

82

HCRA

HB

404

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HB

505

February 19, 1972

NOATAK - Population 293 - Police Protection, Fire Protection, Parks and Recreation, Road Maintenance
\$7360

PERRYVILLE - Population 94 - Police Protection, Fire Protection, Water Pollution, Parks and Recreation, Road Maintenance
\$3568

TANACROSS - Population 84 - Police Protection, Fire Protection, Water Pollution, Parks and Recreation, Road Maintenance
\$2748

TATITLEK - Population 111 - Police Protection, Fire Protection, Water Pollution, Parks and Recreation, Road Maintenance
\$2742

TETLIN - Population 114 - Police Protection, Fire Protection, Transportation, Parks and Recreation, Road Maintenance
\$3750

TUNUNAK - Population 274 - Police Protection, Fire Protection, Water Pollution, Parks and Recreation, Road Maintenance
\$6478

TYONEK - Population 232 - Police Protection, Fire Protection, Water Pollution, Transportation, Parks and Recreation, Road Maintenance
\$2,500

UNALAKLEET - Population 434 - Police Protection, Fire Protection, Water Pollution, Land Use Planning, Parks and Recreation, Road Maintenance
\$16,416

VENETIE - Population 112 - Police Protection, Fire Protection, Water Pollution, Parks and Recreation, Road Maintenance
\$3214

Total \$145,926

Representative Tillion has asked that we address ourselves to the question of the impact of Tyonek's eligibility on the Kenai Borough's entitlement.

The Kenai Borough is presently qualifying for funds on an area wide basis under the categories of Air Pollution Control and Land Use Planning. The application under Air Pollution Control is based on participation in the Tri-Borough Air Pollution Control Program; the Land Use Planning entitlement is based on the fact the Borough exercises mandatory area wide planning and zoning authority. Therefore, the qualification of Tyonek for funds under the Police and Fire Protection, Water Pollution Control, Parks and Recreation, Transportation and Road Maintenance categories would not effect the Kenai Borough's entitlement.

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HB

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Assembly

COMMITTEE REPORT

January 21, 1974

JUDICIARY

HOUSE

Mr. Speaker:

Date 2-25-74

The Committee on Community and Regional Affairs has had H.B. No. 649

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

(X) recommends it DO PASS WITH ATTACHED AMENDMENT(S)

() recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

[Handwritten signatures]

Members NOT concurring in the Majority report:

_____ recommends:
_____ recommends:
_____ recommends:
_____ recommends:
_____ recommends:

[Handwritten signature] Chairman

A M E N D M E N T

OFFERED IN THE HOUSE:

BY: House Community and Regional
Affairs Committee

To: _____ HOUSE BILL No. 445 _____

SENATE BILL No. _____

PAGE: 1 _____

LINE: 21 _____

(1) After sub-section (1), add a new subsection--Sub-section

The land, fees, or combination thereof shall be used
only for the purpose of providing park, recreational, or
other public facilities.

MEMORANDUM

Alaska House of Representatives



POUCH V
JUNEAU
99801

P. O. BOX 9
KENAI
99811

HUGH MALONE

TO: Honorable Milo Fritz
Committee on Community & Regional
Affairs

DATE: January 28, 1974

FROM: Representative Hugh Malone

RE: HB 445, Platting Powers

The evident purpose is to allow municipalities to require developers to provide land for parks and open spaces. This is a bona-fide public purpose. It costs a great deal to acquire this land after development - and the developer is the prime beneficiary, since he is assured that the development will have, if the overall plan is carried out, adequate open area for recreation and related activities.

The bill does not in any way restrict local government - it broadens their powers. It does not restrict developers unless unfairly administered by a municipality.

One other point to consider is that a municipality might possibly be faced with a suit on the grounds a person would be deprived of private property for a public use without fair compensation. (References - U.S. and Alaska Constitutions; 5th Amendment, U.S. Constitution; Art. 1, Sec. 18, Alaska Constitution.)

I would argue against this on the following basis:

1. A developer is already required to provide adequate street rights-of-way and utilities easements as a condition of approval of the development. HB 445 is merely an extension of the types of public areas deemed necessary for development.
2. Land use is already limited in most urban areas to that specified in the overall zoning. Park or greenspace zoning is probably within the scope of zoning power of a municipality.

It should be noted that a local government could only use this power as part of an overall parks plan. Also, while some savings would occur, the costs of providing parks in a quickly growing area would only be slightly mitigated in most cases. But this does not detract from the value of the bill.

I would be glad to testify on HB 445 at your convenience. I respectfully suggest you invite comments and testimony from Mr. Robert Pavitt, Director of Planning and Research, Office of the Governor. Mr. Pavitt is an expert in this field.

H. M.

cc: Robert Pavitt

Legal Issues

There are two major legal issues regarding mandatory dedication of land or fees-in-lieu of land for schools and parks as a prerequisite to subdivision plat approval: (1) whether the conceived purpose of the regulation comes within the constitutional limits of the police power--the protection of health, safety and morals, or the general welfare. And, (2) whether the specific requirements are "reasonable," that is, whether they exceed the limitations on the exercise of regulatory power.³

The Constitutionality of Subdivision Exactions

Subdivision regulations requiring the mandatory dedication of land or fees-in-lieu of land as a precedent to plat approval must generally be authorized by state legislation. Several states have passed dedication and fees-in-lieu provisions statutes.⁴ One indication of the increasing interest in such legislation is the ACIR State Legislative Program for 1970⁵ in which a bill (reproduced in Appendix A) is proposed for mandatory dedication of park and school sites. In its introduction to the model draft bill, ACIR states that it is now generally recognized that land for open space, park and recreation areas, and school sites is a vital feature of sound subdivision design. Providing land is as necessary as is providing common physical facilities, such as streets and sewers.

California has one of the finest examples of state enabling legislation in the Quimby Act (AB 1150 of Chapter 1809). This section reads as follows:

Section 1. Section 11510 of the Business and Professions Code is amended to read:

11510. "Design." Refers to street alignment, grades and widths, alignments and widths of easements and rights-of-way for drain-

³Ibid., p. 1122.

⁴Arkansas -- Ark. Stat. Ann. 19-2829 (Supp. 1959); Washington -- Wash. Rev. Code 58. 16.120 (1951); Minnesota -- Minn. Stat. Secs. 462. 351-462.363 (1965); California -- Business and Professions Code section 11546, Ab 1150, chapter 1809 (1965); New York -- Section 277, Town Law, Section 179-1, Village Law, Section 33, General City Law; Hawaii (proposed) S.B. No. 282 (1966). ASPO did not survey states concerning enabling legislation for subdivision dedication and/or fees-in-lieu requirements and does not contend that this list is complete.

⁵Advisory Commission on Intergovernmental Relations, ACIR State Legislative Program: New Proposals for 1970. (Washington, D.C.: Advisory Commission on Intergovernmental Relations, 1969) p. 31-37-00,1.

sideration variations in the relative desirability and market value of the land that may be included within the area of any particular, proposed subdivision.¹

Section []. Payment in Lieu of Dedication. When the [governing body] adopts regulations requiring a subdivider to dedicate school, park and playground sites, as authorized by section [the preceding section], it may also adopt, as part of the [municipality's, county's] subdivision control regulations, provisions requiring a subdivider, in lieu of dedicating the sites, to pay to the [municipality, county] a sum of money equal to the value of land that would otherwise be required to be dedicated for school, park and playground purposes, whenever the department or agency charged with administering the dedication provisions determines that it would not be in the public interest to accept the dedication in connection with a particular proposed subdivision.² The provisions shall enumerate the standards to be applied in determining when it is not in the public interest to accept the dedication and shall provide for the manner of making payment. [All funds so received shall be held by the [municipality, county], or a designated department or agency thereof, in a special account, and shall be applied and used by the [municipality, county] to acquire school, park and playground sites for the benefit of the residents of the subdivision for which the payment was made.] Provisions may be adopted establishing standards for the application and use of the funds in accordance with the foregoing limitation. The provisions may also provide that the payment in lieu of dedication shall be a condition precedent to the approval of any subdivision

¹The legislature may wish to spell out the procedure for adjusting the area of land dedicated to the varying value of property throughout the subdivision. Following is one suggestion:

Such consideration shall be in the form of provisions that adjust the total amount of land that may be required to be dedicated in accordance with the value of the particular land area or areas selected for dedication as opposed to the average per acre or other unit value of all land within the proposed subdivision, in accordance with the following formula:

Average value (per acre or other unit) of all land within subdivision

"x"

Average value (per acre or other unit) of the land selected for dedication.

Number of acres (or other units of land) required to be dedicated under standards relating to number and type of dwelling units or structures

where "x" equals the total amount of land that may be required to be dedicated.

²The legislature may consider it desirable to specify the procedure for determining the amount of the in-lieu payment. Following is a possible approach: (Footnote continued)

age and sanitary sewers and minimum lot area and width. "Design" also includes land to be dedicated for park or recreational purposes.

Section 2. Section 11546 is added to said code, to read:

11546. The governing body of a city or county may by ordinance require the dedication of land, the payment of fees in lieu thereof, or a combination of both, for park or recreational purposes as a condition to the approval of a final subdivision map, provided that:

(a) The ordinance has been in effect for a period of 30 days prior to the filing of the tentative map of the subdivision.

(b) The ordinance includes definite standards for determining the proportion of a subdivision to be dedicated and the amount of any fee to be paid in lieu thereof.

(c) The land, fees, or combination thereof are to be used only for the purpose of providing park or recreational facilities to serve the subdivision.

(d) The legislative body has adopted a general plan containing a recreational element, and the park and recreation facilities are in accordance with definite principles and standards contained therein.

(e) The amount and location of land to be dedicated or the fees to be paid shall bear a reasonable relationship to the use of the park and recreational facilities by the future inhabitants of the subdivision.

(f) The city or county must specify when development of the park or recreational facilities will begin.

(g) Only the payment of fees may be required in subdivisions containing fifty (50) parcels or less.

The provisions of this section do not apply to industrial subdivisions.⁶

⁶A recent appellate court in California has generally validated the ordinance for the city of Walnut Creek which was basically patterned after the suggested ordinance prepared by the League of California Cities based on the state enabling legislation. The court in this decision (Associated Home Builders of the Greater East Bay, Inc. v. City of Walnut Creek, filed on October 13, 1970) commented negatively on certain aspects of the Walnut Creek ordinance and determined that subsection (g) of section 1154b was ambiguous in that the use of the term "parcel" was not subject to definition. Aside from this, it does appear that the appellate court sustained the California law in this field.

plat, or may provide that the payment be deferred or made in installments following approval of a subdivision plat, or may provide that the payment be deferred or made in installments following approval of a subdivision plat upon the subdivider's posting of a good and sufficient surety bond guaranteeing the payment.

[Section []]. Certification of Standards by School and Park Districts. When the boundaries of the [municipality, county] do not coincide with those of the [school district] [park district] responsible for administering the school and park programs, the governing body of the [municipality] [county] shall refer the standards required by [the preceding two sections] to the [school district] [park district] in which the proposed subdivision is located. The standards shall not be effective until the [school district] [park district] certifies, pursuant to procedures set forth in an interlocal agreement, that they are the same as those prevailing throughout the jurisdiction of the [school district] [park district].]

Section 2. Separability. [Insert separability clause.]

Section 3. Effective Date. [Insert effective date.]

(Footnote continued.)

Where a fee is required to be paid in lieu of land dedication, the amount of such fee shall be based on the average price per acre which the [school board] and the [park authority] would be required to pay for an amount of land equivalent to that which the subdivider or developer would otherwise be required to dedicate, pursuant to section [] hereof. The average price per acre used to calculate the fee shall be established annually by the [school board] and the [park authority], subject to [governing body's] approval, based on their best knowledge of trends in site costs, and such price shall be applied [municipal-, county-] wide. The average price per acre used to establish the fee for the current calendar year shall be that for land to be purchased in the following calendar year. An appropriate schedule of fees shall be published in the [planning agency], subject to the approval by the [governing body], and shall become effective January 1. This schedule of fees shall be reviewed annually and revised as necessary.

Appendix A

ACIR SUGGESTED STATE LEGISLATION

[Title should conform to state requirements. The following is a suggestion: "Amendment to state legislation authorizing counties and municipalities to exercise subdivision regulation powers."]

(Be it enacted, etc.)

Section 1. [Appropriate citation to existing subdivision regulation law] is hereby amended by adding the following new sections at the end thereof:

Section []. Dedication of School, Park and Playground Sites. For those portions of [municipalities, counties] for which plans for future sites for schools and parks and playgrounds have been adopted and published pursuant to [cite local planning enabling statute], the [governing body] may be resolution or ordinance include, as a part of the [municipality's, county's] subdivision control regulations, requirements that a subdivider of land dedicate such land areas, sites and locations for school, park and playground purposes as are reasonably necessary to service the proposed subdivision and the future residents thereof, but in no case more than [] percent of the gross area of the proposed subdivision. The regulations may provide that the dedication shall be a condition precedent to the approval of any subdivision plat. They shall set forth the standards to be applied in determining the amount of land that is required to be dedicated. These standards shall be based upon the number and type of dwelling units or structures to be included in each subdivision. These standards shall also be based upon studies and surveys conducted by the [municipality, county] in order to determine the need, if any, for school, park and playground sites generated by existing subdivisions within the [municipality, county] containing various types of dwelling units or structures.

The regulations may also provide that the [municipality, county], or a designated department or agency thereof, shall have the authority to select the location of land areas to be dedicated for school, park and playground purposes. If such authority is exercised, the dedication provision shall take into con-

The suggested state legislation cited in this appendix is taken from Advisory Commission on Intergovernmental Relations, ACIR State Legislative Program: New Proposals for 1970 (Washington, D.C.: 1969), Sec. 31-37-00, p. 2.

Minutes
House Community and Regional Affairs Committee
February 20, 1974
8:30 a.m.

Present

Chairman Carrol
V. Chairman Hackney
Rep. Laktonen
Rep. Gardiner

Excused

Rep. Guy
Rep. Fritz
Rep. Petersen

Guests

Don Berry-Alaska Municipal League
James Wiedeman-Office of the Governor, Division of Planning and
Research
Lawrence Kimball-Dept. of Community and Regional Affairs, Div-
ision of Research and Planning

The Committee considered HB 445.

Mr. Berry-AML requested Rep. Fischer to introduce the bill. It is an attempt by the Municipal League to guarantee recreational and open lands in any subdivision to be developed from now on. It provides that a certain proportion of land must be dedicated to open space in a development.

Rep. Gardiner-Did any of the smaller communities feel that this type of legislation was going to pose problems for them?

Mr. Berry-Not in the communities I talked with.

Chairman Carrol-Will there be any problems with public parking because of this?

Mr. Berry-There shouldn't be, because most builders are required to provide for public parking in their plans, if the area is to be used by the public.

Rep. Gardiner-What is this Sec. B, the exemption for industrial zoned land?

Mr. Berry-There seems to be trouble in zoning an area of a community strictly for industry, and this bill gives a plan for planning both industrial and recreational areas.

V. Chairman Hackney-How about the provision in Line 11?

Mr. Berry-Why give the developer the right to pay a money fee instead of dedicating open land?

Mr. Wiedeman-Usually the payment of fees is for areas where a subdivision goes in adjacent to an existing park, in which case, the fees paid by the developer might be used to either help maintain the existing park or to purchase recreational land in another location.

Rep. Gardiner-Would there be any problem with these fees being used for anything other than their originally intended purpose?

Chairman Carrol-Rep. Malone has provided us a copy of his reaction to this bill.

The memo was read by the secretary to the Committee. It was addressed to Rep. Fritz, from Rep. Malone.

Mr. Kimball-The Dept. of CRA is in favor of the bill. Other states have passed the same type of legislation and its constitutionality has been upheld in these states, provided the standards set by the municipalities are reasonable. The idea of leaving the standards to the discretion of the local governments is a good one, because it will allow the different Alaskan communities to design around their own topographical problems.

V. Chairman Hackney-Do you see restrictions on developers making their own plans, and having these plans not be accepted by the local government?

Mr. Kimball-Not really, because the developer would already have had to consult with the proper local authorities before going ahead anyway.

V. Chairman Hackney-How many boroughs would have a parks and recreation plan at this time, to implement this legislation?

Mr. Kimball-Probably Anchorage, maybe Fairbanks. The main object in all this is to simply locate the recreational areas near the residential sections.

V. Chairman Hackney-Hawaii has this type of plan, including the idea of industrial parks. They also have a green strip policy, in which there are certain areas in an industrial section where no buildings may be built.

Mr. Kimball-Yes, Connecticut also has this policy.

V. Chairman Hackney-Is this bill really necessary?

Mr. Kimball-This type of planning ordinance usually requires state legislation to be effective on a local level.

V. Chairman Hackney-Is there any virtue in requiring the boroughs to have this type of comprehensive plan?

Mr. Wiedeman-It gets very complicated at the local level. There almost has to be a pre-existing plan in an area for this type of ordinance to be effective. The bill is enabling legislation.

The municipalities have to do certain things first:

1) There has to be some sort of parks plan to relate the new ordinance to.

2) There has to be a set of standards or conditions as to where

Page 3,
Feb. 20

the ordinance shall apply. It would be unreasonable, in most cases, for the city to ask a developer who was subdividing only 20 lots to dedicate 5 to open space. But the passage of this type of legislation may get the different localities to look at the idea of planning.

Chairman Carrol-Do you think the bill needs more specific language concerning this point?

Mr. Kimball-These standards are usually developed at the local level.

V. Chairman Hackney-Is there no danger of municipalities using this bill as a rip-off on the subdividers?

Mr. Kimball-Usually representatives of the developer work with the local governments in these cases, so there should be no problem.

V. Chairman Hackney-There needs to be something in the bill to specify that the fees acquired in lieu of open space property should be earmarked for the purpose of recreation.

Mr. Berry-It all goes into a general fund from which the parks and recreation monies are drawn anyway, so what difference can it make?

V. Chairman Hackney-There is the possibility of the money going elsewhere.

Mr. Berry-If it makes Rep. Hackney feel better, language can be inserted to specify that the funds must be used for this purpose only.

Chairman Carrol-I disagree. When funds are earmarked, they are sometimes spent needlessly. The local governments need the latitude to decide what to do with the funds, to use them where they are needed.

Mr. Berry-So much is spent by the municipalities on parks and recreation in comparison to what might be received from any fees a developer might pay, that there really seems little point in specifying.

V. Chairman Hackney-If the city is going to pick someone's pocket for a specific purpose, let the money be earmarked for that specific purpose.

Mr. Wiedeman-Seldom, in my experience, is the land commuted to a fee payment anyway.

Chairman Carrol-What would be an example of such a case?

Mr. Wiedeman-The case I mentioned before, where an already existing park makes more open land unnecessary. Surplus park property can be detrimental to a community, and payment of a fee can be substituted in this case.

Page 4,
Feb. 20

Mr. Kimball-Or, in the case of a large development owned by several holders, the fees may be taken to develop one larger area for recreation.

Because of the lateness of the hour, Chairman Carrol adjourned the meeting at 9:30, to be continued tomorrow at 8:30 a.m.

Minutes

House Community and Regional Affairs Committee

Febraary 21, 1974

8:30 am

Present

Excused

Chairman Carrol
V. Chairman Hackney
Rep. Fritz
Rep. Gardiner
Rep. Petersen

Rep. Guy

Guests

Billy Berrier--City Attorney, Juneau City and Borough
Don Berry--AML
Dorie Clark--Parks and Recreation, Greater Anchorage Area Borough
Rep. Helen Fischer--sponsor of HB 445
Karen Hedley--League of Women Voters, Anchorage
Lawrence Kimball--Dept. CRA, Division of Research and Planning
Gary Thurlow--Greater Anchorage Area Borough, City Attorney

Continuing hearings on HB 445.

Mrs. Hedley: The subdivider should bear the burden of seeing that there is a minimum amount of open land in the development. The in lieu fee should be up to the local government, as should be the required minimum amount of land to be dedicated. The League of Women Voters is urging a speedy do pass recommendation.

Rep. Fritz: Have you had problems with the developers over this type of thing?

Mrs. Hedlen: Not unless the requirements are too stringent.

Rep. Fritz: There have been no complaints from anyone on your committee?

Mrs. Hedlen: There were some minor disputes.

Rep. Hackney: Did you have contact with real estate people?

Mrs. Hedlen: Most could see the advantage of the program.

Chairman Carrol: What about the claim that the tenant pays for the park anyway in a bigger markup?

Mrs. Hedlen: The price is passed on to the consumer, so he pays for the parks anyway, but I would rather do it.

Rep. Gardiner: A community as it grows will want parks, and they're more expensive later; it's just a question of when you pay, and how much.

Rep. Hackney: Where several small developers own a general area, they would have to decide who gives up the park land.

Mrs. Hedlen: Most of the land we are talking about is owned by two or three people, so that problem really isn't what concerns us directly in Anchorage.

Mrs. Clark: Each community in Alaska is unique and has its own needs and the formula in HB 445 is flexible and workable.

There is a real estate representative on the Greater Anchorage Area Park Board and he favors this legislation.

The opposition to this kind of thing is usually to the unknown. The developers don't know what formula will be adopted at the local level.

HB 445 will not provide all the parkland needed by the communities, but the land it does set aside will be acquired at its least expensive. We urge passage of this bill.

Rep. Hackney: What do you do for Anchorage, Mrs. Clark?

Mrs. Clark: I am the manager of the Parks and Recreation Dept.

Rep. Fritz: We only have one chance at parks. I urge passage.

Rep. Hackney: Would you have any objection to requiring fees in lieu of dedication to be especially earmarked for parks and recreation.

Mrs. Clark: No, I would have assumed they would be used for this purpose anyway.

Mr. Van Doren: How about the following amendment: The land, fees, or combination thereof shall be used only for the purpose of providing park, recreational, or open space facilities to serve the subdivision.

Rep. Fischer--I was going to ask for this type of amendment.

Rep. Gardiner--Is the phrase, "to serve the subdivision" too restrictive?

Mr. Van Doren: Perhaps the fees could be used for the upkeep of an adjacent area, so the subdivider can see a benefit to his area through the fees he has paid.

Mr. Kimball: In California courts, it is felt that the subdivider should provide certain services in return for land pressures, but they are not held responsible for programs normally supported by the community.

Mrs. Clark: Some subdivisions might have a park nearby in various stages of development. In this case, couldn't the fee be used in a different area?

Mr. Bellier: The phrase, "to serve the subdivision" ties it down

Page 3
Feb. 21

unnecessarily.

Mr. Thurlow: It wouldn't create a problem in Calif., but it might here.

Rep. Hackney: I just don't want the borough ripping off the developers.

Rep. Gardiner: There have to be certain stipulations on the local level. If the cities were ripping off the subdividers, it would never hold up in court.

Mr. Thurlow: I represented a developer in Calif. Their ordinance works well and protects the responsible developer. If there is no statute covering this, the parks situation, especially in Anchorage, will be irretrievable.

Rep. Carrol: How do you see Fairbanks?

Mr. Thurlow: Fairbanks needs small community parks.

Rep. Carrol: This would seem to be a timely bill for Alaska.

The meeting was adjourned at 9:30 because of the lateness of the hour. Further consideration to be held at the meeting Monday, Feb. 25.

Minutes
House Community and Regional Affairs Committee
February 25, 1974
8:30 a.m.

Present

Chairman Carrol
V. Chairman Hackney
Rep. Fritz
Rep. Gardiner
Rep. Laktonen
Rep. Petersen

Excused

Rep. Guy

Guests

Rep. J. Miller
Mr. Don Berry--AML
Mr. Billy Berrier--City Atty., Juneau

The Committee continued to deliberate on HB 445.

Rep. J. Miller testified on the bill.

The bill was passed out of committee with a unanimous vote,
amendment attached.

There being no further business, the meeting was adjourned at
9:30 a.m.

Selwin Carrol, Chairman
Community and Regional Affairs Committee
Pouch V
Juneau, Alaska

February 18, 1974

Dear Mr. Carrol:

I am writing to urge the Community and Regional Affairs Committee recommend passage of House Bill 445, "An act relating to the platting powers of municipalities".

I live near Musk Ox Subdivision and enjoy easy access to the Skarland Memorial Ski Trail. I consider this easy access a prime factor in my choice to live here, and I would be considerably upset if future residential development in the area resulted in loss of this trail. Enclosed is a map detailing how this loss could occur and how a recreational easement could prevent this.

I use the trail for recreational skiing, for visiting my friends who live along it, and for commuting to work when I worked at the University of Alaska. I use it primarily for skiing, but in the summer I also use it for running.

I would like to dispell a common belief that trail-based recreation is used by only children and youth. I am 35 years old, and I have made an earnest attempt to run at least a mile every day for the past 8 years. When I was 32, I ran in the Equinox Marathon and came in 4th in the Women's Division. While I'm not sure I'd like to do that to my body again, I was considerably pleased with how well I did--especially as the women who placed ahead of me were all at least 10 years younger than I. I can easily understand how there will always be Fairbanks residents of all ages in the future who will want to have the opportunity to test the results of their personal physical fitness programs in events like the Skiathon and Equinox Marathon.

I consider trail systems on recreational easements superior to those beside road right-of-ways for practical as well as aesthetic reasons. As a runner, I have found that paved roads and graveled shoulders do funny things to my knees and ankles, and on busy highways automobile exhaust and dust are irritating. As a skier, I have found trails beside roads are repeatedly covered by blocks of hard-packed snow from snow plows during the winter, and in the spring, gravel left behind as this snow melts makes these trails unusable much sooner than trails in the woods.

I wish to encourage the creation of additional trail systems like the Skarland Memorial Ski Trail. This would not only allow residents of other neighborhoods the opportunity to enjoy skiing at their very doorstep as I do in my neighborhood,

but it would remove the burden now placed on the Skarland Memorial Ski Trail of providing cross-country ski recreation for the entire Fairbanks area.

Accordingly I would welcome the passage of HB 445 as a first step toward establishing an area-wide trail system in the North Star Borough through recreational easements.

Sincerely,

Joanne E. Groves

Joanne E. Groves

Box 81199

College, Alaska 99701

HB

505

COMMITTEE REPORT

729/91

HOUSE

FINANCE

Mr. Speaker:

Date 3-7-79

The Committee on Community and Regional Affairs has had RS 505

under consideration. A Majority of the members of the Committee

() recommends it DO PASS

() recommends it DO NOT PASS

() recommends it DO PASS WITH ATTACHED AMENDMENT(S)

(x) recommends it BE REPLACED WITH CS FOR RS 505 AND THAT

CS FOR RS 505 DO PASS

() "and" recommends it BE REFERRED TO THE _____

COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

Members NOT concurring in the Majority report:

recommends: _____

recommends: _____

recommends: _____

recommends: _____

recommends: _____

Chairman

It is the Committee's view that one department of state government shall have sole responsibility for coordinating and administering state programs for assistance to pipeline impact communities.

Although the Governor should be granted the discretion to assign this function and responsibility to any department he considers most appropriate, including the Office of the Governor, the Committee would recommend that this responsibility be assigned to the Department of Community and Regional Affairs and that sufficient funds be appropriated so that agency can administer the act. The Committee visualizes at least three additional state pipeline impact representatives being employed with at least one each being employed in Juneau, Anchorage and Fairbanks respectively.

HB505

FAIRBANKS NORTH STAR BOROUGH



February 19, 1974

Honorable Selwyn Carrol
Alaska House of Representatives
Pouch V
Juneau, Alaska 99801

Dear Rep. *Carrol*

I enclose a copy of a summation of my comments before the House. While it is by no means a verbatim transcript, I think it fairly well covers the context of my testimony.

Yours very truly,

John
John A. Carlson
Borough Mayor

JAC:gcc

encl as stated

HOUSE BILL NO. 505

Sec. 2. Eligibility Standards

(a) (1) Population Growth

The 4% growth rate may not be a realistic growth figure for every community. I recommend that the average percentage of growth over the past four or five years be used as the base growth factor.

Fairbanks North Star Borough has realized an average of 2.7% growth and would feel an impact before the 4% factor is met.

Basically, any accelerated growth rate can be attributed to pipeline impact.

(a) (2) Grants to municipalities to meet expenditures beyond its capability to pay should be based on the communities' ability to pay and this ability to pay based upon the per capita valuation of a community. Therefore, a formula utilizing this as one of its factors should be included in this bill.

The Department of Community and Regional Affairs used a similar formula in its document "Distribution of Oil and Gas Property Tax Revenues", October 18, 1973, during the special session.

As a community's assessed valuation increases due to pipeline "impact" so will its ability to pay increase also.

Sec. 2 Eligibility Standards

(Source Document-
Municipal Property Assessments,
Department of Community and Regional Affairs, 1973
Real and Personal Property, page 24) (*adjusted*)

$$\frac{\text{Assessed Values}}{\text{Population}} = \text{Per Capita Valuation}$$

City of Fairbanks

$$\frac{197,922,075}{18,685} = 10,593$$

Fairbanks North Star Borough

$$\frac{344,987,500}{32,714} = 10,546$$

City of Anchorage

$$\frac{861,668,560}{54,714} = 15,749$$

Greater Anchorage Area Borough

$$\frac{1,919,461,255}{115,418} = 16,631$$

City of Valdez

$$\frac{13,854,000}{1,106} = 12,526$$

City of North Pole

$$\frac{1,056,179}{278} = 3,799$$

(a) (3) The requirement in Sec. 1 (a) (3) "directly attributed to the impact of commencement of the trans-Alaska pipeline" should be removed. In no way could an administrator swear that the funds are so attributed. The mere fact that the line is being built, population growth exceeds the normal growth pattern would indicate public service requests are attributed to the construction of this line.

Sec. 3 Essential Municipal Services

Categories should be deleted as all departments of local governments will feel an impact in varying degrees.

The first sentence should read:

"Grants made under this Act may be expended only for operating expenditures."

Should this approach not be acceptable, the categories for essential municipal services must be extended to include administration, parks and recreation, library and animal control.

All department of local governments will be impacted as an example in HB 505: In order to apply for funds, a grant application must be filed giving in detail the services for which the grant will be expended (Sec. 6(a)). Then fiscal accountability must be set up to ascertain funds have been expended properly, accounts audited and copies transmitted (Sec. 7(b)). Population estimates must be submitted quarterly (Sec. 9). These requests, justly asked for, will demand someone's time in administration to prepare and do bear a relation to impact needs.

Grants could be proposed on the same approach as used for state shared revenues. Therefore, each government entity would be entitled to funds based upon the services provided.

John A. Carlson
Borough Mayor
Fairbanks North Star Borough

LOCAL PROPERTY TAX AND REVENUE TRENDS: 1969-1973

	<u>ASSESSED VALUATION</u>	<u>MILL RATE</u>	<u>GENERAL PROPERTY TAX REVENUE</u>	<u>INTERGOV. REVENUE</u>
CITY OF ANCHORAGE	+ 81.1%	- 21.0%	+ 46.6%	+ 520.6%
CITY OF FAIRBANKS	+ 75.0%	+ 25.0%	+ 97.2%	+ 252.4% ²
FAIRBANKS NORTH STAR BOR. ¹	+ 90.0%	- 61.4%	- 45.2%	+ 122.8% ²
GREATER ANCHORAGE AREA BOR.	+109.5%	- 18.0%	+ 46.4%	+ 167.8%
CITY OF VALDEZ	+509.3%	no change	+ 78.8%	+1036.9%

¹For the period 1969-1972.

²State intergovernmental revenues only.

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New York City, 1971

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December 17, 1973

Mr. Bernard E. Kelly, Chairman
Northwest Federal Regional Council
1321 Second Avenue
Seattle, Washington 98101

Dear Mr. Kelly:

We appreciate this opportunity to present on behalf of the City of Anchorage the enclosed statement concerning the impact from the construction of the Trans-Alaska Oil Pipeline and related petroleum industry activities.

This statement contains an overview of the additional demands that we feel will be placed on the City of Anchorage for governmental and public utility services and facilities from pipeline and related construction based on the information and studies completed to date. There are many areas on which very little information has been developed or made available to us. For example, there could develop a grave shortage of professional and skilled personnel essential to the provision of additional services and facilities. No attempt to our knowledge has been made to measure the inflationary impact from such a large construction job or to develop counter measures to minimize it.

We urge the Northwest Federal Regional Council to use its considerable resources in providing financial and other assistance to the City of Anchorage and other impacted local governments in Alaska. We particularly urge the council to consider and favorably act at an early date on the following:

A. Criminal Justice - Approve adequate LEAA grants to fund the additional costs for law enforcement personnel shown in Attachment "D". In this connection, an LEAA application is being submitted in a few days. It is being coordinated with the District Attorney's Office and the Alaska Court System.

Mr. Bernard E. Kelly, Chairman
Northwest Federal Regional Council

Page Two
December 17, 1973

B. Water System - Approve a grant of \$5,562,500 for water source improvements to be made to the City of Anchorage Water Utility. This represents one-half of the estimated capital improvement costs listed in Attachment "F". The balance of the funding is planned from a twenty-five (25%) per cent State of Alaska grant and City of Anchorage Water Utility Revenue Bonds. We feel there is an urgent need to firm up this financing so engineering can be completed and initial construction contracts let in 1974.

C. Port of Anchorage - Approve a grant of \$2,894,000 for providing one-half the funding to complete the construction of the dock at Terminal No. 3, Port of Anchorage. The City of Anchorage will provide the other half of construction costs from approved General Obligation Bonds. It is essential that this construction be completed in 1974; and to do so requires a firm funding plan now.

We need financial assistance in all areas of operation and maintenance and capital improvement programs cited in this statement, but the foregoing are the most urgent.

We suggest the Council, and the State of Alaska, develop as soon as possible manpower data and take affirmative action to avoid shortages of professional and skilled personnel.

We feel that inflation is a real threat to the impacted communities and that counter measures must come from the Federal and State governments.

We appreciate that conventional grant and other programs may not be designed or funded to allow immediate approval of the requests for financial and other assistance contained herein. In that event we ask that authority and funding be immediately requested and obtained at the earliest practicable date.

Mr. Bernard E. Kelly, Chairman
Northwest Federal Regional Council

Page Three
December 17, 1973

In view of the wide public interest in this matter copies of this letter and statement are being distributed as indicated below.

Again, we appreciate your having invited us to make this presentation and the interest of the council in providing assistance to local governments in Alaska.

Sincerely yours,


Robert E. Sharp,
City Manager

RES:py

cc: Mayor and Council
Governor of Alaska
Washington, D. C. Delegation
Anchorage Area Legislators
All Anchorage Media

CITY OF ANCHORAGE, ALASKA

TRANS-ALASKA OIL PIPELINE IMPACT STATEMENT

GENERAL

The City of Anchorage, and the surrounding environs, has felt the impact from the petroleum industry development for the past decade, and more. This impact was generally well within manageable limits, but since 1969 the growth effect on both the private and public sectors has accelerated.

Following the State oil lease sale on September 10, 1969, the private sector economic activity showed a marked increase which inevitably increased the demand for governmental facilities and services in the City of Anchorage, and the surrounding area in which municipally-owned public utility services are provided. A few of the economic indicators listed below demonstrate this point:

<u>POPULATION</u>	<u>1970</u>	<u>1973</u>
City of Anchorage	65,973*	76,610**
Greater Anchorage Area Borough	126,333	154,610**

*Includes Military Bases annexed in 1973.

**Percent Increase - City 16.12%, GAAB 19.21%

<u>CITY BUILDING PERMITS ISSUED</u>	(Values in Millions of Dollars)				
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
Issued	\$34.8	\$52.2	\$55.2	\$70.2	\$78.0 (Est.)*

*Percent increase in 1973 over 1969 - 124.16%

CITY OF ANCHORAGE TELEPHONE UTILITY

	<u>1970</u>	<u>1973</u>
Number of Telephones	56,607	79,000 (Est.)*

*Percent increase - 39.55%

CITY OF ANCHORAGE MUNICIPAL LIGHT AND POWER

	<u>1970</u>	<u>1973</u>
Peak Demand	56.472	80.000 MW (Est.)*
Kilowatt Hours Sold	267,756,305	417,188,507 (Est.)*
*Percent increase - Peak Demand	41.7%	KW Hours 55.8%

CITY OF ANCHORAGE WATER UTILITY

	<u>1969</u>	<u>1973</u>
Millions of gallons of water delivered	4,525	5,560 (Est.)*
*Percent increase		23%

CITY OF ANCHORAGE COMBINED
GOVERNMENT AND UTILITY EXPENDITURES
(In Millions of Dollars)

	<u>1969</u>	<u>1972</u>
Operating	\$29.2	\$50.8
Capital	<u>11.5</u>	<u>18.8</u>
Totals	\$40.7	\$69.6
*Percent increase - Operating		Capital

These economic indicators are cited to show what has already happened before the recent Congressional action allowing the issuance of the Trans-Alaska Oil Pipeline permit by the Secretary of Interior and before the construction of this multi-billion dollar project is commenced. They are impressive, and have already caused a strain on the governmental and utility financial capability of the City of Anchorage. However, with the issuance of the permit and commencing of construction of this project, the impact in the next few years will be many times greater. It is the purpose of this statement to discuss this future impact and the need for federal and state financial assistance.

The City of Anchorage and environs is the transportation, financial, cultural and population center of the state. The pipeline construction will not come through this vicinity, but because of existing facilities and services and climate, it is and will remain the headquarters for oil firms and

petroleum related operations. It will also serve as the major rest and recreation center for pipeline employees, and the residence of their dependents. The economic impact on municipal services will come almost immediately, and will be felt primarily in the people-oriented services and facilities, such as police, fire, street and road maintenance, traffic, parking, housing and public utilities. These types of services (except utilities) are generally tax supported, and as such, the expansion created by the pipeline activity will impose a definite hardship on permanent residents unless assistance is provided by the Federal and State governments.

EMPLOYMENT AND POPULATION

The key to an analysis of the impact lies in the employment and population generated from the pipeline construction. The City of Anchorage has used the Anchorage Area estimates prepared by the Department of Interior and published in the Pipeline Environmental Impact Statement in December of 1971. Attachment "A" summarizes this data which we feel is still valid for general planning purposes. It should be noted that we have also assumed a gas pipeline will be under construction by the third year of oil pipeline construction. This data includes direct, associated, and indirect employment, which ranges from 4,400 in the build-up year to 7,200 at the peak in the second year of construction, and down to 2,800 after the first year of operation of the oil pipeline. Alyeska Pipeline Company has recently increased the peak year estimate to 10-20,000. Similarly, the population will increase by 13,400 in the build-up year to 24,000 in the second year of construction, and down to 15,700 after the first year of operations of the oil pipeline.

The Anchorage area has approximately 125,000 people residing off of the two military installations. The increase of 24,000 by the second year of construction means a population growth of almost 20 percent in two years time. Obviously, this tremendous growth will create many problems for both

the government and private sectors. To compound the problem, we see little, if any, slacking in the previous annual growth pattern of about four percent. Combined, then, the annual rate will be in the magnitude of 12 to 14 percent per year in each of years 1974 and 1975. This is an increase of about 12,000 people a year, which is greater than the population of all but two or three communities in the state. To provide the facilities and services for this number of people poses a great challenge to all levels of government.

HOUSING

The City of Anchorage, earlier this year, analyzed the existing and projected housing needs based on the population assumptions in Attachment "A", and the results are summarized in Attachment "B". This forecast of housing requirements was made on the further assumption that 4,000 to 6,000 units were vacant in mid-1973. 1974 is the year of peak demand, requiring almost 6,000 new starts to meet the increased cumulative population growth of over 30,000 people in the area by the first year of construction (22,700 pipeline and 10,000 normal growth at end of first year of construction as reflected in attachment "A"). The prime responsibility to meet this need rests with the private sector, particularly lending institutions, but the FHA insurance program will be required to play a key roll. The housing construction industry is capable of meeting this demand for housing if the subdivision and utility improvements are provided by the responsible governmental and public utility agencies. There are sizeable areas in the City of Anchorage either vacant or occupied by single family residences that are improved with streets and public utilities on which multi-family units could be constructed with a minimum of capital outlay for public and utility improvements.

GOVERNMENTAL OPERATIONS AND MAINTENANCE

The impact will affect all City governmental services and capital improvement programs, with the public safety and public works areas receiving the greatest initial impact. In fact, this impact has already started, and it is particularly noticeable in police activity (See Attachment "C" - Police Statistics 1970 - 1973).

Attachment "D" is a summary of the impact on operations and maintenance activities of the City of Anchorage in 1974. A total of 111 additional employees and an annual expenditure of \$2.2 million is required to maintain a reasonable level of governmental services.

POLICE SERVICES

During the pipeline construction, a "boom" situation in Anchorage is inevitable. With it will come criminal elements looking for a fast buck. The size of this boom will make potential vice operations big enough to attract the professional criminal capable of organizing these operations. We must provide adequate manning for the Police Department (as well as the District Attorney's Office and the Trial Courts) if the people of the City of Anchorage are to be safe in their persons and property. This impact, coupled with the already heavy crime rate, causes us a great deal of concern. Attachment "C" demonstrates the great increase in Part I crimes already experienced in 1973. Forty-one (41) commissioned and support personnel should be hired early in 1974 by the City of Anchorage. This will bring the total force to 186, which is over two police personnel per thousand of population. An additional sixteen commissioned and support personnel are needed in the Spenard Service Area of the Greater Anchorage Area Borough which has a population of about 28,000 and is policed by the City of Anchorage under contract. This will bring the Spenard Force up to a total of fifty-five commissioned and support personnel. This increase in police manpower will not be fully effective

unless the presently understaffed State District Attorney's Office and Trial Courts are also adequately manned. It does little good for the police to make an arrest unless there is vigorous prosecution and a trial court that can hear the cases. Otherwise, violators of the law that otherwise would be convicted will continue to prey on society.

FIRE SERVICES

Two additional engine companies and twenty-five men are needed for fire prevention and suppression. These engine companies would be housed in existing fire stations, and they are needed to protect additional residential, commercial and industrial properties. The Port of Anchorage and adjacent industrial park with its petroleum tank farms is a critical area requiring increased protection. Early funding of these two fire engines and hiring and training of personnel is ranked high in our priorities.

TRAFFIC SERVICES

The population growth, coupled with the increased industrial and commercial activity to provide logistical support for the pipeline construction companies, will bring a rapid increase in motor vehicle traffic requiring increased traffic engineering services. The present street system, and the signal system, is inadequate with considerable traffic congestion already evident. Substandard streets, particularly intersections, cannot accommodate the increased traffic without immediate improvement. The accident rate is already among the highest in the country. The need for immediate improvement of high accident intersections will be further discussed in the capital improvement section.

PARKS AND RECREATION AND LIBRARY SERVICES

Anchorage will be the principal rest and recreation center for oil pipeline construction workers and workers in related activities.

This will cause a great increase in the useage and need for parks and recreation, library and related facilities. An additional nineteen employees are needed for operation and maintenance of these facilities. The need for new facilities will be discussed later in this statement.

OTHER SERVICES

Other operations and maintenance personnel needs include one in street maintenance and six in support activities.

EXISTING SERVICE LEVELS

For statistical purposes Attachment "E" has been prepared to show the existing financing and expenditures for governmental services of the City of Anchorage. The City has 927 employees and a budget of \$18.6 million to provide a broad, comprehensive range of governmental services. Per capital expenditure for governmental services will amount to \$296 during 1973.

CAPITAL IMPROVEMENT PROGRAMS

The City of Anchorage's regular capital improvement program for 1974 totals about \$45 million for governmental and public utility improvements. The impact from the projected population will increase the demand for all types of capital improvements. The impact can be absorbed initially in some cases without financial assistance, and in others it cannot. The impact also has the effect of advancing the need for capital facilities from one to seven years. We have selected the capital improvements of greatest concern at this time and which require the early provision of funding and construction. There will be other capital improvements

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requirements developed in 1974 and 1975 which will be addressed at a later date. Attachment "F" summarizes the selected capital improvement program needs related to the impact of the oil pipeline construction.

HIGH ACCIDENT STREET INTERSECTIONS

Increased population brings more motor vehicles which will add to the problem on those streets that are already congested. We are not going into the overall problem at this time except to point out a critical problem at over fifty high accident street intersections. These intersections involve City, State, and Borough streets and highways. We feel it is mandatory to start construction in 1974 to improve these substandard intersections. To do so the engineering, right of way, and other work to let this important work to contract cannot be handled in a routine manner. All agencies will have to give special handling to these projects. An estimated \$1.2 million in funding is required, with most of it needed in 1974. The amount is not too great but the expeditious handling may pose a challenge to the agencies concerned.

SUBDIVISION IMPROVEMENTS

Subdivision improvements will require an additional \$3,070,000 during 1974 and 1975 if the housing needs are to be met. These improvements include street and storm drainage facilities. This additional engineering and contract administration can be accomplished by the Department of Public Works if its present professional staff can be retained. Public agencies do not have the flexibility when competing for salaries and other benefits offered by the private sector. This may be a serious problem area.

PORT OF ANCHORAGE

The Port of Anchorage has one petroleum terminal, one combination petroleum and general cargo terminal, and one general cargo terminal, and a third general cargo terminal under partial construction. There is an immediate need to complete the dock at Terminal No. 3 at an estimated cost of just under \$6 million. The City has funding approved for one-half this amount but must obtain financial assistance for the balance. Another POL terminal is needed, and it is estimated to cost about \$6.2 million. No funding is available and it should be built no later than 1975. We feel

the Port of Anchorage is an essential facility for the logistical support of the oil pipeline construction. The Port of Anchorage serves South-central Alaska and the North Slope. The new Anchorage area population must be served along with the Interior Alaska areas served through the Port of Anchorage. These latter areas will place an increased demand on the marine trade and port facilities at Anchorage. The largest tank farm capacity is at Anchorage and served through the Port's facilities. We must have federal and/or state financial assistance during the next two years.

LIBRARY

The City of Anchorage operates a headquarters library and two major branches. The headquarters library also serves the three GAAB libraries. The headquarters library should be expanded immediately if this important service is to be maintained at a reasonable level. It is estimated \$4.5 million will be required to build the needed space for this facility and it should be built no later than 1975. No local funding has been approved.

ADMINISTRATIVE OFFICE SPACE

The added personnel that must be hired to handle the impact will require at least \$300,000 in expansion of administrative office space in 1974. No funding has been approved for this project.

CITY OF ANCHORAGE WATER UTILITY

The Water Utility has consistently been concerned with the ability to meet the projected demands that would be placed upon its system and water source studies have periodically been made to insure an adequate supply for our citizens. A comprehensive study made by the U. S. Geological Survey, begun in 1965 and completed in 1972, indicated the Anchorage Bowl area would need a source of water around the 1980's, depending upon the

demands that new industry would place upon the system. Upon the completion of the U.S.G.S. report, a local engineering firm was commissioned to prepare a more detailed report leading to definite recommendations for development of Anchorage's future water source, and to prepare cost estimates of the capital expenditures necessary with associated time tables to adequately meet this need.

As a result of the impact created by the pipeline, we now find ourselves unable to enjoy a comfortable lead time to plan, finance, and develop a new source, but instead suddenly find ourselves in the position of having to accelerate this time table to 1974, some six years ahead of the original U.S.G.S. prediction.

Attachment "G" depicts the demands placed upon our system on a normal peak day and indicates the projected water needs based on a normal growth pattern, and also shows the effect of the pipeline impact in accelerating the development of new sources of water. As is shown on the graph, under normal conditions the Water Utility would have needed to provide a 30 MGD supply around 1980. Because of the demand created by the pipeline, this 30 MGD supply will have to be on line in 1975. In addition, another 10 MGD will have to be provided to meet fire protection requirements.

Our consulting engineer's report is presently being drafted in final form and is due within several weeks. Even though this information is not presently published, sufficient data has been developed and furnished to us to determine the course of action recommended to supply this additional water. To meet this demand will require the capital expenditures of \$4,625,000 in 1974, \$1,000,000 in 1975, and \$5,500,000 in 1976. A detail of these requirements is shown in Attachment "H" enumerating the need to immediately begin a well exploration program in logical areas to determine the amount of ground water available, followed by the installation and development of a minimum of six wells capable of producing at least one million gallons of water per day. This must be followed by an expansion of the water treatment plant, construction of a second main water transmission line and installation of a 5-million gallon storage tank for

treated water. In 1975 work on off-stream storage would have to begin and also modification of an existing diversion structure to permit additional water withdrawal. Construction of an addition to the Water Treatment Plant to increase its capacity to 30 MGD along with more treated water storage and additional off-stream storage reservoirs would have to commence in 1976.

Because of the magnitude of these expenditures, the Water Utility cannot absorb the financial impact of such a construction program at this time. In addition, we have the added problem, even without pipeline impact, of trying to recover from the recent loss of funding by deletion of Department of Housing and Urban Development's program for Basic Water and Sewer Grants. It was our original planning, even prior to pipeline impact, to finance any new water development source expenditures by receiving assistance in the form of 25% from the State from authorized bonds for this purpose, and 50% from D.H.U.D.

The sudden demise of that grant program has in itself left us in a precarious financial position. In most cities of the Lower 48 which incorporated a sanitary sewer program within their scope of services the sudden termination of the Basic Water and Sewer Grant program was not as significant because at about the same time the Environmental Protection Agency increased its participation in the cost of providing sanitary sewer facilities from approximately 30% to approximately 75% within a relatively short period of time. Since most of these cities operated water and sewer programs from the same department the loss of the water grant program was absorbed through the increase in the sanitary sewer grant program. Unfortunately here in the City of Anchorage the sanitary sewer system is not operated by the City but rather is a function of the Borough and the loss of the water grant program has had significant impact on our water utility operations.

Because of these facts we feel that there is merit in the Federal Government considering a restoration of either the Basic Water and Sewer

Grant program or some other special program of Federal grant for Alaska in meeting the impact of the proposed construction of the Alaska oil pipeline. This is considered the most critical funding problem confronting the City because there is no question an adequate supply of water for domestic and fire requirements is mandatory.

MUNICIPAL LIGHT AND POWER

The Municipal Light and Power Department operates four gas-fired turbines, with 80 MW firm capacity and 92 MW peak capacity. A fifth unit is under construction and a waste heat boiler and turbine on order which will add approximately 75 MW in additional firm capacity by 1975. However, demand projections indicate another unit will have to be placed under contract in 1976. The lead time for manufacture and construction is some 18 months before added revenue results from the capital outlay. This utility may require financial assistance for this accelerated construction program, particularly in the light of increased labor and material costs.

C. I. P. SUMMARY

In summary, the selected capital governmental needs for 1974-76 total \$21.8 million; and the utility needs total \$16.3 million. Combined, over \$38 million will be needed, and this figure could increase considerably from inflation.

INFLATION COSTS

There is no doubt that the rapid growth expected will cause additional inflation in Anchorage and elsewhere in the State. This, coupled with the spiral already experienced this year, poses a serious threat to the economy of the Anchorage area. We have seen no forecasts of what the inflationary impact will be. To demonstrate the effect of assumed ten per cent impact, Attachment "I" has been prepared. This shows over \$4.2 million in 1974 in regular capital and operating budgets, and rising to \$8.6 million in 1975; \$10.7 in 1976; and \$13.2 million in 1977. We hope the impact is not this high but this is obviously a cost factor that must be considered in federal and state financial assistance programs.

REVENUES

For statistical purposes Attachment "J" has been prepared to show the 1973 General Fund Revenue sources. This indicates total revenues of just over \$18.5 million, or approximately \$296 per capita.

We have closely analyzed new revenues likely to be generated by the added impact population. (See Attachment "K") It will be noted that 1974 will produce very little in new revenues because of the lag in new construction becoming taxable. In 1975 just under \$1 million will be generated; in 1976, \$1.5 million, and in 1977 about \$1.8 million. These new revenues will help but they will not begin to finance the impact costs.

CONCLUSION

We believe this statement demonstrates the very substantial challenges and problems confronting the City of Anchorage on what we believe is the eve of construction of the trans-Alaska pipeline. We believe the development of the petroleum reserves in Alaska is in the national interest as stated many times by the President of the United States, Congressional leaders, and the Governor of Alaska. This development has become even more critical as the energy crisis unfolds day by day.

This is the largest private construction job ever undertaken. Any multi-billion dollar job to be accomplished in four short years in a relatively isolated, small population area will have an abnormal impact on local government, particularly since it supplies so many services directly to people. Local government in Alaska must have financial and other assistance if this project is built on a timely basis and if Alaska citizens are not to be left in financial chaos.

This statement does not cover many services and facilities (for example, health and social services) provided by other units of local or State government. It does not cover all City services affected but only those which we believe require immediate attention. New problems come to light daily as new information or more studies are completed. Our staff is already burdened with a heavy workload which made this analysis difficult and it will no doubt be modified many times in the next few years.

CITY OF ANCHORAGE

EMPLOYMENT AND POPULATION PROJECTIONS

The following assumptions were made based on oil pipeline impact studies by the State of Alaska and the Department of Interior:

Employment in the Anchorage Area

	<u>Build Up Year</u>	<u>First Year Constr.</u>	<u>Second Year Constr.</u>	<u>Third Year Constr.</u>	<u>Final Year Constr.</u>	<u>First Year Operation</u>	<u>Then</u>
Direct	2,200	3,300	3,300	3,300	2,200	1,200	700
Associated	200	400	400	400	200	100	100
Indirect	<u>2,000</u>	<u>3,000</u>	<u>3,500</u>	<u>3,000</u>	<u>2,100</u>	<u>2,100</u>	<u>2,000</u>
TOTALS	4,400	6,700	7,200	6,700	4,500	3,400	2,800

Direct - Attributed to Arctic Slope oil in mining, construction, transportation, communications, public utilities, finance, insurance, real estate, services, trade, self-employed; and Federal, State, and local government employees.

Indirect - Additional employment can be expected due to new areas being opened up for mining and mineral exploration, etc. This also includes the effect of the Native income from North Slope oil.

Effects on Population in the Anchorage Area

	<u>Build Up Year</u>	<u>First Year Constr.</u>	<u>Second Year Constr.</u>	<u>Third Year Constr.</u>	<u>Final Year Constr.</u>	<u>First Year Operation</u>	<u>Then</u>
Direct Employees	2,200	3,300	3,300	3,300	2,200	1,200	700
Dependents	3,100	4,600	4,600	4,600	3,100	2,200	1,600
North Slope Dependents	1,200	3,800	3,800	3,800	2,500	1,200	400
Workers on Leave from North Slope	300	500	500	400	400	300	200
Unemployed	200	400	400	400	400	100	100
Families Unemployed	300	700	700	700	700	200	200
Associated Employees	200	400	400	400	200	100	100
Families of Associated	400	700	700	700	400	200	200
Indirect Employees	<u>2,000</u>	<u>3,000</u>	<u>3,500</u>	<u>3,000</u>	<u>2,100</u>	<u>2,100</u>	<u>2,000</u>
Families of Indirect	<u>3,500</u>	<u>5,300</u>	<u>6,100</u>	<u>5,300</u>	<u>3,700</u>	<u>3,700</u>	<u>3,500</u>
TOTALS	13,400	22,700	24,000	22,600	15,700	11,300	9,000
Alaska Gas Pipeline Adjustment*				1,400	8,300	11,300	6,700
				24,000	24,000	22,600	15,700

* The assumption is that the gas pipeline will utilize the proposed oil pipeline right-of-way. If the gas pipeline is routed through Anchorage, the impact would be greater.

CITY OF ANCHORAGE

HOUSING UNIT STARTS NEEDED*

<u>Year</u>	<u>City</u>	<u>Outside City</u>	<u>Total GAA Borough</u>
1974	1,725	4,025	5,750
1975	1,325	1,325	2,650
1976	1,230	820	2,050
1977	440	110	550
1978	875	375	1,250
1979	1,175	1,175	2,350

* Assumes 4,000 to 6,000 units were vacant in mid-1973.

Revised December 18, 1973.

ATTACHMENT "B"

CITY OF ANCHORAGE
 FIVE YEAR STUDY
 ANCHORAGE POLICE DEPARTMENT REPORTED PART ONE CRIMES

	1969		1970		1971		1972		1973 (Projected)		1973 Compared To 1969 Per Cent Variation
	Number Offenses Reported	Per Cent Variation From Previous Year	Number Offenses Reported	Per Cent Variation From Previous Year	Number Offenses Reported	Per Cent Variation From Previous Year	Number Offenses Reported	Per Cent Variation From Previous Year	Number Offenses Reported	Per Cent Variation From Previous Year	
Murder	7	0.0%	7	0.0%	5	(-28.6%)	9	80.0%	7	(-22.2%)	0.0%
Manslaughter	3	50.0%	4	33.3%	1	(-75.0%)	7	600.0%	0	(-100.0%)	(-100.0%)
Forcible Rape	35	59.1%	26	(-25.7%)	53	103.8%	40	(-24.5%)	69	72.5%	97.1%
Robbery	100	11.1%	150	50.0%	105	(-30.0%)	98	(-6.7%)	109	11.2%	9.0%
Aggravated Assault	116	52.7%	146	25.9%	191	30.8%	158	(-17.3%)	191	20.9%	64.7%
Burglary	707	1.0%	688	(-2.7%)	643	(-6.5%)	698	8.6%	1,072	53.6%	51.6%
Larceny	2,337	9.8%	2,648	13.3%	2,640	(-0.3%)	2,827	7.1%	3,077	8.8%	31.7%
Auto Theft	511	23.0%	513	0.4%	565	10.1%	539	(-4.6%)	554	2.9%	8.4%
Total Part One	3,816	9.7%	4,182	9.6%	4,203	0.5%	4,376	4.1%	5,079	16.1%	33.1%
Traffic Accidents Investigated	2,991	13.9%	3,429	14.6%	4,023	17.3%	4,340	7.9%	4,471	3.0%	49.5%
Total Calls & Requests for Service	20,183	10.7%	23,257	15.2%	32,461	39.6%	34,231	5.5%	36,701	7.2%	81.8%

CITY OF ANCHORAGE -- OPERATION AND MAINTENANCE PIPELINE IMPACT REQUIREMENTS - 1974

	1 9 7 3			1 9 7 4		1 9 7 4		
	Revised Budget			Pipeline Impact		Required Budget		
	Personnel	Budget	Per Cent of Total	Personnel	Budget	Personnel	Budget	Per Cent of Total
<u>Public Safety</u>								
Police-City	160	2,768,932	14.9	41	793,160	201	3,562,092	17.2
Police-Spenard (1)	41	920,240	4.9	16	312,900	57	1,233,140	5.9
Fire-City	78	2,114,490	11.4	25	511,200	103	2,625,690	12.6
Civil Defense	3	56,560	.3	0	-0-	3	56,560	.3
Traffic Engineering	19	792,910	4.3	1	23,723	20	816,633	3.9
Building Safety (2)	22	440,920	2.4	2	39,087	24	480,007	2.3
	<u>323</u>	<u>7,094,052</u>	<u>38.2</u>	<u>85</u>	<u>1,680,070</u>	<u>408</u>	<u>8,774,122</u>	<u>42.2</u>
<u>Parks & Recreation</u>	120	1,574,985	8.5	16	217,080	136	1,792,065	8.6
<u>Library</u>								
City	29	464,380	2.5	1	56,050	30	520,430	2.5
GAAB (3)	23	277,768	1.5	2	65,800	25	343,568	1.7
	52	742,148	4.0	3	121,850	55	863,998	4.2
<u>Public Works-Street Mtce.</u>	53	2,186,810	11.8	1	44,620	54	2,231,430	10.7
<u>Other City</u>	379	6,996,618	37.5	6	121,090	385	7,117,708	34.3
TOTALS	<u>927</u>	<u>18,594,613</u>	<u>100.0</u>	<u>111</u>	<u>2,184,710</u>	<u>1,038</u>	<u>20,779,323</u>	<u>100.0</u>
Per Capita Cost (4)		296.26			29.29		311.46	

	Population: July 1, 1973		Population: Jan. 1, 1974		Population: Jan. 1, 1975	
	City		Borough	City	Borough	City
Normal Civilian Population	48,350		122,500	48,350	128,100	50,700
Military	24,500		24,500	24,500	24,500	24,500
Pipeline Impact	3,760		13,400	6,700	22,700	11,350
TOTALS	76,610		160,400	79,550	175,300	86,550

- (1) Funded by Spenard Service District.
- (2) The 1973 budget for Building Safety is funded with \$85,843 Pipeline Impact.
- (3) Funded by Greater Anchorage Area Borough - Non-Areawide Service Library.
- (4) Per Capita costs exclude the 17,892 military annexed in 1973 and Spenard Police and GAAB Library.

Revised December 18, 1973.

CITY OF ANCHORAGE
 REVISED APPROPRIATIONS 1973 AS OF SEPTEMBER 30, 1973

	Employees	Amount	Per Cent Total Budget	Per Capita Costs (1)
<u>Mayor and Council</u>	<u>1</u>	\$ <u>78,660</u>	<u>.4</u>	\$ 1.34
<u>City Manager</u>				
Administration	12	145,125	.8	
Personnel	7	98,900	.5	
Internal Audit	4	40,405	.2	
Community Promotion		99,579	.5	
Human Relations	4	62,590	.4	
Data Processing	39	-0-		
	<u>66</u>	<u>446,599</u>	<u>2.4</u>	7.61
<u>City Clerk</u>	<u>10</u>	<u>127,552</u>	<u>.7</u>	2.17
<u>Law</u>				
City Attorney	15	249,870	1.3	
Property Management	7	31,060	.2	
	<u>22</u>	<u>280,930</u>	<u>1.5</u>	4.78
<u>District Court</u>	<u>12</u>	<u>160,334</u>	<u>.9</u>	2.73
<u>Finance</u>	<u>114</u>	<u>451,030</u>	<u>2.4</u>	7.68
<u>Public Safety</u>				
Police-City	160	2,768,932	14.9	
Police-Spenard	41	920,240	4.9	
Fire	78	2,114,490	11.4	
Civil Defense	3	56,560	.3	
Traffic Engineering	19	792,910	4.2	
Building Safety	22	440,920	2.4	
	<u>323</u>	<u>7,094,052</u>	<u>38.1</u>	105.14
<u>Public Works</u>				
Administration	5	32,850	.2	
Engineering	15	148,290	.8	
Engineering Projects	70	1,305,690		
Engineering Projects		(1,305,690)		
Building Maintenance	52	211,940	1.1	
Street Maintenance	53	2,186,810	11.8	
Merrill Field	6	99,060	.5	
	<u>201</u>	<u>2,678,950</u>	<u>14.4</u>	45.62
<u>Library</u>				
City	29	464,380	2.5	
GAAB	23	277,768	1.5	
	<u>52</u>	<u>742,148</u>	<u>4.0</u>	
<u>Parks & Recreation</u>	<u>120</u>	<u>1,574,985</u>	<u>8.5</u>	26.82
<u>Museum</u>	<u>6</u>	<u>177,728</u>	<u>1.0</u>	3.03
<u>Miscellaneous</u>	<u>0</u>	<u>511,348</u>	<u>2.7</u>	8.71
<u>Debt Service</u>	<u>0</u>	<u>4,144,574</u>	<u>22.3</u>	70.58
<u>Cash Match Federal & State Grants</u>		<u>125,723</u>	<u>.7</u>	<u>2.14</u>
TOTALS	<u>927</u>	<u>\$18,594,613</u>	<u>100.0</u>	<u>\$296.26</u>
<u>Federal & State Grants</u>		<u>1,580,996</u>		
		<u>\$20,175,609</u>		

(1) Per Capita Costs are based on a population of 58,718 and do not include military annexation of 17,892. The costs for Spenard Police and Greater Anchorage Area Borough Library Services are not included.

Revised December 18, 1973.

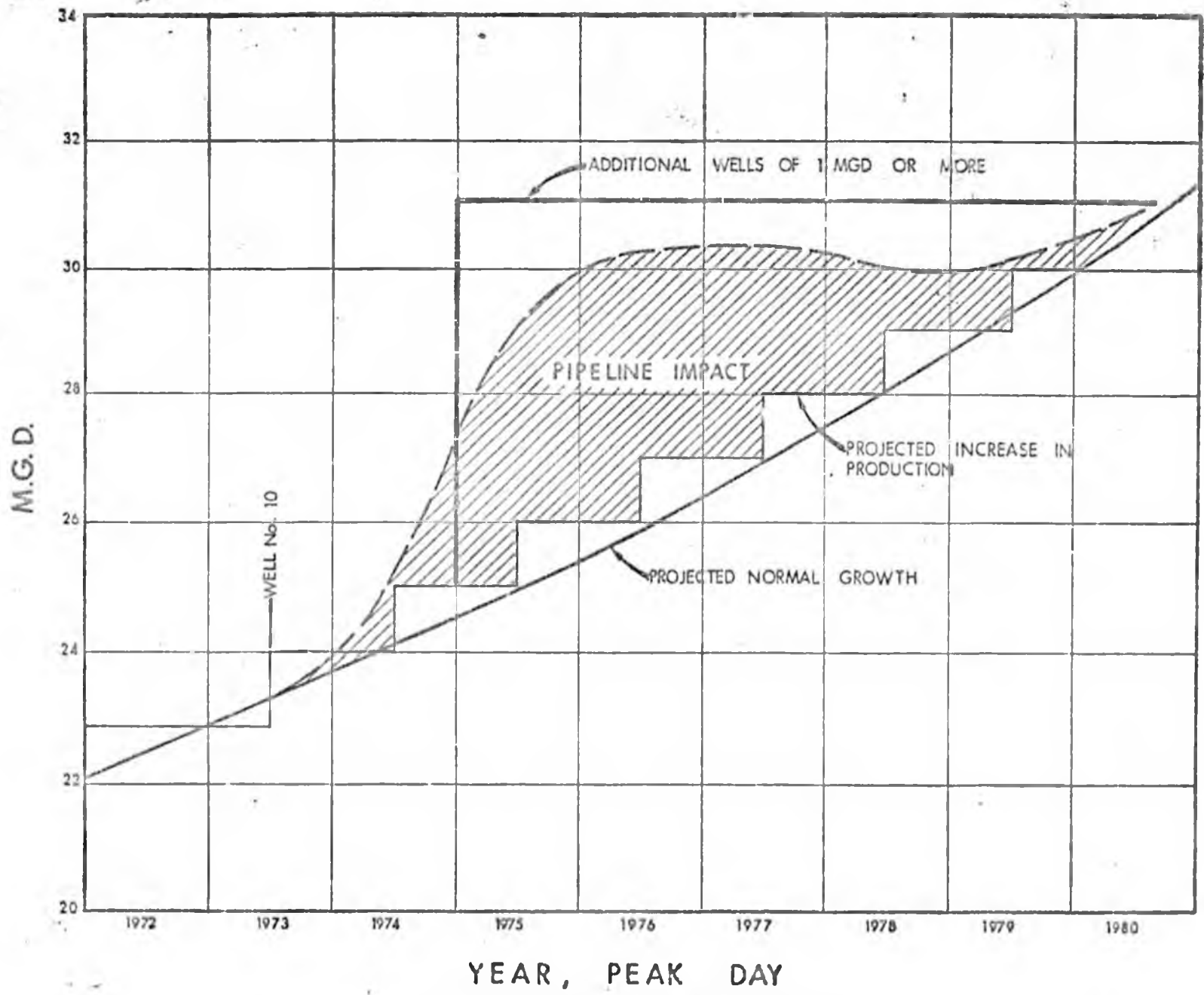
ATTACHMENT "E"

CITY OF ANCHORAGE

IMPACT OF OIL PIPELINE ON SELECTED CAPITAL IMPROVEMENT PROGRAMS

	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>Total</u>
High Accident Street Intersections	\$ 740,000	\$ 250,000	\$ 200,000	\$ 1,190,000
Subdivision Paving	2,092,500	187,500	-0-	2,280,000
Storm Sewer System	727,500	62,500	-0-	790,000
Port	5,788,000	6,245,000	553,000	12,586,000
Headquarters Library		4,500,000		4,500,000
Administrative Office Space	300,000			300,000
Fire Apparatus	<u>150,000</u>			<u>150,000</u>
TOTAL GENERAL FUND	\$9,798,000	\$11,245,000	\$ 753,000	\$21,796,000
Water Utility	4,625,000	1,000,000	5,500,000	11,125,000
Municipal Light & Power			<u>5,200,000</u>	<u>5,200,000</u>
	\$ 4,625,000	\$ 1,000,000	\$10,700,000	\$16,325,000
GRAND TOTAL IMPACT	\$14,423,000	\$12,245,000	\$11,453,000	\$38,121,000

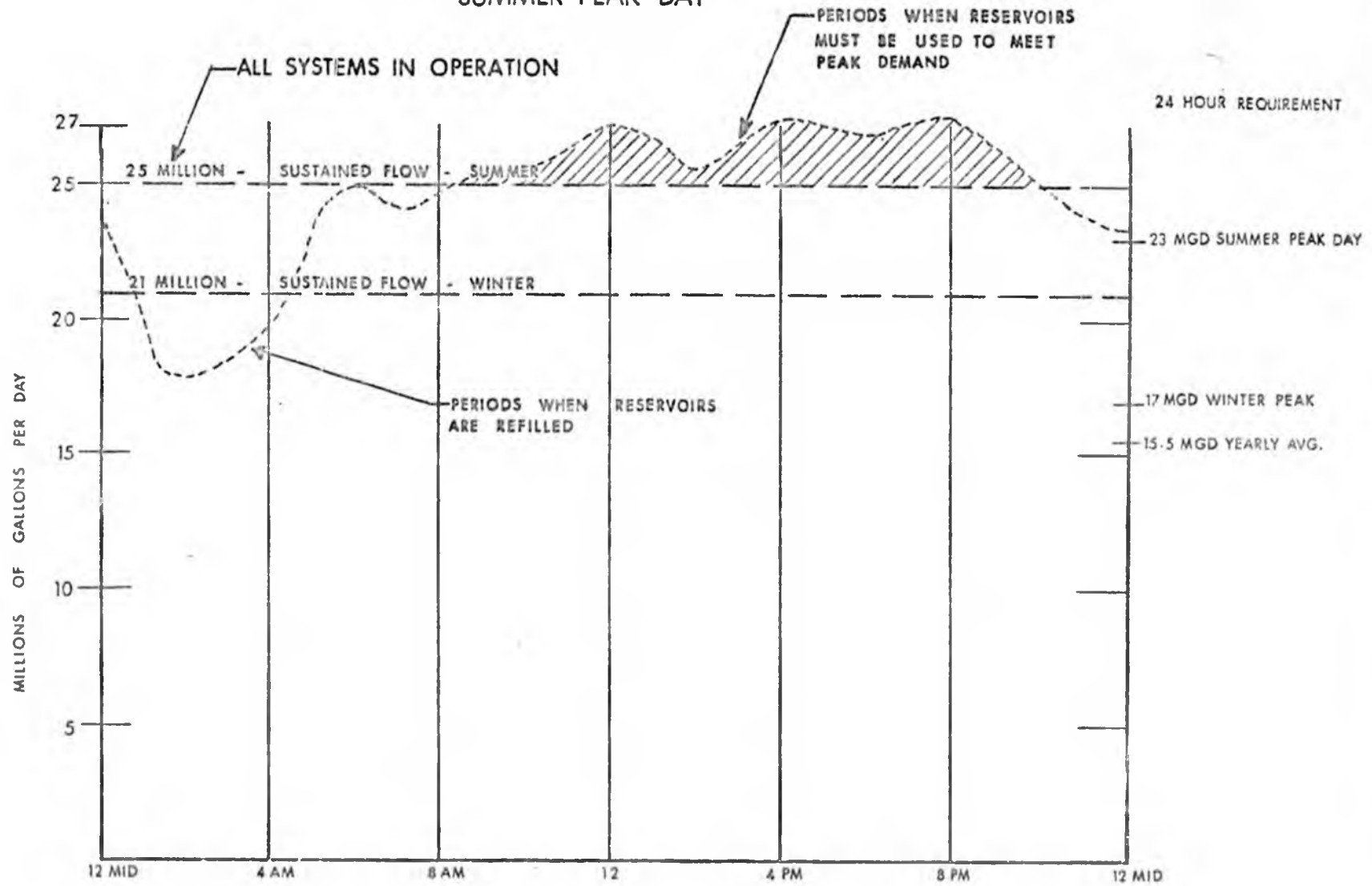
Revised December 18, 1973.



(DOES NOT INCLUDE FIREFLOW REQUIREMENTS)

ATTACHMENT "G-1"

24 HOUR DEMAND CURVE SUMMER PEAK DAY



FIRST PHASE - 1974

Drill 6 or 7 Exploratory Wells		\$ 90,000
Drill and Develop Production Wells and Connect to System		
2 on North Fork of Campbell	220,000	
2 on South Fork of Campbell	525,000	
1 on Old Seward Highway	190,000	
1 Near Recharge Pit	350,000	
1 East of Muldoon	250,000	
		1,535,000
Modification to Water Treatment Plant New Influent Setup Including Controls, Trashrock Chemical Feeds and Rapid Mix - Increase Capacity to 20MGD		1,000,000
New Line to Diversion Dam 36"		1,250,000
Additional 5 MG Treated Water Storage		750,000
		<hr/>
		\$ 4,625,000

SECOND PHASE - 1975

Modify Diversion Dam for Additional Outlets		500,000
Construct Offstream Storage Pit with Pump and Piping		500,000
		<hr/>
		\$ 1,000,000

THIRD PHASE - 1976

Additional Supply Line to T.P.		1,000,000
Construct Offstream Storage Pit with Pump and Piping		1,000,000
Construct Additional Storage (treated)		1,000,000
Modify Water Treatment Plant to 30MGD Add Additional Filters		250,000
		<hr/>
		\$ 5,500,000

FUTURE

Add Additional Offstream Storage as Required
Double Existing T.P. to 60MGD - 8 million

General Government Capital and Operating Budgets
Inflation Increase 10% Per Year

	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>Total</u>
Population*	61,650	68,150	70,570	72,110	272,480
GIP	21,529,600	19,470,400	8,519,780	5,192,560	54,712,340
Inflation	2,152,960	4,088,784	2,820,046	2,409,867	11,471,657
Per Capita Increase	35	60	40	33	42
Operations	20,779,323	21,558,495	22,420,834	23,317,667	88,076,319
Inflation	2,077,932	4,527,283	7,421,294	10,821,727	24,848,236
Per Capita Increase	34	66	105	150	91
Total Inflation	4,230,892	8,616,067	10,241,340	13,231,594	36,319,893
Per Capita Increase	69	126	145	183	133

*Population excludes 17,892 military annexed in 1973.

CITY OF ANCHORAGE
Revised Revenues 1973 As Of 9/30/73

	<u>Amount</u>	<u>Per Cent</u>	<u>Per Capita Value (1)</u>
<u>Taxes - Real & Personal</u>			
Real	\$ 5,398,360	29.0	
Personal	1,467,580	7.9	
Penalty & Int. Delinquent Taxes	50,000	.3	
	<u>6,915,940</u>	<u>37.2</u>	\$117.78
<u>Taxes - Other</u>			
Payment in Lieu City Utilities	1,398,826	7.6	
Franchise Tax - Gas	135,743	.7	
Franchise Tax - Electric	40,757	.2	
	<u>1,575,326</u>	<u>8.5</u>	26.83
<u>Licenses and Permits</u>			
	350,860	1.9	5.98
<u>Fines and Forfeitures</u>			
	861,100	4.6	14.67
<u>Intergovernmental Revenues</u>			
State of Alaska Business License	1,191,213	6.4	
State of Alaska Liquor License	105,000	.6	
State of Alaska Aviation Fuel	19,680	.1	
State of Alaska Cannery Tax	4,351		
State of Alaska Shared Revenues	1,478,323	8.0	
Federal Civil Defense	28,280	.1	
Federal Revenue Sharing	1,337,529	7.2	
	<u>4,164,376</u>	<u>22.4</u>	70.92
<u>Contributions from City Utilities</u>			
	1,240,173	6.7	21.12
<u>Charges for Services</u>			
State Highway Maintenance	250,000	1.3	
GAAB Libraries	312,240	1.7	
Spenard Police	1,034,890	5.6	
School Crossing Guards	53,820	.3	
Emergency Communication 911 State	9,030	.1	
Emergency Communication 911 GAAB	53,060	.3	
Recreational Activities	222,720	1.2	
Traffic Electronics	52,210	.3	
Public Works-Misc. Work Orders	59,690	.3	
Other Misc. Receipts	101,050	.5	
	<u>2,148,710</u>	<u>11.6</u>	16.18
<u>Cost Recoveries</u>			
Bond Principal	409,775	2.2	
Bond Interest	254,567	1.3	
Port Crane Insurance	14,100	.1	
	<u>678,442</u>	<u>3.6</u>	11.55
<u>Miscellaneous Revenues</u>			
Interest	38,000	.2	
Rental Revenues	263,200	1.4	
Loussac Foundation	25,000	.1	
Other Misc. Revenues	305,882	1.7	
	<u>632,082</u>	<u>3.4</u>	10.76
<u>Appropriation Year End Surplus</u>			
	27,604	.1	.47
	18,594,613	100.0	<u>\$296.26</u>
<u>Federal & State Grants</u>			
	1,580,996		
	<u>\$20,175,609</u>		

(1) Per Capita value is based on a population of 58,718 and does not include military annexation of 17,892. The costs for Spenard Police and GAA Borough Library Services are not included.

CITY OF ANCHORAGE
New Revenues Generated by Pipeline

	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>Total</u>
<u>Property Taxes (7.9 mills)</u>					
Real		408,825	762,350	1,093,360	2,264,535
Personal (25%)		102,206	190,588	273,340	566,134
<u>Taxes - Other</u>					
Gas & Elec. (% incr. Prop. Tax)		13,500	25,000	36,500	75,000
<u>Licenses & Permits</u> <u>(% Incr. Population)</u>	13,500	45,500	40,000	15,000	114,000
<u>Fines & Forfeitures</u> <u>(% Population)</u>	33,000	11,500	98,000	36,500	279,000
<u>Business Licenses</u> <u>(% Population)</u>		6,000	154,500	136,000	336,500
<u>Aviation Fuel Tax</u>		2,000	2,500	2,500	7,000
<u>State Shared Revenue</u>	73,500	189,750	206,000	188,500	657,750
<u>Federal Shared Revenue</u>					
<u>Recreational</u>	8,500	29,000	25,000	9,500	72,000
Totals	128,500	948,281	1,503,938	1,791,200	4,371,919
Population	2,940	7,590	8,240	7,540	26,310
Per Capita	44	125	182	238	166

THE PRECEDING PAGES WERE TREATED AS
A UNIT IN THE ORIGINAL FILE.

Sec. 44.19.583 PIPELINE IMPACT OFFICE. The Governor shall designate an existing department of state government as the Pipeline Impact Office.

HOUSE BILL 505
MUNICIPAL ASSISTANCE FUND
ESTIMATED ELIGIBILITY

	Population Estimates		1973 General Fund Expenditure	1973 Per Capita General Fund Expenditure	Estimated Municipal Assistance Eligibility	
	1/1/74	6/30/75			4 Percent Threshold	1970-1973 Growth Trend Threshold
Anchorage City	55,050	63,920	\$13,101,268	\$238	\$1,325,000	\$ 873,000
Delta Junction	703	1,100	33,510	48	17,700	19,000
Fairbanks City	18,685	25,833	4,789,000	256	1,507,000	1,262,000
Fairbanks North Star Borough	35,240	53,110	2,200,000 (est.)	62	975,000	1,042,000
Greater Anchorage Area Borough	125,500	150,800	15,414,192	123	2,186,000	1,815,000
North Pole	265	500	66,444 (1972)	250	56,000	59,000
North Slope Borough	3,384	4,570	790,124	233	245,000	276,000
Valdez	1,174	5,500	520,871	444	1,702,400	1,709,000
				Sub Total:	\$8,014,100	\$7,055,000

When available, population estimates were taken from or interpolated from estimates presented in local government impact statements. Fiscal data is calculated from the financial reports of the municipalities.

Department of Community and Regional Affairs

Section 2. ELIGIBILITY STANDARDS: (a) Grants to carry out the purposes of this Act may be made to a municipality demonstrating

(1) a ~~minimum~~ population growth rate in excess of the average population growth of a municipality for the last three years from the effective date of this Act;

(2) municipal operating expenditures beyond its capability to reasonably meet due to pipeline impact

Sec 3. ESSENTIAL MUNICIPAL SERVICES. Grants made under this Act may be expended only for operating expenditures for essential municipal services.

Sec. 4. GRANT COMPUTATION AND PAYMENT. (a) A municipality is eligible for a grant amount under this Act equal to its average population growth for the last three years multiplied by its average per capita general fund expenditures over the last 3 years previous to the effective date of this Act.

(b) Total grants under this Act to a municipality with, as of the construction date of the trans-Alaskan pipeline, a population of 10,000 persons or more may not exceed \$250 per capita of the ~~population~~ growth of the last three years. Total grants under this Act to a municipality with, as of the construction commencement date of the trans-Alaska pipeline, a population under 10,000 persons may not exceed \$400 per capita of the average population growth for the last three years.

(c) The base population for measuring per capita general fund expenditures for the purposes of this section is the population of the municipality on the first day of the quarter of the calendar year during which the construction commencement date of the trans-Alaska pipeline occurs.

(d) Grants may be made quarterly based upon quarterly population estimates with final adjustment to be made on June 30, 1975. Final grant payments shall be withheld until after final adjustments of amounts are made on June 30, 1975.

Sec 5. PREPAYMENTS. (a) A municipality may receive, as a prepayment, up to 50 per cent of the amount it will be entitled to under this act upon certification by the Department of Community and Regional Affairs that the municipality will more likely than not meet the eligibility standards set forth in sec. 2 of this Act.

(b) Total prepayments to municipalities made under this section may not exceed \$5,000,000.

Sec. 6. APPLICATION. (a) Grants under this Act may be made only upon application by a municipality to the Department of Community and Regional Affairs. A prepayment grant application may be submitted at any time after the effective date of this Act.

(b) No grant may be expended for purposes other than those specified in the application.

Sec. 7. ACCOUNTABILITY FOR GRANTS. (a) A municipality shall submit a financial report covering the expenditures of any grant already received under this Act to the Department of Community and Regional Affairs before another grant may be received under this Act.

(b) A municipality receiving grants under this Act shall

(1) maintain a separate account for the grants received under this Act;

(2) provide for an annual independent audit of the separate account for the grants received under this Act; and

(3) submit a copy of the independent audit report to the Department of Community and Regional Affairs.

Sec. 8. APPROVAL. Grants under this Act shall be made by the Department of Community and Regional Affairs at the direction of the governor subject to the approval of the Special Legislative Pipeline Impact Review Committee (as provided for in secs.)

Sec 9. POPULATION. A municipality shall submit estimated population and population growth figures to the Department of Community and Regional Affairs. These population and population growth figures are subject to review and approval by the Department of Community and Regional Affairs. The decisions of the Department of Community and Regional Affairs are final as to

(1) population growth figures for the purpose of establishing eligibility under sec 2 of this Act;

(2) population figures for computing grant amounts under sec 4. of this Act; or

(3) population figures for computing prepayment amounts under sec 5. of this Act.

Sec. 10. LOANS. The Department of Community and Regional Affairs at the direction of the governor subject to the approval of the Special Legislative Impact Review Committee may

(1) make loans and purchase evidences of indebtedness with funds from the pipeline impact fund to municipalities economically or socially adversely affected by pipeline construction;

(2) guarantee municipal bonds when a municipality needs to

undertake a capital improvement program on an accelerated basis; and

(3) pay (for not more than three years) from the pipeline impact fund a portion of the debt service or interest or both incurred by a municipality for undertaking capital improvements made necessary by pipeline construction.

Sec 11. ADMINISTRATION OF THIS ACT. (a) The Department of Community and Regional Affairs at the direction of the governor subject to the approval of the Special Legislative Impact Review Committee shall administer and adopt the necessary regulations to carry out the purpose of this Act and shall

(1) advise and assist the governor in developing planning assumptions and a broad preparedness plan with respect to the economic and social impact that will accompany pipeline construction;

(2) advise and assist the governor in developing policies, programs and control systems designed to alleviate the economic and social impact resulting from pipeline construction; and

(3) advise and assist the governor with respect to resolving issues related to pipeline construction impact preparedness responsibilities of state agencies which arise concerning two or more of those agencies.

(b) A grant shall be allotted according to an agreement made between the Department on behalf of the state and the municipality receiving the grant. The agreement may include any provision agreed upon by the parties and shall include in substance the following provisions:

(1) a schedule of grant disbursements, if, as determined by the director, a grant is to be disbursed other than in one sum;

(2) agreement by the municipality to

(A) proceed with and complete the proposed project or program expeditiously;

(B) not discontinue operation or dispose of all or part of the project or program for which it receives a grant without the approval of the department;

(C) apply for, and make reasonable efforts to secure, federal assistance which may be available for the project or program, subject to any conditions the department may require in order to maximize the amounts of that assistance received or to be received for all projects or programs in the state;

(3) agreement by the municipality that, if federal assistance for a project or program becomes available to the municipality which was not included in the calculation of the amount of a grant authorized and disbursed under this Act, the value of the federal assistance shall be ascertained and subtracted from the total value of the project or program and the balance shall be proportionately divided between the state and municipality.

(4) Provision for alteration or modification of an approved project or program and for remedies in case of failure to perform the agreement between the parties or noncompliance with regulations promulgated by the department under this section.

(c) If funds appropriated by the legislature to provide loans and grants and purchase evidences of indebtedness under this Act are not adequate to satisfy amounts required by approved grant applications, funds shall be allocated on the basis of priority established by the department by regulations promulgated to carry out the provisions of this section.

(d) The department shall provide a quarterly report to the legislature with respect to grants made under this section.

(e) The department at the direction of the governor subject to the approval of the Special Legislative Impact Review Committee shall determine the terms and conditions for making a loan and purchasing an evidence of indebtedness under this section.

Sec. 12. AUTHORITY TO ACCEPT SERVICE, GIFTS, GRANTS AND LOANS.

When the federal government or an agency or officer of the federal government offers to the state, or through the state to a municipality services, equipment, supplies, materials, or funds by way of gift, grant, or loan, for the purpose of alleviating the social or economic impact resulting from pipeline construction, the state acting through the department, or the municipality acting through its executive officer or governing body, may accept the offer subject to the terms of the offer and the rules and regulations of the agency making the offer.

Sec. 13. PIPELINE IMPACT FUND. There is the pipeling impact fund created for the purpose of carrying out the provisions of sec of this chapter. The fund consists of all money made available by appropriations of the state legislature, and from other appropriated funds, all contributions from whatever source, and income and interest derived from the investment of money.

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Sec. 44.19.595. SPECIAL LEGISLATIVE PIPELINE IMPACT REVIEW COMMITTEE. There is established the Special Legislative Pipeline Impact Review Committee composed of three members of the senate appointed by the president of the senate and three members of the house of representatives appointed by the speaker of the house. The committee shall select its own chairman.

Sec. 44.19.597. TERM OF MEMBERSHIP. The committee shall be organized within 15 days after the organization of each legislature. Members serve for the duration of the legislature during which they are appointed. If they are reelected or their term of office extends

1 into the next succeeding legislature, they continue to serve until
2 reappointed or the appointment of their successor.

3 Sec. 44.19.599. VACANCIES. When a vacancy occurs in the member-
4 ship of the committee, the presiding officer of the house incurring
5 the vacancy shall choose a successor. If the office of the president
6 of the senate or speaker of the house of representatives becomes
7 vacant and a vacancy from the affected house occurs among the member-
8 ship of the committee, the remaining committee members from the house
9 incurring the vacancy shall appoint a new member.

10 Sec. 44.19.601. MEETINGS. (a) The committee may meet during
11 sessions of the legislature and during the interim between sessions at
12 such times and places in the state as the chairman may determine.
13 Members may receive, for the minimum time required to get to and from
14 meetings and for the period while attending meetings, the same travel
15 and per diem allowances provided by law for members of the legislature
16 when attending sessions, except that members of the committee receive
17 no per diem during legislative sessions other than the per diem allow-
18 ance paid to other members of the legislature.

19 (b) The members of the committee can validly conduct a meeting
20 and vote by communicating simultaneously with each other by means of
21 conference telephones or similar communications equipment.

22 (c) A majority of the members of the committee constitute a
23 quorum for the purpose of carrying out its duties under sec. 603 of
24 this chapter.

25 Sec. 44.19.603. DUTIES OF COMMITTEE. The committee shall review
26 and approve or disapprove, in whole or in part, the decisions made
27 by the Pipeline Impact Agency under sec. 589(b) of this chapter.

28 Sec. 44.19.605. DIVISION OF LEGISLATIVE FINANCE ASSISTANCE. The
29 division of legislative finance shall cooperate with the committee and

This is OK

1 shall furnish technical assistance and personnel, if available, upon
2 request.

3 * Sec. 10. DEFINITIONS. For purposes of this Act

4 (1) "construction commencement date" means the date the
5 following occur:

6 (A) there has been issued to the owner or his agent
7 right-of-way permits, leases, and title and other rights in lands,
8 and other approvals, permits, licenses and certificates, by federal,
9 state and local agencies that a reasonable and prudent person would
10 consider adequate to commence construction of the facilities in
11 the expectation that all other approvals, permits, licenses and
12 certificates necessary for the completion of facilities will be
13 obtained;
14

15 (B) all approvals, permits, licenses and certificates
16 are in full force and effect, unrevoked and without any modification,
17 which might jeopardize the completion or continued construction of
18 the facilities; and

19 (C) no order, judgment, decree, determination or
20 award of a federal, state or local court or administrative or regu-
21 latory agency enjoining, either temporarily or permanently, the con-
22 struction or the continuation of construction of the facilities is

23 HB 505

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STATE OF ALASKA

WILLIAM A. EGAN, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B-JUNEAU 99801

March 1, 1974

The Honorable Selwyn Carrol
Chairman, House Community and
Regional Affairs Committee
House of Representatives
Juneau, Alaska 99801

Dear Representative Carrol:

As requested, I am submitting for the consideration of the Community and Regional Affairs Committee an analysis we have prepared of the individual local governmental "pipeline impact statements" that have been submitted to this Department and other State and federal agencies in recent months. These impact statements and the concerns expressed to State representatives in local public meetings by concerned local officials established the basic issues addressed in the Administration's legislative package for financial assistance to local governments and communities.

Recognizing that the accelerated growth of pipeline impact has already stimulated some population increases and expansion of public services and facilities, we attempted in our impact analyses to discern whether there were trends evident that might serve as a portent for projecting the ongoing effect of "pipeline impact" on the financial capabilities of municipalities to meet impact needs.

The data we have assembled indicates that there has indeed been a substantial change in the fiscal capacity of the major local governments since 1969 and that the change has been remarkably beneficial. While the full details drawn from the annual financial reports of these municipalities are contained in the analysis, we would like to direct the attention of the Committee to the following outstanding conclusions:

1. In the four-year period 1969-1973, real and personal property valuations in the five major municipalities increased from a minimum of 75 percent in the City of Fairbanks to a maximum of 509 percent in Valdez.
2. Over the same period, three jurisdictions significantly reduced property tax mill rates by 18 percent, 21 percent, and 61 percent, respectively; one (Valdez) remained unchanged; and one (Fairbanks) showed an increase of 25 percent in its mill rate.

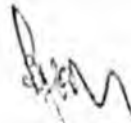
March 1, 1974

3. Over the same period, despite the mill rate reductions, general property tax revenues in these five jurisdictions increased by 38 percent from \$24,559,895 to \$33,955,802.
4. Intergovernmental revenues rose by 173 percent from \$24,007,139 to \$65,556,584. This rise was almost wholly the result of new and expanded State aid programs to local government, funded by the 1969 North Slope lease sale revenues.

We believe that this fiscal data convincingly demonstrates that impact-related growth has to date brought substantial benefits as well as some burdens to the affected communities. We hope that the analyses of which it is a part will provide a balanced picture for the Committee in its efforts to determine an appropriate legislative course of action to meet municipal impact needs.

We will be glad to respond to any questions regarding this matter that the Committee may wish to pursue further.

Sincerely,



Byron I. Mallott
Commissioner

BIM: KW:me

Enclosures

LOCAL GOVERNMENTAL REVENUE TRENDS

A study of recent trends (1969-1973) in the major revenue sources of these local governments highlights two facts:

1. There has been healthy growth in the local property tax and sales tax bases.
2. There has been a tremendous increase in intergovernmental revenues to the local governments from State sources.

The attached tables illustrate the revenue trends drawn from the most recent financial reports of the municipalities for the individual cases. Collectively, the data for the five municipalities as a whole reveals that during the recent period:

1. Local property tax revenues grew by 38.3% from \$24,559,895 to \$33,955,802.
2. Local sales tax revenues in these jurisdictions levying sales taxes grew by 38.3% from \$3,927,134 to \$5,432,668.
3. Local property tax mill rates declined in three jurisdictions (by 18.0%, 21.0%, and 61.4%, respectively), remained unchanged in Valdez, and increased by 25.0% in Fairbanks city.
4. Intergovernmental revenues, almost wholly from State source, grew by 173.1% from \$24,007,139 to \$65,556,584.

The growth in intergovernmental revenues is due to expanded programs of State aid to local governments, funded for the most part from 1969 oil lease sale revenues. This additional State revenue to local governments is, among other things, itself a very real instance of pipeline impact being experienced by local governments in advance of pipeline construction.

TRENDS IN MAJOR LOCAL GOVERNMENT REVENUE SOURCES, 1969-1973

Local Tax Revenues

	<u>General Property Tax Revenues</u>	<u>Sales Tax Revenues</u>	<u>Intergovernmental Revenues</u>
<u>City of Anchorage</u>			
1969	\$ 4,748,378	No	\$ 936,053
1973	6,865,940	Sales	5,809,078
Change:	+\$ 2,117,562 or + 44.6%	Tax	+\$ 4,873,025 or + 520.6%
<u>City of Fairbanks</u>			
1969	\$ 1,137,380	\$2,165,821	\$ 263,414
1973 (est.)	2,242,694	2,949,495	928,200
Change:	+\$ 1,105,314 or + 97.2%	+\$ 783,674 or + 36.2%	+\$ 664,786 or + 252.4%
<u>Fairbanks North Star Borough</u>			
1969	\$ 2,747,000	\$1,679,000	\$ 5,304,000
1972	1,504,000	2,360,000	11,817,000
Change:	-\$ 1,243,000 or - 45.2%	+\$ 681,000 or + 40.6%	+\$ 6,513,000 or + 122.8%
<u>Greater Anchorage Area Bor.</u>			
1969	\$15,830,776	No	\$17,489,311
1973	23,170,894	Sales	46,839,037
Change:	+\$ 7,340,118 or + 46.4%	Tax	+\$29,349,726 or + 167.8%
<u>City of Valdez</u>			
1969	\$ 96,361	\$ 82,313	\$ 14,361
1973	172,274	123,173	163,269
Change:	+\$ 75,913 or + 78.8%	\$ 40,860 or + 66.8%	+\$ 148,905 or + 1306.9%

LOCAL PROPERTY TAX AND REVENUE TRENDS: 1969-1973

	<u>ASSESSED VALUATION</u>	<u>MILL RATE</u>	<u>GENERAL PROPERTY TAX REVENUE</u>	<u>INTERCOV. REVENUE</u>
CITY OF ANCHORAGE	+ 81.1%	- 21.0%	+ 46.6%	+ 520.6%
CITY OF FAIRBANKS	+ 75.0%	+ 25.0%	+ 97.2%	+ 252.4% ²
FAIRBANKS NORTH STAR BOR. ¹	+ 90.0%	- 61.4%	- 45.2%	+ 122.8% ²
GREATER ANCHORAGE AREA BOR.	+109.5%	- 18.0%	+ 46.4%	+ 167.8%
CITY OF VALDEZ	+509.3%	no change	+ 78.8%	+1036.9%

¹For the period 1969-1972.

²State intergovernmental revenues only.

"LAG" IN PROPERTY TAX REVENUES

A key assumption offered to justify the local government requests for State impact funds is the supposition that the expenditure burden of providing impact services occurs well in advance of revenue increases from property tax base expansion. Plausible as this assumption seems, it is contradicted in every case by the facts available in the municipal financial reports.

The evidence of the last four years demonstrates a trend of substantial expansion in local property tax bases in anticipation of the pipeline construction phase of North Slope petroleum development. Part of this expansion is due to inflation, other wise known as increasing property values, but most can be traced to new construction or new personal property tax resources.

The comparison below of growth rates in assessed valuation and population clearly illustrate that the visible pipeline impact to date has been to strengthen the financial base of local governments in excess of population growth. In fact, three jurisdictions have substantially reduced property tax rates during this period.

TRENDS IN PROPERTY TAX BASE AND POPULATION GROWTH, 1969-1973

	Full Value Assess- ment Changes <u>1969-1973</u>	Population Changes <u>1969-1973</u>
City of Anchorage	+ 81.1%	+15.4%
City of Fairbanks	+ 75.0%	- 4.0%
Fairbanks North Star Borough	+ 90.0%	+ 6.8%
Greater Anchorage Area Borough	+109.5%	+22.9%
City of Valdez	+509.3%	+ 6.1%

Additional evidence confirming this trend of property tax base expansion in advance of population growth in the particular case of the City of Anchorage is presented in that City's own impact statement. In that report, a sharp rise in the value of building permits issued is cited as proof of the economic impact that the City has been experiencing as a result of the proposed pipeline. All of this new construction represents, of course, additions to the City's real property tax base and is already a source of increased impact revenues.

CITY OF ANCHORAGE BUILDING PERMITS ISSUED
(VALUES IN MILLIONS OF DOLLARS)

<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	
\$34.8	\$52.2	\$55.2	\$70.2	\$78.0	(t.)*

*Percent increase in 1973 over 1969: +124.2%

The construction boom of the past four years has, indeed, thoroughly outstripped the growth in demand for residences, despite rapid population growth. As was noted by both the City of Anchorage and the Greater Anchorage Area Borough, there are now about 6,000 vacant housing units available in the Anchorage area compared to a negligible number in 1969. These unoccupied units are on the tax rolls and yielding property tax revenues even though requiring little in the way of municipal services. This situation is a clear and startling instance of the expansion in property tax base in advance of population growth and related demands for additional services.