

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT FILES 8672

1566 SCOMM 59: JNT. COMMITTEE ON ECONOMIC RECOVERY, 1988

1343



OFFICIAL BUSINESS

Alaska State Legislature

Senate

POUCH V
CAPITOL BUILDING
JUNEAU, ALASKA 99811

SENATE JOINT COMMITTEE ON ECONOMIC RECOVERY

TO: Members of the Senate Joint Committee on Economic Recovery

FROM: Senator Lloyd Jones, Co-chair
Senator Arliss Sturgulewski, Co-chair
Senate Joint Committee on Economic Recovery

RE: Notice of Committee Meeting

DATE: March 23, 1988

The Senate Joint Committee on Economic Recovery has scheduled a meeting at 5:00 P.M. on Thursday, March 24, in the Butrovich Room. The agenda will include discussion and finalization of existing and proposed legislation that has been submitted to the Committee for consideration.

Members are asked to bring their notebooks.

FLOOR ANNOUNCEMENT

There will be a meeting of the Senate Joint Committee on Economic Recovery at 5 P.M. Thursday, March 24, in the Butrovich Room.

On the agenda is discussion and finalization of Committee support for proposed and existing legislation. This will be a committee work session.

FLOOR ANNOUNCEMENT

The Senate Joint Economic Recovery meeting scheduled for tonight has been cancelled.

It has been rescheduled for 5 P.M. Monday, March 28 in the Butrovich Room.

On the agenda is discussion and finalization of Committee support for proposed and existing legislation. This will be a committee work session.



OFFICIAL BUSINESS

Alaska State Legislature

Senate

POUCH V
CAPITOL BUILDING
JUNEAU, ALASKA 99811

MEMORANDUM

TO: Members
Senate Joint Committee on Economic Recovery

FROM: Senator Arliss Sturgulewski, Co-Chair
Senator Lloyd Jones, Co-Chair
Senate Joint Committee on Economic Recovery

RE: Legislation Endorsement Status

DATE: March 28, 1988

The Senate Joint Committee on Economic Recovery has endorsed the following legislation and recommends that it proceed through the normal standing committee hearing process.

SCR32 - Senator Fischer - "Urging the state's financial institutions to adopt more flexible lending and collection policies."

Status: House Labor & Commerce Committee

SB333 - Senator Halford - "An Act relating to wage, salary and benefit claims having priority in certain bank liquidations and to certain bank reports required by the Department of Commerce and Economic Development; and providing for an effective date."

Status: House Labor & Commerce Committee

SB392 - Senator Halford - "An Act relating to delinquent loans of the Alaska Industrial development Authority; and providing for an effective date."

Status: House Labor & Commerce Committee

CSSB408 - Senators Kelly and Sturgulewski - "An Act relating to the Alaska Stabilization Assistance Program; and providing for an effective date."

Status: Senate Finance

Endorsement qualifications:

The concept of a "Bridge Bank" is contained in CSSB408. This legislation offers a potential for relieving the pressure of property management for private financial institutions and some state agencies. However it should be structured to encourage private sector management, limited state contributions and provisions for eventual repayment of these contributions back to the state. This conceptual document should be referred to standing committees for further study and processing.

SSSB471 - Senator Halford - "An Act establishing a program in the Alaska Industrial Development and Export Authority to guarantee business loans and to refinance debt; and providing for an effective date."

Status: Senate Finance

Endorsement qualifications:

The committee endorsed this legislation at the March 16, 1988 and adopted the following intent at its meeting on March 22, 1988. "The bill needs further refinement in the Senate Finance Committee and the SJ CER recommends that the Finance Committee review setting a cap or maximum limit on the total amount of loan funds that can be guaranteed by AIDEA. This will prevent uncontrollable liability at some future date. The committee also recommends that AIDEA develop guidelines for allowing private financial institutions to offer refinanced debt packages as well as guidelines for new business loans that will stimulate economic growth. Finally, in order to evaluate its progress, the committee suggests a sunset date on the AIDEA loan guarantee program."

SSSB474 - Senator Halford - "An Act increasing property exemptions; and providing for an effective date."

Status: Senate Finance

SB476(CRA) - Senator Halford - "An Act creating the Supplemental Municipal Assistance Fund for Railbelt communities; and providing for an effective date."

Status: Senate Finance

SB477 - CRA Committee - "An Act making a special appropriation to the Department of Community and Regional Affairs for supplemental municipal assistance to Railbelt communities; and providing for an effective date."

Status: Senate Finance

Endorsement qualifications:

The committee adopted an amendment that reduces the appropriation amount to \$25,000,000 with the difference, \$6,752,215, being reserved for construction of the power line between Cantwell and McKinley Park.



Official Business

Alaska State Legislature

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State Capitol
Juneau, Alaska 99811

SENATE JOINT COMMITTEE ON ECONOMIC RECOVERY Agenda items for Meeting of March 28, 1988

✓ 1. HJR 72 - "Relating to the residential real estate market."

2. CSHB 432(L&C) - "An Act authorizing the Alaska Housing Finance Corporation to accept trades in certain cases; and providing for an effective date."

3. HB 549 - "An Act relating to notice requirements on the use of a deed of trust; and providing for an effective date."

4. HB 550 - "An Act authorizing the Department of Community and Regional Affairs to modify the terms of its mortgage loans; and providing for an effective date."

Handwritten notes:
HOLD
S. JOSEPHSON
DISCLOSURE
CONCEPT
Bill S. JOSEPHSON
10/2
10/2
10/2



Official Business

Alaska State Legislature

P.O. BOX V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

Senate Joint Committee on Economic Recovery

TO: Senator Rick Halford, Co-Chairman
Senator John Binkley, Co-Chairman
Senate Finance Committee

FROM: Senator Arliss Sturgulewski, Co-Chair *AS*
Senator Lloyd Jones, Co-Chair *LJ*
Senate Joint Committee on Economic Recovery

RE: Legislation Endorsement Statement

DATE: March 29, 1988

The Senate Joint Committee on Economic Recovery has endorsed the following legislation and recommends that it proceed through the normal standing committee hearing process.

CSSB408 - Senators Kelly and Sturgulewski - "An Act relating to the Alaska Stabilization Assistance Program; and providing for an effective date."

Status: Senate Finance

Endorsement qualifications:

The concept of a "Bridge Bank" is contained in CSSB408. This legislation offers a potential for relieving the pressure of property management for private financial institutions and some state agencies. However it should be structured to encourage private sector management, limited state contributions and provisions for eventual repayment of these contributions back to the state. This conceptual document should be referred to standing committees for further study and processing.

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Endorsement qualifications:

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Status: Senate Finance

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Status: Senate Finance

Endorsement qualifications:

The committee adopted an amendment that reduces the appropriation amount to \$25,000,000.



Official Business

Alaska State Legislature

P.O. BOX V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

Senate Joint Committee on Economic Recovery

TO: Representative Max Gruenberg, Chairman
House Joint Committee on Economic Recovery

FROM: Senator Arliss Sturgulewski, Co-Chair (M)
Senator Lloyd Jones, Co-Chair (LJ)
Senate Joint Committee on Economic Recovery

RE: Legislation Endorsement Statement

DATE: March 30, 1988

The Senate Joint Committee on Economic Recovery has endorsed the following legislation and recommends that it proceed through the normal standing committee hearing process.

SCR32 - Senator Fischer - "Urging the state's financial institutions to adopt more flexible lending and collection policies."

Status: House Labor & Commerce Committee

SB333 - Senator Halford - "An Act relating to wage, salary and benefit claims having priority in certain bank liquidations and to certain bank reports required by the Department of Commerce and Economic Development; and providing for an effective date."

Status: House Labor & Commerce Committee

SB392 - Senator Halford - "An Act relating to delinquent loans of the Alaska Industrial development Authority; and providing for an effective date."

Status: House Labor & Commerce Committee

CSSB408 - Senators Kelly and Sturgulewski - "An Act relating to the Alaska Stabilization Assistance Program; and providing for an effective date."

Status: Senate Finance

Endorsement qualifications:

The concept of a "Bridge Bank" is contained in CSSB408. This legislation offers a potential for relieving the pressure of property management for private financial institutions and some state agencies. However it should be structured to encourage private sector management, limited state contributions and provisions for eventual repayment of these contributions back to the state. This conceptual document should be referred to standing committees for further study and processing.

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Status: Senate Finance

Endorsement qualifications:

The committee endorsed this legislation at the March 16, 1988 and adopted the following intent at its meeting on March 22, 1988. "The bill needs further refinement in the Senate Finance Committee and the SJ CER recommends that the Finance Committee review setting a cap or maximum limit on the total amount of loan funds that can be guaranteed by AIDEA. This will prevent uncontrollable liability at some future date. The committee also recommends that AIDEA develop guidelines for allowing private financial institutions to offer refinanced debt packages as well as guidelines for new business loans that will stimulate economic growth. Finally, in order to evaluate its progress, the committee suggests a sunset date on the AIDEA loan guarantee program."

SSSB474 - Senator Halford - "An Act increasing property exemptions; and providing for an effective date."

Status: Senate Finance

SB476(CRA)-Senator Halford - "An Act creating the Supplemental Municipal Assistance Fund for Railbelt communities; and providing for an effective date."

Status: Senate Finance

SB477 - CRA Committee - "An Act making a special appropriation to the Department of Community and Regional Affairs for supplemental municipal assistance to Railbelt communities; and providing for an effective date."

Status: Senate Finance

Endorsement qualifications:

The committee adopted an amendment that reduces the appropriation amount to \$25,000,000.

Proposed - Senator Josephson - "An Act relating to judicial and nonjudicial foreclosures."

Status: draft

Endorsement qualifications:

The committee adopted the concepts contained in the 5-2103A/Bradley/3-28-88 draft of the subject legislation and forwarded it to the Senate Rules Committee for introduction. The committee additionally recommended that the bill be referred to the Senate Judiciary Committee and that the committee incorporate the concept contained in HB549 "An Act relating to notice requirements on the use of a deed of trust."

The committee also endorsed the following House bills and recommends that they proceed through the normal Senate standing committee process when they are transmitted to the Senate.

HJR 72 - Rules Committee at the request of the HJCER -
"Relating to the residential real estate market."

Status: House Labor & Commerce

HB 550 - Rules Committee at the request of the HJCER - "An Act authorizing the Department of Community and Regional Affairs to modify the terms of its mortgage loans; and providing for an effective date."

Status: House Community & Regional Affairs

cc: Representative Ben Grussendorf
Speaker of the House

Representative Dave Donley, Chairman
House Labor & Commerce Committee

Representative Heinrich Springer
House Community & Regional Affairs Committee

Alaska State Legislature



SENATOR
ARLISS STURGULEWSKI

Chairman, Senate Community and Regional Affairs Committee
Vice-Chairman, Senate Judiciary Committee
Member, Senate Resources Committee

2957 SHELDON JACKSON STREET
ANCHORAGE, ALASKA 99508

Write to Jurgen
P. O. BOX V
JUNEAU, ALASKA 99811
(907) 465-3818

Senate

TO: Senator Rick Halford, Co-Chairman
Senate Finance Committee

FROM: Senator Arliss Sturgulewski

DATE: May 6, 1988

RE: CSHB 555 (Fin), CSHB 549 (Jud), SCSHB 550 (C&RA),
CSHCR 54 (Fin), HJR 72 am, HCR 52 am,
CSHB 538 (Finance)

* * * * *

The above referenced bills are currently in the Senate Finance Committee. After reviewing them in either the Senate Joint Economic Recovery Committee or the Senate Community and Regional Affairs Committee, I believe that they merit passage. The following is a brief overview for your information:

CSHB 555 (Fin)- Allowing AHFC to stabilize the market re:
residential housing

-House action 4/30/88 (33-5)

(To be heard again in Senate Finance at 3:30 p.m. May 6, 1988)

- 1) Allows specific powers to implement general "best interest of corporation" powers.
- 2) Allows funding for demolition of Willow Park; (important to Municipality of Anchorage; captures \$10 million in federal funds.)

CSHB 549 (Jud) - Notice Requirements in the use of a Mortgage or
Deed of Trust

-House action 4/28/88 (36-0-2-2)

-Precludes direct suit on the Note unless specifically disclosed and stated on the Note.

SCSHB 550 (C&RA) - Authorizing Dept. of Community and Regional
Affairs to modify the terms of its mortgage loans

-House action 4/27/88 (39-0)

-Gives HAD loan program same restructuring power as AHFC, Permanent Fund, Pension Funds.

CSHCR 54 (Finance) - Management of mobile homes owned by AHFC
-House action 5/3/88 (38-1)

- Requests AHFC to use prudent business judgment and address foreclosed-upon mobile home problem.

HJR 72 am - Residential Real Estate Resolution

- House action 4/25/88 (39-1)
(Waived in Senate Finance 5/6/88)

- Gives legislative support to state agencies as they negotiate with federal agencies and mortgage insurers for creative solutions to housing problems.

HCR 52 am - Economic Indices

- House action 4/27/88 (31-0 on reconsideration)

- Requests that ISER prepare quarterly economic indices for the state with an annual report on condition of state's economy.

CSHB 538 (Finance) - Alaska Municipal Bond Bank Authority,
municipal debt for development and redevelopment projects.

- House action 4/30/88 (37-2)

- Provides flexibility for municipalities in obtaining financing at non-taxable rates.

MITTEES

ES. (a) Each house has the jurisdiction indi-

revenue, capital improve-
e executive budget, and the
Department of Revenue)

al Services (the programs and
Health and Social Services,
nd the University of Alaska)

nd activities of the Alaska
t of Law, and the legal and
erred to it for that purpose)

ograms and activities of the
labor-management relations,
t compensation, and workers'
nd activities of the Depart-
velopment)

airs (the programs and acti-
ommunity and Regional Affairs
olitical subdivisions)

nd activities of the Depart-
Resources, and Environmental

the Uniform Rules, calendar,
the house and matters per-
the legislature as a whole)

nd activities of the Office of
s of Administration, Military
d programs and activities of
ation and Public Facilities

nd activities of the Depart-
ublic Facilities relating to
islative matters relating to

en are authorized to form such
e to be necessary.

AT COMMITTEES

NT COMMITTEES. (a) A special
ne house. A special committee
e adoption of a simple resolu-
of each house appoints the
e and designates a member to
less otherwise ordered by the
like committees of each house
s to meet jointly to receive

testimony a. deal with other matters which may be expedited
by joint committee action.

(b) A joint committee is a committee of both houses.
A joint committee may be established only by the adoption of
a concurrent resolution. The presiding officer of each
house appoints one-half of the members of a joint committee.
The persons who co-chair a joint committee shall be chosen
in the manner provided by the presiding officers.

21 (c) A resolution establishing a special or joint com-
mittee shall specify the date or conditions of termination
of the committee. A standing committee may meet between
sessions. A special or joint committee may meet during the
session or between sessions, or both, as authorized by the
resolution which establishes the committee. A standing,
special, or joint committee which acts between legislative
sessions may consider any legislative matter which is con-
sistent with the jurisdiction of the committee. A standing,
special, or joint committee which acts between legislative
sessions constitutes a subcommittee of the Legislative
Council for administrative purposes. A special or joint
committee may expend money only in accordance with an ap-
propriation made for the work of the committee.

(d) A committee may not be established unless autho-
rized by law or by the Uniform Rules.

OPEN AND EXECUTIVE SESSIONS

RULE 22. OPEN AND EXECUTIVE SESSIONS. (a) All meet-
ings of a legislative body are open to all legislators,
whether or not they are members of the particular legisla-
tive body that is meeting, and to the general public except
as provided in (b) of this rule.

(b) A legislative body may call an executive session
at which members of the general public may be excluded for
the following reasons:

(1) discussion of matters, the immediate know-
ledge of which would adversely affect the finances of a
government unit;

(2) discussion of subjects that tend to prejudice
the reputation and character of a person;

(3) discussion of a matter that may, by law, be
required to be confidential.

(c) When a legislative body desires to call an execu-
tive session in accordance with (b) of this rule, the body
shall first convene as a public meeting and the question of
holding an executive session shall be determined by a
majority vote of the members present.

(d) The provisions of this rule may not be interpreted
as permitting the exclusion of a legislator from an execu-
tive session, whether or not the legislator is a member of
the body that is meeting. A legislator not a member of the
body holding an executive session shall, however, be subject
to the same rules of confidentiality and decorum as pertain
to regular members of the body.

1/25/88

1 IN THE HOUSE

BY THE RULES COMMITTEE

2

HOUSE CONCURRENT RESOLUTION NO. 31

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

Suspending Uniform Rule 21(b) of the

6

Alaska State Legislature concerning a

7

house concurrent resolution entitled,

8

"Relating to establishing a Joint Com-

9

mittee on Economic Recovery."

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

11

That under Rule 54 of the Uniform Rules of the Alaska State Legisla-

12

ture the provisions of Rule 21(b) of the Uniform Rules, regarding the

13

requirement that a joint committee as a committee of both houses takes

14

action by majority vote of the full committee and the requirement that the

15

presiding officer of each house appoints one-half of the members of the

16

committee, are suspended in consideration of a house concurrent resolution

17

entitled, "Relating to establishing a Joint Committee on Economic Re-

18

covery."

HCR 31

HOUSE CONCURRENT RESOLUTION NO. 31 by the Rules Committee,

Suspending Uniform Rule 21(b) of the Alaska State Legislature concerning a house concurrent resolution entitled, "Relating to establishing a Joint Committee on Economic Recovery."

was read the first time and referred to the Finance Committee.

January 22, 1988

SENATE JOURNAL

p. 1997

HCR 31

The Finance Committee considered HOUSE CONCURRENT RESOLUTION NO. 31 (Suspending Uniform Rule 21(b) of the Alaska State Legislature concerning a house concurrent resolution entitled, "Relating to establishing a Joint Committee on Economic Recovery") and a majority of the committee recommended do pass. The report was signed by Senator Halford, Co-chairman and concurred in by Senators Zharoff, Uehling and Binkley.

HOUSE CONCURRENT RESOLUTION NO. 31 was referred to the Rules Committee.

Offered: 1/22/88
Referred: Rules

5-1586B

Original sponsor: Rules Committee

12/0
1/25/88

1 IN THE HOUSE BY THE FINANCE COMMITTEE
2 SENATE CS FOR HOUSE CONCURRENT RESOLUTION NO. 32 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - SECOND SESSION
5 Relating to establishing a Joint Commit-
6 tee on Economic Recovery.
7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:
8 WHEREAS many areas of the state are experiencing a severe economic
9 crisis that has led to bankruptcies, foreclosures, business failures, and
10 the loss of homes, property, and millions of dollars to Alaskans; and
11 WHEREAS citizens and municipalities from throughout the state have
12 requested immediate legislative assistance to meet this crisis; and
13 WHEREAS the legislature is determined to provide leadership in solving
14 this problem;
15 BE IT RESOLVED by the Alaska State Legislature that a Joint Committee
16 on Economic Recovery is established, consisting of members of the Senate
17 appointed by the President of the Senate and members of the House of Rep-
18 resentatives appointed by the Speaker of the House, to develop legislative
19 solutions to the current economic crisis; and be it
20 FURTHER RESOLVED that the House members and the Senate members are
21 authorized to meet separately and may meet jointly from time to time; and
22 be it
23 FURTHER RESOLVED that the joint committee is authorized to take action
24 only upon majority approval of the Senate members and majority approval of
25 the House members; and be it
26 FURTHER RESOLVED that the committee is authorized to meet during the
27 Second Regular Session of the Fifteenth Legislature and is terminated on
28 the final day of that session.

1 IN THE HOUSE

BY THE RULES COMMITTEE

2

HOUSE CONCURRENT RESOLUTION NO. 32

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

Relating to establishing a Joint Commit-

6

tee on Economic Recovery.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8

WHEREAS many areas of the state are experiencing a severe economic
9 crisis that has led to bankruptcies, foreclosures, business failures, and
10 the loss of homes, property, and millions of dollars to Alaskans; and

11

WHEREAS citizens and municipalities from throughout the state have
12 requested immediate legislative assistance to meet this crisis; and

13

WHEREAS the legislature is determined to provide leadership in solving
14 this problem;

15

BE IT RESOLVED by the Alaska State Legislature that a Joint Committee
16 on Economic Recovery is established, consisting of up to seven members of
17 the Senate appointed by the President of the Senate and up to nine members
18 of the House of Representatives appointed by the Speaker of the House, to
19 develop legislative solutions to the current economic crisis; and be it

20

FURTHER RESOLVED that the committee is authorized to take action only
21 upon majority approval of the Senate members and majority approval of the
22 House members; and be it

23

FURTHER RESOLVED that the committee is authorized to meet during the
24 Second Regular Session of the Fifteenth Legislature and is terminated on
25 the final day of that session.

HCR 32

HOUSE CONCURRENT RESOLUTION NO. 32 by the Rules Committee,

Relating to establishing a Joint Committee on
Economic Recovery.

was read the first time and referred to the Finance
Committee.

January 22, 1988

SENATE JOURNAL

p. 1997

HCR 32

The Finance Committee considered HOUSE CONCURRENT RESOLUTION
NO. 32 (Relating to establishing a Joint Committee on
Economic Recovery) and recommended it be replaced with

SENATE CS FOR HOUSE CONCURRENT RESOLUTION NO. 32(FIN)

and do pass. The report was signed by Senator Halford,
Co-chairman and concurred in by Senators Zharoff, Uehling
and Binkley.

Zero fiscal note published today from Senate Finance
Committee.

HOUSE CONCURRENT RESOLUTION NO. 32 was referred to the Rules
Committee.

*Suggested
draft
Senate Finance
Letter of Intent*

January 21, 1988

The Senate Committee Substitute for HCR 32(Fin) allows for a system to be developed within the Senate organization that is responsive to the needs of Alaskans during this period of economic recovery. Many Senate members and committees have already begun their work on solutions to the current economic problems facing the state. It would be disruptive to those initiatives to restructure the Senate organization into a myriad of new sub-committees when organizational structures currently exist that can be utilized.

It is the intent of the SCS HCR 32(Fin) to allow the Senate to organize as appropriate internally but to have a committee of the Senate appointed that can meet jointly with the House under the guidelines of SCS HCR 32(Fin) to identify and prioritize existing legislation that can be supported for passage by the entire legislature to facilitate and encourage economic recovery within the state. Further, the Senate committee may bring to the Joint Committee proposed legislation that can be accomplished in the time remaining in the Fifteenth Legislature or may propose longer term solutions to be developed during the interim in preparation for the Sixteenth Legislature.

Suggestions

By Public

Peat Marwick

Joseph E. Heintz
Managing Partner

Peat Marwick Main & Co.
601 West 5th Avenue, Suite 700
Anchorage, AK 99501-2258

January 8, 1988

*Please circulate
a/*

Governor Steve Cowper
State of Alaska
Pouch A
Juneau, Alaska 99811

Dear Governor Cowper:

During the past several weeks an Economic Recovery Task Force has been meeting to discuss the status of the Anchorage economy and proposed solutions. The attached listing of members of the Task Force indicates the breadth and depth of the community participation. The Task Force was initiated by the Anchorage Chamber of Commerce and the Task Force recommendations will be submitted to the Chamber of Commerce Board of Directors at its meeting on January 15, 1988. However, the Task Force wanted to submit to you its findings and recommendations at the earliest possible date, whether or not they are approved by the Chamber Board of Directors.

The findings of the Task Force were passed unanimously by the Task Force members. I must add that not every member agreed with every specific recommendation. However, there was no exception to the finding that the economy in Anchorage is depressed and there is no immediate indication there will be an economic rebound. While there is tremendous support for letting the market forces guide the economy, there is the strong belief that appropriate government intervention can assist without further aggravating the functioning of the economy.

The Task Force members recommend you adopt the recommendations as your own, and the members pledge their support for you in implementing any of the recommended programs. We look forward to working with you as we navigate through these troubled waters.

Very truly yours,

Signature

Joseph E. Heintz

ECONOMIC RECOVERY TASK FORCE

The task force recommendations are based upon a general consensus that Anchorage is suffering from an economic recession and, while the economic decline may be slowing, there is no immediate turnaround in sight. In fact, the recession may result in the loss of another 10,000 to 15,000 people from Anchorage during 1988, further disrupting many of the basic sectors of the local economy.

The task force concluded that the economic recession is not limited to a specific interest group. For example, it isn't only the banks that are suffering from the economic decline. Virtually every homeowner in the Municipality of Anchorage has lost at least 30 percent of the value of their residential property and further declines can be anticipated. In fact, most homeowners in the Municipality of Anchorage are now probably "under water" with respect to their mortgage, i.e., the mortgage balance exceeds the fair market value of the residential property.

The recommendations of the task force are not intended to be a subsidy. Rather, for the most part they are a restructuring of existing programs, recognizing the changed economic circumstances. They reflect a use of State money for the citizens of the state. And, in general, they result in a benefit throughout the state, not just in any one area of the state.

The recommendations of the task force are meant to be specific, action oriented programs that can be implemented with a minimum of delay. They are not intended to be an all inclusive answer to the economic woes of the state of Alaska but rather are intended to be specific steps that can reverse the economic decline.

AHFC

The Homeowners' Assistance Program (HOAP) proposed by AHFC is a significant and positive first step. We compliment AHFC for its willingness to identify a problem and work out a solution. However, we do not believe the HOAP program will provide significant enough relief to alleviate the problem. We believe AHFC should adopt an additional program which includes the following components:

- * Reduces rates for all AHFC home mortgages. The reduction should result in a rate reduction to all home owners of 2%, and should come out of AHFC's \$1.5 billion in equity.

- * The reduction of interest rates should not be added back to the homeowner's loan at the end of the program.
- * The reduction should be for a period of 12 to 24 months.

We believe the proposed program will provide relief to the homeowners so that they can maintain or begin to accrue some equity in their property. We believe that the interest rate relief will free funds to be spent for general stimulation of the economy. And, finally, reducing interest rates for all homeowners is not arbitrary and does not single out any one individual.

Real Estate Market

The real estate market in Anchorage, both commercial and residential, is characterized by a significant imbalance of supply and demand. The excessive supply cannot be reasonably absorbed in the near or mid-term (say next five years) and will have the ongoing effect of depressing real estate prices. The impact is not limited to real estate speculators but is pervasive to most citizens in that most have major investments in real estate. So as personal and business income decline, the ability to continue to function is jeopardized by the debt service with the resulting effect in foreclosures, bankruptcies, etc.

We believe the imbalance in supply and demand can be partially adjusted by reducing the supply of real estate. Specifically, we would recommend the following:

- * For residential property:
 - ** Remove sub-standard housing from the market and destroy the properties. Convert other property to low income housing so there is no additional cost to the low income person.
 - ** Ship mobile homes that have been vacated out of the state.
 - ** Convert existing condo or similar units to University of Alaska student housing.
- * For commercial property:
 - ** Create a vehicle to take commercial property out of the market. Perhaps establishing an entity similar

to an REIT which would acquire FDIC-owned property and other obsolete property at a nominal price simply for the purpose of holding the property off the market.

- ** Consider use of the Permanent Fund as a "Vulture Fund" to finance the property acquisition in conjunction with Heritage Land Bank.

AIDEA

AIDEA should be instructed to adopt restructuring policies that provide a cushion to commercial borrowers. For example, these procedures should include interest rate reductions when loss of jobs would occur if the loan defaulted. AIDEA should be allowed to take an equity participation in consideration for restructuring the terms and conditions which result in the survival of a business.

AIDEA should modify its requirements so that banks can participate even if their loan delinquency rate exceeds two percent.

AIDEA should expand its lending activities to provide for a new guaranteed loan program modelled after the federal SBA program. The essentials of the program should include:

- * Bank administered with AIDEA guarantee.
- * Loans would be available to finance existing AIDEA debt; other debts could not be refinanced.
- * \$1,000,000 limit on loan.
- * Funds could be used for new construction if the project had an economic benefit analysis.

The revisions to the AIDEA programs should result in the survival of the viable small businesses, thereby maintaining statewide employment and minimizing the effects of the current recession.

Employment Incentives Fund

The State should identify a portion (say \$50 million) of the construction fund budget to be used as a venture capital fund. The fund should be used somewhat along the following guidelines:

- * An applicant could apply for capital funds up to

\$10 million. Matching funds would be available on a dollar-for-dollar basis. In other words, an applicant could receive \$1 of State funds to the extent the applicant put in \$1 of private sector funds.

- * The private sector project would need to create new jobs for the state of Alaska to qualify. These new jobs would need to be permanent positions as a result of the project and not as a result of any capital construction.
- * The criteria for qualifying may be that for each \$1 million of State participation, five new positions must be created.
- * The criteria might also include that the project results in new dollars coming into the state of Alaska and the economy. In other words, it will result in exporting local products or services.

The State and local municipalities have no specific program incentives to entice business. While this would be a onetime subsidy program, it would create new jobs throughout the state and provide a sustaining boost to the economy.

Public Forum

Town hall meetings should be held wherein members of the public are provided the opportunity to describe their economic and financial condition to state leaders (Governor, Commissioners, Legislators, AHFC, AIDEA, etc.).

SECOND *file*
DRAFT

MUNICIPALITY OF ANCHORAGE
ECONOMIC RECOVERY PROGRAM

Submitted to the Assembly
by Mayor Tom Fink, January 19, 1988

MUNICIPALITY OF ANCHORAGE
ECONOMIC RECOVERY PROGRAM

- I. Anchorage's Current Economic Condition
- II. Objectives of the Economic Recovery Program
- III. Description of the Economic Recovery Program
- IV. Economic Recovery Program Elements
- V. Proposed Capital Projects

I. ANCHORAGE'S CURRENT ECONOMIC CONDITION

Anchorage has been hit hard by the Alaska recession. The statistics are dramatic, but give only a glimpse of the suffering and despair felt by so many residents. Nearly 15,000 jobs (and the associated incomes) have been lost in Anchorage since January 1986. The rate of job loss is higher in Anchorage than in the state as a whole.

Population declines coupled with falling incomes have reduced the demand for goods, services and housing. These impacts continue to ripple throughout the economy resulting in personal and business financial distress. Personal bankruptcies are occurring at an average monthly rate which is 2.6 times that experienced in 1985; business bankruptcies are 75% above the average 1985 level.

The real estate market has been jolted. The total value of taxable property in the Municipality of Anchorage has declined by a third -- over \$5 billion dollars -- since January 1, 1986. Alaska Housing Finance Corporation, the largest mortgage lender in the state, has a delinquency rate in excess of 15%; and has foreclosed on nearly 3600 properties in 1987, compared with 630 in 1985. Survey data indicate that as many as 40% of local residential mortgage holders may now owe more on their properties than the value of these homes in the current market. These "under water" loans represent the loss (at least on paper) of the major savings of many families. If individuals need to sell now, the effect is devastating. Even for those who have no immediate requirement to sell, the loss in wealth has a dampening effect on family expenditures and financial confidence.

The story is repeated in the commercial real estate market. Vacancy rates are unusually high. The imbalance between existing supply (a fixed amount) and falling demand, has resulted in numerous foreclosures on commercial property. Businesses still viable today may be pulled under by the inability to indefinitely "feed" related investments in commercial real estate. Several financial institutions have closed their doors; other are taking substantial losses.

As the tax base and other sources of government revenue shrink, local government loses its ability to provide goods and services. The Municipality of Anchorage is currently facing cutbacks in excess of \$14 million. Projections of 1989 revenues indicate even more severe drops. These cuts translate into hundreds of jobs. Local government program reductions and employee layoffs exacerbate the economic decline, feeding the downward spiral.

The length of this recession is uncertain. Although employment is still falling, the rate of decline has lessened, at least temporarily. But, even when the nadir is reached, local economic problems are not over. The natural readjustment process is painful; projected future growth is slow.

II. OBJECTIVES OF THE ECONOMIC RECOVERY PROGRAM

- A. Purpose: The purpose of the Municipality's program for economic recovery is to mitigate the problems caused by the current economic recession to decrease the depth and severity of this recession, and to contribute to the long-term stable recovery and growth of the Anchorage economy.
- B. Objectives:
- * Create jobs for local residents; avoid further job losses.
(Rationale: Jobs generate income which then cycles through the economy in a manner based on choices by individuals; increased incomes enable individuals to meet obligations and avoid financial ruin.)
 - * Establish a floor under falling residential and commercial property values. (Rationale: Stabilization of property values is necessary to begin the correction of the imbalance between supply and demand and to reestablish confidence in the local economy.)
 - * Provide interim relief for businesses.
(Rationale: Target limited resources to maintain ventures which will not require continual, long term subsidies to survive. Provide for limited, well defined involvement of government in the private economy.)
 - * Reduce costs or avoid cost increases to businesses and individuals.
(Rationale: Alleviate business and personal financial distress by reducing costs of living and operations; for example, utility increases, increased cost of regulations, taxes.)

III. DESCRIPTION OF THE ECONOMIC RECOVERY PROGRAM.

Anchorage's program for economic recovery is organized in two phases. Phase 1 includes the immediate requests for state action, concentrating on areas which can begin to impact the economy in the short run or those actions which can be pursued administratively. Phase 2 is directed to the longer term situation -- those projects and proposals with longer lead times or which require additional analysis and evaluation. In this second phase, more emphasis is placed on activities which provide for the economic growth which must underlie real and lasting recovery for Anchorage and all of Alaska.

Section IV outlines the primary elements of these two phases. Both phases contain recommendations for capital projects. The specific projects are based on a set of criteria described in Section V. That section also contains descriptions of the individual projects, which are divided into two stages on the basis of timing factors described.

IV. ECONOMIC RECOVERY PROGRAM ELEMENTS.

A. Phase 1 - Immediate State Action

- * Supplementary Municipal Assistance of \$400 per capita
(Anchorage share about \$90 million)
 - Purposes:
 - Keep taxes and utility rates down
 - Avoid further layoffs
 - Get small/local capital projects underway
 - Advantages:
 - Local option so can apply to local priorities
 - Short lead time (quick implementation)
- * Early State Capital Appropriations for projects with immediate start-up and/or federal match projects.
 - Purposes:
 - Employment
 - Repair and rehabilitation (lower O&M costs)
 - Economic Development (infrastructure)
 - Advantages:
 - Impact employment in hard hit sector
 - Multiplier impacts help support sector
- * Government investment in commercial real estate, with strong consideration given to Permanent Fund as investor.
 - Purposes:
 - Stabilize market - regain balance between supply and demand
 - Re-establish confidence in the economy
 - Speed readjustment
 - Advantages:
 - Potential for long run return on investments initially made in distressed markets
- * Other short term requests
 - Real Estate Market stabilization
 - AHFC and AIDEA take administrative action to assist borrowers.

University of Alaska Anchorage purchase of foreclosed condominiums for student housing.

ASBA remove substandard housing from market, utilize foreclosed properties for housing.

Actions to discourage auctions and other forms of dumping of real estate.

- Employment

Bradley Lake - fast track APUC review exemption

Court Building financing - fast track project.

B. Phase 2 - Longer Term Economic Recovery Program

Phase 2 elements are being developed. Specific proposals have not been finalized. A series of proposals and actions are being evaluated--including the items listed below.

- * Local development opportunities
 - Home Port, location of Navy installation in Southcentral Alaska
 - 1994 Winter Olympics
 - Ski Resorts
 - Ship Creek Development
 - Tourism Promotion
- * Stabilize taxes and utility rates
- * Extra Permanent Fund Dividend payments
- * Heritage Land Bank as a source of land for industrial development
- * Railbelt Energy Fund for railbelt energy projects
- * Legislation permitting use of tax incentives for business development
- * Streamlining of local permitting requirements
- * Local purchase/import substitution

V. Proposed Capital Projects

The following list of projects has been developed and grouped based on criteria geared toward generating an immediate stimulus to the professional design/engineering and construction sectors of Anchorage's economy. Primary criteria favored projects which are ready to proceed, labor intensive, employ local workers and reduce Municipal operation and maintenance costs. Secondly, we considered projects which maximize use of local materials, have been endorsed through the public review process, have positive life safety and health impacts, and are a positive influence on future economic development.

- A. High Priority-1988 construction: High priority projects which can be constructed in 1988.
 - * Group I - Projects that have been specifically endorsed by the Assembly as top priority.
 - * Group II - Other high priority projects identified by the Administration which can be constructed in 1988.
- B. High Priority-1989 construction: High priority projects endorsed by the Assembly or identified by the Administration which, due to the constraints of design, right-of-way acquisition or permitting, cannot be bid for construction until 1989 or 1990.

Assembly project priorities will be candidates for funding from the \$400 per capita distribution. If funding is insufficient to cover all projects they will be considered for any early State capital appropriation (jobs bill) and lastly, the end of session State capital budget.

ANCHORAGE CAPITAL PROJECTS

Name of Project	1988 (\$000)	Notes
HIGH PRIORITY - 1988 CONSTRUCTION		
GROUP I - ASSEMBLY PRIORITIES		
Lake Otis Parkway, III (Tudor to Dowling)	\$ 2,500.0	Electrical undergrounding, sewer/water, bike path & landscaping
Klatt Road (Timberline to Southport)	\$ 3,400.0	Paving, curb & gutter, sidewalks, bike path, lighting & landscaping
Spenard Road, II (International to Turnagain)	\$11,400.0	ROW acquisition \$4.2M Roadway construction \$7.2M
Hiland Road	\$ 500.0	Road improvement and slope stabilization - needs design
Santa Maria Drive	\$ 850.0	Upgrade gravel road - design is being negotiated
Hiland Bridge Pedestrian Walkway	\$ 450.0	State DOT project. Widen pathway from 8' to 12' on future bridge. Under design for 1988 construction.
36th Avenue (Arctic to Spenard)	\$ 4,800.0	ROW acquisition funded; roadway and landscaping construction
East 6th Ave. (Muldoon-Cherry)	\$ 2,000.0	Road Construction - needs design
Lake Otis Parkway, IV (66th to Abbott)	\$15,800.0	ROW acquisition \$2.1M; roadway and landscaping construction \$13.7M
Arctic Blvd. (Raspberry to Dimond)	\$ 3,500.0	Utility relocations and construction \$3.5M
Huffman Rd. (New Seward to Bragaw)	\$ 3,500.0	Bid package ready by July, State DOT project
Baranoff	\$ 1,620.0	Upgrade gravel road - design is being negotiated
Klondike	\$ 270.0	Upgrade gravel road - design is being negotiated
Eagle River Roads	\$ 900.0	Strip paving. Design negotiation underway
Lake Otis (O'Malley-Huffman) signalization at Huffman	\$ 3,100.0	ROW acquisition \$.3M; design \$.4M; and construction \$2.4M. Potential private development under reimbursement plan.
ARDSA Rehab Projects	\$ 4,000.0	Implementation of 5-yr. road improvement plan - needs design

<u>Name of Project</u>	<u>1988 (\$000)</u>	<u>Notes</u>
<u>GROUP I - ASSEMBLY PRIORITIES (continued)</u>		
Hillside Drainage Plan Phase I Study	\$ 300.0	Complete assessment of drainage problems on Hillside identifying specific capital projects
W. Northern Lights Blvd. I (Forest Park to Wisconsin)	(\$ 1,400.0)	Landscaping complete; request transfer of residual funds to Spenard Road II
Subtotal	<u>\$57,490.0</u>	
<u>GROUP II - OTHER PRIORITIES</u>		
Windemere Phase I Reconstruction	\$ 697.0	Paving, curbs, drainage. Design complete, construction contract awarded
Central Business District Rehabilitation	\$ 600.0	Sidewalk, curbs, drainage (design complete)
Downtown Sidewalk, Lighting and Landscape Improvements	\$ 1,000.0	Upgrade and improve curbs, sidewalk, signals and lighting in areas of 5th and 6th between C and G. Design in progress.
Post Road	\$ 448.0	Paving overlay (design 95% complete)
Ocean Dock	\$ 170.0	Paving overlay (design 95% complete)
Lakeview Terrace	\$ 1,720.0	Subdivision reconstruction, roads and drainage. Under design for summer construction.
Emerald Hills	\$ 1,357.0	Subdivision reconstruction roads and drainage. Under design for summer construction.
Heather Meadows Phase III	\$ 724.0	Subdivision reconstruction roads and drainage (design 50% complete)
Municipal Building Energy Projects	\$ 180.0	Conversion to gas heat, mechanical modifications, setbacks on fans and heating systems, lighting reductions. Will save an estimate of \$140,000 in future annual O&M costs.
Town Square Park	\$ 400.0	Construct Phase I including site preparation and underground utility work. Design under contract for 1988 construction
Maritime Receiving Area	\$ 2,000.0	Installation of a fish handling and small freight dock at Ship Creek for tenders and barge

<u>Name of Project</u>	<u>1988 (\$000)</u>	<u>Notes</u>
<u>GROUP II - OTHER PRIORITIES (Continued)</u>		
ADEC Sewer and Water Match	\$ 500.0	Provide required local matching funds for the ADEC Construction Grant Program for improvement district, transmission mains, distribution centers, etc.
Water/Wastewater Repair and Rehabilitation	\$ 1,200.0	Replace antiquated woodstave water and sewer lines and outdated clay sewer pipe in downtown and Government Hill
Golden View Water Extension	\$ 750.0	Construct 24" oversized water line and pump station in the Golden View area - being designed
Girdwood Wastewater Treatment Facility	\$ 2,700.0	Upgrade of Girdwood treatment facility Phase I, outfall from treatment facility to creek \$1M - in design
Hiland Drive Project	\$ 2,770.0	Construct sewer pump station, force main and interceptor serving the Hiland Drive area (Eagle River ski resort, prison and residential). Design will be completed by summer construction.
Port/Landfill Development Project	\$ 4,800.0	Transportation of 1.1 million cubic yards of fill gravel from the landfill to the Port, accelerating development of both the landfill site and future economic benefit of the Port. Landfill design, transportation and placement.
Merrill Field Runway Construction Grant (matching grant)	\$ 147.0	FAA Federal grant to upgrade the Merrill Field north/south runway \$2.3M. Grant is being processed, design to be completed in May, construction August 1, completion mid-November.
Merrill Field Passenger Terminal	\$ 4,000.0	Airport terminal facility servicing passenger and freight traffic through Merrill Field - design complete.
<u>Public Works - Deferred</u>		
<u>Municipal Building Maintenance</u>		
Historical Fine Arts Museum	\$ 250.0	Repair/replace damaged wall coverings in art galleries.
Tudor Road Building	\$ 150.0	Heating system replacement (design complete)
Woodland Park School	\$ 78.4	Heating system repairs - 3-4 weeks designs

<u>Name of Project</u>	<u>1988 (\$000)</u>	<u>Notes</u>
GROUP II - OTHER PRIORITIES (Continued)		
Municipal Buildings Roof Repairs	\$ 39.7	Roof maintenance and repair on 9 buildings
Paint Municipal Buildings	\$ 110.0	Small painting projects on 14 building interiors and exteriors
Fleet Service Building	\$ 125.0	Fire sprinkler system - 4-5 weeks design required
Transit Storage Building	\$ 57.5	Repair doors and floor
Hill Building	\$ 12.0	Upgrade air conditioner in 5th floor computer room
Gateway Park (International Airport Road)	\$ 125.0	Replace underground sprinkler system for landscaping - 2 weeks design required
West Chester Lagoon Park	\$ 35.0	Replace underground sprinkler system for landscaping - 2 weeks design required
Libraries and Maintenance Shop	\$ 37.0	Construct and repair interior walls and carpet
Asbestos Abatement	\$ 1,300.3	- Fire stations \$173,300 (design complete) - Old City Hall \$250,500 (designs - 3-4 weeks required) - Mulcahy locker room, Grandview Gardens Library, Mt. View Community Center, Goose Lake Center, Government Hill Community Center \$326,400 (design - 2-3 weeks required) - Public Health Facility \$363,600 (design 2-3 weeks required) - Other municipal buildings \$186,500 (design - 2-3 weeks required)

Parks and Recreation - Meet additional criteria of life/safety improvements

DeLong Lake Park	\$ 50.0	Replace public use dock
Nunaka Valley Park	\$ 25.0	Replace broken playground equipment
Jewel Lake Park	\$ 130.0	Playground and equipment repair, dock replacement
Goose Lake Park	\$ 80.0	Parking lot redesign and traffic barriers
Kincaid Park	\$ 50.0	Replace public use dock
Sand Lake Park	\$ 50.0	Replace public use dock

<u>Name of Project</u>	<u>1988 (\$000)</u>	<u>Notes</u>
<u>GROUP II - OTHER PRIORITIES (Continued)</u>		
University Lake	\$ 70.0	Bike trail bridge replacement
Valley Street	\$ 85.0	Lake shore steep bank improvements
Taku Lake	\$ 225.0	Lake shore steep bank improvements and dock construction
Chester Creek Trail System	\$ 1,625.0	Repair, rehabilitation, overlays and reduce hazards (design 35% complete)
Campbell Creek Trail System	\$ 875.0	Repair, rehabilitation, overlays and reduce hazards (design 35% complete)

Parks and Recreation Improvements

Willow Housing Park	\$ 45.0	Park repair and rehabilitation
Browns Pt. Park	\$ 40.0	Park repair and rehabilitation
Delaney Park	\$ 260.0	Top soil and reseed
Duldida Park	\$ 85.0	Park repair and rehabilitation
Kanchee Park	\$ 85.0	Park repair and rehabilitation
Fairview Park	\$ 10.0	Barrier posts and rehabilitation
Ruth Arcand Park	\$ 35.0	Entry road improvements
So. Russian Jack Springs Park	\$ 35.0	Picnic area entrance rehabilitation
Davenport Fields	\$ 80.0	Parking improvements
Lyn Ary Park	\$ 30.0	Repair and rehabilitation
Campbell Park	\$ 65.0	Shoreline and park repair and rehabilitation
"C" Street Community Garden	\$ 20.0	Soil and parking improvements
Cope Street Park	\$ 35.0	Repair and rehabilitation
Wilson St. Park	\$ 35.0	Repair and rehabilitation
Pena Field	\$ 45.0	Parking and playfield improvements
Davis Park	\$ 220.0	Basketball court construction and playfield rehabilitation
Pop Carr Park	\$ 180.0	Tennis court, walkway and park rehabilitation

<u>Name of Project</u>	<u>1988 (\$000)</u>	<u>Notes</u>
GROUP II - OTHER PRIORITIES (Continued)		
Storck Park	\$ 200.0	Playfield, playground and park improvements
Fence, Barricades and Backstop	\$ 100.0	Repair and/or replacement of existing park fencing, barricade and backstops
Sand and Soil Cleaning and Replacement	\$ 100.0	Replacement and improvements to swimming beaches and sand lots
Parking Repair	\$ 200.0	Upgrading of existing parking areas and drainage repairs
Eagle Glenn Park	\$ 5.0	New park improvements
Spirit Park S. Fork	\$ 5.0	New park improvements
Town Square	\$ 15.0	Park improvements
Schroeder Park	\$ 35.0	Planning and construction document preparation
Eagle River Tennis Court	\$ 160.0	Construction
Chief Alex Park	\$ 15.0	Park improvements
Mirror Lake	\$ 55.0	Drainage and parking improvements
Girdwood	\$ 120.0	Pathway completion
Girdwood Water	\$ 5,700.0	Rehabilitate Girdwood water systems donated to Municipality. O&M costs will be offset by user revenues
Performing Arts Center add backs which are revenue generating	\$ 400.0 300.0 500.0 300.0	Large Rehearsal Hall Small Rehearsal Hall Orchestra Pit Lifts Concession Equipment
Subtotal	<u>\$41,262.9</u>	
HIGH PRIORITY - 1988 CONSTRUCTION TOTAL	\$98,752.9	
HIGH PRIORITY-1989 CONSTRUCTION		
Edwards (DeBarr to Ptarmigan School)	\$ 500.0	Road Construction - needs design
Sullins/Chugach Park Road	\$ 390.0	Upgrade gravel road - design is being negotiated

<u>Name of Project</u>	<u>1988 (\$000)</u>	<u>Notes</u>
HIGH PRIORITY-1989 CONSTRUCTION (continued)		
Spenard Road, III (Turnagain to McRae)	\$ 7,100.0	Roadway and landscaping construction \$7.1M
Dimond Blvd. (New Seward to 88th)	\$ 4,700.0	Design \$.6M; ROW acquisition \$4.1M; roadway and landscaping construction
West Northern Lights, II (Wisconsin to Aero)	\$ 5,600.0	Design \$.5M; roadway and landscaping construction \$5.1M
Hillside Drainage Plan Phase I Implementation	\$ 5,000.0	Implementation of drainage improve- ments - needs design
Birch Road, Huffman to DeArmoun	\$ 1,700.0	Upgrade to paving, curb and gutter, sidewalk, bike trail and illumination - needs design
Buffalo Street	\$ 2,200.0	Upgrade to paving, curb and gutter, sidewalk, bike trail and illumination - needs design
Elmore Street	\$ 2,300.0	Upgrade to paving, curb and gutter, sidewalk, bike trail and illumination - needs design
Bragaw Street	\$ 2,500.0	Upgrade to paving, curb and gutter, sidewalk, bike trail and illumination - needs design
Arctic (Raspberry to Dimond)	\$ 5,700.0	Road construction
Windemere Phase II	\$ 700.0	Subdivision reconstruction roads and drainage
Town Square Phase II	\$ 500.0	Construct Phase II - final development
HIGH PRIORITY-1989 CONSTRUCTION	<u>\$ 38,890.0</u>	
TOTAL 1988/1989 CONSTRUCTION	<u>\$137,642.9</u>	

ANCHORAGE CAUCUS
ALASKA STATE LEGISLATURE

A G E N D A

January 25, 1988

SENATE

Abood, M.
Faiks, J.
Halford, R.
Josephson, J.
Kelly, T.
Kerttula, J.
Rodey, P.
Sturgulewski, A.
Szymanski, M.
Uehling, R.

TIME: 2:00 p.m. - 2:30 p.m.
LOCATION: Senate Finance Committee Room,
Room 518, Capitol

- I. Call to Order
- II. Roll Call
- III. New Business

HOUSE

Barnes, R.
Boucher, R.
Brown, K.
Collins, V.
Cotten, S.
Donley, D.
Ellis, J.
Furnace, W.
Gruenberg, M.
Hanley, A.
Martin, T.
Pearce, D.
Pettyjohn, F.
Phillips, R.
Pourchot, P.
Rieger, S.
Zawacki, J.

- IV. Other Business
 - V. Announcements
 - VI. Adjournment
- A. Mayor Tom Fink--Municipality of Anchorage Economic Recovery Program, Suggested Legislative Program, and Options to Improve the Alaskan Economy

SUGGESTED LEGISLATIVE PROGRAM

1. A strong economic stimulation package consisting of the following as possible measures:
 - a. Municipal Assistance in the amount of \$100 million dollars at the rate of \$200.00 per capita to each local government.
 - b. A substantial capital improvement program not including buildings, but including deferred maintenance on buildings, and roads.
 - c. A residential loan modification agreement through ANFC which would enable people to reduce their payments and the extra interest added onto the tail end of the loan.
 - d. Tear down the old sub-standard ASBA buildings and ASBA buy new buildings from ANFC and give it a note until such time as ASBA gets federal money to do it.
 - e. Commercial loan modification agreement at AIDA and the payments reduced and the interest added onto the tail end of the loan.
 - f. A program to buy out some foreclosed mortgages of commercial properties such as Zamarelio's strip malls at 1984 land values, and then boarding up or tearing down the buildings.
 - g. An extra dividend.
 - h. Legislation to authorize Bradley Lake to go forward without APUC's approval.
 - i. Offer up to \$100 million dollars for capital improvements to bring the Navy into Southcentral Alaska and also assist in making oil available at less than market prices to the Navy.
 - j. Appropriate 1.5 million to get the Court Building started this Spring in downtown Anchorage.
 - k. A guarantee loan fund wherein banks will hold 10% of a loan and with 90% guarantee from a State agency.
 - l. Pay off local government bonds.
 - m. A Job Corps Program.
2. A \$100,000,000 Capital Improvement Program for Anchorage, the following projects with a priority as shown:

(See Attachment)

Last item -- 16 million for miscellaneous capital improvements.

OPTIONS
TO IMPROVE THE
ALASKAN ECONOMY

DAR/JAN 88
DAVE ROSE

This paper summarizes the present economic situation within Alaska; discusses fundamental economic principles which must be adhered to in order to create a lasting and positive change for improvement; and sets forth a series of detailed options for implementation.

Alaska's Economic Situation

Alaska's present plight can be summed up in two simple words -- "Excess Capacity".

Alaska currently has:

- Excess residential housing to include condominiums
and mobile home units
- Excess strip malls
- Excess shopping mall space
- Excess office space
- Excess industrial and warehouse space
- Excess (high) retail inventories
- Excess work force as manifested by unemployment rates

True, there are some sectors of our economy which are doing well -- fishing, timber and tourism. These should continue to prosper as long as the dollar retains its low valuation relationship to the yen and other currencies. Some of Alaska's hard-core base industries (not always appreciated during the oil boom but now winning long-deserved recognition) include the military and Federal government sectors which offer high prospect of growth.

This paper will primarily concern itself with real estate because it is clear that the excess capacity referred to above relates predominantly to real estate and its support industry of: banking and mortgage institutions; private mortgage insurance companies; highly leveraged investors and mortgagees; real estate sales firms; and governmental institutions which now hold ownership in: loans secured by real estate; defaulted or delinquent real estate loans; and foreclosed upon property.

Fundamental Economic Principles

It should be clear to any student of basic economics that the supply curves of certain elements of the Alaskan economy are out of

desired equilibrium with demand. Conversely, demand curves are out of desired equilibrium with supply.

In short, the long-term solution to our problem can be found in:

- (1) Decreasing available supply.
- (2) Increasing business and consumer demand.
- (3) A blend of the two.

Unless our actions result in a permanent movement of either the supply or demand curve, or both, any benefit will be fleeting, costly and of no long-term consequence.

We do not require the implementation of actions which can be termed as "political", "placebo", "quick fix", or "bailout".

What we do need are well-thought-out approaches that effectively reduce (and certainly not increase!) supply. Increasing demand is a tougher venture because in almost all cases it falls outside of effective unilateral action.

Programs and Actions

The following options are submitted for consideration. Some programs are dependent on others; some stand alone. The adoption of any, all or a portion of a single option may be beneficial. The rejection of a particular option should not negatively affect viewpoints on others. Many of these options are not new; some are simply being set forth in writing for the first time. All are in the public domain.

1. Move Supply Curve (decrease supply) Permanently

Create an entity or a subsidiary of an existing entity such as AIDA.

Vest that entity with funds on a loan or grant basis from the General Fund of the State.

Entity purchases developed property held as "real estate owned" by financial institutions, mortgage companies, mortgage insurance companies, and governmental agencies such as FDIC, AHFC, AIDA, Permanent Fund. Purchase is for land value only.

Following acquisition, entity removes improvements thus reducing supply but retains underground utilities.

Entity holds what is now vacant land for the long term and eventually sells at acquisition value or (hopefully) appreciated value.

Proceeds of sales are returned to the State which has bankrolled the operation. Or vacant land is returned to the State and appropriated to a long-term trust. (Mental Health, Public Education, Permanent Fund, etc.)

2. Move Supply Curve (decrease supply) Permanently

Demolish and do not replace old and deteriorating low-income development housing, such as Hollywood Vista and Willow Park.

Aggressive action on the joint State-Federal level must be taken. If the Federal government will not act, the State must be prepared to take quick and decisive unilateral action -- at its expense.

Occupants of demised developments are placed in AIDA-or AHFC-owned multi-family or condominium units. To the degree necessary, condo owners will be given the opportunity to trade their units for other AHFC-owned property.

AIDA/AHFC will be reimbursed for their housing assets used by this program. Funds utilized are from Federal and/or State sources. The program should be coordinated by the Alaska State Building Authority.

3. Move Supply Curve (decrease supply) Permanently

We must step back and review the thought process involved in continually spending huge sums of money on maintaining mobile homes. There is a huge excess and no demand. Clearly, since there is no demand for the foreseeable future, this must be recognized and acted upon. Spend a few dollars for some full-page advertising in active construction areas around the world, find a buyer, load them on a barge and remove them from the state. Funds saved on maintenance and ground rent could be channeled toward work outs or rescheduling loans on quality assets.

4. Move Supply Curve (decrease supply) Five Years

Create a financial entity empowered to act like a bank -- except for receipt of consumer deposits -- under State regulation.

Regulation is important to assure that the entity does not become a super bank in competition with existing Alaskan financial institutions.

The entity is capitalized with stock or debentures or a combination thereof.

Stock is issued in exchange for real estate owned, defaulted loans and delinquent loans held by: FDIC; banks; mortgage companies; mortgage insurance companies; and state governmental agencies. Non-producing assets are exchanged for preferred stock which provides a minimal (but better than non-producing) return.

The entity is permitted to buy, sell and trade real estate. It is to service and collect on loans; to work out loans; and to reschedule debt. It may invest in financial assets.

It must do everything necessary to convert illiquid assets into cash and into income-producing cash assets while covering expenses and eventually making a profit.

The entity would sell off assets over the long term with major emphasis on stabilization.

As the entity becomes profitable and liquid, it distributes paid-in-capital and dividends.

NOTE: In the event that the entity cannot be capitalized entirely with problem assets, consideration may have to be given to an initial State grant or loan to partly fund the capitalization.

5. Stabilize Supply Curve (keep increases in supply to a minimum)
Five Years

The board of directors of AIDA (Alaska Industrial Development Authority) should place a moratorium on the financing of construction of new commercial or industrial facilities.

This moratorium is designed to curtail new supply, and supports and acts in concert with other actions directed toward stabilization of the economy. Supply problems cannot be met by some programs and exacerbated by others. AIDA would continue to finance existing structures with changing ownership.

Obviously, the curtailment of new activity assists local government in that controls on new supply create value in existing supply and thus stabilize or raise assessed valuation used in the computation of ad valorem taxes.

Curtailment of new activity can have a chilling effect on economic development in communities where there is no excess capacity in commercial or industrial facilities or in communities where a special purpose facility is required. It is envisioned that a moratorium would remain in effect unless the local governmental unit which is intended to be the beneficiary of the moratorium formally requests its waiver by the action of its local city council or borough assembly.

6. Stabilize Supply Curve (keep increases in supply to a minimum)
Five Years

This is similar to the proposal for AIDA except it applies to residential housing financed by AHFC, PERS, TRS, Permanent Fund and any other State line organization or agency.

Place by board, commissioner or trustee action, a moratorium on the financing of construction of new residential housing units to include single and multi-family residences, including condominiums and mobile homes. The moratorium is designed to curtail new supply, and supports and acts in concert with other actions directed toward stabilization of the economy. Supply problems cannot be met by some programs and exacerbated by others.

Existing housing stock which is changing ownership would continue to be financed by the respective agencies and organizations.

The curtailment of new supply will create value in existing supply and thus stabilize or raise assessed valuations used by local governments in the computation of ad valorem taxes.

This program, similar to its complimenting commercial and industrial program, contemplates that the moratorium can be lifted at the request of the local government governing body.

7. Stabilize Supply Curve (keep increase in supply to a minimum)
Three Years

The State of Alaska is planning to construct an addition to its court complex in downtown Anchorage. This facility is important to the Court System and to the Municipality of Anchorage as it centralizes expanded court activity and anchors downtown economic activity against mid-town drift. Also, the project is important in that it does produce a substantial number of construction jobs.

Unfortunately, the creation of new office space supply at the same time that huge excess exists is self-defeating from a macroeconomic perspective. If this project is to be completed within the concept of stabilizing supply, it can be done in such a way that it meets immediate Court System needs on one hand and defers meeting other needs for a three-year period.

Here, the building would be constructed as planned. However, only essentially needed courtroom space would be finished. Other space -- office space available through existing supply -- would not be finished in the initial phase. A subsequent construction phase, perhaps three years after completion of phase I, would provide the needed office space.

Absent this kind of compromise which curtails the wrong kind of supply (offices) and permits the right kind of supply (courtrooms), the project should be deferred.

8. Stabilize Supply Curve (keep increases in supply to a minimum)
Three Years

Local governments have a strong, vested interest in the stabilization of supply. To the degree that new supply can be curtailed, value to existing supply increases as does assessed valuation and the local tax base.

Expansion in many communities has required the rapid extension of utilities. In some cases this extension has been imprudent in that it has leap-frogged undeveloped areas to reach new residential or commercial subdivisions.

The expansion has been imprudent -- in an economic sense -- because the rate base of the new development does not always carry the operation, maintenance or debt service costs of the extension.

Local governments should be encouraged to place moratoriums on utility expansions, rezonings and replats to discourage the new construction of the types of developed real estate now in excess. Flat moratoriums in this area offer a better prospect than selective ones because of inherent fairness and equal treatment to all.

9. Move Demand Curve (increase demand)

To the degree that demand can be stimulated to reduce or eliminate excess capacity, such stimulation should be encouraged.

If major financial institutions such as pension funds, endowments, foundations, the Permanent Fund, etc. -- who are long-term buyers and holders of commercial and industrial property -- can be induced to take major, institutional-grade buildings off the market for a long period of time, such action could remove upwards of \$50 million from the current real estate marketplace.

The absorption of this "high end" sector of the market has the impact of channeling investment capital of other (smaller) investors toward the distressed portfolio of loans.

The importation of investment capital through the formation of investment pools would increase the demand for ownership of Alaskan real estate and fundamentally move the ownership demand curve.

This proposal, however, would not move the demand curve for office space occupancy since investors only bring their money and not new tenants to the table. However, any ownership diversification outside of Alaska brings with it a degree of outreach, new contacts and beneficial exposure.

10. Move Demand Curve (increase demand)

Alaska has been the beneficiary of "settlement waves" in the past such as the gold rush, building of the railroad, construction of military bases, statehood, and pipeline construction.

Each new wave of Alaskans has contributed to the economy and stimulation of the next wave can create some of the demand needed to reduce excess capacity and stimulate economic activity across many business sectors.

Perhaps Alaska's best opportunity lies with the military. Restructuring of some domestic and overseas forces with Alaska as the beneficiary would have a dramatic impact.

Navy homeporting is on everyone's lips. But it can only occur in the context of a well-thought-out plan, positive naval interest and the actual execution of long-term leases and agreements which are clearly advantageous to Alaska and its people. It is strongly urged that Alaska not embark on a program which provides for construction of infrastructure in hopes of "luring" the navy. Secure the firm, documented commitment and then as part of the agreement, utilize State resources as necessary.

The Army, Air Force, and Coast Guard have been mainstays of our economy for many years. Recently, these institutions have taken a back seat to the glitter of black gold and its overwhelming economic power. It's time to return to a full appreciation of these military institutions and to actively pursue a greater presence in the state. As the balance of trade continues to falter, some consideration may have to be given to a restructure of some foreign-based units (Korea, Germany). Alaska should open initiative's to welcome shifts should they occur.

11. No Fundamental Change to Supply or Demand

The easiest measure -- but one with virtually no positive long-term impact -- is a capital projects appropriation.

Elements of the construction industry have been hit hard and it is apparent that we will not need new residential, commercial, industrial, office and strip mall construction for many years to come. This sector cannot and should not be propped up lest we either provide wasted subsidy or create false expectation. Jobs must be centered around preventative and actual maintenance of existing roads, ports, airports and governmental facilities rather than new construction which creates a need for increased operation and maintenance costs.

It is suggested that rather than expend a huge amount of funds on a placebo, some should be diverted toward activity which will fundamentally affect supply and demand, some of which is set forth in this paper.

12. A Caution

Both AIDA and AHFC have some unencumbered capital. This has been eyed -- covetously -- by those who feel that these "pots of money" are available for appropriation for "quick fix" programs or for funding additional programs or functions assigned to these two agencies. This capital should be viewed as reserves critically required by the agencies to support existing programs in this time of stress. Before consumption of these funds is seriously considered, inquiry should be made to respective agency boards of directors.

In Summary

- * Raze uneconomic residential and commercial buildings
- * Raze deteriorating low-income residential units
- * Sell excess AHFC-owned mobile homes
- * Create a work-out bank emphasizing stabilization
- * Moratorium on new construction of residential and commercial properties, subject to local government waivers

- * Construct the Anchorage Court complex addition in phases
- * Moratoriums on local government utility expansions, rezonings and replats
- * Encourage institutional purchases of quality commercial and industrial properties
- * Seek agreement regarding Navy homeporting before initiating construction of infrastructure
- * Regarding construction projects, emphasize preventative and actual maintenance rather than new construction
- * Leave existing capital reserves in AHFC or AIDA

January 29, 1988

MEMORANDUM

TO: Jan

FROM: Dave

SUBJECT: Dave Rose's "Bridge Bank"

The idea would be to create an entity which would act like a bank. It would work like this: an institution or agency (AHFC, FDIC, private banks, Commission on Postsecondary Education) would give the "Bridge Bank" real estate and delinquent loans, in exchange for stock or debentures, or a combination.

Thus, these non-producing assets are exchanged for an interest (maybe preferred stock) in this new entity. Initially the Bridge Bank might produce only a minimal return, but it would be better than what these assets are currently generating.

The Bridge Bank would then buy, sell, and trade real estate and other loans, and reschedule debt to maximize the revenue from the overall portfolio. It would do everything possible to convert illiquid assets into cash and income producing assets while covering expenses and eventually making a profit.

Rose says it would probably take about \$15 - 20 million to get the Bridge Bank initially capitalized. This financing could come from private sources, but more likely it would come from an agency like the FDIC. Currently the FDIC is spending a lot of money trying to deal with these non-producing assets, and they could probably solve their problems for less money by giving the assets and some initial capital to the Bridge Bank. As a last resort, consideration may have to be given to an initial State grant or loan, but Rose says that in all likelihood this

would only be necessary to capitalize a part of the \$15 - 20 million.

Rose says this is very similar to how he started AIDA 8 years ago, a small initial capital outlay for substantial potential long term returns. He says this way the problem gets solved without a big state financial bailout.

J.E.R.C. 2/1/88

AHFC percentages from Comm Tony Smith-

- ..3,700 foreclosures
- ..5,000 total potential
- ..single family housing market is solid
- ..13.8% of foreclosures are condos
- ..12.7% of foreclosures are duplexes
- ..1,000 mobile homes
- ..expects to restructure 5,000 -10,000 loans

2% amendment legislation will be introduced to both houses.

AIDA will offer 75% refinancing if cash equity is kept in state.

Bridgebank concept will require amendments to Title 6 to allow director of banking to exercise authority over non-depository institutions.

STEVE COWPER
GOVERNOR



STATE OF ALASKA

OFFICE OF THE GOVERNOR

JUNEAU

February 2, 1983

The Honorable Arliss Sturgulewski
Alaska State Legislature
P.O. Box V
Capitol, Room 427
Juneau, AK 99811

Dear Arliss,

Enclosed please find a directory prepared by my policy office which identifies current and proposed programs which over the next 18 months will have direct positive impact on Alaska's economy.

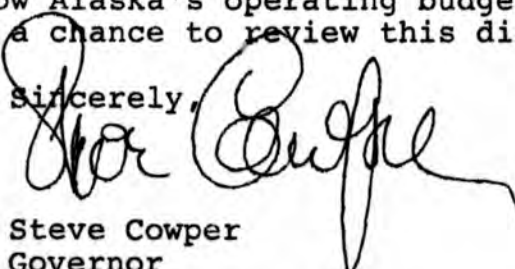
This is the first time that the state's budget has been described in such a way. The directory primarily addresses the direct connection between the operating budget and the private sector. However some loan programs and capital projects, such as Bradley Lake hydroelectric project, which will create at least 150 jobs near Homer and the Spring Creek prison which will offer more than 200 jobs in Seward, are also listed.

The enumeration of jobs created with public funds focuses on the private sector, although, for example, the Department of Education notes that the foundation formula it disburses contributes to the livelihoods of nearly 17,000 Alaskan educators.

I believe you will be surprised at how extensively the state's operating budget directly creates and stabilizes long-term private sector jobs for Alaskans. A number of programs that get very little attention go a long way in the private sector. For example, the state's Bank Monitoring Program worked hard to prevent closure of three Alaska institutions, thus preserving 434 bank jobs. The Dislocated Workers program trains Alaskans displaced by the downturn in the economy so that they may find other employment. It's estimated that 450 Alaskans will be able to find a job because of such training. Start-up of an Army National Guard Aviation Battalion will create 29 full time and more than 100 part time jobs in Nome, Bethel, Juneau, and Kotzebue.

These are just a few examples of how Alaska's operating budget puts Alaskans to work. I hope you have a chance to review this directory.

Sincerely,


Steve Cowper
Governor

Directory of Projects and Proposals with Direct Economic Impact

January 27, 1988

State of Alaska
Office of the Governor
Division of Policy

This directory identifies proposed programs and activities in the FY 88 and FY 89 budget with direct positive economic impacts over the next 18 months. Although this compilation is focused on the operating budget, the reader will also find loan programs and capital projects with special economic impacts listed under certain agencies.

The Division of Policy has collated information provided by each submitting agency. The data that are summarized in this compilation have been reviewed by the submitting agencies to enhance the accuracy and consistency of the original information.

OFFICE OF INTERNATIONAL TRADE

3601 C Street
Anchorage, AK 99503-5935
561-5585

Trade Leads

The trade leads program puts interested commercial and trading parties into contact with each other, for purposes of doing business. For example, the 16 new jobs and the \$500 thousand contract for Alaskan glacier ice and bottled water delivered to Japan by Wetco, Inc., in 1987 was directly attributable to State-generated trade leads efforts.

Cost of Program: within existing budget; not broken out separately

Geographic Area of Impact: statewide

Commencement and Duration of Economic Effects:
ongoing

Foreign Investments

The purpose of the foreign investments program is to attract foreign investments to Alaska. For example, Idemitsu Kosan was initially approached by the Office of International Trade through the Tokyo trade office. This year, Idemitsu Kosan signed a joint venture agreement on the Wishbone Hill bituminous coal development project in the Mat-Su Valley. Once developed, this project will produce more than one million tons of coal per year, and, under the current royalty structure, should bring the State approximately \$1 million of royalty annually. Also, it should provide the Alaska Railroad with approximately \$9.5 million in freight hauling fees.

Cost of Program: within existing budget; not broken out separately

Geographic Area of Impact: statewide

Commencement and Duration of Economic Effects:
ongoing

International Marketing

This new effort, initiated in FY 89, will consist of an international trade digest published on a regular basis by the Office of International Trade. The digest will facilitate the placement of advertising in foreign publications, targeting on trade shows.

Cost of Program: within existing budget; not broken out separately

Geographic Area of Impact: statewide

Commencement and Duration of Economic Effects: FY 89

Foreign Trade Offices

Foreign trade offices are maintained in Tokyo and Seoul, and an honorary trade representative is contracted in Taiwan. Through these offices, Alaskan producers obtain up-to-date foreign market information, ideas for new products, and introductions to foreign buyers.

One example of the value of these offices is the Idemitsu Kosan/Wishbone Hill coal development project, which began with the discovery by the Tokyo office that Idemitsu Kosan, Japan's largest energy company, was switching from petroleum- to coal-fired generators.

Cost of Program: within existing budget; not broken out separately

Geographic Area of Impact: statewide

Commencement and Duration of Economic Effects: ongoing

DEPARTMENT OF ADMINISTRATION

**P.O. Box C
Juneau, AK 99811-0200
465-2277**

Risk Management/Assistance to Contractors

This program assists contractors in meeting State contracting requirements, and in that respect enhances the participation rate of in-state bidders and vendors.

Cost of Program: within existing budget; not broken out separately

Effects on Alaska Personal Income: increases in-state contract expenditures

Geographic Area of Impact: statewide

Commencement and Duration of Economic Effects: ongoing

New Procurement Code

The new procurement code provides greater efficiency and equity in procedures for meeting the State's procurement needs, and encourages greater participation by smaller vendors and suppliers.

Cost of Program: within existing budget not broken out separately

Number of Jobs Created: unknown; will favor Alaskan vendors

Effects on Alaska Personal Income: more contracts and expenditures retained in-state

Geographic Area of Impact: statewide

Commencement and Duration of Effects: 1/1/88 and on

Vacancy-Based Recruitment Program

This program entails two separate but related efforts. One is an outreach effort to inform local residents about State position vacancies, using electronic communications among State offices, Job Service Centers, and Legislative Information Offices.

The second is a monthly information dissemination effort focusing on recruitment for jobs in rural areas. It comprises a 5-minute radio program aired on some 30 rural

stations, a series of 30-second public service announcements on tape and hard copy, and monthly recruitment highlights that are provided to about 35 rural newspapers and 25 Native organization publications.

Cost of Program: within existing budget; not broken out separately

Number of Jobs Created: fills existing State positions statewide, with rural emphasis

Geographic Area of Impact: statewide, with rural emphasis

Commencement and Duration of Economic Effects: ongoing

DEPT. OF COMMERCE & ECONOMIC DEVELOPMENT

**P.O. Box D
Juneau, AK 99811-0800
465-2500**

Economic Development and Marketing Program

Existing and new staff will work to support regional economic and business development by providing information and technical assistance.

Cost of Program: \$509.8 thousand (incremental)
Geographic Area of Impact: statewide
Commencement and Duration of Economic Effects:
immediate and ongoing

Alaska Housing Market Council

The Council provides statewide information and referral hot-line services (not intervention) to persons experiencing difficulties meeting residential mortgage obligations. Created by administrative order in March 1987, the program has a \$400.0 thousand budget funded equally through the Permanent Fund, the Alaska Housing Finance Authority, the Alaska State Building Authority, and AIDEA.

The program currently receives approximately 50-80 calls per day, and to date has successfully averted a number of residential home loan foreclosures.

Cost of Program: \$400 thousand
Geographic Area of Impact: statewide
Commencement and Duration of Economic Effects:
ongoing

"Made In Alaska" Program

This program identifies products made in Alaska, and encourages Alaskans to purchase such products.

Many Alaskan artisans and craftspeople say that their retailers insist on them being certified under this program as it is a major selling point in the sale of such products.

Cost of Program: \$2 thousand
Geographic Area of Impact: statewide
Commencement and Duration of Economic Effects:
3/21/86 - 6/30/88

Small Business Development Centers

This program offers a range of management and manufacturing assistance to owners and managers of Alaska businesses. It is jointly sponsored by the U.S. Small Business Administration, the University of Alaska statewide system, and DCED's Office of Enterprise.

Cost of Program: \$200 thousand GF, \$200 thousand federal funding

Geographic Area of Impact: statewide

Commencement and Duration of Economic Effects:

10/1/86 - 9/30/87

Minority Business Development Program

This program is designed to enhance the business opportunities of minority Alaskans by increasing minority participation in all areas of State procurement and economic development. Services offered include training, promotion, information and referral, and other forms of assistance.

Cost of Program: \$75 thousand GF, \$75 thousand federal funding

Number of Jobs Created: 667 fulltime (indirect), based on \$20,000.0 thousand in procurement contracts received by clients

Effects on Alaska Personal Income: \$16 million (indirect) @ 80% of contracts

Geographic Area of Impact: statewide

Commencement and Duration of Economic Effects:

4/1/87 - 3/31/88

Market Access Program (Bonding)

The MAP program conducts research on insurance and bonding markets, and provides related information to Alaskan businesses that are having difficulty obtaining insurance and bonding coverage.

Cost of Program: within existing budget; part of market surveillance

Geographic Area of Impact: statewide

Commencement and Duration of Economic Effects:

ongoing

Bank Monitoring Program

This program monitors events and developments in Alaska's banking and financial sectors, and provides bank examining services. Through its efforts, three Alaska banks were reorganized instead of closed, and some \$400-\$500 million in assets were saved from potential liquidation in Anchorage.

Cost of Program: \$424.8 thousand

Number of Jobs Created: prevented closure of 3 banks, with total of 434 employees

Effects on Alaska Personal Income: \$18.6 million (compensation for 434 bank employees)

Geographic Area of Impact: statewide, mainly Anchorage

Commencement and Duration of Economic Effects: ongoing

Investments Work-Out Program

The Investments Work-Out program, operated by the Division of Investments, offers assistance to borrowers if they experience difficulty in meeting their debt obligations with the State. By modifying loan terms, the program prevents the borrower's loss of assets through foreclosure by the State.

Cost of Program: \$191.6 thousand

Number of Jobs Created: none, but job loss is prevented

Geographic Area of Impact: statewide

Commencement and Duration of Economic Effects: ongoing

Alaska-Hire In Seafood Industry Program

Through this program, the Alaska Seafood Marketing Institute coordinates a cooperative newspaper advertising campaign aimed at encouraging Alaskans to seek employment in the seafood industry by registering with the Job Service. Ads are funded by the Department of Labor and the Pacific Seafood Processors Association.

The Department of Labor estimates that more than 9 thousand jobs in Alaska's seafood industry were filled in 1987 through the Job Service.

Cost of Program: \$10 thousand

Geographic Area of Impact: statewide

Commencement and Duration of Economic Effects: 5/87 - 12/87

Alaska-Hire In Tourism Industry Program

Through this program, DCED is attempting to increase the number of Alaskans who are employed in the tourism and visitors industries. The program works in concert with the Alaska Visitors Association and local sponsors to coordinate and sponsor newspaper campaigns advertising the availability of tourism-related employment opportunities around the state.

Geographic Area of Impact: statewide
Commencement and Duration of Economic Effects:
5/87 - 12/87

ARDOR Program (CIP)

Funding from this federal program provides technical assistance to regional economic development groups.

Cost of Program: \$300 thousand federal funding
Geographic Area of Impact: statewide
Commencement and Duration of Economic Effects:
immediate

Bradley Lake Hydroelectric Project (CIP)

The Bradley Lake hydro project is a \$300 million hydroelectric power generation facility located on the Kenai Peninsula. Its construction, scheduled to begin this summer, will offer over 150 jobs. Financing comes from the Railbelt Energy Fund and revenue bonds.

This program requires new legislation (HB 356). 

Cost of Program: \$7 million (Railbelt Energy Fund) this year
Number of Jobs Created: 348
Effects on Alaska Personal Income: \$75 - \$90 thousand
Geographic Area of Impact: Kenai Peninsula
Commencement and Duration of Economic Effects:
7/88 - 9/91

APA - Four Dam Pool

Existing APA funds will be used to complete hydroelectric projects at Swan Lake and Tyee Lake (southeast), Terror Lake (Kodiak) and Solomon Gulch (Kenai), creating approximately 107 short-term jobs. While many of these jobs require skills in electrical, mechanical and

civil design and construction, a number of unskilled laborers will also be employed.

Small-Scale Rural Energy Cost Reduction Program (CIP)

This program consists of special limited-scale capital projects aimed at lowering the cost of energy in Alaska's rural and remote areas.

Cost of Program: \$3.57 million Power Development Revolving Loan Fund (PDRFL); \$28 million loan and bond funds
Number of Jobs Created: 105 (PDRFL), 325 loan and bond funds
Geographic Area of Impact: statewide, rural
Commencement and Duration of Economic Effects: 18 - 24 months

AIDEA - Red Dog Mine & Port Project

The infrastructure for the Red Dog Mine project, located in the Northwest Arctic Borough north of Kotzebue, includes construction of a port facility near Kivalina and some 52 miles of road accessing the actual mine site. Financing for the project comes from AIDEA.

Cost of Program: \$150 million (bonding)
Number of Jobs Created: 200 construction, 400 operations
Effects on Alaska Personal Income: est. \$20 million
Geographic Area of Impact: Northwest Arctic Borough
Commencement and Duration of Economic Effects: long-term

AIDEA - New Debt Financing Program

AIDEA's new debt financing programs are aimed at providing short-term liquidity and relief through interest rate buy-downs, and at assisting Alaskan producers in obtaining export financing.

REQUIRES NEW LEGISLATION HB 402
Cost of Program: \$25 thousand
Number of Jobs Created: maintain existing jobs
Geographic Area of Impact: Anchorage
Commencement and Duration of Economic Effects: FY 89 - FY 90

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

**P.O. Box B
Juneau, AK 99811-2100
465-4700**

Financial Outreach Services to Encourage Recovery (FOSTER)

The Financial Outreach Services to Encourage Recovery program will assist communities with financial problems by providing financial planning, budgeting, revenue sources/projections and cost containment.

Cost of Program: \$651 thousand
Geographic Area of Impact: Nome, Bethel, Dillingham, Juneau, Anchorage, Fairbanks
Commencement and Duration of Economic Effects: latter FY 88 and FY 89

Community Economic Disaster Loan Fund

Part of the FOSTER program involves the Community Economic Disaster Loan Fund, which will be used to assist those communities formally designated as economic disaster areas. Loans of up to 50% of the prior year's municipal assistance and revenue sharing entitlements will be tied to accountability and financial management training by C&RA.

This program will require enabling legislation.

Cost of Program: \$600 thousand
Geographic Area of Impact: statewide
Commencement and Duration of Economic Effects: latter FY 88 and FY 89

Rural Economic Development Initiative (REDI)

This program combines the Community Development and Services Block Grant and the Rural Development Assistance Grant programs to offer grants emphasizing individual and community self-sufficiency. Two new positions -- one in Bethel and one in Fairbanks -- will spearhead the effort to build community projects and train local residents to work on these projects.

Cost of Program: \$1,981,000
Number of Jobs Created: 40 permanent community jobs eventually
Effect on Alaska Personal Income: increase income to communities
Geographic Area of Impact: rural areas

Commencement and Duration of Economic Effects:
latter FY 88 thru FY 90

Job Training Partnership Act

This program provides federally funded employment training. The federally funded Job Training Partnership Act provides a variety of pre-employment and on-the-job training services through direct marketing and competitive solicitations that involve over 200 Alaska businesses and training agencies.

Cost of Program: \$10,364,500
Number of Jobs Created: 856
Effects on Alaska Personal Income: increase income of participants and employers
Geographic Area of Impact: statewide
Commencement and Duration of Economic Effects:
ongoing

Dislocated Workers

A \$75.5 thousand general fund increment enables this portion of the JTPA program to maintain the FY 88 level for this program, which targets workers dislocated by the downturn in Alaska's economy, providing them with training to seek other employment.

Cost of Program: \$800.5 thousand
Number of Jobs Created: 450
Effects on Alaska Personal Income: increase income of participants and employers
Geographic Area of Impact: statewide
Commencement and Duration of Economic Effects:
ongoing

Child Care Programs

Child care programs include financial assistance grants for facilities, day care assistance grants for parents, education and training grants for practitioners and Head Start matching funds support.

Cost of Program: \$11,234,900
Effects on Alaska Personal Income: increases disposable income of subsidized parents
Geographic Area of Impact: statewide
Commencement and Duration of Economic Effects:
ongoing

Conservation and Weatherization

These programs provide energy-related technical assistance, education and improvements to local communities using state and federal funds.

Cost of Program: \$1,403,500
Number of Jobs Created: stable
Effects on Alaska Personal Income: Increase disposable income of participants
Geographic Area of Impact: statewide
Commencement and Duration of Economic Effects: ongoing

Revenue Sharing

Payments to local governments under this program will be accelerated to enhance economic recovery. The Governor's proposal is to provide stable funding.

Cost of Program: \$40,773,400
Number of Jobs Created: stable
Geographic Area of Impact: statewide
Commencement and Duration of Economic Effects: FY 89

Municipal Assistance

This program provides financial aid to municipalities with an emphasis on reduction of property taxes. The Governor's proposal is to provide stable funding.

Cost of Program: \$56,084,400
Number of Jobs Created: stable
Geographic Area of Impact: statewide
Commencement and Duration of Economic Effects: FY 89

Housing Assistance Loan Fund (HALF)

Operations appropriations from the loan fund, loans from the revolving fund and a General Fund appropriation to the fund of \$2.5 million will ensure that the residential housing loan needs of rural residents will continue to be met.

In addition, proposed new legislation will enable borrowers to use a residence for development of cottage industries.

Cost of Program: \$2,821,700 operating (from HALF), \$2,500,000 GF appropriation to loan fund

Number of Jobs Created: stable
Effects on Alaska Personal Income: facilitates loans
on 320 rural homes (est. \$95 thousand per loan)
Geographic Area of Impact: rural communities
Commencement and Duration of Economic Effects:
ongoing

DEPARTMENT OF CORRECTIONS

**P.O. Box T
Juneau, AK 99811-2000
465-3376**

Spring Creek Correctional Center

By October, 1988, the new Seward facility will be fully operational, employing a staff of 221 and providing 288 beds. Spring Creek's completion enables the State to return to Alaska most prisoners currently housed in federal institutions in the Lower 48.

Cost of Program: \$12,688,000

Number of Jobs Created: 221 staff by October

Effects on Alaska Personal Income: return of prisoners currently incarcerated Outside increases jobs in-state

Geographic Area of Impact: Seward

Commencement and Duration of Economic Effects:
latter FY 88 and on

DEPARTMENT OF EDUCATION

P.O. Box F
Juneau, AK 99811-0500
465-2800

Foundation Funding

Full formula funding continues top-quality K-12 education and provides economic stability for 55 school districts and REAA's.

Cost of Program: \$411,913,000 GF, \$30,077,000 OF
Number of Jobs Created: est. 16,700 employed by public schools
Effects on Alaska Personal Income: full funding to stabilize economy, provide best possible education
Geographic Area of Impact: statewide
Commencement and Duration of Economic Effects: FY 89 and on

K-12 Support Programs

Increases in student lunch program (federal funding), Youth in Detention (Juneau expansion and Bethel start-up) and the Special Education Service Agency. Funding for pupil transportation continues at 90% proration.

Cost of Program: \$41,836,700 GF, \$17,100,500 OF
Number of Jobs Created: est. 16,700 employed by public schools
Effect on Alaska Personal Income: full funding to stabilize economy, provide best possible education
Geographic Area of Impact: statewide
Commencement and Duration of Economic Effects: FY 89 and on

School Debt Reimbursement

School Debt Reimbursement continues at 90% of entitlement.

Cost of Program: \$102,368,000 GF
Geographic Area of Impact: statewide
Commencement and Duration of Economic Effects: FY 89

Mining Training -- Alaska Vocational Technical Education Center (AVTEC)

The AVTEC program, at \$4,546,500, includes a \$600 thousand mining training program for workers at the Greens Creek mine (Southeast) and Red Dog (Northwest).

Cost of Program: \$600 thousand
Number of Jobs Created: 60
Effect on Alaska Personal Income: \$1,024,000
Geographic Area of Impact: Southeast, Northwest Alaska
Commencement and Duration of Economic Impact: FY 89

Vocational Rehabilitation

Based on a 29% increase in the average weekly wage of clients at program completion versus the average weekly wage of client at referral, this program directly increases personal income by more than \$1,078,600 per year. The multiplier effect has not been calculated.

Cost of Program: \$12,957,200
Number of Jobs Created: 458
Effect on Alaska Personal Income: at least \$1,078,600
Geographic Area of Impact: statewide
Commencement and Duration of Economic Effects: FY 89

Adult Basic Education (ABE)

This group of programs increases job opportunity and productivity in addition to producing approximately 25% of all secondary degrees in Alaska.

Cost of Program: \$1,768,800 GF, \$307.8 thousand federal funds
Number of Jobs Created: est. 189 paid ABE staff
Effects on Alaska Personal Income: an estimated 500 persons obtained jobs following ABE training; 225 obtained better jobs or received increased wages following ABE training (FY 87 data, est. to be maintained in FY 88 and FY 89). Approximately 1,950 General Education Diplomas (GEDs) were issued statewide, representing 25% of all secondary diplomas issued in the State (FY 87 data, est. to be maintained in FY 88 and FY 89).
Geographic Area of Impact: statewide
Commencement and Duration of Economic Effects: FY 89

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

**P.O. Box O
Juneau, AK 99811-1800
465-2600**

Remote Maintenance Worker Grants Program

This program funds maintenance workers employed by Native health corporations to travel to villages to help operators trouble-shoot and repair water and wastewater systems. Through better operation, this program reduces system breakdowns, improves public health services and extends the life of these facilities.

Cost of Program: \$504 thousand (\$39.2 thousand incremental)

Geographic Area of Impact: West, Northwest, Interior
Commencement and Duration of Economic Effects: FY 89

Dairy Inspections

The dairy inspection program provides a direct economic benefit by increasing the marketability of Alaska milk products. The program ensures the safety, quality and shelf-life of locally produced milk.

Cost of Program: \$79.6 thousand

Geographic Area of Impact: South Central, Interior
Commencement and Duration of Economic Effects: FY 89

Seafood Inspection

The seafood inspection program enhances the marketability of Alaska seafood products by ensuring consumer confidence in their safety and wholesomeness. The inspection program is a major part of the effort to prevent dramatic market declines which can result from the distribution of unsafe products.

Cost of Program: \$1 million

Geographic Area of Impact: Coastal regions
Commencement and Duration of Economic Effects:
FY 89 and on

Environmental Quality Programs

The in-state industry that has evolved to support DEC monitoring programs plays an essential role in helping DEC maintain and improve public health, as well as tourist and recreational resources.

Environmental Sanitation

The inspection of restaurants and other public facilities has a direct economic benefit by ensuring public and tourist confidence in the wholesomeness and quality of these operations.

Cost of Program: \$875 thousand

Geographic Area of Impact: statewide

Commencement and Duration of Economic Effects: FY 89

DEPT. OF HEALTH & SOCIAL SERVICES

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Medicaid Program

This program saves the personal income of 46,000 Alaskans from being consumed by high-cost medical treatment, particularly for the elderly. In 1986, an estimated 697 positions in health care facilities throughout the state were directly attributable to funds received by these facilities from the Medicaid program. Indirect secondary employment related to the Medicaid program was estimated as equivalent to 193 jobs. Approximately 50% of the Medicaid program is funded by federal dollars.

Cost of Program: \$81,121,700 in FY 88

Number of Jobs Created: est. 900

Effects on Alaska Personal Income: payments for 46,000 clients in FY 87 (average payment of \$7.9 thousand for 65+, for 65+ total of \$363.4 thousand)

Geographic Area of Impact: statewide

Commencement and Duration of Economic Effects:
ongoing

General Relief Medical Program

This program provides coverage similar to that of the Medicaid Program, for 18,645 persons who do not qualify for Medicaid but who require assistance for paying their medical bills.

Cost of Program: \$8.55 million in FY 88

Effects on Alaska Personal Income: increased disposable income for 18,645 clients in FY 87

Geographic Area of Impact: statewide

Commencement and Duration of Economic Effects:
ongoing

General Relief Assistance Program

Persons served by this program may receive up to \$120 per month in the form of a housing payment. An estimated 1,085 persons will receive this assistance in FY89. The cost for 350 indigent burials also will be paid under this program.

Cost of Program: \$1,670,800 in FY 88
Effects on Alaska Personal Income: max. of \$1,562,400
(1,085 clients at max. of \$120/month)
Geographic Area of Impact: statewide
Commencement and Duration of Economic Effects:
ongoing

Adult Public Assistance Program

This program includes formula funding for Aid to the Blind, Aid to the Disabled, and Old Age Assistance. The FY89 formula funding is based on estimated service to 5,746 persons at \$261.76 per month.

Cost of Program: \$16,997,000 in FY 88
Effects on Alaska Personal Income: \$18,049,000 (5,746 clients at \$262/month) in FY 89
Geographic Area of Impact: statewide
Commencement and Duration of Economic Effects:
ongoing

Longevity Bonus Hold Harmless Program

This program replaces the federal financial assistance that individuals lose because of their longevity bonus payments.

Cost of Program: \$2,925,100 in FY 88
Effects on Alaska Personal Income: \$3,249,500
(1,237 clients at \$218.91/month) in FY 89
Geographic Area of Impact: statewide
Commencement and Duration of Economic Effects:
ongoing

Aid To Families With Dependent Children

This program provides monthly cash assistance payments for children when the children are deprived of the support and care of at least one parent. The estimated benefit payment per client per month for this program is \$655. The number of recipients estimated for FY 89 is 8,400.

Cost of Program: \$59,821,300 in FY 88
Effects on Alaska Personal Income: \$66,024,000 (8,400 clients at \$655/month) in FY 89
Geographic Area of Impact: statewide
Commencement and Duration of Economic Effects:
ongoing

Foster Care Program

This program provides monthly reimbursements to foster families who care for children in State custody. The payments generally are not considered to be "income". Approximately 2,800 children (748 full-time equivalent) are cared for each year under this program.

Cost of Program: \$7,368,000 in FY 88

Effects on Alaska Personal Income: 2,800 clients in FY 87

Geographic Area of Impact: statewide

Commencement and Duration of Economic Effects:
ongoing

Grants and Contracts

A total of 303 grants and contracts to fund a variety of health and social service programs were awarded to non-profit entities throughout the state for FY 88.

Cost of Program: \$56,191,800 in FY 88

Number of Jobs Created: est. 1,430

Geographic Area of Impact: statewide

Commencement and Duration of Economic Effects:
ongoing

Bethel Youth Facility

This new program treatment extension to the Bethel youth detention facility will serve Bethel and all of the Yukon-Kuskokwim area communities; subject to the availability of funding, it could open almost immediately, construction of the addition having been completed. It will require 16 additional staff.

Cost of Program: \$1,002,500 (operations increment for FY 89)

Effects on Alaska Personal Income: \$1,397,000 (\$821.5 thousand for personal services funding at 1.7 multiplier)

Geographic Area of Impact: Bethel area

Commencement and Duration of Economic Effects:
FY 89+

DEPARTMENT OF LABOR

**P.O. Box 1149
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465-2700**

Job Training Partnership Act and Dislocated Worker Programs

These programs, operated in conjunction with the Department of Community & Regional Affairs, provide economically dislocated workers with financial assistance and training for placement in a new job.

Number of Jobs Created: 1,306

Effects on Alaska Personal Income: increase income to participants and employers

Geographic Area of Impact: statewide

Commencement and Duration of Economic Effects:
ongoing

Employment Security Programs

The employment security and services programs assist workers, including veterans, welfare recipients and youths, to find suitable employment. They also enable employers to find suitable workers via registration, testing and assessment, job development, referrals, vocational counseling, job search assistance, and screening.

Cost of Programs: \$1,902,800

Number of Jobs Created: 7,282

Effects on Alaska Personal Income: \$17.9 thousand

Geographic Area of Impact: statewide

Commencement and Duration of Economic Effects:
ongoing

Alaska Hire Preference Program(s)

Recent law provides for hiring preferences to be extended to residents on public-funded projects when certain economic and social conditions exist. The seafood industry and tourism industry programs consist of Job Service outreach and referral, advertising and promotion, and encouragement to hire Alaskans.

Cost of Programs: \$536.2 thousand

Number of Jobs Created: 9,114 in seafood industry

Effects on Alaska Personal Income: \$5.6 thousand from
seafood industry
Geographic Area of Impact: statewide
Commencement and Duration of Economic Effects: 5/87
- 12/87

Labor Market Information Program

This program offers a data base of economic and demographic information, including statistics on population, employment by industry or occupation, wage rates, costs of living, injury and illness rates, unemployment insurance, and resident hire.

Cost of Program: \$2,687,600
Geographic Area of Impact: statewide
Commencement and Duration of Economic Effects:
ongoing

Unemployment Insurance

The unemployment insurance program pays temporary benefits to eligible claimants while they are seeking employment, thereby maintaining economic security for both claimants and local economies.

Cost of Program: \$16,101,900
Number of Jobs Created: 134,754
Effects on Alaska Personal Income: \$154,110,800
Geographic Area of Impact: statewide
Commencement and Duration of Economic Effects:
ongoing

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

**P. O. Box L
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Army National Guard Aviation Battalion

Start-up of this battalion will create 29 full-time and 109 part-time jobs, located primarily in Anchorage with positions in Nome, Bethel, Juneau and Kotzebue. Funding is primarily federal, with a \$15.0 thousand general fund increment in the Governor's operating budget. Hiring is in process and will continue past the June 1, 1988 start-up date, until filled.

Cost of Program: \$15 thousand GF, plus federal funding
Number of Jobs Created: 29 fulltime, 109 parttime from federal funding
Effects on Alaska Personal Income: \$1.7 million
Geographic Area of Impact: mainly Anchorage
Commencement and Duration of Economic Effects: FY 89 and on

Army National Guard Support Battalion

This federally-funded guard unit, which was activated in September 1987 and is still recruiting, is located primarily in Wasilla with positions in Nome, Bethel, Juneau and Kotzebue.

Cost of Program: federal funding only
Number of Jobs Created: 35 fulltime, 78 parttime from federal funding
Effects on Alaska Personal Income: \$1.8 million
Geographic Area of Impact: mainly Wasilla
Commencement and Duration of Economic Effects: FY 88 and on

Air National Guard Search and Rescue Squadron

The squadron will be located in Anchorage and is scheduled to be activated during FY 89. Federal capital projects to support this unit activation will include over \$20 million for hangar construction and \$3 million for aircraft parking ramp expansion, in FY 88 and FY 89, respectively.

Cost of Program: federal funding only
Number of Jobs Created: 170 fulltime, 55 parttime from federal funding
Effects on Alaska Personal Income: \$5.9 - \$7.7 million
Geographic Area of Impact: Anchorage
Commencement and Duration of Economic Effects: FY 89 and on

Air National Guard Refueling Squadron

The Air National Guard refueling squadron at Eielson AFB (Fairbanks/North Pole) was activated in December 1986. At present time this unit employs 130 persons full-time and 75 part-time. It is anticipated that the refueling squadron will add another 25 fulltime and 170 parttime jobs.

Cost of Program: federal funding only
Number of Jobs Created: 155 fulltime, 245 parttime from federal funding
Effects on Alaska Personal Income: \$6 million
Geographic Area of Impact: Fairbanks
Commencement and Duration of Economic Effects: FY 88 and on

Army Guard Facilities Maintenance

These operating budget items include general funds of \$1 million teamed with \$5,326,600 federal funds in support of the guard units described above and other guard units whose operations generate jobs for Alaskans.

Cost of Program: \$1 million GF, \$5,326,600 federal funding
Geographic Area of Impact: statewide
Commencement and Duration of Economic Effects: FY 89

DEPARTMENT OF NATURAL RESOURCES

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TAGS Gas Pipeline Monitoring

Program receipts of \$500 thousand will be received from the proposed builder of a natural gas pipeline from the North Slope to Valdez. The proposed builder will benefit from expedited state permitting and monitoring responses through the use of these program receipts. During construction of the pipeline project, over 67,000 people could be employed and during the operating life of the project an estimated 550 jobs could provide over \$200 million in royalty and tax payments to the state.

Cost of Program: \$500 thousand (from program receipts)
Number of Jobs Created: 6,355/year construction-related, 550 operating
Geographic Area of Impact: Anchorage and pipeline corridor
Commencement and Duration of Economic Effects: FY 89 +/- 3 years

Timber Sale -- Susitna Valley, Tyonek

DRN reallocated operating funds to cover positions necessary to prepare for southcentral timber resource development.

Cost of Program: \$73.6 thousand (est. revenue: \$90 - \$240 thousand)
Number of Jobs Created: est. 120 - 320 permanent
Effect on Alaska Personal Income: est. \$3 - \$8 million
Geographic Area of Impact: Susitna Valley, Tyonek
Commencement and Duration of Economic Impact: immediate

Oil & Gas Leasing

The state continues to offer prospective oil and gas areas for lease and plans five oil and gas sales during the next eighteen months. Revenue and economic impacts are unknown, since they depend entirely on the results of the lease sales and subsequent exploration. However, exploration of leased areas by private industry could result

in new oil and gas discoveries on state land and provide new revenues for the State and jobs for residents.

Coal Sale -- Matanuska Valley

Existing staff will be used to process a proposed coal lease sale near Sutton which could have positive economic effects on the local valley economy.

Cost of Program: within existing budget
Geographic Area of Impact: Matanuska Valley
Commencement and Duration of Economic Effects: Summer 1988

Coal Land Rehabilitation

Federal funds will be used in FY 88 and FY 89 to provide \$140 thousand in private sector contracts for rehabilitating old abandoned coal leases in southcentral Alaska.

Cost of Program: \$140 thousand federal funding
Geographic Area of Impact: southcentral Alaska
Commencement and Duration of Economic Effects: end of FY 88 through FY 89

Eagle River-Chugach State Park Ski Resort

Operating funds will be used to process bid proposals and develop contracts for planning, developing and operating a major ski resort near Anchorage. One developer estimates that resort development could create 600 construction jobs and 1,200 permanent jobs and have a substantial multiplier effect on the economy.

Cost of Program: within existing budget
Number of Jobs Created: est. 600 construction, 1,200 permanent
Geographic Area of Impact: Anchorage area
Commencement and Duration of Economic Effects: end of FY 88 and on

Hatcher Pass Ski Resort

Operating funds will be used to process bid proposals and develop contracts for a ski resort proposal for the Hatcher Pass area. Preliminary indications are that the project could create over 250 recreation-related private

sector jobs, with a multiplier effect of \$11 million on the local economy.

Cost of Program: within existing budget
Number of Jobs Created: est. 250
Effects on Alaska Personal Income: \$11 million
Geographic Area of Impact: southcentral Alaska
Commencement and Duration of Economic Effects: end of FY 88 and on

Alaska State Parks Program Receipts

Beginning in the summer of 1988, the Division of Parks and Outdoor Recreation will collect fees for the use of developed state park campsites. This program will generate approximately \$628 thousand in program receipts that will be used to improve janitorial and maintenance services statewide. Many of these services will be provided by local private sector companies or individuals through contracts with the Division.

Cost of Program: \$628.4 thousand from program receipts
Geographic Area of Impact: statewide
Commencement and Duration of Economic Effects: FY 88 and on

Alaska Grown Program

This promotion campaign will increase public awareness of the benefits of purchasing farm products grown in Alaska and will result in increased sales of Alaskan agricultural products. Estimates are that the \$22 million yearly sales of Alaska grown meat, milk, vegetables, plants and other farm products will increase by \$2.2 million per year as locally grown products are substituted for imports.

Cost of Program: \$82.1 thousand ARLF, \$25 thousand federal funding
Number of Jobs Created: est. 40
Effects on Alaska Personal Income: est. \$5 million
Geographic Area of Impact: Railbelt, Northwest, Southwest Alaska
Commencement and Duration of Economic Effects: FY 88 and on

Agricultural Management Applied Research Grant

To enhance agricultural development, research projects identified by the industry will be funded through this \$50 thousand grant program.