaskans are diagnosed or arrested with alcohol problems, there is not enough treatment capacity – so they go untreated and endanger us all. This must change.

A Three-Point Plan to Tackle Alcohol Abuse: The **Reforming Mandated Treatment** approach divides \$15.5 million from the 10-cent per drink alcohol tax into three primary categories: treatment, intervention and prevention. **Treatment** focuses on parents at risk of abusing or neglecting children, criminals who have served time and are ready to re-enter the community, and improved services in rural Alaska. **Intervention** includes enhanced detox facilities and therapeutic courts to strongly and effectively address substance abuse problems. **Prevention** focuses on tougher enforcement of underage drinking laws and programs to discourage youth substance abuse.

REFORMING MANDATED TREATMENT

(The Alcohol Fund Package)

A Comprehensive Plan to Address Substance Abuse, Mental Health Needs

A Longtime Problem – Alcohol Abuse Takes a Staggering Toll in Alaska

- Alaska leads the nation in alcohol abuse – Alaska's rate of alcohol dependence and alcohol abuse is nearly 14 percent, compared to about 7 percent nationally. (Alaska Judicial Council, *Recommendations of the Alaska Criminal Justice Council*, Draft November 2002)

- Most crime is alcohol-related – 79 percent of Alaska's newly incarcerated inmates were actively abusing or dependent on a substance in the year before their incarceration. (State of Alaska, Department of Health and Social Services, Division of Alcoholism and Drug Abuse, *Substance Abuse Treatment Needs of Alaska's Newly Incarcerated Prisoner Population Prior to Incarceration*, 2001)

- Alcohol endangers children – 81 percent of all reports of harm against Alaskan children involve substance abuse. Children in alcohol-abusing families were nearly 4 times more likely to be maltreated, almost 5 times more likely to be physically neglected and 10 times more likely to be neglected than children in families with no alcohol problems. (Alaska Judicial Council, *Final Report of the Alaska Criminal Justice Assessment Commission*, May 2000)

- Alcohol treatment is often unavailable - A 2002 report completed for the State of Alaska and the federal Center for Substance Abuse Treatment estimates that, during 2000, just over 6,000 people in Alaska received substance abuse treatment – but almost 39,000 Alaskans actually needed treatment. (State of Alaska, Department of Health and Social Services, Division of Alcoholism and Drug Abuse and the Center for Substance Abuse Treatment, *An Integrated Substance Abuse Treatment Needs Assessment for Alaska*, January 2002)

Treatment Will Work

Nationally, the re-arrest rate without treatment is nearly 1 of every 2 offenders. By comparison, several states report much lower recidivism among criminals receiving alcohol and drug treatment. For example, re-arrests decreased 90 percent in Ohio and Minnesota and 87 percent in Hawaii.

- *Center for Substance Abuse and Treatment, U.S. Dept. of Health and Human Services, Jan. 1999*

Now, a Solution – Highlights of the Reforming Mandated Treatment Proposal

- \$15.5 million annually to fight back – Half the annual projected revenue from Alaska's newly increased alcohol tax will build a comprehensive initiative through the Alcohol and Drug Treatment and Prevention Fund set up by lawmakers.

Treatment Saves Dollars

The Alaska Department of Corrections estimates that incarcerating an individual for one year costs the state \$40,840. By comparison, the Anchorage Felony Drug Court – which requires treatment for offenders – is estimated to cost just \$16,950 per year per participant.

- Reforming Mandated Treatment tackles crime - \$2.55 million would go to programs and therapeutic courts to make sure adult criminals face consequences and get alcohol treatment before being released. \$2.33 million would fund enforcement, treatment and prevention efforts to stop teen drinkers before they become lifelong abusers.
- Reforming Mandated Treatment protects kids - \$1.72 million would expand alcohol and drug treatment for parents in trouble for child abuse and neglect, and for rural mothers with drinking and drug problems.
- Reforming Mandated Treatment builds capacity - \$2.75 million would cover needed infrastructure, from public inebriate services in Fairbanks to transitional housing for high-risk addicts undergoing treatment. \$1.1 million

would train new counselors and clinicians and provide research and evaluation to make sure treatment is efficient and effective.

REFORMING MANDATED TREATMENT IN ALASKA (The Alcohol Fund Package)

Questions and Answers

Q. What is "Reforming Mandated Treatment"?

A. A comprehensive initiative to improve treatment, intervention and prevention programs to fight back against Alaska's No. 1 health problem – the abuse of alcohol and other drugs. This is done by prioritizing the development of new treatment capacity which targets those with a legal or other mandate for treatment and a high motivation to get it. This is especially important in light of the great economic costs associated with this problem. A study completed last year for the state Advisory Board on Alcoholism and Drug Abuse says substance abuse, the vast majority of which involves alcohol, cost Alaska's economy \$614 million in 1999 from lost worker productivity and increased need for law enforcement, incarceration and social services.

Q. How much does "Reforming Mandated Treatment" cost?

A. That's the beauty of this proposal – it's already paid for. When the Legislature approved the "Dime-a-Drink" alcohol tax increase last session, it created a special alcohol and drug treatment and prevention fund with half the annual projected revenue from the higher tax. That totals about \$15.5 million yearly.

What types of programs are included in "Reforming Mandated Treatment"?

A. Here are some examples. \$2.55 million would go to programs and therapeutic courts to make sure adult offenders face consequences and get alcohol treatment before being released. \$2.33 million would fund enforcement, treatment and prevention efforts to stop teen drinkers before they become lifelong abusers. \$1.72 million would expand alcohol and drug treatment for parents in trouble for child abuse or neglect and for rural mothers with drinking and drug problems. \$2.75 million would cover needed infrastructure, from public inebriate services in Fairbanks to transitional housing for high-risk addicts undergoing treatment. \$1.1 million would train new counselors and clinicians and provide research and evaluation to make sure treatment is efficient and effective.

Q. Can we really afford this proposal?

A. Yes. In fact, we can't afford not to fight back against substance abuse in Alaska. The toll it takes in our state is devastating. A study completed last year for the state Advisory Board on Alcoholism and Drug Abuse says substance abuse, the vast majority of which involves alcohol, cost Alaska's economy \$614 million in 1999 from lost worker productivity and increased need for law enforcement, incarceration and social services. Statistically, the most disproportionate representation of crimes committed occur within the rural areas of Alaska, thus the support for prevention, intervention and rehabilitative programs must be representative of the need throughout Alaska. Police say the vast majority of all crime in Alaska is alcohol related. Recent studies said 79 percent of Alaska's newly incarcerated inmates were actively abusing or dependent on a substance in the year before their incarceration, while 81 percent of all reports of harm against Alaska children involved substance abuse – and that was during just one sampling period. By enhancing treatment for at risk individuals,

More Questions and Answers

Q. Don't we already have treatment programs in Alaska?

A. Yes, but not nearly enough to address the scope of the problem. A 2002 report completed for the State of Alaska and the federal Center for Substance Abuse Treatment estimates that, during 2000, just over 6,000 people in Alaska received substance abuse treatment – but almost 39,000 Alaskans actually needed treatment. That means only 1 of every 6.5 people who need treatment actually get it. These are people from all walks of life, but many are offenders who have served their jail sentences and are about to be released, or parents who are in trouble for hurting or neglecting their children. It makes sense to treat them when they are most likely to work on recovery – before leaving jail or before getting in further trouble with the child protection system. To not treat these Alaskans is to invite more trouble and further endanger us all.

Q. Isn't there other new money available for alcohol programs in Alaska?

A. Yes, but it's still not enough – and it much of it doesn't focus on treatment. In each of the past two years, the Alaska Federation of Natives received nearly \$15 million from the federal government for an alcohol control program. The vast majority of this money is being divided amongst regional Native non-profit organizations for other unmet needs that would curb substance abuse – improving public safety in the villages and increasing education about sobriety, for example. In fact, of the four very worthwhile objectives of the AFN project, only one complements the “Reforming Mandated Treatment” approach. These programs supplement the statewide “Reforming Mandated Treatment” package, but don't overlap it.

Q. Which organizations are backing “Reforming Mandated Treatment”?

A. The list is already long and still growing. The Alaska Mental Health Trust Authority is coordinating the initiative, along with the state Advisory Board on Alcoholism and Drug Abuse, the Alaska Mental Health Board, the Substance Abuse Directors Association, the Alaska Native Health Board, and the Alaska Federation of Natives. Budget estimates have been developed in conjunction with the state Departments of Health and Social Services and Corrections.

Q. How can I support “Reforming Mandated Treatment”?

A. Tell your legislator you believe this proposal is a wise investment in Alaska's future. Tell your friends or your organization about it. Write a letter to the editor urging others to support this wise use of our new alcohol tax dollars.

ALCOHOL FUND PACKAGE

REVENUE SUMMARY

	<u>FY03</u>	<u>FY04</u>
Alcohol Fund	23,000.0	31,000.0
50% to Treatment & Prevention Fund	11,500.0	15,500.0

EXPENDITURE PLAN

Current Budgeted for Alcohol Programs	3,600.0	3,600.0
SUBTOTAL AVAILABLE	7,900.0	11,900.0

Category	% Allocation	FY05 Allocation
Treatment	60%	7,185.0
Intervention	19%	2,315.0
Workforce Development	5%	550.0
Prevention/Education	10%	1,150.0
Evaluation/Research	5%	550.0
Enforcement	1%	150.0
TOTAL	100%	11,900.0

OPERATING BUDGET PROPOSALS

	<u>FY04</u>	<u>FY05</u>
CHILD PROTECTION	1,720.0	1,915.0

Focuses on providing substance abuse treatment for parents. These projects provide intensive outpatient and residential treatment services and continuing care for both rural and urban parents who are ordered to receive treatment.

ADULT OFFENDER	2,550.0	2,830.0
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Addresses intervention and treatment approaches for adult offenders within the criminal justice system. It provides therapeutic communities, treatment services for inmates and parolees, as well as bolsters various kinds of therapeutic courts that intervene on substance abusers and those with co-occurring mental illness.

EMERGENCY SERVICES	1,225.0	1,175.0
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Focuses on emergency detoxification services and involuntary commitment and treatment.

YOUTH/JUVENILE JUSTICE	2,330.0	2,580.0
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Provides a range of projects for treatment, intervention, and prevention service programs for youth around the state. These projects train individuals who deal with at-risk juveniles, monitor businesses licensed to sell alcoholic beverages, and enhance youth criminal justice programs.

SHARED SERVICES	1,325.0	2,650.0
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Included in this category are transitional housing services which assist alcoholics in their recovery by providing stable housing and treatment services, enhanced treatment capacity in rural areas, workforce development, and funding for the evaluation of chemical dependency services in the state.

SUBTOTAL OPERATING	9,150.0	11,150.0
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CAPITAL BUDGET PROPOSALS

	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>
CAPITAL/INFRASTRUCTURE	7,900.0	2,750.0	750.0

Provides capital funding to support various aspects of the package: transitional housing, detox services, women and children treatment, etc.

TOTAL ALCOHOL PACKAGE	7,900.0	11,900.0	11,900.0
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The TRUST

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The Alaska Mental Health Trust Authority

Jeff Jesse

Executive Director

2/5/03

OVERVIEW:

POST. ED.,

DOTPF, FISH

& GAME

HFIN

FILE



Alaska DOT&PF Overview House Finance Committee

February 5, 2003

**Michael Barton
Acting Commissioner**

Briefing Topics

- Department Overview
- Operations
 - Maintenance
 - Facilities
 - Disasters
 - Airports
 - Design & Engineering Services
 - Construction
 - Alaska Marine Highway System
 - Ports and Harbors
 - Measurement Standards and Commercial Vehicle Enforcement



DOT&PF Maintenance Stations

84 Stations Statewide



National Highway System



Alaska Highway System



DOT&PF Airports

261 State-owned Airports



DOT&PF Ports & Harbors

73 State-owned Harbors

51 Operated by agreement
by local government



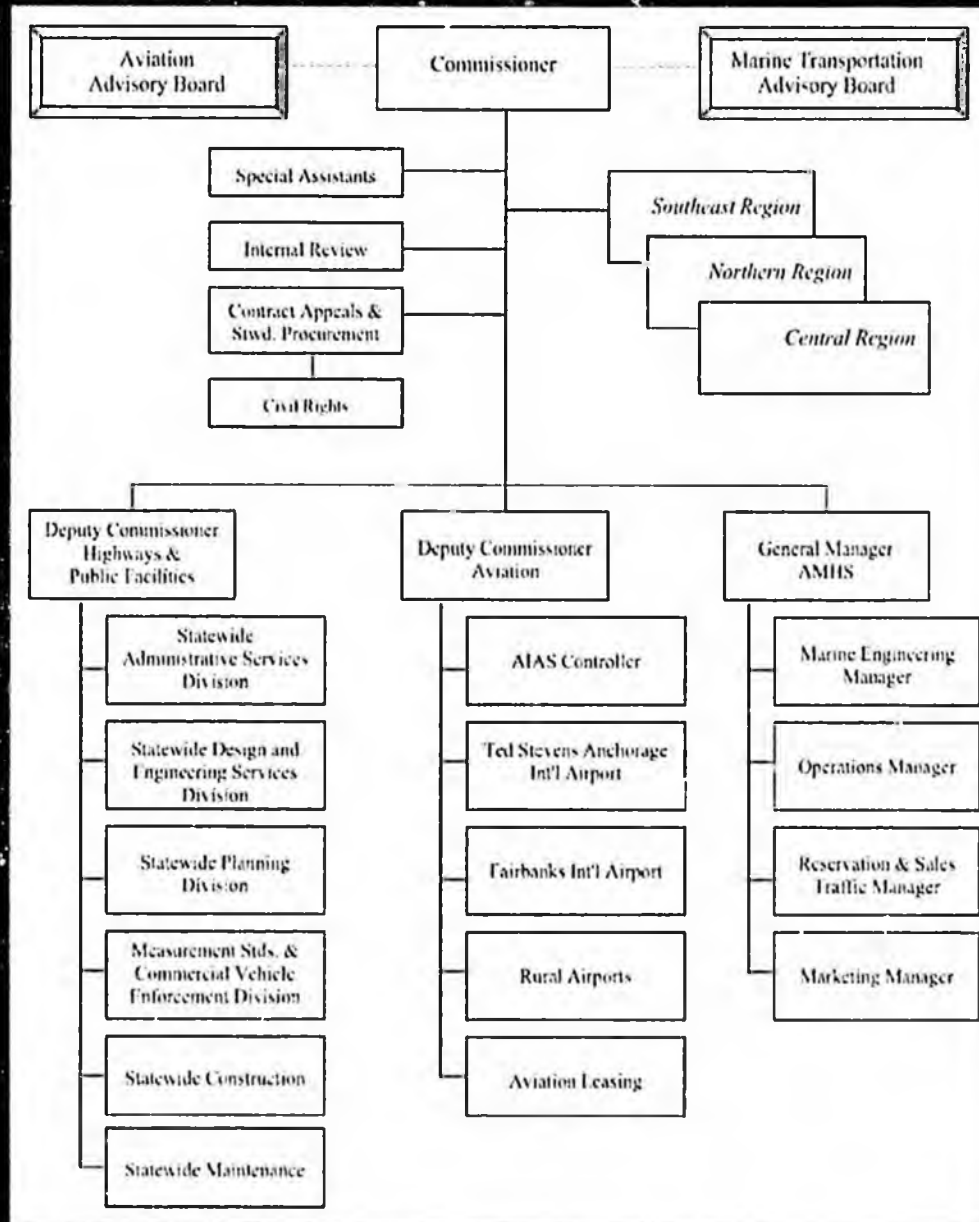
AMHS Route Map

33 Ports-of-Call

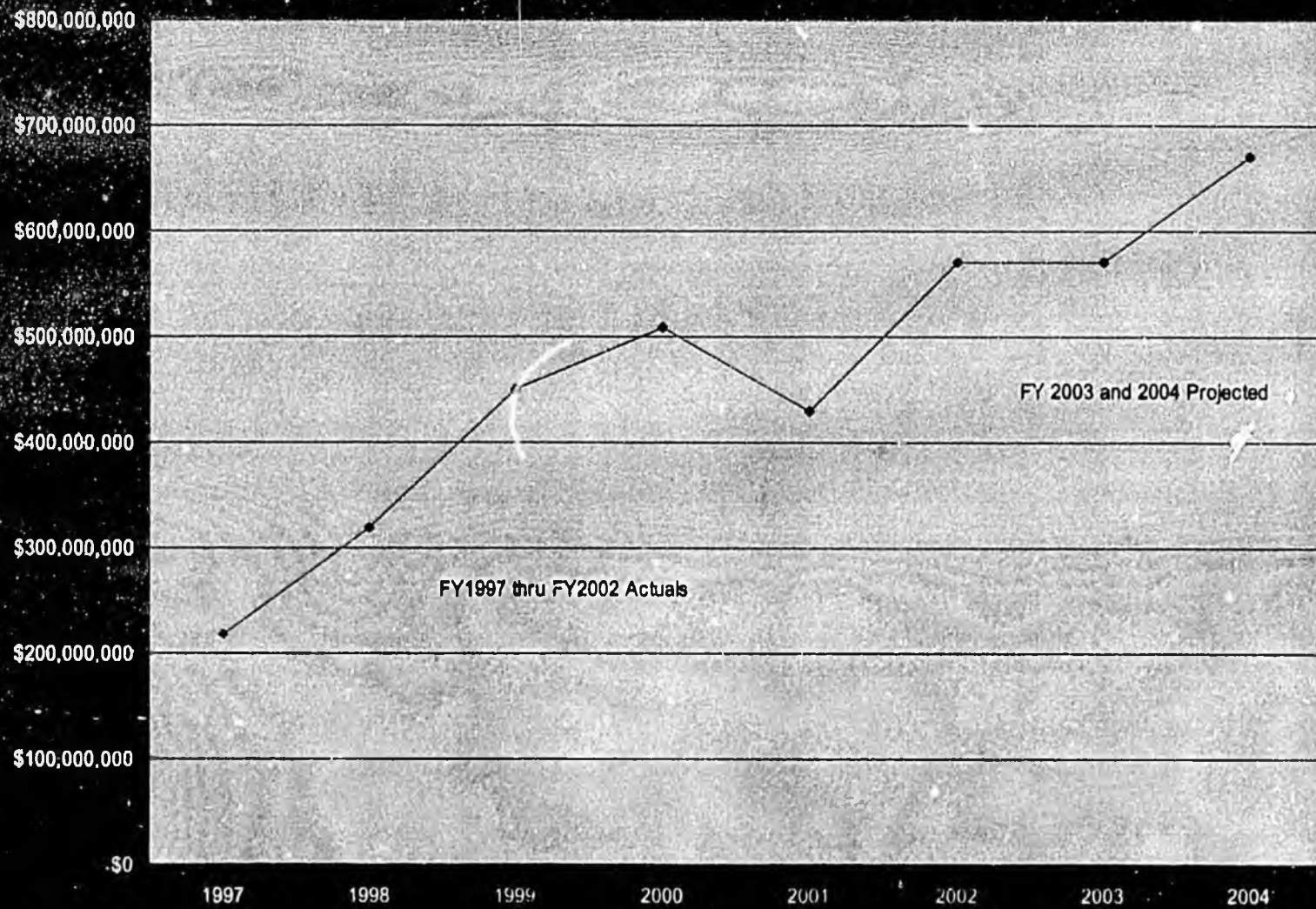
3,500 Nautical Miles



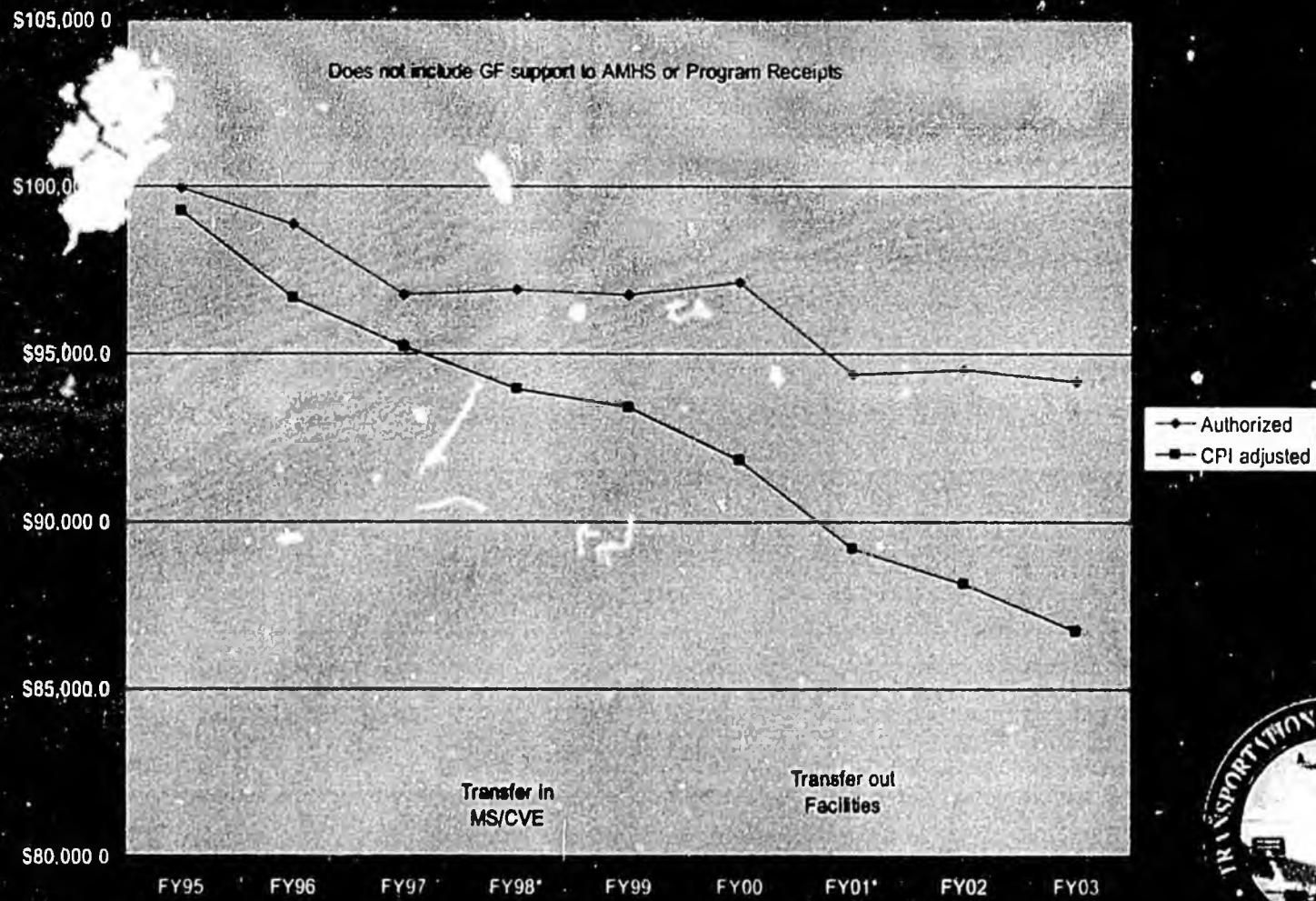
DOT&PF Org Chart



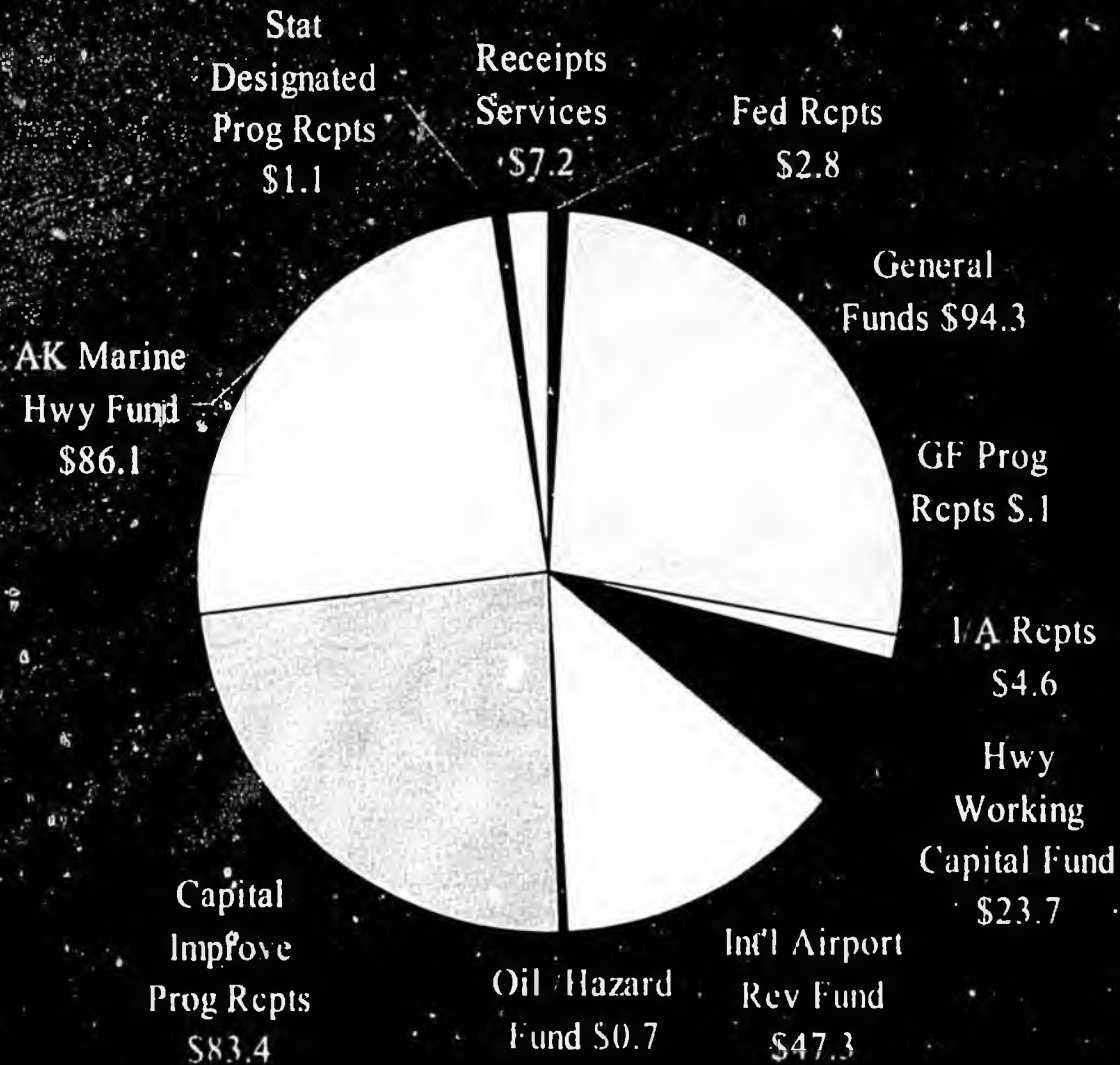
Historical Construction Expenditures



GF Operating Budget Buying Power



Operating Budget by Fund Source



General Fund and Receipt Supported Services by Function



Regional Maintenance Funding



Maintenance

- FY03 Operations Budget Cut
- Highways, Aviation & Facilities Impacts
 - Maintenance Station Closures: Ninilchik, Chitina, and Birch Lake
 - Maintenance Reductions
 - Spread across the highway system
 - Airports on road system
 - Federal Funding Agencies
 - Grant Assurances and Maintenance Requirements
 - Capital program implications



O&M FY03 Supplemental

- Restore Operations for Remainder of Year
 - Restore Maintenance of Various Roads
 - Steese Highway
 - Northern Region Roads including Denali Hwy
 - Snow Removal on Southeast Cat III Roads
 - Snow Haul in Anchorage
 - Willow Maintenance Station
 - Elliott Highway
 - Operators and Equipment across the State



O&M FY03 Supplemental

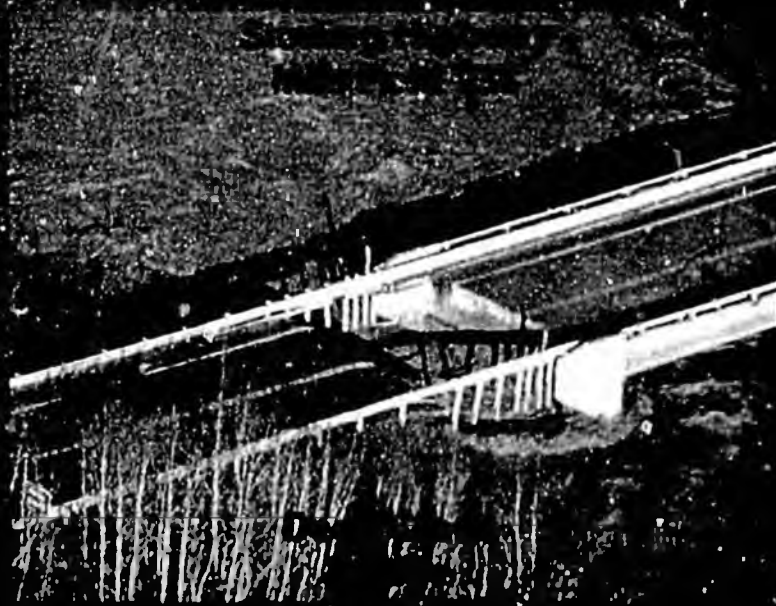
- Restore Operations for Remainder of Year (cont.)
 - Open Maintenance Stations
 - Ninilchik
 - Birch Lake
 - Chitina
 - Restore Maintenance at Airports
 - Skwentna
 - Clear
 - Restore Maintenance at State Buildings



Disasters

- Fall 2002 Disasters

- October Flood - Kenai Peninsula
- November Earthquake - Denali Fault 7.9 Mag
- November Flood - Kenai Peninsula
- Federal Disaster Funding Agencies - FEMA & FHWA



DOT&PF Kenai Floods Impacts

- Governor & President Declarations - October/November events
- Recovery & Reconstruction Costs
 - Highway & Bridge Repairs \$23.8 M
 - FHWA Eligible Repairs \$15.8 M
 - FEMA Eligible Repairs \$8.0 M
 - Work to Date \$10.3 M
- Resource Agency Challenges



DOT&PF Earthquake Impacts

- Tok Cutoff Highway - most impacted road
 - Winter repairs complete
- Northway Airport - most impacted airport
 - Winter repairs complete
- Governor & President Declarations
 - FHWA \$2.0 M Rapid Response funds provided
- Highway & Bridge Repair \$53 M (ongoing)
 - FHWA Eligible Repairs \$38.7 M
 - FEMA Eligible Repairs \$14.3 M
 - Work to Date \$10.5 M
- Future Construction Program Impacts



DOT&PF Airports

- Largest Airport Operator in the U.S.
 - 261 State owned & operated airports
 - 2 Internationals - Anchorage & Fairbanks
 - 21 Rural Certificated
 - 238 Community
- Organization - New Structure
 - Deputy Commissioner for Aviation
 - Rural Airports (Programming)
 - International Airports
 - Leasing



Alaska International Airport System (AIAS)

- Includes Anchorage and Fairbanks international airports
- Enterprise fund covers operating costs and capital costs not paid for by federal funds
- Total annual operating budget is approximately \$68 million
- FAA capital funds and passenger facility charges total over \$23 million annually



Ted Stevens Anchorage International Airport

- #1 cargo airport in the US
- Busiest floatplane base in the world
- Large economic impact
 - nearly one in ten jobs in Anchorage
 - 9,119 airport jobs for \$367 million payroll
 - 5,631 community jobs for \$148 million payroll
- Serves 5 million passengers per year
- 58 airlines currently operating at airport



Fairbanks International Airport

- #13 cargo airport in the US
- Large floatplane base - recently expanded
- Large economic impact
- Serves 800,000 passengers per year
- 15 airlines currently operating at airport



Design and Engineering Services

- D&ES consists of:
 - Bridge Design
 - Statewide Materials
 - Ports and Harbors
 - Design and Construction Standards
 - Research and Technology Transfer
- D&ES is responsible for delivering bid ready designs and contract documents for all DOT&PF projects
- Approximately 55% of design is done by private sector



Construction

- Regional construction offices provide oversight of all DOT&PF construction projects
- Construction consists of four branches:
 - Construction
 - Contracts
 - Project Control
 - Facilities
- Construction branch includes
 - Contract Administration
 - Field Inspection/Oversight
 - Quality Assurance



Construction Program

Mode/System	Active Contracts	2003 Capital Program
Highways and Ferries	119	\$444.1 M
Statewide Aviation	58	\$120.9 M
Harbors	39	\$31.8 M
ANC	55	\$78.6 M
FAI	3	\$21.6 M



Alaska Marine Highway System

- AMHS celebrated its 40th Anniversary on January 23rd - Malaspina still operating
- 3,500 total nautical miles of coastline served by AMHS from Bellingham, WA to Unalaska
- CY 2001 Statistics - 318,891 passengers and 93,946 vehicles which equates to 60,902,285 Passenger Miles and 18,479,996 Vehicle Miles
- Alaska Marine Highway vessels traveled 475,650 nautical miles in 2000...that is over 161 trips from New York to Seattle
- Designated a National Scenic Byway in 2002
- 2 new fast vehicle ferries under construction to serve Southeast and Prince William Sound
- Fuel costs average 11% of AMHS annual operating budget
- Labor costs average 68% of AMHS annual operating budget



Ports and Harbors

- Department is responsible for 73 of 107 public harbor facilities in AK
- 51 facilities are operated by local governments
 - Operating agreements provide no state funds for operations
 - State obligated for replacement and major repairs
- Capital Program is largely Corps of Engineers Program, except bond funds and state match
 - Corps funds basin, State and Local fund inner-harbor facilities
- There are 39 active capital projects for \$53.2 million in authorizations
 - this represents match funds for Federal Navigation Improvement
- HB525 authorized \$31.8 million for upgrading and transferring 27 facilities in 10 communities



Measurement Standards and Commercial Vehicle Enforcement

- MSCVE enforces all federal and state commercial vehicle laws to ensure safe highways
- MSCVE certifies the accuracy of all weighing and measuring devices used in commerce
- MSCVE issues permits for overweight vehicles
- MSCVE is implementing a new one-stop web-based permit system



Questions?



2-5-03

**ALASKA COMMISSION ON
POSTSECONDARY EDUCATION**

and the

ALASKA STUDENT LOAN CORPORATION

**Agency Overview
February 2003**

**Diane Barrans
Executive Director/Officer**

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~ Mission ~

The Alaska Commission on Postsecondary Education and the Alaska Student Loan Corporation, its financial partner, serve Alaska by supporting the development of economically viable, lifelong learners and citizens by providing educational financial assistance to postsecondary students and authorizing the operation of postsecondary institutions in Alaska.

~ By ~

- Providing education financial aid
- Developing and delivering financial aid planning tools to students and supporters
- Developing and implementing strategies to increase access and participation rates of Alaskans in postsecondary education
- Supporting and promoting Alaska postsecondary education institutions
- Providing for quality standards for postsecondary education and training
- Responding to emerging needs for administering education financial assistance and educational access programs/services

**Alaska Commission on
Postsecondary Education**

financial resources available for
postsecondary study ~

Offer Education Access Assistance by

- ♦ originating and servicing AlaskAdvantage™ loans, including federal Title IV loans, Alaska Supplemental Education loans, Teacher Education loans, and Family Education loans ~
- ♦ originating and servicing Memorial Education loans ~
- ♦ disbursing state and federal grants to low-income students ~
- ♦ coordinating the WICHE Student Exchange and WWAMI graduate medical education programs ~

Protect the Education Consumer by

- ♦ monitoring school advertising and contracts with students ~
- ♦ responding to public complaints ~
- ♦ assuring refunds and student teach-outs when schools close ~
- ♦ gathering information on aid for Alaskans and disseminating it so that qualified residents are aware of

*Authorize Postsecondary Institutions within
Alaska by*

- ♦ regulating program and degree offerings ~
- ♦ providing biennial review and reauthorization for approximately 31 postsecondary institutions/programs ~
- ♦ approving institutions for Alaska education loans and Veterans Affairs funding ~

Organizational Structure:

The Commission is a 14-member body in accordance with AS 14.42.015. The Executive Director reports to the Commission.

The Commission staff, totaling 104 positions, are organized in five divisions, managed and supported by a seven-member professional team: the Information Services Director, Finance Officer, Internal Auditor, Director of Operations and Outreach, Compliance Services Director, and Personnel

Officer, each reporting directly to the Executive Director.

The Commission operations center is located in Juneau and its marketing, outreach, institutional compliance services, and information technology unit is located in Anchorage.

Alaska Student Loan Corporation

Statutory responsibilities and duties:

- ◆ Borrow money to carry out the Corporation's purpose as the financing source for the AlaskAdvantage™ Programs and issue obligations as evidence of borrowing.
- ◆ Invest money held by the Corporation.

- AlaskAdvantage™ Loan Programs -

After a period of several years from the late 1980s through the mid-1990s, during which the ASLC experienced precarious financial standing, significant improvements to the loan program and the servicing of the portfolio have resulted in a positive financial impact for the Corporation. Since 1995, when the first of many program changes were made by the Legislature, the Corporation has continued to progress toward creating a strong financial foundation for the loan program:

- The programs cohort default rate has dropped from 17.0% in 1996 to 4.6% in 2001.
- Program expenses including loan losses have declined by \$8.2 million from FY1995 to FY2002.
- The cumulative fund deficit, which peaked at \$50 million in FY1997, has been eliminated in FY2002.

- ◆ Enter into agreements with the ACPE to administer the education loan fund.

Organizational Structure:

The Corporation is a 5-member board in accordance with AS 14.42.120.

The Executive Director of the Commission serves as the Executive Officer of the Corporation as set out in AS 14.42.160. The staff of the Commission also serves as staff of the Corporation.

Program Highlights

Over the last 18 months ACPE has successfully undertaken an aggressive program implementation of the AlaskAdvantage™ Loan Programs. This new program, which includes federally guaranteed Title IV education loans, gives the ACPE and ASLC the ability to offer the lowest rates possible for Alaska's student borrowers by leveraging federal subsidies.

Increased capacity has allowed for improved loan terms for borrowers as equally valuable indicators of the programs' strong performance. These terms include:

1) Tying the Alaska Supplemental Education Loan interest rate to bond equivalent rates, with a cap at 8.25%. Also, the interest rates may be set at a lower rate for borrowers who have a good payment history, choose cost-effective repayment methods, or who reside in Alaska.

2) The Alaska Supplemental Education Loan origination fee is 3% for the third consecutive year.

3) A continued reduction of loan costs for borrowers repaying previously issued fixed-rate loans with the highest interest rates, up to 9%, in the program's 26-year history to an effective rate of 8.3%. This borrower cost reduction program began in July 2001 and has saved borrowers a total of \$2.2 million to date.

Also, the Corporation will pay to its investor, the state of Alaska, a return of capital payment for the third year in a row. Since FY2001 the ASLC has returned \$11.45 million to the state. The FY2004 payment is set at \$5.0 million.

With the stability collaboratively created through the efforts of the Alaska Legislature and Executive Branch, this positive trend is expected to continue.

Summary of portfolio improvements:

- ◆ Loan forgiveness benefits eliminated. (1987-88)
- ◆ Interest charged during grace period. (1987-88)
- ◆ Initiated PFD attachments on defaulted loans. (1987-88)
- ◆ Origination fee assessed on all loans. (1994-95)
- ◆ Post-deferment grace period eliminated. (1996)
- ◆ Tied loan interest rate to the cost of bonds plus administrative cost percentage. (1995-96)
- ◆ Began charging interest during periods of deferment. (1996-97)
- ◆ Began credit check of loan application. (1998-99)
- ◆ Credit report all borrowers. (2001)

- ◆ Wage garnishment (2001)
- ◆ Administer and service FFELP (2002)
- ◆ Created the AlaskAdvantage™ Benefit package offering borrowers additional cost savings. (2002)

Portfolio Characteristics:

- ◆ Approximately 175,000 loans totaling \$638 million
- ◆ Approximately \$50 million issued annually
- ◆ 56,000 loans in school or deferment
- ◆ 86,000 loans in repayment
- ◆ 33,000 loans subject to collection (internal and private sector)

Corporation Objectives:

The Corporation's key operational objectives are prioritized to allow the Corporation to increase its financial strength and effectiveness to fulfill its mission effectively:

- Insure the ongoing fiscal stability and credit standing of the Corporation
- Continue to offer low-interest rates to insure affordable education to new customers
- Continue to identify ways to translate financial stability into cost savings for existing customers
- Provide an annual payment to the State as a return of its initial capital contribution of \$306 million

The Corporation continues to implement changes that will maintain and further improve the health of the loan fund, while at the same time insure that access to education funding remains as broad as possible.

~ Student Loan Operations ~

This component is the largest of ACPE's four, containing Information Support Services, Finance, and Student Financial Aid sections.

The goals of this component are:

- 1) to service the outstanding loan portfolio, maximizing repayment to the student loan fund and protecting the financial integrity of ASLC;
- 2) to identify and implement program efficiencies through improved management, processes, and technology to insure the self-sustainability and marketability of the AlaskAdvantage™ Programs through the 21st century;
- 3) to provide low-cost financing for the loan programs;
- 4) to disburse low-cost loans to eligible Alaskans enabling them to pursue postsecondary education and training; and
- 5) to serve and value our customers, including students, parents, policymakers, bondholders, professional colleagues, and co-workers.

Information Support Services

Information Support Services (ISS) provides data processing support to the agency and manages two local area networks connected through the state-maintained wide area network. ISS supports HELMS (Higher Education Loan Management System), the mainframe-based nationally utilized student loan software application, which supports all aspects of the lending process from origination to payoff for all AlaskAdvantage™ Programs.

Finance

The Finance section manages the extensive financial activities of both ACPE and ASLC which includes:

- Tracking the flow of all payments received from borrowers
- Preparing financial reports and analyzing data
- Investing funds to maximize earnings while complying with federal regulations and bond covenants, and meeting operational needs
- Preparing annual agency operating, capital, and lending budgets
- Overseeing procurement activities

Student Financial Aid

The Student Financial Aid (SFA) section contains five units: Loan Servicing, Customer Service, Collections, Administrative Services, and Outreach.

Loan Servicing

This unit performs all phases of loan servicing, including loan originations, truth-in-lending disclosures, application of forgiveness benefits, and deferment and forbearance processing.

Customer Service

The Customer Service unit responds to requests for account assistance and to general public inquiries regarding student financial aid programs. This unit also provides assistance to local walk-in customers in the Juneau and Anchorage offices.

Administrative Services

Administrative Services maintains an archived history of borrowers' account activity and agency files, and student academic files for all closed Alaska institutions. Through the work of this unit, ACPE employees have access to complete loan histories within minutes of a request, allowing them to respond promptly to borrower questions. This unit is also responsible for safeguarding the Corporation's assets: loan promissory notes.

Collections

Using electronic, telephony and on-line queues, collections staff contact borrowers who are not repaying their loans as agreed. At 30 days past due, staff initiates contact with borrowers to discuss their accounts, counsel them on options, and advise them of the consequences of not repaying. Continued borrower delinquency results in persistent, recurring staff contact. Once in default, collection staff use various available administrative collection tools. These include working with state licensing agencies to prevent renewal of occupational licenses, initiating garnishment action on Alaska Permanent Fund dividends, and issuing administrative wage garnishment orders.

Unit staff also administer and track borrower bankruptcy activity.

If a defaulted borrower resides outside of the Commission's garnishment "reach" and is unwilling to resume adequate payments, the account is transferred to a private sector collection firm.

Dollars received from Administrative Wage Garnishment, PFD garnishment and delinquent borrower contact, in calendar years are:

2002 - \$14,092,900
2001 - \$22,015,600
2000 - \$24,523,600
1999 - \$23,792,900
1998 - \$21,427,100

Outreach

The Outreach unit is tasked with disseminating education planning information and offering assistance to students, parents, high school counselors, financial aid officers, and the general public. Their unit goals are: to insure the Alaska public is fully aware of the value, to the individual, their family, and their state community, of pursuing postsecondary education; and, provide the public with assistance in gathering and negotiating the process of planning for and attending postsecondary institutions.

~ Program Administration ~

This component contains the Executive Office, the Personnel Office, and the Compliance Services section. The goals of this component are:

- 1) to administer and provide policy direction for programs administered by ACPE and funded by ASLC, identifying and achieving efficiencies through improved management, processes and technology;
- 2) to insure postsecondary programs and institutions operating in the state, with the exception of the University of Alaska system, comply with AS 14.48 and 20 AAC 17, which relates to regulation of institutions;
- 3) to emphasize quality in education and training programs to insure value for Alaskans in their pursuit of lifelong learning; and

- 4) to provide Alaskans with information about the educational opportunities available in Alaska and the financial aid programs available to assist in accessing those opportunities.

The **Executive Office** provides overall administration and policy direction for Commission programs and staff, and exercises review and oversight of postsecondary programs and institutions operating in the state, such as the University of Alaska.

The **Personnel Office** provides human resources support to all units of ACPE, assisting in developing and implementing recruitment and screening techniques to appropriately staff the agency. This office also identifies staff training needs and coordinates or directly provides that training activity.

The **Compliance Services** section is organized into four units: Institutional Authorization, Alaska State Approving Agency, Institutional Liaison, and Institutional Audit and School Compliance.

Compliance Services by Unit

The *Institutional Authorization* (IA) unit facilitates authorization and regulation of 31 postsecondary institutions in the state of Alaska. Based on ACPE's statutory responsibilities, IA staff provide consumer protection services to Alaska's students. The IA coordinator works closely with institutional

administrators to assure ethical business practices, fair advertising, and appropriate health and safety practices.

The *Institutional Liaison* is a coordinator position responsible for maintaining a network of key contacts with parties interested in student financial aid throughout Alaska. This network includes financial aid staff at institutions participating in Alaska's education loan programs, high school counselors, employment centers, parent groups, and various other interested organizations.

The *Alaska State Approving Agency* (SAA) is a federal veterans affairs (VA) program which provides review and oversight of educational institutions and training sites to determine if state educational programs qualify for attendance by veterans utilizing their GI Bill benefits. This program is funded entirely through federal receipts. These functions are performed by the Institutional Liaison coordinator.

The *Institutional Audit and School Compliance* unit staff provide a variety of compliance audit and program review service to the agency, schools participating in any AlaskAdvantage™ Programs, and schools authorized to operate by ACPE. The majority of authorized institutions are located in the greater Anchorage area and audit/compliance staff and functions are centralized in Anchorage to increase efficiency.

~ WICHE Student Exchange Programs ~

The Commission serves as Alaska's agency for coordinating activities in the 15-state Western Interstate

Commission on Higher Education (WICHE) through regional cooperative agreements with other states in the region. The goal of this component is to provide undergraduate and graduate educational access and information to Alaska students studying or wishing to study in fields for which there are no programs operating in Alaska or which are offered to residents of member states in order to maximize the benefits of regional educational resources.

The component administers various WICHE programs in Alaska:

- 1) The Western Undergraduate Exchange (WUE);
- 2) The Professional Student Exchange Program (PSEP); and

- 3) The Western Regional Graduate Program (WRGP).

The total loan volume for the PSEP in 2002-2003 was \$125,238. The current total student exchange participation level for Alaska is approximately 1,500 students. Alaska has been a member of this compact organization since 1950.

Changes from FY2003 to FY2004

The FY2004 requested funding reflects an increase of \$2,000, which is required to cover the cost of Alaska's WICHE compact membership dues.

Statutory and Regulatory Authority

AS 14.44.010-060
20 AAC 16.010-090

~ WWAMI Medical Education ~

The WWAMI medical education program provides guaranteed access to a medical school for residents of Alaska. The University of Washington School of Medicine (UWSM), which focuses on producing family practice doctors, acts as the regional medical school for Washington, Wyoming, Alaska, Montana and Idaho by reserving a predetermined number of class places each year. After admission, Alaska students attend the University of Alaska, Anchorage, for the first year of medical school. Students attend the second through fourth years in Seattle, with the option of clinical clerkships during this time at clinics in towns in the WWAMI states.

The Alaska clinical sites are supported by WWAMI funding as Alaska is a participant in the WWAMI program. Alaska currently contracts with the UWSM and pays for thirty (30) places, ten (10) in each of the 1st, 3rd, and 4th years of study.

Effective with the 1999-2000 school year, as a condition of receiving WWAMI support, Alaska students must agree to practice medicine in Alaska for five years or, alternatively, to repay a portion of WWAMI program costs paid by the state of Alaska. The loan component consists of the annual difference between resident and non-

resident tuition at the UWSM for the program period, plus interest. For participants entering the program in 2002 the interest rate is 3.25%. For the 2002-2003 school year, the Board of Regents of the University of Washington set the nonresident tuition differential at \$16,126.00.

Issues

The WWAMI medical education program remains the primary vehicle through which Alaskans gain access to a medical education program.

Component Mission

To improve the general health of state residents. (SB281)

Component Services Provided

This component contains funding for the second, third, and fourth year participants who attend and pay resident tuition and fees at UWSM. Additionally, a portion of these funds are used to pay costs of program administration at UWSM, and for community clinical sites in Alaska.

Component Goal for FY2004

WWAMI provides guaranteed access to a medical school for residents of Alaska participating in the program.

Key Component Issues for FY 2003-2004

To continue to allow Alaskans guaranteed access to medical education not available in Alaska and, through the recently implemented service obligation for program participants, address statewide professional medical workforce needs.

Major Component Accomplishments for FY2002

1. Administered WWAMI contract between the Alaska Postsecondary Education Commission, the University of Alaska, and UWSM.
2. Continue to enter into participation contracts and service the existing ones. Program participants must practice in Alaska for five years following program completion. If non-compliant, they will be required to repay the tuition differential paid on their behalf, plus interest.
3. Provide information on WWAMI to all Alaskan high schools.

Statutory and Regulatory Authority

AS.14.42.030(d)
20 AAC 19.010-19.900

Alaska Commission on Postsecondary Education

Member	Seat
Greg Middag, Chair	General Public
Tim Towarak, Vice Chair	General Public
Bobette Bush	Community College
Dr. Milton Byrd	Proprietary Education
Elsa Froehlich Demeksa	UA Board of Regents
Kristen Forrester	AK Workforce Investment Board
Rosa Foster	General Public
Dr. Lydia Hays	Private Higher Education
Diane Heard	Board of Ed. and Early Development
Frances Rose	UA Board of Regents
Randy Simmons	General Public
Vacant	Student Representative
Senator Gary Wilken	Alaska State Senate
Vacant	Alaska State House of Representatives

Alaska Student Loan Corporation

Randy Simmons, Chair	Alaska Commission on Postsecondary Education
Bobette Bush, Vice Chair	Alaska Commission on Postsecondary Education
Bill Corbus	Commissioner of Revenue
Mike Miller	Commissioner of Administration
Edgar Blatchford	Commissioner of Comm. and Econ. Development
[designee: Greg Winegar]	

2/6/03

OVERVIEW:

DEPT. OF

C. & EC.

DEV.,

AIDEA/AEA,

OIL & GAS

HFIN

FILE

Alaska State Legislature
HOUSE OF REPRESENTATIVES
Committee on Finance
AGENDA

Room 519 Capitol Building - 1:30 P.M.

February 6, 2003 - Thursday

Agency Overviews:

Department of Community and Economic Dev.

eb Edgar Blatchford, Commissioner *Mr. or Commissioner?*

Available for Questions:

+1
ss Tom Lawson, Director, Administrative Services
Sally Saddler, Legislative Liaison

Alaska Industrial Development and Export
Authority - Alaska Energy Authority

rm Ron Miller, Executive Director

ab Barry Available for Questions: Mike Barry, Chairman
Vally Walker

Alaska Oil & Gas Conservation Commission

sa Daniel T. Seamount, Jr., Commissioner

Cammy/lee Available for Questions:
Cammy Oechsli Taylor, Chair

HOUSE FINANCE COMMITTEE ROLL CALL

DATE: 2/6/03

MEMBER	PRESENT	ABSENT
CROFT	✓	
FOSTER	✓	
HAWKER	✓	
JOULE	✓	
MEYER <i>Checked</i>		
MOSES	✓	
STEVENS	✓	
STOLTZE	✓	
WHITAKER	∅	
HARRIS	✗ ✓	
WILLIAMS	∅	



Alaska Energy Authority (AEA)

Overview
House Finance Committee
February 6, 2003

Ron Miller, Executive Director
Phone: 269-3000
Fax: 269-3044

AIDEA/AEA

AS 44.83
AS 42.45

Safe energy systems

AEA's Mission: To assist in the development of safe, reliable and efficient energy systems throughout Alaska, which are financially viable and environmentally sound. AEA is also tasked with operating and maintaining existing state-owned power projects to achieve the lowest reasonable consumer power costs.

reliable and efficient energy systems

AIDEA/AEA

AEA Goals

- Continue to operate and maintain existing state-owned power projects.
- Continue to work in partnership with the Denali Commission as well as private sector businesses to bring safe, economical power to Alaskans.
- Help train Alaskans to build and maintain state of the art energy systems.

Overall, the Authority, through its programs, works with Alaskan communities in order to achieve the lowest reasonable consumer power costs and assist in the development of safe, reliable, and effective energy systems throughout Alaska that are financially viable and environmentally sound.

AIDEA/AEA

AEA's Programs

Loan Programs

Bulk Fuel Revolving Loan Fund

A short-term, low interest loan program that allows rural communities with a population of less than 2,000 to make their bulk fuel purchase in a cost effective manner.

Power Project Fund

Provides loans to local utilities, local governments or independent power producers for the development or upgrade of electric power facilities, including conservation, bulk fuel storage, waste energy conservation, or potable water supply projects.

AIDEA/AEA

AEA's Programs

Rural Energy Programs

The Authority, in partnership with the federal Denali Commission, works to improve rural area power systems and bulk fuel storage facilities, and also to ensure that all communities receiving upgrades have a long-term plan for sustainability. The following programs are available to assist rural areas:

Rural Power System Upgrades

Projects include the rebuilding or replacement of worn out diesel generator units, old and hazardous distribution systems, and construction of new power generation systems.

AIDEA/AEA

AEA's Programs

Bulk Fuel Upgrades (BFU)

Many existing rural fuel facilities are not in compliance with current codes and pose a significant threat to public safety and the environment. This program provides the financial support needed to construct consolidated, code compliant bulk fuel tank farms.

Alternative Energy Programs

This program provides for the evaluation and development of rural energy alternatives to oil-fired systems and increased efficiency to diesel systems. This includes biomass fuels, coal and natural gas, energy conservation, fuel cells and energy storage, waste heat systems, small hydroelectric and tidal power facilities, wind, and solar power.

AIDEA/AEA

AEA's Programs

Power Cost Equalization (PCE)

The goal of PCE is to equalize the cost of power between rural and urban Alaska. An endowment fund intended to help provide long-term funding for the PCE program was established and initially capitalized with proceeds from the sale of the Four Dam Pool and a \$100 million state appropriation.

Customer eligibility is based on actual power sold. State and federal offices/facilities, commercial and public schools are excluded from PCE. Residential customers are eligible for PCE credit up to 500 kwh/month/customer. Community facilities, as a group, can receive PCE credit for up to 70 kwh/month multiplied by the number of residents in a community.

AIDEA/AEA 

AEA's Programs

Training Programs

Administered by the Authority and funded by the Denali Commission through the Department of Labor's Denali Training Fund Open Enrollment Grant, the program provides training in partnership with the Alaska Vocational Technical Center in Seward for rural utility clerks, bulk fuel operators, powerhouse operators, and an advanced powerhouse operator program. The Authority has also initiated regional training, hydroelectric training, and assisted Sheldon Jackson College in inaugurating a management skills pilot program geared towards village leaders.

Circuit Rider Program and Emergency Response Program

This program assists village electric utilities in preventative maintenance, on-site operator training, consultation, technical assistance, and emergency response.

AIDEA/AEA

AEA Projects

AEA operates and maintains the following state-owned power projects:

- **Bradley Lake Hydroelectric Project:** The project has installed capability of 126 megawatts and transmits its power to the state's main power grid via two parallel 20-mile transmission lines. The project went into commercial operation in 1991 and is now operated by Homer Electric Association under contract with AEA. Bradley Lake serves Alaska's Railbelt from Homer to Fairbanks, as well as the Delta Junction area.
- **Alaska Intertie:** The transmission line interconnects the power distribution systems of Anchorage and Fairbanks. The Alaska Intertie allows Golden Valley Electric Association in Fairbanks to purchase lower cost electricity produced with natural gas and hydroelectric power, from the Anchorage and Kenai Peninsula utilities. The Alaska Intertie reduces the number of black/brownouts throughout the system. Operations and maintenance duties are overseen by the Intertie Operating Committee.

AIDEA/AEA

AEA Projects

- The Alaska Legislature appropriated \$20.3 million to AEA to extend and upgrade the Alaska Intertie to the Teeland substation. AEA is hiring a consultant to perform the feasibility study to analyze and recommend extension and upgrade work within budgetary constraints that will provide the greatest public benefit to further the intended purpose of the Alaska Intertie to improve reliability and economical energy deliveries to Railbelt utilities, with full consideration of service disruptions and economic impacts to Railbelt utilities and the public.
- Larsen Bay Hydroelectric Project: The 475-kilowatt project went into commercial operation in mid-1991. In addition to producing electricity for this isolated Kodiak Island community, the project replaced the City of Larsen Bay's old water supply system and provides a better source of water with reduced maintenance and improved water quality. The City of Larsen Bay operates the project.

AIDEA/AEA

Conclusion

AEA will continue to work cooperatively with organizations like the Denali Commission as well as private sector businesses in our quest to bring safe, economical power to Alaskans.

AIDEA/AEA



Alaska Industrial Development and Export Authority (AIDEA)

Overview

House Finance Committee

February 6, 2003

Ron Miller, Executive Director

Phone: 269-3000

Fax: 269-3044

AIDEA/AEA

AS 44.88

economic growth

AIDEA's Mission: To promote, develop and advance the general prosperity and economic welfare of Alaskans by creating and retaining jobs and helping to diversify Alaska's economic base by financing industrial, manufacturing, export and business enterprises and facilities within Alaska.

diversification in Alaska

AIDEA/AEA

AIDEA Goals

To stimulate economic development and diversification.

- To create or retain jobs and to stimulate economic development and diversification by:
 - ✓ increasing access to capital
 - ✓ providing a long term financing source for business development and expansion in Alaska.
- AIDEA has the ability to provide various means of financing and assistance to businesses in Alaska.

AIDEA/AEA