

374

SCRA

SB

182

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SB

249

SB

182

February 24, 1977

The Honorable John L. Rader
President of the Senate
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. President:

Under the authority of art. III, sec. 18 of the Alaska Constitution, and in accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill which would expand the authority of general law municipalities in imposing taxes on liquor.

This bill has been requested by the Interdepartmental Coordinating Committee on Alcoholism to give incorporated communities greater flexibility in using a sales tax to generate revenues needed to pay some of the costs created by the use of alcohol. Section 1 would amend AS 04.15.070(a) by removing its present prohibition against putting a tax on intoxicating liquor when other commodities are not taxed. Section 2 would amend AS 29.53.415(a) to authorize the taxing of a single class of commodity, and expressly permit a higher rate on intoxicating liquor. It also permits the setting of various rates within the ceiling on different classes of commodities.

Sincerely,

Jay S. Hammond
Governor

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K - STATE CAPITOL
JUNEAU 99811

March 11, 1977

Senator Mike Coletta, Chairman
Special Committee on Alcoholism
Alaska State Senate
Pouch V, State Capitol
Juneau, Alaska 99811

Re: Senate Bill 182

Dear Senator Coletta:

In our final draft of this measure for the Governor's Office, we inadvertently failed to make a change in the title, necessitated by a late alteration in the body of the bill. We, therefore, would request your committee to make the following amendment:

Page 1, line 6:

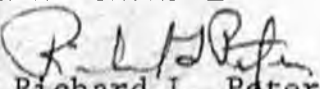
Delete "sales"

Thank you for your consideration.

Sincerely,

AVRUM M. GROSS
ATTORNEY GENERAL

By:


Richard L. Peter

Assistant Attorney General

RLP:jf

F 813-182



CITY of BETHEL

P. O. Box 388 • Bethel, Alaska 99559

543-2297 — Area Code 907

March 28, 1978

Representative Joe Orsin
Chairman, Senate Community & Regional Affairs Committee
Pouch V
Juneau, Alaska 99811

RE: Senate Bill No. 182, and House Bill No. 232, "AN ACT
RELATING TO MUNICIPAL SALES TAX.

Dear Representative Orsin:

At the regular Bethel City Council Meeting of March 13, 1978, the Council passed Resolution No. 227, endorsing Senate Bill No. 182, and House Bill No. 232, "AN ACT RELATING TO MUNICIPAL SALES TAX." and encourages the State Legislature to pass and approve this legislation.

Although the City of Bethel has voted not to have the sale of intoxicating liquor under the local option this proposed legislation would give a municipality another option in administrating the necessary problems of alcohol. Since there exists such a variation in the size of communities in Alaska ranging from under 25, to a population of over 50,000, it seems quite difficult for the Alcohol Beverage Control Board to regulate each individual community. It is because of the varied sizes of communities in Alaska and the vast area in Alaska I believe that any legislation giving more local or regional control to the people that must inevitably live with the problems is the direction that the State must look at.

Going back to the two bills by giving a community the option to levy a higher sales tax on intoxicating liquor this could give each Community a revenue source that could eliminate many of the increased problems that arise from any community that does sell intoxicating liquor such as increased activity at the alcohol treatment centers, increased traffic problems, and increase social problems at home.

Sincerely,

Lyman Hoffman
City Manager

LH:lf

"Deep Sea Port and Transportation Center of the Kuskokwim"

CITY OF BETHEL, ALASKA
RESOLUTION NO. 227

A RESOLUTION OF THE CITY OF BETHEL, ALASKA ENDORSING THE GOVERNORS REQUEST FOR AN ACT ENTITLED "AN ACT RELATING TO MUNICIPAL SALES TAX." IN THE FORM OF SENATE BILL NO. 182 AND HOUSE BILL NO. 232.

WHEREAS, these bills would enable a municipality to levey a sales tax at a higher rate on the sale of intoxicating liquor, and

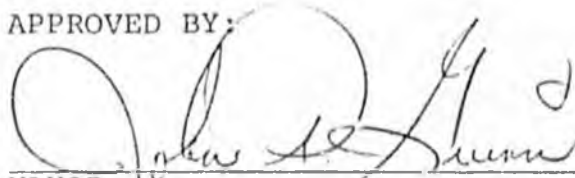
WHEREAS, the City of Bethel has been dry since 1973, and has experienced numerous problems because of "bootleggers", and

WHEREAS, these bills would give the option to a municipality to provide regulations governing the barter, sale and possession of alcohol and the orderly conduct of business of selling intoxicating liquor.

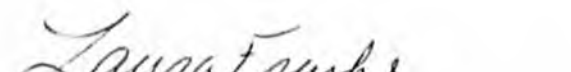
NOW THEREFORE BE IT RESOLVED THAT The City of Bethel, Alaska endorses Senate Bill No. 182, and House Bill No. 232, "An Act Relating to Municipal Sales Taxes", and encourages the State Legislature to pass and approve this legislation.

PASSED, APPROVED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF BETHEL, ALASKA THIS 27 DAY OF March, 1978.

APPROVED BY:


MAYOR

ATTEST:


CITY CLERK

SB

213

SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

Senator Joe Orsini
Chairman

Senate Bill No. 213

Croft
Prime Sponsor

Resolution No. _____

This Bill is currently in the Senate Community and Regional Affairs Committee for consideration. Your response, as prime sponsor, to the following questions will serve to hasten Committee action on this Bill.

1. What is the need for your proposed legislation; what is the goal you are trying to accomplish?

The present \$20,000 limit is too restrictive to cover a lot of needed projects.

2. Are there any other viable ways of accomplishing this same goal?

None as thorough and effective as this

3. Persons or groups you know of who are supporting the legislation.

Rural Community Action Program

4. Persons or groups you know of who are opposing the legislation.

None

5. Can you foresee any new problems that might be caused as a result of enactment of your bill?

No

6. What is the earliest time you would like the Senate Community and Regional Affairs Committee to consider your bill?

Week of March 21

STATE OF ALASKA
Inter-Department Route Slip

TO:
MAIL STATION NUMBER 3100
DEPARTMENT Legislature
ATTENTION Sen. Joe Orsini

- | | |
|--|--|
| <input type="checkbox"/> Approval | <input type="checkbox"/> Note & Return |
| <input type="checkbox"/> Signature | <input type="checkbox"/> Initial & Return |
| <input type="checkbox"/> Comment | <input type="checkbox"/> Return As Requested |
| <input type="checkbox"/> Contact Me | <input type="checkbox"/> Return For Approval |
| <input type="checkbox"/> Prepare Reply | <input type="checkbox"/> Necessary Action |
| <input type="checkbox"/> For Your File | <input type="checkbox"/> Your Information |

Remarks: As requested

Re: SB 213

FROM:
MAIL STATION NUMBER 2100
DEPARTMENT CRA
BY Ehee DATE: 3/15

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS
 DIVISION OF COMMUNITY & RURAL DEVELOPMENT

District 1
Southeast

*Current open
 RDA Grants*

<u>COMMUNITY</u>	<u>FY</u>	<u>AMOUNT</u>	<u>PURPOSE</u>
Haines	77	20,000	Museum construction Phase II
Hydaburg	76	10,000	Smokery - Phase II
Kasaan	76	19,850	Electrical system <i>CLOSED 1/31/77</i>
Klukwan	76	19,000	Electrification <i>CLOSED 1/31/77</i>
Pelican	77	20,000	Community warehouse <i>CLOSED 1/25/77</i>
Tenakee Springs	77	20,000	Community Warehouse
Yakutat	76	7,100	Public Safety Building <i>CLOSED 1/18/77</i>

District 2
Fairbanks

Allakaket	75	20,000	Electrification
Anderson	76	10,000	Community library
Anvik	76	10,000	Disaster money, relocation
Arctic Village	76	9,000	Lodge/Community Building
Dot Lake	76	9,500	Material for Health Clinic and office addition
Eagle Village	74	2,000	Housing improvement program <i>CLOSED</i>
Ester	76	20,000	Fire hall
Grayling	76	4,000	Community hall
Holy Cross	74	8,000	Recreation hall
Kaltag	76	4,000	Bridge construction/remodel Head Start Building
McGrath	76	19,561	Closed 11/30/76
Nenana	75	3,000	Visitor Center improvement <i>CLOSED 1/14/77</i>
Nenana	76	10,000	Community Center improvement
Nikolai	73	5,000	Community hall <i>CLOSED</i>
Nikolai	75	20,000	Electrification
North Pole	75	8,000	Phase II - Recreation facility
Spruce Grove	76	6,000	Materials for Community Center
Tanana	74	3,500	Community offices <i>CLOSED</i>
Wainwright	76	16,000	Community building

District 3
Nome Region

Gambell	75	20,000	Head Start Building
Kiana	76	11,250	Community Building
Kivalina	76	9,000	Materials and transportation for workshop
Kobuk	74	6,000	Electrification
Little Diomedea	76	17,775	Electrification
Point Hope	73	7,500	Repair slough, community
Shismaref	75	10,000	Sea wall repair/airport beacon

District 4
Bethel Region

Akolmuit	75	10,000	River bank stabilization
Akolmuit	62	10,000	Head Start Building
Aniak	72	3,000	Repair dike

<u>COMMUNITY</u>	<u>FY</u>	<u>AMOUNT</u>	<u>PURPOSE</u>
Aniak	75	3,000	Community Building
Cherforank	76	15,000	Electric generator
Kipnuk	75	20,000	Electrification
Kipnuk	76	16,000	supplement
Kapaskiak	76	8,000	Community Building
Newtok	72	8,000	Community Building
Pilot Station	76	5,000	Repair two bridges
Peekseek Bay	75	18,000	Multi purpose building 4/31/77
Tununak	76	20,000	Multi-purpose building

District 5
Anchorage Region

Anchor Point	75	15,000	Fire equipment garage
Chistochina	73	1,500	Complete Community hall
Chistochina	76	15,000	Electrical generator & distribution system
Cooper's Landing	76	17,000	Emergency vehicle building
English Bay	76	15,000	Community hall
Glennallen	76	14,300	Community library
Gulkana	74	8,000	Campground
Gulkana	75	6,000	Materials to finish Community-Bldg CLOSAP 4/31/77
Homer	76	20,000	Municipal Building foundation
Houston	76	12,000	Phase II of Fire hall
Port Graham	76	2,225	Village repair shop
Seldovia	76	8,650	Lake Susan drainage
Sutton	76	10,040	Community hall/Fire hall
Tazlina	76	6,000	Building materials for Community hall addition
Whittier	75	10,000	Recreation center
Willow	76	14,000	Central heating and restrooms for Civic Organization building

District 6
Dillingham Region

Akutan	76	5,000	Material to repair water system
Aleknagik	74	5,000	Water system
Chignik Lake	76	3,200	Sewer system
False Pass	74	4,000	Boardwalk construction/repair
Iguigig	76	4,700	Sewer, housing, water
Ivanoff	76	8,650	Water system
Kokhanok	75	10,000	Clinic and Community hall
Nelson Lagoon	73	5,000	Water and sewer
Nikolski	74	5,000	Water systems
Nikolski	76	14,200	Bulk fuel storage
Nondalton	76	10,000	Community Services center
Nondalton	74	6,000	Renovation of building for CO-OP
Perryville	76	15,000	Water system
Pilot Point	76	5,000	Water
Port Heiden	76	10,000	Community Center addition
St. George	75	9,100	Renovate Community Building
Sand Point	77	20,000	Harbormaster house
Togiak	74	5,000	Community hall addition
Twin Hills	76	10,000	Rewire village

SB

220

COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

LETTER OF INTENT

The Community and Regional Affairs Committee wishes to emphasize that it is our intent to see that maximum funds derived for this program be granted to communities to assist them in establishing and maintaining their Coastal Zone Management Program, and that the state act primarily as a vehicle in relaying this money to the communities.

The fiscal note that accompanies this bill reflects that the State intends to absorb a significant amount of funding at the State program level, contrary to the intent of this Committee. The Committee, therefore, recommends that before this Act be implemented, that it be demonstrated that the communities will be the recipients of the greatest share of these funds, and that the necessity of existing utilization of Alaska Coastal Management Program funding by state agencies be re-examined with the view toward a redistribution of these funds to the Coastal Zone Management district level.

The Committee does not intend, in approving this bill, to encourage the continued planning and development of the unorganized boroughs solely at State expense. The Committee believes that the day is not too far off when areas of the unorganized borough will be expected to implement local systems of deriving revenue to help support locally controlled

municipal services, such as education and planning, within their respective areas.

The Community and Regional Affairs Committee also wishes to complement the Senate Resources Committee in their diligent and competent efforts at drafting this legislation and promoting the concept that the planning of the Coastal Zone Management Program be borne by the affected municipalities and not by a state resource agency.



THE CITY AND BOROUGH OF JUNEAU

CAPITAL OF ALASKA
175 SOUTH Seward St. JUNEAU, ALASKA 99801

DATE: March 30, 1977

REF. NO. SB 220/HB 342

SUBJECT: House Bill 342, Management of
the Coastal Resources of the
State

The Honorable Lisa Rudd, Chair
House Community and Regional
Affairs Committee
Pouch V
Juneau, Alaska 99811

Dear Representative Rudd:

The Legislative Committee of the City and Borough of Juneau has reviewed and considered HB 342 and supports the general approach taken in the bill to management of our coastal resources. The committee supports maximum local participation in the policy making and enforcement aspects of coastal resource management and to that end requests that minor changes be considered which would help maximize local government input, participation and response under the bill.

The membership of the Alaska Coastal Policy Council is made up of seven state department or division heads who have been appointed to their position by the governor or one of his appointees. In addition, the governor appoints eight persons of his choosing from various regions who are elected local government officials. Thus, the governor appoints all fifteen of the council members. The appointment of the eight elected local government officials is made without the advice and consent of either the legislature or the local municipalities. In order to insure that the viewpoint of local government is represented by local government members who reflect the policies of the local governments involved, the appointing power as to the public members should be shifted to the local governments involved. It could be completely shifted to the local governments if the language between lines 28 and 29 on page 2 and lines 1 and 2 on page 3 is deleted and replaced by the following language:

(1) eight public members, who shall be the mayor or member of the assembly or council of a municipality shall be appointed. One public member shall be appointed from each of the following general regions:

Following line 24 on page 3, add the following language which would be a continuation of (1):

Initially, and upon a vacancy or upon or prior to the expiration of the term of an incumbent, public members shall be appointed for the term or unexpired term in the following manner:

(A) Upon notification to municipalities in a general region by the governor or the council of a vacancy or a prospective vacancy in the seat representing the general region, the assembly or council of each municipality therein may, by motion or resolution, nominate its mayor or a member of its assembly or council to fill the vacancy. Upon making such a nomination, the municipality shall notify the governor and each of the other municipalities within the region of its nomination. If, subsequent to the making of such nominations, a majority of the municipalities within the general region adopt resolutions selecting one of the nominees as the region representative, such person shall be deemed appointed to the council.

(B) The person appointed shall notify the governor, the council, and each municipality in the region of the appointment. The person selected shall include with such notice a copy of each of the resolutions selecting that person as the representative of the general region.

(C) If the governor has not received notification of an appointment under (A) and (B) within 90 days of the last date upon which notice to a municipality was sent by the council or the governor, the governor shall appoint a public member for that general region from among the nominations supplied him under (A).

The procedure suggested above could be altered, however, the two elements which are essential to this procedure are:

1. That the representative for the general region should be appointed by the municipalities which will be the front line for enforcement of the coastal resources management program, and

2. That in the event the municipalities are not able to agree, the governor be limited in his appointments to the public member seats to persons who have been nominated by municipalities.

Other references to the appointment of public members by the governor which appear in the bill should be deleted or changed to conform to the change proposed above. Lines 1 and 2 of page 5 should be changed to read as follows:

(a)(1) of this section, the alternate designated under (d) shall serve until a replacement who shall serve for the unexpired portion of the term has been appointed in accordance with the procedures set forth in (a)(1) of this section.

Municipalities are the key to the implementation of the Alaska coastal management program. By providing municipalities with an opportunity to select their representatives for the council, the state will be taking a step in the direction of creating greater credibility of the state program, encouraging the fullest possible local input to and cooperation with the council and providing an environment in which local enforcement of the district coastal management program can be expected to be the most vigorous. In addition, allowing municipalities to select their representative in each general region will probably help insure a better balance on the council between those who represent state interests and those who most accurately reflect local needs and interest.

While the municipality has not taken a position relative to the following points I believe they are points which might be appropriate for committee discussion.

1. There appears to be a conscious effort not to specify which agency or body has the responsibility for developing the Alaska coastal management program. While it is the council which initially approves the program, it does not clearly appear that the council has any responsibility for developing or assembling the program. It develops guidelines for the preparation of the program; it reviews the program, and it approves the program in part or in whole. Section 46.35.010 on page 6 clearly gives the council the power to review the program but merely provides that the program be revised when appropriate without noting what body or agency has the revisory power. Subsection (c)(1) of subject section provides that the council add newly approved district management coastal programs to the Alaska coastal management program.

2. Proposed sections 60 and 70 set forth the procedure for council approval of district coastal management programs. Proposed section 80 provides that the Alaska coastal management program adopted by the council takes effect upon its approval by the state legislature. Thus, it would appear that district coastal management programs would, by their incorporation in the Alaska coastal management program, be subject to legislative approval. Section 90, however, indicates that council approval is all that is needed for the district coastal management program of a district which exercises zoning or other resource control. Thus, while it is not really clear in the proposed legislation, it does appear that if the state is to be responsible for implementation of a district coastal management program, that program must be approved by both the council and the legislature while council approval is all that is necessary for a district which exercises zoning or other resource controls. If the foregoing reading is accurate as to legislative intent, then changes should be made to the language in section 10(c)(1) which appears to provide for the incorporation of approved district programs into the Alaska program which then receives legislative approval. In addition, the language at lines 12 and 13 on page 13 should be changed so that after the word "programs" in line 12 it would read "which have received final approval by the council or the legislature, as required, and are in effect." Language of this nature would help remove the ambiguity of whether or not both council and legislative approval are required for both state enforced and locally enforced programs. If, on the other hand, it is the intent of the legislature that district programs which are to be implemented through local zoning and other resource controls should be fixed in concrete through the mechanism of legislative approval, section 100 should be redrafted to remove the very strong implication that legislative approval is not needed except where state implementation is contemplated.
3. Returning to page 7, it does not appear in the list of objectives that the interests of the region or district are to be considered. If these are deemed appropriate for consideration, the addition of the phrase ", the region and the district" at the end of the sentence ending on line 18 on page 7 would incorporate such standards.
4. It would appear from reading section 30 starting on page 8, and in particular subsections (5) and (6), that implementation of the district coastal management program is contemplated through a mechanism which is

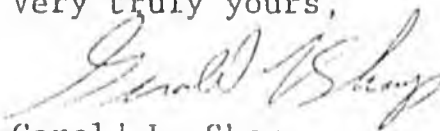
March 30, 1977

similar to conditional use procedures in conventional zoning programs. If it is contemplated that each use of land or water regulated under the district program is to be regulated as a conditional use, this aspect of the legislation could be subject to attack as many courts do not hesitate to overturn ordinances which purport to be zoning ordinances but under which all or almost all land uses are subject to the conditional use procedure. Such courts seem to balk at the idea that the legislative or regulatory body can decide on a case-by-case basis whether each or most uses under a general zoning will be allowed. Such an approach can be likened to spot zoning for each use. Of course, if there are sufficient standards that there is little discretion as to whether or not an application for a particular use is to be granted, such procedures are less vulnerable to attack.

5. At pages 10 and 11, the bill contemplates a mediation process which is to be utilized as to those district programs or parts thereof which are not approved by the council. The committee may want to consider whether it would be more appropriate to give the coastal resource district an opportunity to revise all or certain parts of its plan to bring it into compliance with council requirements before forcing the district into mediation. While the conventional concept of mediation involves a neutral third party who attempts to obtain agreement between the disputants, it appears that section 60(b) contemplates that the council itself acts as mediator. This appears to be something more akin to negotiation than mediation. However, it appears that in either event the coastal resource district is not in much of a position to resist changes requested by the council as the council has the ultimate authority to order the program amended. It must be admitted, however, that this is a commendable effort to provide a vehicle for the resolution of disputes between inferior and superior agencies prior to the superior agency invoking its power of a final and formal disapproval.

In closing, the municipality encourages the committee to increase or strengthen the authority and role of municipalities in the coastal resource management scheme.

Very truly yours,



Gerald L. Sharp
City/Borough Attorney

cc: Representatives Smith, Anderson, Miles,
Ose, Snider, Kelly, Lethin and Phillips
Don Berry, Executive Director
Alaska Municipal League

GLSmmb

"Management of Coastal Resources"

1. The bill specifies the uses and areas which should be addressed within the coastal management program. It explains that coastal management is not regulation of everything that is happening along Alaska's shores and coasts. Many citizens and local government officials have had the impression that coastal management means regulation of any kind of use or activity, no matter how minor or local.
2. The bill establishes policies, or guidelines if you wish to call them that, in law which explain the State's interest in regulating the major uses and areas defined in the legislation.
3. The bill would establish the tie between state regulation and local planning and zoning. The guidelines for coastal areas and activities would become the basis for completing and reviewing local (municipal) coastal programs. Local governments would have a role in planning for uses and areas along the coast, in close cooperation with state agencies.
4. The bill provides a mechanism for resolving conflicts between the state and local governments.
5. The bill provides means for residents of the unorganized borough to participate in the coastal management program.

One question that could be raised here relates to federal approval of the State's coastal management program. That is, will this bill make the State's program approvable under the terms of the Coastal Zone Management Act of 1972?

The State can seek approval on the basis of state authorities alone, or on the basis of a partnership between the State and local governments. Every state which is actively involved in coastal management has chosen to involve local governments in a significant way. The bill would allow the State to use local planning and zoning authorities as an important part of the management program.

The coastal management process described in the bill is based on the existing local and state agencies. The only "new" feature is the Alaska Coastal Policy Council. This group, composed of 8 local government officials and 7 Commissioners, provides guidance for the program and resolves disputes between the State and local governments.

For more information, contact:
Glenn Akins, Coordinator
Alaska Coastal Management Program
Pouch A-D, Juneau, Ak. 99811
(907) 465-3574

STATE
of ALASKA

MEMORANDUM

TO: Recipients of Fiscal Note for
SB 220/HB 342

DATE : April 11, 1977

FROM: Murray R. Walsh
Deputy Coordinator
Alaska Coastal Management Program
Office of the Governor

SUBJECT: Additions to Fiscal Note

We were asked to define some of the budgetary terms used in the Fiscal Note for SB 220/HB 342, and I have added pages 5 and 6 to do that. Attached is a complete copy of the expanded note.

There may yet be other questions or uncertainties about this note and we will be happy to answer any inquiries or supplement the note even further.



THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 220 / HB 342

Title "An Act relating to the management of coastal resources of the state"

Requested by The Senate Rules Committee by request Date 3/7/77

of the joint Administration-Legislative
Committee on coastal management

II. FISCAL DETAIL

Agency Affected Office of the Governor (DPDP) and Dept. of Comm. & Reg. Affai

Program Category Affected Coastal Zone Management

Budget Request Unit(s) Affected 01-47-6-02-00-00

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
300 CONTRACTUAL	-0-	-0-	1,000.0	1,000.0	1,000.0	1,000.0
400 COMMODITIES	-0-	-0-	-0-	-0-	-0-	-0-
500 EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.	-0-	-0-	-0-	-0-	-0-	-0-

TOTAL

FUNDING (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	1,000.0	1,000.0	1,000.0	1,000.0
OTHER (Specify)						

POSITIONS

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
FULL TIME	4	4	4	4	4	4
PART TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY						

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

A. Assumptions.

1. Passage of the bill will make federal approval under section 306 of the Coastal Zone Management Act of 1972, and award of additional funding under that section, possible; and this should occur in June of 1978.
2. No increase in state cash appropriations will be needed to match the incoming federal grants. The larger federal grants can be matched with local participation and state agency in-kind services.
3. Only four new positions in state government (3 in CRA, 1 in DPDP) should be needed to implement the bill. Almost all of the bill's provisions can be met with the existing personnel now in place in various state agencies as a result of the existing Alaska Coastal Management Program (ACMP). The new positions will be needed because of the substantial new role of local governments and the needs of the new council.

IV. DATE 3/23/77

PREPARED BY Murray R. Walsh

AGENCY DPDP, Governor's Office

Original: Legislative Finance

PHONE 465-4973

cc: Budget and Management

Prime Sponsor (First Legislator Named)

III. Analysis, Continued

B. Program Summary.

The purpose of a fiscal note is usually to show what increases in state staff or expenditures can be expected as a result of legislation. In this case, SB 220/HB 342 would become the centerpiece of an existing program which began in the summer of 1974. The program, which is called the Alaska Coastal Management Program (ACMP) just as in the bill, has changed in many respects since it began, but the overall goal of wise use and protection of the coastal resources has never changed nor has the programmatic goal of federal approval under section 306 of the Coastal Zone Management Act of 1972 changed.

Analysis by the ACMP staff in the Office of the Governor, the Dept. of Law, and the federal Office of Coastal Zone Management shows that the proposed bill should make it possible for ACMP to be federally approved with little difficulty if the bill is enthusiastically administered. This approval would permit larger federal CZM grants to be made to the state. So, while the face sheet of this note is filled out according to the instructions for fiscal notes, we provide a more thorough look at the ACMP budget on the following charts. Grant application and BRU data, as well as ACMP staff experience and expectation have been melded to form general budget charts for fiscal years 1977, 78, and 79. The figures are reliable insofar as general allocations and magnitude; but they are not exact since there are many unknowns. The figures for FY 77 are also rough since they are drawn from two separate grant applications and a possible supplemental application.

The first chart might be thought of as the "pre-bill situation." Since FY 77 will end just after passage of the bill, there will be little of the bill reflected in the FY 77 chart. This is not awkward, since many of the bill's provisions were anticipated. A major difference from FY 77 to FY 78 and beyond will be the amount of local government involvement, which was only voluntary and rather novel at the start of FY 77.

The second chart, for FY 78, is a projection of program development expenditures as the implementation of the bill begins. There is much to do: Local governments must be provided with enough funds to get their programs underway, and the Council will have quite a job in getting organized and establishing its guidelines and procedures. Additionally, the ACMP office will be pursuing approval of the program by the end of the fiscal year, and this will involve substantial time and money.

The third chart can be thought of as the first year of "regular" program administration. By this time the larger Sec. 306 grants will be available and local programs should be well underway. Also, some local governments may be done with developing their programs, and thus be eligible for administration grants with which to maintain their programs. This last topic

is not addressed in the proposed legislation, but making grants of CZM 306 funds for regular municipal and borough administration of local coastal programs is certainly permitted and encouraged in the national CZM program.

The first and second charts will be largely unchanged whether or not SB 220/HB 342 passes or not, except that the funds for local grants in the second (FY 78) chart might be less because the local demand would probably not be as high without the existence of a bill like SB 220/HB 342.

The third chart (FY 79) may not be valid at all if the bill does not pass because there is considerable uncertainty over whether ACMP could be federally approved without the help of SB 220/HB 342, or something similar.

Chart One-Fiscal Year 77.

Approximate ACMP Receipts:*

Federal:	\$1,200,000
State Cash Appropriation:	250,000
TOTAL	<u>\$1,450,000</u>

Approximate ACMP Expenditures:

ACMP Office Use...	
Public Participation	\$ 200,000
Program Elements	100,000
Grant and Contract Adm.	50,000
Grants to Local Gov'ts	350,000
Assistance to Local Gov't	225,000
State Agency Projects	525,000
TOTAL	<u>\$1,450,000</u>

Chart Two-Fiscal Year 78

Approximate ACMP Receipts:*

Federal:	\$1,200,000
State Appropriation:	250,000
TOTAL	<u>\$1,450,000</u>

Approximate ACMP Expenditures:

ACMP Office Use...	
Public Participation	\$ 225,000
Program Elements	75,000
Grant and Contract Adm.	50,000
Grants to Local Gov'ts	625,000
Assistance to Local Gov't	75,000
State Agency Projects	400,000
TOTAL	<u>\$1,450,000</u>

Chart Through Fiscal Year 79 (If approval under Sec. 306 of the Coastal Zone Management Act has been achieved, and the federal funding is thereby available.)

Approximate ACMP Receipts:*

Federal:	\$2,000,000
State Appropriation:	250,000
TOTAL	<u>\$2,250,000</u>

Approximate ACMP Expenditures:

ACMP Office Use:	
Public Participation:	\$200,000
Program Elements:	75,000
Grant and Contract Adm:	75,000
Program Development Grants	
to local government:	700,000
Program Administration	
Grants to local gov't:	600,000
Assistance to Local gov't:	100,000
State Agency Projects:	500,000
TOTAL	<u>\$2,250,000</u>

* The receipts shown here are those monies under ACMP Office control only. The federal grants do require state matching shares, of which the annual ACMP appropriation is a part. The rest of the match is made up from local and state agency in-kind contributions to the program. Grants to local governments usually require that the local government contribute some value to its own program in cash or in kind, and this contribution is used as part of the overall match for the federal funds. The match ratio now is 4 federal dollars for every 1 state dollar. The state ususally has no trouble finding enough matching share, and this is why we do not expect to ask for any larger annual appropriation than \$250,000 per year.

C. Personnel.

SB 220/HB 342 will cause a dramatic increase in local involvement in ACMP. Thus, we see the need of at least three mid-range planners in addition to the existing CRA staff to handle the increased demand for grants and services. All other aspects of SB 220/HB 342 have been forseen except the Alaska Coastal Policy Council, and the ACMP office will need a para-professional administrator to attend to the needs of the Council. All these people can easily be paid from the present program revenue.

D. Budgetary Terms Defined

The terms used in the three budget charts for the Program Summary in (B) above may not be familiar to everyone, so descriptions are provided below for better understanding of the Alaska Coastal Management Program activities and expenditures.

"ACMP Office Use" means the funds expended directly from the Alaska Coastal Management Program Office within the Division of Policy Development and Planning in the Office of the Governor. The other funds are spent by other state agencies or passed through to local governments. The ACMP Office applies for the entire amount and arranges contracts with the other state agencies. The next three terms are more specific activities undertaken by the ACMP staff.

"Public Participation" There are basically two objectives of public participation: The first and current effort is to learn as much as possible from the public about Alaskan coastal affairs, and in return to acquaint the public as much as possible with the nature of ACMP. The second objective, which will begin soon, is to enable thorough public review, understanding, and comment on the policies and other more specific details about the program, which have only now begun to solidify. Both objectives are pursued with a community workshop series, a monthly newsletter, a group of special interest representatives, an array of slide programs, brochures, films, etc, and by staff visits to communities and group meetings. There are presently two staff people working on public participation, with help from others. Much of the work is done by contractors. People from other state agencies assist as well.

"Program Elements" This refers to a series of tasks whose purpose is to lead to approval of ACMP under Section 306 of the federal Coastal Zone Management Act. Many of the duties that the Council would perform with passage of SB 220/HB 342 are complemented by ongoing program elements, which include assembling a unified policy base, defining land and water uses of state concern, listing and defining special areas in the coast which need extra attention in management, coordinating the array of state authorities, organizing the array of state procedures for better management, coordinating and consulting with federal agencies, and eventually producing a program document which unifies and describes all these elements. This work is done by two and a half staff people with some contracted assistance.

"Grant and Contract Administration" This is the task of applying for and managing the large sums of money that flow into the program. Grant applications require forecasting the often uncertain program needs over a year or more in the future, and balancing the many demands for the use of the funds. Then, a number of contracts with agencies and consultants must be consummated, coordinated, kept track of, reported on, and eventually audited. One and one-half staff people do this work. The grants are audited every year.

"Grants to Local Governments" The ACMP Office contracts with the Dept. of Community and Regional Affairs to provide funds for local planning efforts. Some of this activity is specifically related to planning for OCS development impacts on the communities, and the rest is for general coastal management planning. If the bill passes, this same mechanism would be used to support the local planning effort called for in the bill. A matching share is usually required of the local governments in return for grants, but this is only 20% of the value of the project and can be in-kind services as well as cash. When the ACMP is approved under section 306, we will be able to provide funds for administration of local programs as well as for the planning.

"Assistance to Local Governments" In addition to the direct grants, CRA assists local governments by providing individual and general staff and consultant assistance. Often, a local government will need help for a project, but the size of the project does not warrant hiring a local planner. The job may only take three months. In cases like this, CRA will provide professional staff assistance to the local government. In other cases, several local governments may be faced with the same kind of problem, and help can be provided to all with a CRA staff project or a consultant project. The product or report is then given to the local governments which need it. Whatever the situation, this form of assistance is basically just support to local planning by means other than direct grants. A final example is a project by two or local governments want to work together on a project, and CRA can relieve both of paperwork difficulties if a contractor is to be used.

"State Agency Projects" These are tasks undertaken by state agencies at the request of ACMP or at the agency's own initiative. In the former case, ACMP needed information on the biophysical relationship of the marine waters to the specific uplands of Alaska. The Dept. of Fish and Game was contracted for this work. The result will assure adequate program coverage of the important processes of nature. In other cases, an agency may look ahead to its duties related to ACMP and ask for funds to conduct a study or inventory. In all cases, the ACMP Office assures that the project will be of value to ACMP and in most cases, also of value to local governments.

"Program Development Grants to Local Government" and "Program Administration Grants to local government" are both terms that are subsumed under "Grants to Local Government."

STATE
of ALASKA

MEMORANDUM

TO: [Senator Poland
Senator Orsini
Representative Rudd
Jack Chenoweth
Ron Lind
Fran Ulmer

DATE : March 25, 1977

FROM:

Murray Walsh *MW*
Alaska Coastal Management Program
Division of Policy Development and Planning
Office of the GovernorSUBJECT: SB 220/HB 342: Fiscal Note

We have prepared a fiscal note for SB 220/HB 342. Since the bill will complement and augment an existing program, we have tried to present a basic understanding of the present and near future financial expectations of the Alaska Coastal Management Program, rather than just showing the expected increases that would result from passage and implementation of SB 220/HB 342.

We hope this information is useful and instructive to you, and please call on us for further explanation or clarification of the fiscal or any other aspects of the coastal program.

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SB 220 / HB 342

Title "An Act relating to the management of coastal resources of the state"

Requested by The Senate Rules Committee by request Date 3/7/77
of the joint Administration-Legislative
Committee on coastal management

II. FISCAL DETAIL

Agency Affected Office of the Governor (DPDP) and Dept. of Comm. & Reg. Affai

Program Category Affected Coastal Zone Management

Budget Request Unit(s) Affected 01-47-6-02-00-00

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
300 CONTRACTUAL	-0-	-0-	1,000.0	1,000.0	1,000.0	1,000.0
400 COMMODITIES	-0-	-0-	-0-	-0-	-0-	-0-
500 EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	1,000.0	1,000.0	1,000.0	1,000.0
OTHER (Specify)						

POSITIONS

FULL TIME	4	4	4	4	4	4
PART TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY						

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

A. Assumptions.

1. Passage of the bill will make federal approval under section 306 of the Coastal Zone Management Act of 1972, and award of additional funding under that section, possible; and this should occur in June of 1978.
2. No increase in state cash appropriations will be needed to match the incoming federal grants. The larger federal grants can be matched with local participation and state agency in-kind services.
3. Only four new positions in state government (3 in CRA, 1 in DPDP) should be needed to implement the bill. Almost all of the bill's provisions can be met with the existing personnel now in place in various state agencies as a result of the existing Alaska Coastal Management Program (ACMP). The new positions will be needed because of the substantial new role of local governments and the needs of the new council.

IV. DATE 3/21/77 PREPARED BY Murray R. Walsh

AGENCY DPDP, Governor's Office

Original: Legislative Finance PHONE 465-4973

cc: Budget and Management

Prime Sponsor (Must Legulator Name)

III. Analysis, Continued

B. Program Summary.

The purpose of a fiscal note is usually to show what increases in state staff or expenditures can be expected as a result of legislation. In this case, SB 220/HB 342 would become the centerpiece of an existing program which began in the summer of 1974. The program, which is called the Alaska Coastal Management Program (ACMP) just as in the bill, has changed in many respects since it began, but the overall goal of wise use and protection of the coastal resources has never changed nor has the programmatic goal of federal approval under section 306 of the Coastal Zone Management Act of 1972 changed.

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	<u>\$1, 50,000</u>

Chart Two-Fiscal Year 78

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Grant and Contract Adm.	50,000
Grants to Local Gov'ls	625,000
Assistance to Local Gov't	75,000
State Agency Projects	<u>400,000</u>
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Chart Three-Fiscal Year 79 (If approval under Sec. 306 of the Coastal Zone Management Act has been achieved, and the federal funding is thereby available.)

Approximate ACMP Receipts:*

Federal:	\$2,000,000
State Appropriation:	250,000
TOTAL	<u>\$2,250,000</u>

Approximate ACMP Expenditures:

ACMP Office Use:	
Public Participation:	\$200,000
Program Elements:	75,000
Grant and Contract Adm:	75,000
Program Development Grants	
to local government:	700,000
Program Administration	
Grants to local gov't:	600,000
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SB 220/HB 342 will cause a dramatic increase in local involvement in ACMP. Thus, we see the need of at least three mid-range planners in addition to the existing CRA staff to handle the increased demand for grants and services. All other aspects of SB 220/HB 342 have been foreseen except the Alaska Coastal Policy Council, and the ACMP office will need a para-professional administrator to attend to the needs of the Council. All these people can easily be paid from the present program revenue.

OCS CONFERENCE DISCUSSES 'The MANAGEMENT of CHANGE'

(Reprint from the ANF Management Report)

In meetings, over coffee and in group discussions, they said again and again how much it reminded them of "the old days during the land claims struggle": Then it was the land. And a land freeze kept the situation in abeyance until a final decision could be made. Now there is talk of a new freeze, a "sea freeze," to not allow any oil development until a final decision is made on who controls the subsistence resources of offshore areas.

With powers provided through ANCSA, Alaska's coastal residents have a chance at succeeding with this new cause. Managing the changes inherent in the planned development of Alaska's extensive Outer Continental Shelf petroleum reserves.

Representatives from 61 village corporations, 120 people in all, gathered at Anchorage's Ramada Inn, February 4-6, for a conference on OCS, sponsored by the Alaska Native Foundation with assistance from the Kellogg Project of the University of Alaska, the Department of Community and Regional Affairs, the Governor's Coastal Zone Management Office and the Bureau of Indian Affairs.

The conference, entitled the "Management of Change," focused on three major topics:

- 1) What changes can villages expect with OCS development?
- 2) What are the legal rights with regard to development which affects a community or region?
- 3) How can villages best use all resources to plan for and manage the change to the benefit for local residents?

Questionnaires filled out by conference participants before the meetings began indicated that people in about half the coastal communities were talking about OCS; while the other half felt a vague uneasiness about the subject, they didn't know enough to discuss it. Several villagers had been to other meetings on OCS, few representatives of either state or federal governments, oil companies or other organizations had visited communities to talk about the subject.

Much of the conference looked specifically at how communities already impacted by OCS have dealt with it. Most affected so far is Yakutat, and many sessions were



VILLAGERS EXCHANGE VIEWS, INFORMATION
Wilbur Pavilla from Bristol Bay, left, and Nelson Frank from Sitka exchanged ideas and information at the OCS Awareness Seminar in Anchorage, Feb. 4-6. Representatives of 61 coastal communities attended the meetings, listening to speakers, watching slide and film presentations and discussing issues. Many villagers said the most useful feature of the conference was meeting new people and exchanging information about culture, life styles and possible effects of OCS development.

chaired by representatives from that area, namely Byron Mallott, Sam Demmert, Attorney Dave Wolf, and Vern Wiggins and Bob Sharp, from Tryck, Nyman and Hayes, land planners for Yakutat. Also prominent were Kodiak and English Bay representatives, because these three communities together form specific role models for villages not yet hit by OCS: English Bay has chosen no development at all; Kodiak wants the economic benefits of development, and has formed a partnership with its villages and the borough, and like Yakutat, is trying for the two: to minimize the impact on its life style and culture, and gaining financially.

Kay Poland, State Senator from Kodiak, outlined important legislation which would emphasize the importance of local and subregional control over OCS development. (Cont. Page Four)



KEEPING BUSY
Roger Lang, above, former president of AFN and chairman of Alaska Native Human Resource Development, originated the idea of the conference. Over 120 people attended the large group meetings, left. Concentrating on writing down information, below, is Herman Rexford of Kaktovik.



LEGISLATURE LOOKS AT OFFSHORE BILLS

--The House has approved funding for the repurchase of oil and gas leases in Kachemak Bay, after the Hammond Administration negotiated the deal with Standard Oil of California. The leases were sold to Standard in 1973 by the former administration of Governor William Egan without public hearing. The Senate is expected to okay the \$24 million deal, too, but more opposition is expected there than in the House where the vote was 30-10. The \$24 million includes not only the \$12 million the oil companies paid for the leases but interest on the leases and oil industry expenses as well.

--The House is expected to approve without much controversy an administration-sponsored proposal to impose a maximum \$50-a-gallon penalty on those responsible for oil spills. Presently, there is a \$100,000 civil liability limit for oil spills. In the case of a disaster involving a 165,000-to-200,000-gallon tanker the measure could result in a fine of up to \$42 million. "That sure would build a lot of fish hatcheries," remarked Rep. Dick Eliason of Sitka. The bill would extend liability to those operators in a position to control the situation, e.g., operators of an offshore drilling platform would be liable for spills by tankers serving the rig.

Hopson Calls For 'Sea Freeze'

"The OCS program is the first of many in which the world will have to go to the land beneath the sea for the means to survive," Eben Hopson, Sr. forecast in his banquet speech during the ANF OCS Conference in Anchorage, February 6th.

Hopson, Mayor of the North Slope Borough and former candidate for Congress, stressed the importance of protecting "our environmental security," forwarding the idea of a "sea freeze," which would disallow any petroleum development offshore until the question of "aboriginal offshore jurisdiction" is settled.

While he admitted the idea of "offshore rights" is a new one, Hopson said the Inupiat (Eskimo for "the people") along the Arctic Coast--Alaska, Canada and Greenland--"have a good opportunity to advance our jurisdictional claims through the negotiation of an international Beaufort Sea coastal zone management agreement. We are organizing a strong Inupiat circumpolar community so that we can become a party to these negotiations... This is the way I see the doctrine of aboriginal offshore jurisdiction developing as a recognized and respected concept," Hopson continued.

"But until our rights to offshore jurisdiction are recognized in the courts and by our governments, we will have to work with the tools at hand," he said.

The major tool available to coastal communities is local government, according to the mayor. Through this method, the North Slope Borough, Yakutat, Kodiak and other towns have used their powers to determine how the development shall take place.

--A bill is presently before the House which would provide reimbursement to municipalities for expenses in preparing for OCS impact. The bill follows a complicated formula for establishing a system of permit fees, for which oil companies would have to apply if they want to build onshore facilities to support offshore drilling. The amount of the fee would vary with each location and type of facility the oil companies want to build.

--A bill which would give local regions control and input into coastal management decisions has been introduced in the Senate and is now before the Senate Resources Committee. The extensive legislation is sponsored by the Senate Rules Committee by request of the Joint Administration-Legislative Committee on Coastal Management. Basically, the bill would create a statewide Resources Commission, and local committees which would determine priorities and concerns for their particular areas. Right now, the regional divisions follow the REAA school district lines, but as Senator Kay Poland, Chairperson of the Resources Committee, says, "Those are only borders to start with. If there are better ways to divide the state, then we'll be glad to change." The bill would require that monies go directly to the local committees for preplanning and organizing planning groups. The bill may meet with a lot of resistance from some state agencies who wouldn't like to see their power disbursed to the local regions. If you would like a copy of the bill, or would like to comment on it, write Sen. Kay Poland, Alaska State Senate, Juneau, Alaska 99811.

Just as the new network of regional school districts emphasizes greater local control, so may OCS "contribute to the organization of local government," he said.

"Home rule" or local control, is essential to all coastal communities to work effectively with the state in determining policy for OCS development," Hopson continued.

"There is a great deal riding on our efforts to deal with the OCS program effectively," said Mayor Hopson. "The OCS program is a question of justice."

WELCOME

(Cont. from Page One)

companies; and what they want the future to hold for their towns.

The Alaska Native Foundation takes no editorial position other than that of the Public Need to Know. It needs to know what's going on with a complicated issue that may change whole cultures and life styles. The public needs to know, we believe, what to expect from OCS development, what the rights of citizens are and what other communities are doing with regard to OCS coastal zone issues. And legislation in this field will be taking positions, and defining directions for this development. And *Review* will try to cover all sides of a particular subject; we'll solicit input from the oil companies as well as environmental groups. But information, not opinion, is our goal. Call us, write us, discuss with us -- but most of all, READ US. (Then pass us along to your friends!)



LEGISLATORS LOOK AT OCS

Rep. Ai Osterbach, standing, and Sen. Kay Poland, left, addressed one dinner session of the seminar, focusing on current and pending legislation related to OCS. Michael DeMan, right, heads ANF's Village Management Assistance program.

SEC. ANDRUS SAYS ENVIRONMENT COMES FIRST

He's pro-environment by his own description, and views his primary responsibility as "the public lands."

The new Secretary of the Interior, Cecil Andrus testified before a House Subcommittee this week, and left most committee members gasping for breath at his sweeping new policies.

Andrus said he is committed to an energy program which will provide maximum environmental protection to coastal states and to promote greater competition within the oil industry.

Among his points were that there must be: 1) greater consultation between the government and coastal states and communities to be affected on offshore oil issues; 2) a balance between protection of the environment and the achievement of economic benefits of oil and gas production; and perhaps, most startling, 3) laws which will require companies that spill oil while drilling offshore should pay for clean-up costs and damages.

That last point caused Rep. Gerry Studds from Massachusetts to remark, "This is the first time in my experience on this committee that an interior secretary has given us a statement that could not have been written by the oil industry."

Other proposals made by the Secretary include creating legislation to:

- Modify or disapprove plans submitted by oil companies for offshore drilling.
- Cancel leases if it becomes clear that continued drilling would cause serious harm to the environment.
- Explore oil reserves before selling leases to companies.

While Andrus said he feels the Atlantic sale should be held, he has not yet made up his mind on the Lower Cook Inlet Sale.

Andrus also shook up the natural gas industry by issuing a warning that he will not renew five-year offshore leases unless the companies involved agree to begin gas production as fast as possible. He told a petroleum company March 3 to start pumping gas from newly-discovered reserves or else give up its federal offshore lease.

SB LZO

ALASKA



OCS

REVIEW

WELCOME

This newsletter on OCS and related activities will be coming to you on a semi-regular basis, from the Alaska Native Foundation offices in Anchorage. The information contained in *Alaska OCS Review* will come from a variety of sources. Official ones include state and federal government agencies, local municipalities and the oil industry; informal sources will be village corporations and councils, individuals, newsletters and other publications from various organizations and governments, and whatever else the editors hear or you send us.

As of now, no other publication in Alaska addresses solely the OCS issue as a whole. Several excellent and comprehensive newsletters cover parts of the question. We hope to have their input and cooperation in publishing *Alaska OCS Review*.

The potential impact of OCS petroleum development on Alaska as a whole and on coastal communities in particular is staggering. This is especially the case for many of Alaska's smaller villages, which have little or no planning expertise, sparse community infrastructure, and scanty information on

Coming: Next Issue

Later this month, *Alaska OCS Review* will feature a Do-It-Yourself plan for organizing a village, community, or several towns together, to plan for OCS and study the issue. We'll also take a look at the whole federal and state government structure which governs OCS activities. The Outer Continental Shelf Environmental Assessment Program has been researching the physical and biological scientific aspects of coastal development; we'll bring you up to date on that. Also, the BIA may have some money for villages to start planning activities for OCS -- a look at that subject. All this -- and more! In the next issue of *Alaska OCS Review*.



CULTURE DISCUSSED

Anthony Vaska from Upper Kalsag talked about the cultural impact of OCS at the recent conference. (See complete story Page Two.) Vaska, who teaches at Kusko-kwim Community College, is studying for his Ph.D. in anthropology.

the subject. *Alaska OCS Review* will endeavor to increase the knowledge level; more information will help lead to greater planning ability, and from there, communities can choose their own course of action: whether to encourage OCS development in their area; how to deal with the oil (Cont. Page Three)

ALASKA OUTER CONTINENTAL SHELF AREAS UNDER CONSIDERATION FOR LEASING



Local Organizations Study Oil, OCS-Related Issues

Several local organizations are presently tackling the OCS issue, planning and preparing for its impact. Some are concentrating on getting people talking about OCS and giving out information; others are more prodevelopment and are trying to attract OCS development to their areas. But all are aware that a lot of public education needs to take place before the oil companies pull into their harbors, in order for local interests to manage the changes inherent in OCS onshore impact.

If you know of, or are involved with, other such organizations, please drop us a note, telling us who's involved, where they can be reached and the types of activities being pursued.

If you're interested in getting information or assistance in setting up your own local OCS Awareness Group should contact one of the following, or ANF-OCS Information, 615 D Street, Anchorage, Alaska 99501.

Gerald Trigg
Nome Eskimo Community
Box 949
Nome, Alaska 99762

Charles Johnson
Kowerak
Box 505
Nome, Alaska 99762

OCS Committee — Chamber of Commerce
c/o Darrell Hargraves
Nome Public Schools
Nome, Alaska 99762

Gerald Trigg of the Nome Eskimo community, who also serves on the Chamber's OCS committee, says both groups are working on getting people aware that OCS is coming. Through the Eskimo community, Trigg says information emphasizes "both sides" of possible development, while the Chamber is focusing on making businesses and local landowners aware of potential methods of doing business with the oil industry. Jack Carpenter of the OCS committee said, "We're trying to make sure no local person gets ripped off — we may want development, but on our terms."

The Nome OCS committee last month sponsored a public meeting at which Keith Arnold of the Alaska Oil and Gas Association, and a representative of Gulf Oil spoke. About 125 persons attended the meeting. This month, Pat Dobey from the Department of Natural Resources will be in Nome, talking OCS to people.

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Box 267
Bethel, Alaska 99559

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Stu Denlow
OCS Activities
Kodiak Island Borough
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Kodiak's local OCS organization is perhaps the most all-inclusive, highly developed group going for areas not yet hit by

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Anchorage, Alaska 99502

Kotzebue Public Library
Box 10
Kotzebue, Alaska 99762

Alaska State Library
Rasmuson Library
University of Alaska
Fairbanks, Alaska 99701

Bethel School District Library
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CONFERENCE

(Cont. from Page Two)

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State Speakers, Commissioner Guy Martin, Sandy Sagalkin, Glenn Akins, Kevin Waring, and Jim Wiedeman, discussed various roles of their agencies, passing on a good deal of information. But the villagers, through their questions at the sessions and in their questionnaires after the conference, had a message for the state, too. Few thought available monies should go to the state for planning for OCS (it should go to the regions and villages, they thought), and by a four-to-one margin, villagers thought the state hasn't done enough to assist local areas with OCS information and planning.

Somewhat skeptical (a few downright unfriendly) participants kept oil industry representatives Jim Hart of ARCO, Joe Homer from Exxon, and Waco Shelley of Mobil, busy answering questions on all facets of their companies' activities, from the technical end of OCS development to overall policy decisions and philosophy.

Speaking more directly to the questions of cultural impact and subsistence life styles were Anthony Vaska from KCC in Bethel, Linda Ellanna from Anchorage Community College and Pat Wennkens from the Arctic Environmental Information and Data Center.

Two viewpoints on planning came during the banquet speeches: Eben Hopson, Sr., mayor of the North Slope Borough, urged closer planning and international legislation for peoples along the Arctic coasts, so they can control what happens off their shorelines. John Hope, from the Juneau BIA office, outlined funding available through the Indian Self-Determination Act to villages for OCS planning.

During the three days, special "closed" sessions allowed only those people from affected areas to sit down together and discuss in depth specific information and ask questions about planning for their individual villages or areas. Nearly all participants found this to be an extremely effective method of dealing with the complicated and often-emotional OCS issue.

The questionnaires at the meetings' end showed villagers felt their communities were not ready to make any decisions on OCS, yet, needing more information before deciding on any course of action. And they want to know more about OCS: It was unanimous that follow-up activities are needed, such as meetings and workshops in the villages and/or regions; additional funding for local areas to plan together and then develop the resources to carry out those plans. The goal is to manage — successfully — the changes that OCS development means for the life styles and futures of coastal village residents.

SPB 220

ALASKA

OCS

REVIEW



WELCOME

This newsletter on OCS and related activities will be coming to you on a semi-regular basis, from the Alaska Native Foundation offices in Anchorage. The information contained in *Alaska OCS Review* will come from a variety of sources. Official ones include state and federal government agencies, local municipalities and the oil industry; informal sources will be village corporations and councils, individuals, newsletters and other publications from various organizations and governments, and whatever else the editors hear or you send us.

As of now, no other publication in Alaska addresses solely the OCS issue as a whole. Several excellent and comprehensive newsletters cover parts of the question. We

Coming: Next Issue

Later this month, *Alaska OCS Review* will feature a Do-It-Yourself plan for organizing a village, community, or several towns together, to plan for OCS and study the issue. We'll also take a look at the whole federal and state government structure which governs OCS activities. The Outer Continental Shelf Environmental Assessment Program has been researching the physical and biological scientific aspects of coastal development; we'll bring you up to date on that. Also, the BIA may have some money for villages to start planning activities for OCS -- a look at that subject. All this -- and more! In the next issue of *Alaska OCS Review*.



hope to have their input and cooperation in publishing *Alaska OCS Review*.

The potential impact of OCS petroleum development on Alaska as a whole and on coastal communities in particular is staggering. This is especially the case for many of Alaska's smaller villages, which have little or no planning expertise, sparse community infrastructure, and scanty information on

the subject. *Alaska OCS Review* will endeavor to increase the knowledge level; more information will help lead to greater planning ability, and from there, communities can choose their own course of action: whether to encourage OCS development in their area; how to deal with the oil (Cont. Page Three)

CULTURE DISCUSSED

Anthony Vaska from Upper Kalskag talked about the cultural impact of OCS at the recent conference. (See complete story Page Two.) Vaska, who teaches at Kusko-kwim Community College, is studying for his Ph.D. in anthropology.

ALASKA OUTER CONTINENTAL SHELF AREAS UNDER CONSIDERATION FOR LEASING



LEGISLATURE LOOKS AT OFFSHORE BILLS

--The House has approved funding for the repurchase of oil and gas leases in Kachemak Bay, after the Hammond Administration negotiated the deal with Standard Oil of California. The leases were sold to Standard in 1973 by the former administration of Governor William Egan without public hearing. The Senate is expected to okay the \$24 million deal, too, but more opposition is expected there than in the House where the vote was 30-10. The \$24 million includes not only the \$12 million the oil companies paid for the leases but interest on the leases and oil industry expenses as well.

--The House is expected to approve without much controversy an administration-sponsored proposal to impose a maximum \$50-a-gallon penalty on those responsible for oil spills. Presently, there is a \$100,000 civil liability limit for oil spills. In the case of a disaster involving a 165,000-ton supertanker the measure could result in a fine of up to \$42 million. "That sure would build a lot of fish hatcheries," remarked Rep. Dick Eliason of Sitka. The bill would extend liability to those operators in a position to control the situation, e.g., operators of an offshore drilling platform would be liable for spills by tankers serving the rig.

--A bill is presently before the House which would provide reimbursement to municipalities for expenses in preparing for OCS impact. The bill follows a complicated formula for establishing a system of permit fees, for which oil companies would have to apply if they want to build onshore facilities to support offshore drilling. The amount of the fee would vary with each location and type of facility the oil companies want to build.

--A bill which would give local regions control and input into coastal management decisions has been introduced in the Senate and is now before the Senate Resources Committee. The extensive legislation is sponsored by the Senate Rules Committee by request of the Joint Administration-Legislative Committee on Coastal Management. Basically, the bill would create a statewide Resources Commission, and local committees which would determine priorities and concerns for their particular areas. Right now, the regional divisions follow the REAA school district lines, but as Senator Kay Poland, Chairperson of the Resources Committee, says, "Those are only borders to start with. If there are better ways to divide the state, then we'll be glad to change." The bill would require that monies go directly to the local committees for preplanning and organizing planning groups. The bill may meet with a lot of



LEGISLATORS LOOK AT OCS
Rep. Al Osterbach, standing, and Sen. Kay Poland, left, addressed one dinner session of the seminar, focusing on current and pending legislation related to OCS. Michael DeMan, right, heads ANF's Village Management Assistance program.

SEC. ANDRUS SAYS ENVIRONMENT COMES FIRST

He's pro-environment by his own description, and views his primary responsibility as "the public lands."

The new Secretary of the Interior, Cecil Andrus testified before a House Subcommittee this week, and left most

Hopson Calls For 'Sea Freeze'

"The OCS program is the first of many in which the world will have to go to the land beneath the sea for the means to survive," Eben Hopson, Sr. forecast in his banquet speech during the ANF OCS Conference in Anchorage, February 6th.

Hopson, Mayor of the North Slope Borough and former candidate for Congress, stressed the importance of protecting "our environmental security," forwarding the idea of a "sea freeze," which would disallow any petroleum development offshore until the question of "aboriginal offshore jurisdiction" is settled.

While he admitted the idea of "offshore rights" is a new one, Hopson said the Inupiat (Eskimo for "the people") along the Arctic Coast--Alaska, Canada and Greenland--"have a good opportunity to advance our jurisdictional claims through the negotiation of an international Beaufort Sea coastal zone management agreement. We are organizing a strong Inupiat circumpolar community so that we can become a party to these negotiations... This is the way I see the doctrine of aboriginal offshore jurisdiction developing as a recognized and respected concept," Hopson continued.

"But until our rights to offshore jurisdiction are recognized in the courts and by our governments, we will have to work with the tools at hand," he said.

The major tool available to coastal communities is local government, according to the mayor. Through this method, the North Slope Borough, Yakutat, Kodiak and other towns have used their powers to determine how the development shall take place.

resistance from some state agencies who wouldn't like to see their power disbursed to the local regions. If you would like a copy of the bill, or would like to comment on it, write Sen. Kay Poland, Alaska State Senate, Juneau, Alaska 99811.

Just as the new network of regional school districts emphasizes greater local control, so may OCS "contribute to the organization of local government," he said.

"Home rule" or local control, is essential to all coastal communities to work effectively with the state in determining policy for OCS development," Hopson continued.

"There is a great deal riding on our efforts to deal with the OCS program effectively," said Mayor Hopson. "The OCS program is a question of justice."

WELCOME

(Cont. from Page One)

companies; and what they want the future to hold for their towns.

The Alaska Native Foundation takes no editorial position other than that of the Public Need to Know. It needs to know what's going on with a complicated issue that may change whole cultures and life styles. The public needs to know, we believe, what to expect from OCS development, what the rights of citizens are and what other communities are doing with regard to OCS coastal zone issues. And legislation in this field will be taking positions, and defining directions for this development. And *Review* will try to cover all sides of a particular subject; we'll solicit input from the oil companies as well as environmental groups. But information, not opinion, is our goal. Call us, write us, discuss with us - but most of all, READ US. (Then pass us along to your friends!)

committee members gasping for breath at his sweeping new policies.

Andrus said he is committed to an energy program which will provide maximum environmental protection to coastal states and to promote greater competition within the oil industry.

Among his points were that there must be: 1) greater consultation between the government and coastal states and communities to be affected on offshore oil issues; 2) a balance between protection of the environment and the achievement of economic benefits of oil and gas production; and perhaps, most startling, 3) laws which will require companies that spill oil while drilling offshore should pay for clean-up costs and damages.

That last point caused Rep. Gerry Studds from Massachusetts to remark, "This is the first time in my experience on this committee that an interior secretary has given us a statement that could not have been written by the oil industry."

Other proposals made by the Secretary include creating legislation to:

- Modify or disapprove plans submitted by oil companies for offshore drilling.
- Cancel leases if it becomes clear that continued drilling would cause serious harm to the environment.
- Explore oil reserves before selling leases to companies.

While Andrus said he feels the Atlantic sale should be held, he has not yet made up his mind on the Lower Cook Inlet Sale.

Andrus also shook up the natural gas industry by issuing a warning that he will not renew five-year offshore leases unless the companies involved agree to begin gas production as fast as possible. He told a petroleum company March 3 to start pumping gas from newly-discovered reserves or else give up its federal offshore lease.

OCS CONFERENCE DISCUSSES 'The MANAGEMENT of CHANGE'

(Reprint from the ANF Management Report)

In meetings, over coffee and in group discussions, they said again and again how much it reminded them of "the old days during the land claims struggle": Then it was the land. And a land freeze kept the situation in abeyance until a final decision could be made. Now there is talk of a new freeze, a "sea freeze," to not allow any oil development until a final decision is made on who controls the subsistence resources of offshore areas.

With powers provided through ANCSA, Alaska's coastal residents have a chance at succeeding with this new cause. Managing the changes inherent in the planned development of Alaska's extensive Outer Continental Shelf petroleum reserves.

Representatives from 61 village corporations, 120 people in all, gathered at Anchorage's Ramada Inn, February 4-6, for a conference on OCS, sponsored by the Alaska Native Foundation with assistance from the Kellogg Project of the University of Alaska, the Department of Community and Regional Affairs, the Governor's Coastal Zone Management Office and the Bureau of Indian Affairs.

The conference, entitled the "Management of Change," focused on three major topics:

- 1) What changes can villages expect with OCS development?
- 2) What are the legal rights with regard to development which affects a



VILLAGERS EXCHANGE VIEWS, INFORMATION

Wilbur Pavilla from Bristol Bay, left, and Nelson Frank from Sitka exchanged ideas and information at the OCS Awareness Seminar in Anchorage, Feb. 4-6. Representatives of 61 coastal communities attended the meetings, listening to speakers, watching slide and film presentations and discussing issues. Many villagers said the most useful feature of the conference was meeting new people and exchanging information about culture, life styles and possible effects of OCS development.

community or region?

- 3) How can villages best use all resources to plan for and manage the change to the benefit for local residents?

Questionnaires filled out by conference participants before the meetings began indicated that people in about half the coastal communities were talking about OCS; while the other half felt a vague uneasiness about the subject, they didn't know enough to discuss it. Several villagers had been to other meetings on OCS, few representatives of either state or federal governments, oil companies or other organizations had visited communities to talk about the subject.

Much of the conference looked specifically at how communities already impacted by OCS have dealt with it. Most affected so far is Yakutat, and many sessions were

chaired by representatives from that area, namely Byron Mallott, Sam Demmert, Attorney Dave Wolf, and Vern Wiggins and Bob Sharp, from Tryck, Nyman and Hayes, land planners for Yakutat. Also prominent were Kodiak and English Bay representatives, because these three communities together form specific role models for villages not yet hit by OCS: English Bay has chosen no development at all; Kodiak wants the economic benefits of development, and has formed a partnership with its villages and the borough, and like Yakutat, is trying for the two: to minimize the impact on its life style and culture, and gaining financially.

Kay Poland, State Senator from Kodiak, outlined important legislation which would emphasize the importance of local and subregional control over OCS development. *(Cont. Page Four)*



KEEPING BUSY

Roger Lang, above, former president of AFN and chairman of Alaska Native Human Resource Development, originated the idea of the conference. Over 120 people attended the large group meetings, left. Concentrating on writing down information, below, is Herman Rexford of Kaktovik.



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OCS Legislation Emerges From Senate Committee

By CHUCK KLEESCHULTE
Empire Staff Reporter

After nearly a year of review, a Senate lawmaker has unveiled legislation which would direct planning for use of the state's coastal areas.

The bill, submitted last week by Sen. Kay Poland, D-Kodiak, chairman of a special joint administrative-legislative coastal zone management committee, will require local communities and regions to develop land-use plans to help prevent improper development and lessen the impact of OCS development on existing communities.

The 25-page bill, which would establish the Alaska Coastal Policy Council, is aimed at drawing together all the plans submitted by the local areas into a unified blueprint for development. It is markedly different than the coastal zone bill prepared by Gov. Jay Ham-

mond in 1975. The Hammond proposal died in Senate committee precipitating the appointment of the joint review committee last year—a committee co-chaired by outgoing Commissioner of National Resources Guy Martin.

"In this bill the planning function is left at the level of the local community. If it proves totally inadequate or bars development vital to the state's interests, then its plan can be changed. But basically the bill gives the local people the main voice in determining their destinies," Poland said earlier this week.

The bill divides the state into eight coastal regional zones. Juneau is in the northern Southeast zone with Sitka. All eight of the regions will be represented on the main council by a representative appointed by the governor. The representative must be a borough or city assembly official.

The eight public members will then be joined by seven governmental members, mostly heads of state agencies.

The council, a necessary ingredient for the state to continue to receive federal coastal zone planning funds, will be responsible for setting up district councils which will formulate initial policy plans in conjunction with coastal communities. The local district groups must be established and have identified major problems facing their areas within six months after the act goes into effect.

The districts then have 30 months to hold hearings and complete plans outlining what type of development should be allowed in given areas, what areas should be closed to development and the time schedules for development. The districts can also make recommendations for other uses of the land.

After the district plans are drafted, the

statewide council will review them and if they are found undesirable, differences in the plans will be mediated between the two councils. If agreement can't be reached, the state council, meeting as a court, can then select the plans it wishes to impose on the local communities.

The final plan is then sent to the state legislature which would have to approve the entire package before it goes into effect.

Once the plan is approved by the legislature, state agencies are barred from refusing permits and development permission for projects unless they are barred from development in a given area by the plan. Under the initial administration proposal, the state's council would have had the power to deny or grant construction permits regardless of the wishes of local communities.

"Under the old bill all that would have happened is that an onerous layer of government

would have been added. The state would have centralized the power and local communities would have been in trouble," Poland, chairman of Senate Resources Committee, said.

The bill does give the state council the power to override local community wishes when statewide interests are involved and gives the council the power to head to state Superior Courts to gain judicial enforcement for its edicts.

Poland, however, stressed that the bill calls basically for land-use planning as the main goal.

Committee hearings on the bill are slated for March 30. The bill then needs to move through the Senate Community and Regional Affairs and the Finance Committee before hitting the Senate floor and then the House. The lengthy committee referrals on the bill makes

it improbable it will gain approval this session. Poland, however, would like to see the bill approved this year to implement the process prior to proposed oil lease sales, the first of which are now slated for the Beaufort Sea in late 1978.

House leaders agree that the bill is needed this session, but express pessimism that the bill will be approved before late spring adjournment. "We certainly need this type of planning, but we needed it five years ago. One more year might not be critical," said Rep. Mike Miller, D-Juneau, House majority leader.

Poland said that if the bill isn't passed this year, she would hope the state administration would begin to implement some of the ideas in the bill on its own. "A lot of the practices can be put into effect without the bill having to become law," Poland said.

SEA Empire 3/16/77



Rational Approach To Land Decisions

By Joe Josephson

IT'S NOT HARD to understand why Sen. Mike Gravel parted company with Gov. Hammond, Sen. Ted Stevens and Rep. Don Young over an Alaska position on the D2 land issue in Congress.

Gravel charged the other day that the "consensus" reached by his Republican peers was not "realistic" — code language meaning that their proposals wouldn't derail the legislative engines that are pulling D2 measures forward in Congress.

As the lone Democrat in the congressional delegation, serving in a heavily Democratic Congress under a Democratic president, Sen. Gravel has to assert a position that he feels is realistic and has a credible chance of winning on the House and Senate floor.

After all, if Alaska's Republican leaders assume a position that Congress will never buy, it's the Democratic party that will be portrayed as having rejected an Alaska-made consensus. That's one reason why Mr. Gravel would have preferred a consensus that reflects the old saw that "politics is the art of the possible."

REP. DON YOUNG, on the other hand, has said that the congressional mood is shifting and that the legislation which he, Sen. Stevens and Gov. Hammond are developing might hold the right ideas at the right instant. Of course time will tell, and there's no reason to question the good faith of any of our statewide office holders. But at least it's possible that the Republican leaders understand that if they "propose," a Democratic Congress will "dispose." If their consensus proposition fails, the

sored by a joint administration and legislative committee on coastal management, and it's far better than its 1975 and 1976 predecessors.

THE NEW BILL has well stated and balanced objectives. It includes a strong effort to involve local governments in decisions about the coastal areas. At present, regulation of activities in the coastal area is a potpourri of work of a variety of agencies. The result is not good for conservation and not good for development. At times, one state agency isn't aware of what another is doing in the same place.

In at least one instance, a state agency complained to the Corps of Engineers about a dock permit application, on the grounds that piecemeal development shouldn't be allowed in the coastal zone without an environmental impact statement, while another state agency had issued mineral prospecting permits for the submerged lands at the same place.

But if the coastal zone program reflects the benefit of lengthy study and public comment the governor's forestry practices act should be sent back to the drawing board. It would give the commissioner of Natural Resources major responsibilities and a lot of unbridled discretion to determine what can happen in privately-owned forests. For example, the commissioner could bar timber harvesting on private lands, in an area he believes to have potential value for recreation and tourism if kept in a natural state, if he finds that harvesting would impair the "scenic and aesthetic" quality of the private lands.

there's no reason to question the good faith of any of our statewide office holders. But at least it's possible that the Republican leaders understand that if they "propose," a Democratic Congress will "dispose." If their consensus proposition fails, the responsibility, they may say, will not be theirs.

My view on the legislative substance — somewhat safer ground for opinion than is the political motivation of others — has always been that the degree and character of federal controls over state and private lands is the "cutting edge" of the D2 proposals. Pending bills would permit and direct federal officials supervising the proposed expanded parks and refuges to exert a large say-so over state and native land use.

All over the country, of course, government controls over private lands use are becoming stronger. In some cases, it's the private interests themselves that welcome government controls, for effective government regulations of one's neighbor can help protect private property values and landowner objectives. Properly administered, local zoning ordinances are a very traditional case in point.

BUT IN OTHER cases, government regulations can frustrate initiative and complicate unduly the life of the private entrepreneur. In the Alaska context, where officials in Washington can make critical decisions about far-away lands, and even do it anonymously, there's plenty of room for honest concern about federal administrative rules and standards.

But it's not just Uncle Sam that's asking for or taking more and more regulatory power over what happens on the lands of others. The State of Alaska has some proposals, too.

A good drafting job is reflected by SB 220, the new 1977 model coastal management bill. It's spon-

he believes to have potential value for recreation and tourism if kept a natural state, if he finds that harvesting would impair the "scenic and aesthetic" quality of the private lands.

NO MATTER whether the private landowner wants to encourage recreation of tourism, and no matter that the timber harvest would occur under sustained yield management principles. The aesthetic judgment of the commissioner — and beauty in the eyes of the beholder — would prevail over the landowner's own wishes.

In the forestry practices bill critical terms, like the "scenic and aesthetic" phrase I've mentioned aren't even defined.

No wonder then that private landowners look askance at the forestry practices bill. They ask for evidence that state government has more expertise, more interest, more incentive and more time and manpower than they do themselves to develop and maintain sound forest planning.

We live in an age in which government's role in land use and land planning decisions will grow. For most of us, that's sometimes a hard pill to swallow, imbued as we are with the individualistic, frontier psychology of Alaska and the West.

But some of us who complain the most are also the first to call on government for help to protect our land values, to curtail erosion, to furnish public services or to irrigate our lands or maintain air quality.

THE CRITICAL questions of the moment aren't really this D2 proposal or that, or this or that bill in Jeanneau. The critical questions of the moment arise from the need to define the respective jurisdictions of government, on the one hand, and the people, on the other. If we can come up with wise answers to those questions, the legislative issues will fall into place.

In this age, a time of increasing resource scarcity, population growth in Alaska and national concern about a wilderness and park and wildlife heritage for the future, government monitoring and control over land use is sure to increase.

Our goal ought to be that government activity be rational, understandable, predictable, appealable, balanced, competent and responsive.

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF LOCAL GOVERNMENT ASSISTANCE

JAY S. HAMMOND, GOVERNOR

POUCH B - JUNEAU 89011

April 20, 1977

Dear Coastal Mayors and Managers:

This is to bring you up-to-date on the recent Coastal Energy Impact Program (CEIP) workshops held in Juneau and Anchorage on April 11, 12 and 13. For those who attended the workshops, we trust this summary accurately reflects the proceedings. For those who were unable to attend, we hope it helps keep you informed and encourages your continued participation in CEIP.

As you may recall from our previous letters, this series of CEIP workshops were conducted at the request of the Federal Office of Coastal Zone Management, which is the agency responsible for administering CEIP within the U.S. Department of Commerce and is part of the National Oceanographic and Atmospheric Administration (NOAA). A five person delegation represented OCZM, lead by Joellyn Murphy, Acting Director of National Programs. Ms. Murphy has visited with us before, and as always, led thorough and informative workshop sessions.

The Monday workshop in Juneau was mainly attended by State officials, although some local representation was present. On Tuesday in Anchorage, local representation was emphasized. At both, the same basic four topics were discussed, as follows:

1. Inter-state (federal to state) allotment of CEIP assistance;
2. Application forms and procedures for participation in CEIP;
3. Intra-state (within state) allocation of CEIP assistance to State agencies and local governments; and
4. Consistency requirements of section 307 of the Coastal Zone Management Act as amended in 1976.

The Wednesday workshop was narrowly reserved for a state-local discussion of the intra-state allocation of CEIP assistance. As you may recall, the development of a process for distributing CEIP assistance among State agencies and eligible units of local government is an absolute pre-requisite to participation in CEIP. Therefore, before any local government can receive assistance, the "intrastate allocation process" must be in place. This requirement is contained in 308 (g) (2) of the Coastal Zone Management Act amended in 1976 and has become known as the "g-2" process, for ease of reference.

The obvious importance of developing a satisfactory "g-2" process mandates immediate action. In preparation for Wednesday's workshop, we contracted with Scott Goldsmith of ISER who prepared a discussion paper on a possible "g-2" process. This paper was distributed at the Wednesday workshop and acted as the springboard for a lively dialogue. We still have a few copies of the paper and would be pleased to send one to any interested persons unable to attend the workshop. If you would like a copy, please give a call or write.

The "g-2" process discussion pointed up several things, not the least of which is the difficulty in designing a system for equitably and efficiently allocating CEIP assistance. At the workshop, however, we made good progress. General goals were agreed upon, including effective local participation, minimization of Administrative burden and costs. It was decided that the planning assistance would be distributed directly to local governments authorized to perform planning functions, with the State acting as the planning agency for the unorganized borough as provided by law. Credit assistance and Environmental and Recreational grants would be available to all potentially impacted local governments.

Toward the close of the Wednesday workshop, it was decided that a committee composed of the following members would meet in early June to draft a proposed final "g-2" process:

Local:

Johnny Johnston
Stuart Denslow
Tom Nelson

City Manager-City of Seward
Borough Planner/Manager-Kodiak Island Borough
OCS/CZM Planner-Municipality of Anchorage

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State

Palmer McCarter
Kevin Waring
Glen Akins

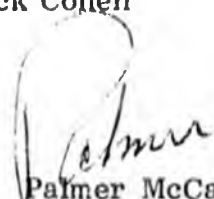
Director-Local Government Assistance
Director-Community Planning
Coordinator-Office of Coastal Zone

Your comments and suggestions are encouraged. We will be notifying you as to further developments. In the meantime, if you would like to prepare written comments to be reviewed by the "g-2" committee at its June meeting, you may contact any committee member or send them directly to us.

After the "g-2" committee has prepared the final proposed "g-2" guidelines, they will be distributed to all local governments and state agencies with a 45 day "review and comment" period before becoming effective.

We look forward to hearing from you.

Sincerely,
Chuck Cohen


By: Palmer McCarter
Director

P.S. The Division of Local Government Assistance is currently recruiting for a CEIP Coordinator whose primary responsibility will be to assist local governments in preparing applications for loan and grant assistance. If you know of anyone who you feel to be qualified and interested, please let me know. Thanks. *PJM*

PJMcC: sg

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF COMMUNITY PLANNING

POUCH B - JUNEAU 99811

April 18, 1977

Ms. Joellyn Murphy
Director, Office of Federal Programs
Office of Coastal Zone Management
U.S. Department of Commerce
3300 Whitehaven Street, N.W.
Washington, D.C.

Dear Joellyn:

Following our recent meetings in Juneau, I note that you and your colleagues offered to calculate the Credit Allotment that the State of Alaska would receive under the alternative formula we suggested to you. This would enable us to compare it with the allotment from your original model.

You also asked my staff to set out in detail their comments on your proposals to allocate planning grants. These are laid out below.

On page 5 of the document, the Federal Coastal Zone Office shows a formula which outlines the planning need factor for each facility. It shows that the planning grant money allocated to any state will depend on the population increase resulting from the construction of each project, modified by three factors. These are environment, safety and population density. I have no quarrel with the first of these two, but the use of population density as a factor in this equation could be very unfair. What this formula proposes is that states with high population densities around new energy facilities will receive large grants while those states with relatively small populations in the coastal zone will receive only 1/3 as much. As all coastal areas of Alaska are sparsely populated, this means that the grants received will be very low. I would suggest that the planning difficulties involved are in fact much greater when population is small than when it is large. I would, therefore, propose that this factor should be inverted and that instead of giving the value of three to high density areas and one, to low density areas, the process should be reversed and a value of three given to areas with a small number of people such as Alaska, and one, to built-up areas. The rationale for this is as follows:

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- A. Alaska and all its coastal communities are very sensitive, much more so than say Texas, Louisiana or California. The need for planning is therefore that much greater.
- B. Given the very small population in most Alaskan coastal communities, any change of a given size will have much greater impact than it would in a populous state such as California. For example, our calculations for the Kodiak shelf OCS Sale No. 46 show that population increase expected should be around 7,000 people. This would be perfectly easily to absorb in an area like southern California with many millions of people, but in an area like Kodiak which has only 9,000, the impact will be enormous. The doubling of population would mean virtually all public services would have to be completely replanned. In contrast, in California some spare capacity exists in public facilities and there would be no problem in absorbing population change of this magnitude.
- C. Not only does Alaska consist of small communities very sensitive to impact, there are also additional problems which do not occur anywhere else in America. The most obvious is the problems of coping with extreme cold when building. In areas such as Nome, Kotzebue and Barrow, buildings have to be raised off the ground on pilings in order to prevent them sinking into the permafrost. This obviously means that the planning effort for any given increase in population has to be much greater in arctic Alaska than it does in areas such as Louisiana and Texas.

The State of Alaska feels very strongly that planning need is proportionately greater in small communities than large ones, and the population density factor in the formula should reflect this. However, we realise that other states may dissent from this view and we would accept as a compromise, the complete removal of this factor from the calculations.

As we indicated at the meeting, we are very concerned at the use of employment estimates from the Environmental Impact Statements. BLM itself discounts the validity of the EIS estimates for planning purposes. The EIS estimates have proven conservative compared to actual events in the Gulf of Alaska and BLM's estimates are invariably substantially below our own calculations. In the tables below, we show the estimate prepared by Bureau of Land Management of the number of direct jobs created by OCS Sale #39 in the Northern Gulf of Alaska. On the following pages, we show the estimates prepared by my staff. It is clear that employment impact is directly related to the success of exploration. As this factor is unknown at the moment, Community and Regional Affairs have adopted a multiple scenario approach and analysed five (5) different levels of development. These are as follows:

B.L.M. Estimates - Northern Gulf of ALASKA

Total Direct Employment--All Activities: The total direct employment to result from oil and gas activities resulting from this sale is tabulated below.

TABLE 67

Total Direct Employment--All Activities

<u>Year</u>	<u>Exploration</u>	<u>Development</u>	<u>Construction</u>	<u>LGN Facility Operation</u>	<u>Total</u>
1975					296
1976	296				888
1977	888				1,284
1978	1,184		100		1,284
1979	1,184		100		1,626
1980	888	438	300		1,686
1981	444	642	600		1,594
1982	148	846	600		2,150
1983		1,050	1,100		2,370
1984		1,220	1,100	50	1,856
1985		1,356	450	50	1,438
1986		1,288	100	50	1,302
1987		1,152	100	50	

Note: Employment continues at 1987 level during the life of the production.

Source: Alaska OCS Office. Anchorage, Alaska.

Table 3.13 Total OCS Employment (Northern Gulf)

D.C.R.A *Estimates*

Year	Case 1			Case 2a			Case 2b			Case 3			Case 4		
	on shore	off shore	tot.	on shore	off shore	tot.	on shore	off shore	tot.	on shore	off shore	tot.	on shore	off shore	tot.
1976	55	139	194	55	139	194	55	139	194	55	139	194	55	139	194
1977	135	417	552	190	556	746	190	556	746	230	695	925	355	695	1050
1978	190	556	746	365	1112	1477	365	1112	1477	465	1112	1577	655	1136	1791
1979	95	278	373	270	834	1104	270	834	1104	800	1529	2329	1010	2014	3024
1980	55	139	194	545	834	1379	270	834	1104	1045	1875	2920	1995	2011	4006
1981	0	0	0	1170	902	2072	190	556	746	1695	2079	3774	3205	2079	5284
1982				1755	1005	2760	210	523	733	2885	1945	4830	2930	2637	5567
1983				955	1202	2157	310	720	1030	1970	2170	4140	4150	3518	7668
1984				645	994	1639	445	994	1439	2690	3152	5842	4735	4392	9127
1985				765	1268	2033	565	1268	1833	3955	2908	6863	6340	4238	10,578
1986				745	1158	1903	545	1158	1703	2270	2390	4660	3550	3412	6926
1987				710	1096	1806	510	1096	1606	1520	2192	3712	2430	3288	5718
1988				670	974	1644	470	974	1444	1440	1948	3388	2350	3056	5406
1989				630	852	1482	430	852	1282	1305	1582	2887	2160	2556	4716
1990				575	730	1305	375	730	1105	1210	1326	2536	1985	2044	4029

- Case 1 - U.S.G.S. low estimate 0.1 billion barrels of oil found
- Case 2a - Moderate success 1.5 billion barrels of oil found. Developed with marine terminal and pipeline
- Case 2b - Moderate success 1.5 billion barrels of oil found. Fields developed with S.B.M.s.
- Case 3 - U.S.G.S. high estimate 2.8 billion barrels of oil found. 6 trillion ft. of gas. This is the reserve estimated used in the EIS.
- Case 4 - Bonanza 5 billion barrels of oil found. 9 trillion ft. of gas

You will note that even case 2a, which involves discovery of oil reserves approximately half of those used in the BLM study, and has no gas development, still produces a higher employment figure than the impact statement. You may or may not be aware that U.S.G.S.'s estimates of offshore resource potential are widely regarded as very conservative by the oil industry. Indeed, one senior company geologist indicated to us that reserves in the Northern Gulf could conceivably turn out to be as high as 10 billion barrels, which is a far cry from U.S.G.S.'s maximum of 2.8 billion. Accordingly, we thought it wise to calculate the employment impact for a bonanza scenario with 5 billion barrels of oil discovered and 9 trillion cubic feet of gas. This produces a maximum employment level of 10,600 - 4 1/2 times the BLM peak.

Concern was also expressed at the meeting, that the cost of planning factor in Alaska was regarded as similar to that in California. We have obtained salary scales from the State of California and these are compared with Alaska in the section below. Table 1 shows the job descriptions for both states and the minimum qualifications required in each case. As you can see, the three grades studied appear to be identical. In Table 2, the salary scales are compared and a differential worked out.

Table 1

<u>Minimum Qualifications</u>	<u>California</u>	<u>Alaska</u>
Bachelors Degree and four (4) years experience	Senior Staff Intergovernmental Program Analyst	Planning Supervisor
Bachelors Degree and three (3) years experience	Staff Intergovernmental Program Analyst	Senior Planner
Bachelors Degree and two (2) years experience	Associate Intergovernmental Program Analyst	Associate Planner

Job Titles from Office of Planning
and Research State of California

Table 2

<u>Grade</u>	<u>California Salary</u> ¹	<u>Alaska Salary</u> ²	⁴	<u>Ratio</u>	<u>Alaska</u> ³ <u>California</u>
1	\$1705	\$2474			145.1
2	\$1555	\$2136			137.6
3	\$1453	\$1842			126.8

Average ratio of California salary to Alaska salary, when California = 100 is 136.5.

Alaska planning salaries are 36.5% higher on average than California.

Notes:

- 1/ Source: State of California, Governor's Office, Office of Planning Research
- 2/ Source: State of Alaska, Department of Administration
- 3/ California = 100
- 4/ The old table of salary scales for Alaska is attached as evidence. These have been increased by 5% w.e.f. 1.1.77 and so the figures in Table 2 have been calculated accordingly.

BASE SCHEDULE

MONTHLY - HOURLY 05/16/76 ² - 2 5 4

RANGE NO.	STEP A	STEP B	STEP C	STEP D	STEP E	STEP F	(LONGEVITY INCREMENTS OF FINAL STEP)	J	K	L	M	RANGE NO.
05 MONTHLY 37.5 H-W	800.00 4.92	824.00 5.07	850.00 5.23	876.00 5.39	903.00 5.56	928.00 5.71	965.00 5.94	1,002.00 6.17	1,039.00 6.39	1,078.00 6.63		05
06 MONTHLY 37.5 H-W	850.00 5.23	876.00 5.39	903.00 5.56	928.00 5.71	957.00 5.89	987.00 6.07	1,025.00 6.31	1,063.00 6.54	1,103.00 6.79	1,144.00 7.04		06
07 MONTHLY 37.5 H-W	903.00 5.56	928.00 5.71	957.00 5.89	987.00 6.07	1,018.00 6.26	1,051.00 6.47	1,090.00 6.71	1,132.00 6.97	1,173.00 7.22	1,218.00 7.50		07
08 MONTHLY 37.5 H-W	957.00 5.89	987.00 6.07	1,018.00 6.26	1,051.00 6.47	1,083.00 6.66	1,120.00 6.89	1,161.00 7.14	1,204.00 7.41	1,250.00 7.69	1,296.00 7.98		08
09 MONTHLY 37.5 H-W	1,018.00 6.26	1,051.00 6.47	1,083.00 6.66	1,120.00 6.89	1,156.00 7.11	1,190.00 7.32	1,236.00 7.61	1,282.00 7.89	1,331.00 8.19	1,381.00 8.50		09
10 MONTHLY 37.5 H-W	1,083.00 6.66	1,120.00 6.89	1,156.00 7.11	1,190.00 7.32	1,231.00 7.58	1,270.00 7.82	1,318.00 8.11	1,368.00 8.42	1,418.00 8.73	1,472.00 9.06		10
11 MONTHLY 37.5 H-W	1,156.00 7.11	1,190.00 7.32	1,231.00 7.58	1,270.00 7.82	1,312.00 8.07	1,356.00 8.34	1,407.00 8.66	1,459.00 8.98	1,513.00 9.31	1,571.00 9.67		11
12 MONTHLY 37.5 H-W	1,231.00 7.58	1,270.00 7.82	1,312.00 8.07	1,356.00 8.34	1,407.00 8.66	1,459.00 8.98	1,513.00 9.31	1,571.00 9.67	1,630.00 10.03	1,692.00 10.41		12
13 MONTHLY 37.5 H-W	1,312.00 8.07	1,356.00 8.34	1,407.00 8.66	1,459.00 8.98	1,513.00 9.31	1,571.00 9.67	1,630.00 10.03	1,692.00 10.41	1,754.00 10.79	1,821.00 11.21		13
14 MONTHLY 37.5 H-W	1,407.00 8.66	1,459.00 8.98	1,513.00 9.31	1,571.00 9.67	1,630.00 10.03	1,692.00 10.41	1,754.00 10.79	1,821.00 11.21	1,889.00 11.62	1,960.00 12.06		14
15 MONTHLY 37.5 H-W	1,513.00 9.31	1,571.00 9.67	1,630.00 10.03	1,692.00 10.41	1,754.00 10.79	1,821.00 11.21	1,889.00 11.62	1,960.00 12.06	2,034.00 12.52	2,109.00 12.98		15
16 MONTHLY 37.5 H-W	1,630.00 10.03	1,692.00 10.41	1,754.00 10.79	1,821.00 11.21	1,889.00 11.62	1,960.00 12.06	2,034.00 12.52	2,109.00 12.98	2,187.00 13.46	2,271.00 13.98		16
17 MONTHLY 37.5 H-W	1,754.00 10.79	1,821.00 11.21	1,889.00 11.62	1,960.00 12.06	2,034.00 12.52	2,109.00 12.98	2,187.00 13.46	2,271.00 13.98	2,356.00 14.50	2,445.00 15.05		17

(1)

RANGE 05, STEPS A, B, C, D, E; RANGE 06, STEPS A, B, C, AND RANGE 07, STEP A DO NOT APPLY TO EMPLOYEES IN THE GENERAL GOVERNMENT BARGAINING UNIT.

RAISE SCHEDULE

MONTHLY - HOURLY 05/16/76

RANGE NO.	STEP A	STEP B	STEP C	STEP D	STEP E	STEP F	LONGEVITY J	INCREMENTS K	OF FINAL L	STEP M	RANGE NO.
18 MONTHLY 37.5 H-W	1,889.00 11.62	1,960.00 12.06	2,034.00 12.52	2,109.00 12.98	2,187.00 13.46	2,271.00 13.98	2,356.00 14.50	2,445.00 15.05	2,534.00 15.59	2,630.00 16.18	18
19 MONTHLY 37.5 H-W	2,034.00 12.52	2,109.00 12.98	2,187.00 13.46	2,271.00 13.98	2,356.00 14.50	2,445.00 15.05	2,534.00 15.59	2,630.00 16.18	2,730.00 16.80	2,831.00 17.42	19
20 MONTHLY 37.5 H-W	2,187.00 13.46	2,271.00 13.98	2,356.00 14.50	2,445.00 15.05	2,534.00 15.59	2,630.00 16.18	2,730.00 16.80	2,831.00 17.42	2,938.00 18.08	3,048.00 18.76	20
21 MONTHLY 37.5 H-W	2,356.00 14.50	2,445.00 15.05	2,534.00 15.59	2,630.00 16.18	2,730.00 16.80	2,831.00 17.42	2,938.00 18.08	3,048.00 18.76	3,161.00 19.45	3,281.00 20.19	21
22 MONTHLY 37.5 H-W	2,534.00 15.59	2,630.00 16.18	2,730.00 16.80	2,831.00 17.42	2,938.00 18.08	3,048.00 18.76	3,161.00 19.45	3,281.00 20.19	3,403.00 20.94	3,531.00 21.73	22
23 MONTHLY 37.5 H-W	2,730.00 16.80	2,831.00 17.42	2,938.00 18.08	3,048.00 18.76	3,161.00 19.45	3,281.00 20.19	3,403.00 20.94	3,531.00 21.73	3,664.00 22.55	3,802.00 23.40	23
24 MONTHLY 37.5 H-W	2,938.00 18.08	3,048.00 18.76	3,161.00 19.45	3,281.00 20.19	3,403.00 20.94	3,531.00 21.73	3,664.00 22.55	3,802.00 23.40	3,942.00 24.26	4,091.00 25.18	24
25 MONTHLY 37.5 H-W	3,161.00 19.45	3,281.00 20.19	3,403.00 20.94	3,531.00 21.73	3,664.00 22.55	3,802.00 23.40	3,942.00 24.26	4,091.00 25.18	4,245.00 26.12	4,403.00 27.10	25
26 MONTHLY 37.5 H-W	3,281.00 20.19	3,403.00 20.94	3,531.00 21.73	3,664.00 22.55	3,802.00 23.40	3,942.00 24.26	4,091.00 25.18	4,245.00 26.12	4,403.00 27.10	4,569.00 28.12	26
27 MONTHLY 37.5 H-W	3,403.00 20.94	3,531.00 21.73	3,664.00 22.55	3,802.00 23.40	3,942.00 24.26	4,091.00 25.18	4,245.00 26.12	4,403.00 27.10	4,569.00 28.12	4,740.00 29.17	27
28 MONTHLY 37.5 H-W	3,531.00 21.73	3,664.00 22.55	3,802.00 23.40	3,942.00 24.26	4,091.00 25.18	4,245.00 26.12	4,403.00 27.10	4,569.00 28.12	4,740.00 29.17	4,917.00 30.26	28
29 MONTHLY 37.5 H-W	3,664.00 22.55	3,802.00 23.40	3,942.00 24.26	4,091.00 25.18	4,245.00 26.12	4,403.00 27.10	4,569.00 28.12	4,740.00 29.17	4,917.00 30.26	5,103.00 31.40	29
30 MONTHLY 37.5 H-W	3,802.00 23.40	3,942.00 24.26	4,091.00 25.18	4,245.00 26.12	4,403.00 27.10	4,569.00 28.12	4,740.00 29.17	4,917.00 30.26	5,103.00 31.40	5,295.00 32.58	30

(2)

RANGE 28, STEP F AND LONGEVITY STEPS OF RANGE 28 DO NOT APPLY TO DEPUTY DEPARTMENT HEADS OF THE PRINCIPAL EXECUTIVE DEPARTMENTS (AS 39.20.080 (b)).

RANGE 28, STEP F DOES NOT APPLY TO EMPLOYEES IN THE GENERAL GOVERNMENT, SUPERVISORY AND CONFIDENTIAL BARGAINING UNITS.

- 4B -

Barrow + Kotzebue Salary Scales

PO1-021-0010

SALARY SCHEDULE

STATE OF ALASKA

SCHEDULE H

PLUS NINE STEPS

MONTHLY - HOURLY 05/16/76

RANGE NO.	STEP A	STEP B	STEP C	STEP D	STEP E	STEP F	STEP G	STEP H	STEP I	STEP J	STEP K	STEP L	STEP M	RANGE NO.
05 MONTHLY 37.5 H-W	1,051.00 6.47	1,083.00 6.66	1,120.00 6.89	1,156.00 7.11	1,190.00 7.32	1,231.00 7.58	1,277.00 7.86	1,324.00 8.15	1,375.00 8.46	1,426.00 8.78				05
06 MONTHLY 37.5 H-W	1,120.00 6.89	1,156.00 7.11	1,190.00 7.32	1,231.00 7.58	1,270.00 7.82	1,312.00 8.07	1,362.00 8.38	1,413.00 8.70	1,467.00 9.03	1,520.00 9.35				06
07 MONTHLY 37.5 H-W	1,190.00 7.32	1,231.00 7.58	1,270.00 7.82	1,312.00 8.07	1,356.00 8.34	1,407.00 8.66	1,459.00 8.98	1,513.00 9.31	1,571.00 9.67	1,630.00 10.03				07
08 MONTHLY 37.5 H-W	1,270.00 7.82	1,312.00 8.07	1,356.00 8.34	1,407.00 8.66	1,459.00 8.98	1,513.00 9.31	1,571.00 9.67	1,630.00 10.03	1,692.00 10.41	1,754.00 10.79				08
09 MONTHLY 37.5 H-W	1,356.00 8.34	1,407.00 8.66	1,459.00 8.98	1,513.00 9.31	1,571.00 9.67	1,630.00 10.03	1,692.00 10.41	1,754.00 10.79	1,821.00 11.21	1,889.00 11.62				09
10 MONTHLY 37.5 H-W	1,459.00 8.98	1,513.00 9.31	1,571.00 9.67	1,630.00 10.03	1,692.00 10.41	1,754.00 10.79	1,821.00 11.21	1,889.00 11.62	1,960.00 12.06	2,034.00 12.52				10
11 MONTHLY 37.5 H-W	1,571.00 9.67	1,630.00 10.03	1,692.00 10.41	1,754.00 10.79	1,821.00 11.21	1,889.00 11.62	1,960.00 12.06	2,034.00 12.52	2,109.00 12.98	2,187.00 13.46				11
12 MONTHLY 37.5 H-W	1,692.00 10.41	1,754.00 10.79	1,821.00 11.21	1,889.00 11.62	1,960.00 12.06	2,034.00 12.52	2,109.00 12.98	2,187.00 13.46	2,271.00 13.98	2,356.00 14.50				12
13 MONTHLY 37.5 H-W	1,821.00 11.21	1,889.00 11.62	1,960.00 12.06	2,034.00 12.52	2,109.00 12.98	2,187.00 13.46	2,271.00 13.98	2,356.00 14.50	2,445.00 15.05	2,534.00 15.59				13
14 MONTHLY 37.5 H-W	1,960.00 12.06	2,034.00 12.52	2,109.00 12.98	2,187.00 13.46	2,271.00 13.98	2,356.00 14.50	2,445.00 15.05	2,534.00 15.59	2,630.00 16.18	2,730.00 16.80				14
15 MONTHLY 37.5 H-W	2,109.00 12.98	2,187.00 13.46	2,271.00 13.98	2,356.00 14.50	2,445.00 15.05	2,534.00 15.59	2,630.00 16.18	2,730.00 16.80	2,831.00 17.42	2,938.00 18.08				15
16 MONTHLY 37.5 H-W	2,271.00 13.98	2,356.00 14.50	2,445.00 15.05	2,534.00 15.59	2,630.00 16.18	2,730.00 16.80	2,831.00 17.42	2,938.00 18.08	3,048.00 18.76	3,161.00 19.45				16
17 MONTHLY 37.5 H-W	2,445.00 15.05	2,534.00 15.59	2,630.00 16.18	2,730.00 16.80	2,831.00 17.42	2,938.00 18.08	3,048.00 18.76	3,161.00 19.45	3,281.00 20.19	3,403.00 20.94				17

(13)

RANGE 05, STEPS A, B, C, D, E; RANGE 06, STEPS A, B, C, AND RANGE 07, STEP A DO NOT APPLY TO EMPLOYEES IN THE GENERAL GOVERNMENT BARGAINING UNIT.

4C

Barrow and Kotzebue Salary Scales

ROI-021-0010

SALARY SCHEDULE

STATE OF ALASKA

SCHEDULE M

PLUS NINE STEPS

MONTHLY - HOURLY 05/16/76

RANGE NO.	STEP A	STEP B	STEP C	STEP D	STEP E	STEP F	(LONGEVITY INCREMENTS OF FINAL STEP)	J	K	L	M	RANGE NO.
18 MONTHLY 37.5 H-W	2,630.00 16.18	2,730.00 16.80	2,831.00 17.42	2,938.00 18.08	3,048.00 18.76	3,161.00 19.45	3,281.00 20.19	3,403.00 20.94	3,531.00 21.73	3,664.00 22.55		18
19 MONTHLY 37.5 H-W	2,831.00 17.42	2,938.00 18.08	3,048.00 18.76	3,161.00 19.45	3,281.00 20.19	3,403.00 20.94	3,531.00 21.73	3,664.00 22.55	3,802.00 23.40	3,942.00 24.26		19
20 MONTHLY 37.5 H-W	3,048.00 18.76	3,161.00 19.45	3,281.00 20.19	3,403.00 20.94	3,531.00 21.73	3,664.00 22.55	3,802.00 23.40	3,942.00 24.26	4,091.00 25.18	4,245.00 26.12		20
21 MONTHLY 37.5 H-W	3,281.00 20.19	3,403.00 20.94	3,531.00 21.73	3,664.00 22.55	3,802.00 23.40	3,942.00 24.26	4,091.00 25.18	4,245.00 26.12	4,403.00 27.10	4,569.00 28.12		21
22 MONTHLY 37.5 H-W	3,531.00 21.73	3,664.00 22.55	3,802.00 23.40	3,942.00 24.26	4,091.00 25.18	4,245.00 26.12	4,403.00 27.10	4,569.00 28.12	4,740.00 29.17	4,917.00 30.26		22
23 MONTHLY 37.5 H-W	3,802.00 23.40	3,942.00 24.26	4,091.00 25.18	4,245.00 26.12	4,403.00 27.10	4,569.00 28.12	4,740.00 29.17	4,917.00 30.26	5,103.00 31.40	5,295.00 32.58		23
24 MONTHLY 37.5 H-W	4,091.00 25.18	4,245.00 26.12	4,403.00 27.10	4,569.00 28.12	4,740.00 29.17	4,917.00 30.26	5,103.00 31.40	5,295.00 32.58	5,493.00 33.80	5,698.00 35.06		24
25 MONTHLY 37.5 H-W	4,403.00 27.10	4,569.00 28.12	4,740.00 29.17	4,917.00 30.26	5,103.00 31.40	5,295.00 32.58	5,493.00 33.80	5,698.00 35.06	5,912.00 36.38	6,132.00 37.74		25
26 MONTHLY 37.5 H-W	4,569.00 28.12	4,740.00 29.17	4,917.00 30.26	5,103.00 31.40	5,295.00 32.58	5,493.00 33.80	5,698.00 35.06	5,912.00 36.38	6,132.00 37.74	6,364.00 39.16		26
27 MONTHLY 37.5 H-W	4,740.00 29.17	4,917.00 30.26	5,103.00 31.40	5,295.00 32.58	5,493.00 33.80	5,698.00 35.06	5,912.00 36.38	6,132.00 37.74	6,364.00 39.16	6,601.00 40.62		27
28 MONTHLY 37.5 H-W	4,917.00 30.26	5,103.00 31.40	5,295.00 32.58	5,493.00 33.80	5,698.00 35.06	5,912.00 36.38	6,132.00 37.74	6,364.00 39.16	6,601.00 40.62	6,850.00 42.15		28
29 MONTHLY 37.5 H-W	5,103.00 31.40	5,295.00 32.58	5,493.00 33.80	5,698.00 35.06	5,912.00 36.38	6,132.00 37.74	6,364.00 39.16	6,601.00 40.62	6,850.00 42.15	7,107.00 43.74		29
30 MONTHLY 37.5 H-W	5,295.00 32.58	5,493.00 33.80	5,698.00 35.06	5,912.00 36.38	6,132.00 37.74	6,364.00 39.16	6,601.00 40.62	6,850.00 42.15	7,107.00 43.74	7,373.00 45.37		30

(14)

RANGE 28, STEP F DOES NOT APPLY TO EMPLOYEES IN THE GENERAL GOVERNMENT, SUPERVISORY AND CONFIDENTIAL BARGAINING UNITS.

As you can see, salaries in Alaska appear to be 36.5% higher than California. Given California's cost of planning index of 1.17, that for Alaska should be $1.365 \times 1.17 = 1.60$.

The Salary levels shown above are those paid by the State in Juneau and Anchorage. In other parts of Alaska, especially the North and West, salaries are very much higher. One such area of the state which should be impacted by OCS developments in the near future is the North Slope Borough, where a joint Federal/State lease sale has been tentatively scheduled for 1978. A comparison between salaries paid by the state in Juneau and Barrow has been made and this is shown in Table 3. This is relevant as pay for planners in local government in Alaska is generally based on local state salary scales.

<u>Position</u>	<u>Juneau Salary</u>	<u>Barrow Salary</u>	<u>Barrow Juneau X</u>
Planning Supervisor	\$2474	\$3281	139.2
Senior Planner	2136	2973	139.2
Associate Planner	1842	2567	139.4

The average differential between Barrow and Juneau is 139.2 - Barrow salaries are 39.2% above those in Juneau.

The salary scales paid by the State in Barrow are attached.

In FY 1978, it seems reasonable to suppose that the North Slope Borough might engage in 10% of the Coastal Energy planning, in view of the upcoming lease-sale in the Beaufort Sea. Our original cost of planning factor for Alaska, 1.60, would therefore have to be modified in the following manner.

$$\begin{aligned}
 & 1.60 \times 1 + (0.392 \times 10\%) \\
 = & 1.60 \times 1.0392 \\
 = & 1.66
 \end{aligned}$$

Therefore, for the State of Alaska and impacted local governments together, the cost of planning factor is 1.66.

In addition to higher salaries, there are many other costs of planning which are higher in Alaska. These concern the very large distances which planners have to travel in order to work. The round trip distance between Juneau and Barrow, for example, is 3,000 miles. The air fare is

April 18, 1977

\$360. A great deal of time is also lost in traveling. For example, in order to go to a meeting in Nome, planners would have to leave Juneau at around 9 or 10 A.M. the previous day, thus losing an entire day's work. None of these problems are faced by professionals in other states and it seems quite clear that costs for Alaska should be revised upwards quite radically to allow for this.

At the end of the document, a number of details are given about some of the energy facilities in Alaska, chiefly the trans-Alaska pipeline and the proposed gas pipelines. My main quarrel with these is that the employment figures given are absurdly low. For example, for the trans-Alaska pipeline, they show peak construction employment at 400. I am not quite sure where they get this figure from, but my information is that the work force on the pipeline itself came to 19,000 at the peak. There were another 4,500 workers working on the terminal at Valdez and another 4,500 on the field itself at Prudhoe. Quite how this 28,000 or so was reduced to 400 I am not quite sure!

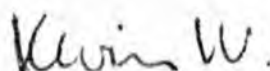
If you study these comments, I am sure that you will be able to revise your formula in such a way that it produces a level of planning grants more appropriate for the State of Alaska and its local governments. In order to expedite resolution of any disagreements we may have about the planning and credit assistance allotment formulae and data, Mr. Niall Trimble, a petroleum economist on our staff, is prepared to meet with you or appropriate members of your staff when he is in Washington, D.C. during the week of May 2, 1977. He will contact you to arrange an appointment.

Finally, it is not absolutely clear to me what the ground rules and dealines are for comment upon the allotment formulae, as described in the two technical papers, and upon the employment data assumed for the formulae. Can you please clarify the significant deadlines and ground rules for me.

Lastly and mostly, I want to extend thanks to you and your staff, on behalf of local officials as well as the State, for the exceptional efforts and pace you are maintaining in order to get the CEIP operational as early as possible. From Palmer McCarter's account, the Anchorage workshop was worthwhile and appreciated by the local officials attending.

I will plan to drop in to check up on progress when I am in D.C. on April 28-29.

Sincerely,



Kevin Waring
Director

cc: Palmer McCarter
Steve Perles
Glenn Akins

SB

249

EXPLANATION OF HB 354 AND SB 249
RELATING TO SUITS AGAINST LOCAL GOVERNMENTS

The Bill revises AS 09.65.070 in its entirety with nominal amendment of subsections (a) and (b), clarification of subsection (c), and primarily adding subsection (d) to amend the present statute which makes municipalities liable for all of their acts without regard to whether the act was discretionary or ministerial or was related to a governmental as opposed to a proprietary function. Definitional subsection (e) is added to clarify its application to municipalities and villages.

Subsection (d) prescribes limited exceptions to municipal liability. The municipality will not be subject to suit for acts falling within the exceptions. Employees and officers, while acting as such, will not be subject to suit for acts which are expected.

The first exception, which is in subparagraph (d)(a)(A)-(C) is similar, in part, to the language in SB 151 which would create an additional exception to the liability of the state pertaining to inspections. This exception is needed by the state's political subdivisions as well as the state itself. It would remove the threat of suit against the municipality

and its officers and employees for their failure to inspect property, their failure to discover violations or hazards and their failure to adequately abate violations and hazards discovered.

This exception is needed to limit the liability of municipalities which

1. adopt various safety and health codes (fire, building, health, sanitation, vehicle, etc.) which they are unable to vigorously enforce 100% of the time, or
2. conduct inspections for the purpose of enforcing safety and health codes, or
3. do not enforce safety and health codes

The alternative to having such statutory reassurance is the withdrawal of municipalities from the safety and health enforcement fields. The State of Alaska has already partially withdrawn from the fire inspection field as a result of the Adams and Jennings cases which imposed liability for failure to discover hazards and failure to abate discovered hazards. More injury will be done to the public by such a withdrawal than by granting the exception and allowing municipalities to proceed on a best efforts basis. The property owner, contractor, or other person responsible for an injury will be and remains liable to the injured person in either situation so the injured person is not without remedy under this exception.

The second exception, which appears in subparagraph (d) (2), confers to municipalities the same exception which the state already has under AS 09.50.250(1). Discretionary acts cover those acts which are essentially policy or planning in nature. They include such things as decisions to initiate or terminate a program, to stop maintenance of a road during the winter, to fund a program at a certain level, to concentrate on the enforcement of certain codes, etc. Municipalities do not now have the statutory protection the state has in this area and could be held liable for the exercise of their discretion in a situation where the state could not under identical circumstances. Municipalities, like the state, must be able to perform discretionary acts without fear of suit. This is not to say, however, that once the municipality has exercised its discretion to, say, build or maintain a road, it may build or maintain it in a negligent manner. It may not. Municipalities will, subject to the limitations of this section, remain liable for their ministerial torts.

The third exception, which appears in subparagraph (d) (3), covers an area in which municipalities are occasionally sued for damages. The threat of suit for damages should not play any part in the decision of a municipal official or body to issue, deny or suspend a permit or privilege of any nature. Also, this section would remove the possibility of liability

which is based on the theory that the issuance of a permit is a warranty that the plans, proposal, etc., upon which the permit was based met all applicable codes, ordinances, laws and constituted a reasonable method or proposal. The person responsible for the plans, etc., upon which the permit, etc is issued will still be liable for his work. This section would not limit the applicant's or permittee's right to go to court to force the issuance, grant, etc., if it is one to which the person is entitled.

The fourth exception, which appears in subparagraph (d)(4), is copied from the exception for the state which appears in AS 09.50.250(3) with the change here that the misrepresentation exception would be for only negligent misrepresentation, not all misrepresentation as in the case for the state. The municipality would be excepted from liability for the causes of action listed in the subparagraph. Officers and employees would be protected when the act complained of was done in the exercise of one of the actor's duties and was an act which was within his authority as an officer or employee. Thus, the zoning administrator could be held liable for falsely arresting someone while a policeman usually could not. The zoning administrator does not have the authority to arrest in the discharge of his duties so such an act would constitute an act outside his employment status, often known

in law as a frolic, and he would be personally liable. On the other hand, the policeman is not hired to administer the zoning code and could not, as a municipal official, make any statement to a citizen regarding the zoning of a particular parcel of land. The policeman would be personally liable for any misrepresentation in the course of making such a statement. The zoning administrator, and through him, the municipality would be liable for a misrepresentation if the misrepresentation was intentional. Again, this subparagraph extends to municipalities and its employees and officers most of what the state already has.

The fifth exception, which appears in subparagraph (d)(5), represents an application of the Good Samaritan principle to insulate the municipality from liability where it gratuitously responds to a need outside its limits. For example, a municipality could not be held liable for its acts in fighting a fire outside its limits. A municipality having no contractual duty to respond beyond its jurisdictional limits fears the consequences of liability and adverse insurance costs and is induced to abstain. It simply is not worth the added liability exposure. Yet, as with the inspection problem discussed above, even an occasional negligent response is more than likely far more beneficial than an across the board policy of non-response.

The sixth exception, which appears in subparagraph (d)(6), is needed for reasons which are basically the same as those relating to extra-territorial service exception

discussed immediately above. Commonly occurring examples are local police called to respond in the temporary absence of the Trooper, and mutual aid agreements respecting assistance at state airports.

In conclusion, municipal non-immunity will remain the rule. Judicially-recognized municipal liability respecting certain functions coupled with increasing difficulty in obtaining insurance to cover the risk compel local governments to re-examine and diminish the scope of their activities rather than suffer liability exposure and inability to respond in damages. This legislation is intended to afford limited liability with a view toward non-curtailement of certain traditional functions predicated on public policy favoring the municipalities to proceed on a best efforts basis.

Prepared and submitted by:

L.B. Jacobson, attorney for Petersburg, Kake, Hoonah, Skagway
and Craig

Lee Sharp, attorney for Juneau

Ted Berns, assistant attorney for Anchorage

City May Have To Shoulder Fire Liability

By SUSAN GIMORE
Empire Staff Reporter

Juneau could find itself on the expensive end of a liability lawsuit as a result of recent action taken by the state firemarshal's office disavowing responsibility for conducting fire inspections.

Last month the state notified Juneau and several other Alaskan cities that "responsibilities for fire prevention and inspection and enforcement of state fire safety regulations... is deferred to your local jurisdiction."

The order reportedly was precipitated by a recent Alaska Supreme Court action holding the state partially liable for a hotel fire in Anchorage.

In this case, according to city attorney Lee Sharp, state fire officials inspected the Gold

Rush Hotel and discovered fire hazards. He said the state failed to take immediate action to abate the hazard, even though the hotel owner was notified of the danger. The Supreme Court held the failure of the state to remedy the hazard may have contributed to injuries suffered by the guests.

The state has now backed off of any local fire inspections, unless the inspection involves a state-owned building or the inspection is needed for licensing, as a day care center.

"The reaction in most municipalities seems to be 'thanks, but no thanks,'" Sharp said. He said under the supreme court decision, Juneau could be held liable for injuries suffered in a fire if local inspectors failed to abate a hazard, failed to locate a hazard, or even fail to inspect a building.

To counter the state's action deferring jurisdiction, Sharp has drafted an ordinance which will be considered by the Assembly in April.

This ordinance disavows any intent by the city and borough of Juneau to conduct inspections "for the purpose of enforcing codes, regulations or laws of the State of Alaska."

While this ordinance may be a bandaid on a potential liability suit, several statewide municipal officials have convinced lawmakers to introduce legislation giving municipalities immunity from such lawsuits.

Already adopted by the Senate, the bill would give cities protection where they inspected property and either didn't discover a hazard, failed to take action against a hazard or failed to inspect the property at all.

According to Sharp, the legislation would allow municipalities the same umbrella of law the state has enjoyed for years—the umbrella that the state can't be held liable for not conducting an inspection, only for failing to find or abate a hazard once an inspection is made.

"This bill picks up the language giving the state immunity in discretionary acts," Sharp said: "We are asking the veil of state law be extended to municipalities."

According to state fire officials, the laissez-faire edict was prompted by the Anchorage fire and by a work overload involving new construction and increased arson investigation.

"This doesn't mean if there is local political pressure we wouldn't assist," said one official. "Once a hazard is called to our attention we can't sit on it—we have to act."

"This still doesn't let us off the hook if a hazard hasn't been corrected," he added. "We still get calls, but refer them to the city."

Buildings inspected include public buildings, stores, apartment buildings, hotels, schools, hospitals and other facilities required by state law to pass safety tests. Some are inspected annually, others monthly.

According to assistant Juneau fire chief Sev Swanson, inspections include heating equipment, wiring, exits, general housekeeping and storage.

He said inspections are still being conducted on a local level, but the city is now limited on how many inspections can be made and how often follow-up probes are conducted.

A direct affect the fire inspection decision could have on property owners is a boost in

fire insurance rates.

The Fire Rating Bureau, which sets the standards for insurance rates, has rated Juneau a weak five on a scale of one to 10. A 10 is an unprotected district. The scale is derived by beginning at a base figure and crediting fire districts for certain aspects of fire protection—as fire hydrants, number of firemen, and inspections.

Sharp said if fire inspections are ceased, Juneau's rating will probably rise to a six and fire insurance premiums could increase 10 per cent.

Sharp also said that the threat the city could be named in a liability suit evolving from a fire inspection could also hike city-borough insurance rates. "Even if we win (a suit)," he said, "the defense is expensive."

SOUTHEAST ALASKA EMPIRE

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CITY OF VALDEZ

P. O. BOX 506
PHONE: (907) 835-4313

ZIP CODE 99686

March 25, 1977

Senator Joseph L. Orsini
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Subject: HB 354 and SB 249

Dear Senator Orsini:

The subject bills provide tort liability protection for municipalities. We urge you to support these bills.

Because of two recent court decisions, i.e. the Gold Rush fire and Nordale Hotel fire, municipalities are now confronted with liability they never had before. As a result, the municipalities are confronted with two major problems. One, the cities are finding they can no longer obtain insurance; or, if they are fortunate enough to get insurance, the premium costs are prohibitive.

With the constant increase in the cost of providing even minimal services, the addition of this type of liability and its attendant costs is rapidly forcing many communities to the brink of bankruptcy.

When government becomes so expensive that no one can afford it, our whole system will break down. It is vital that municipalities be held responsible for only those acts which are willful, negligent or malicious.

Very truly yours,

Herbert W. Lehfeldt
City Manager

HWL:ss

Municipality
of
Anchorage



POUCH 6 650
ANCHORAGE, ALASKA 99502
(907) 274-2525

GEORGE M. SULLIVAN,
MAYOR

OFFICE OF THE MUNICIPAL ATTORNEY

A CASE FOR LIMITED
MUNICIPAL TORT IMMUNITY IN ALASKA

Municipal tort immunity refers to the legal doctrine by which a state legislature, as a matter of public policy, has defined specific types of municipal activities for which municipalities may not be held liable for damages. At the outset, it is important to state that no one would argue for total immunity from suit for local governments in Alaska. If a municipal vehicle injures a pedestrian or if a city fails to correct a dangerous condition on publicly owned property the local government should be held liable to pay damages to injured parties. However, for many other activities undertaken by municipalities, it is less clear whether government should be under the threat of multi-million dollar damage judgments which could devastate the operation of both large and small municipalities in Alaska.

The case for limited municipal tort immunity in Alaska is perhaps best illustrated by the so-called "Good Samaritan" doctrine. As an example of this principle, consider a physician who, returning home from his office, comes upon a man lying severely injured at the side of the road. At early common law, the physician had no legal duty to stop and attempt to aid the injured man. Moreover, if the doctor did attempt to aid the victim and, because he did not have the necessary medicines, equipment, etc., accidentally caused some additional injury, the physician could find himself the defendant in a lawsuit brought by the very person he had attempted to aid.

To avoid the undesirable consequences described above, states began to offer statutory protection from lawsuits to physicians and other health care providers who voluntarily rendered aid to persons in need of medical attention. In Alaska, the Legislature has adopted AS 09.65.090 which provides that persons attempting to administer aid in certain emergency circumstances need not fear the threat of a lawsuit if, in the course of their efforts, an accident

2



occurs. The public policy supporting limited tort immunity for persons rendering emergency aid is the belief that it is important to encourage such voluntary actions as essentially a public service. This is to say that we, the people, want the assurance that physicians and other persons will voluntarily attempt to render aid to those in need and that we are willing to provide a limited measure of tort immunity to encourage such actions.

Municipal governments, in undertaking many of their activities, are often acting essentially as "good samaritans". No rule of law states that a community must provide, for example, a fire inspection program designed to reduce threats to the health and safety of its citizens. Municipalities do not conduct such programs for pecuniary gain or other financial benefit. Rather, the people have in many cases decided to voluntarily provide this service to individual property owners for the common good.

No one contends that municipal officers or employees are perfectly efficient or that mistakes and accidents in the operation of, for example, fire inspection programs will not occur. If the operation of local fire inspection programs is threatened by the possibility of huge damage judgments, the people, and in turn their elected legislators, are faced with circumstances similar to the "good samaritan" situation discussed above. The uncomfortable choice for many local governments in Alaska is between maintaining, for example, the best possible fire inspection program at the risk of devastating lawsuits should a mistake be made, and simply eliminating any inspection program at the risk of allowing serious health and safety hazards to exist in the community. Faced with this untenable situation, Alaskan municipalities are asking the Tenth Legislature to provide a limited measure of tort immunity to cover situations in which local governments voluntarily undertake programs designed to protect the health and safety of their citizens.

The danger that Alaska's local governments will be forced to discontinue or severely limit programs such as building code inspections, enforcement of housing codes, fire inspections, planning and zoning functions, and various public health programs is imminent. In all of the activities listed above, municipalities are, in essence, acting as volunteers or "good samaritans" by extending services to their citizens for the protection of the public health, safety and general welfare. In the case of fire inspection activities, recent decisions by the Alaska Supreme Court indicate that if a municipality undertakes an inspection program it may be held liable for (possibly) millions of dollars in damages in the event that a mistake is made. See,

*Adams vs State
Folk vs Nodak Hotel*

*Jan 26 1968
Karr - 4232*

for example, Adams v. State, 555 P.2d 235 (Alas. 1976), and City of Fairbanks v. Nordale Hotel, Inc., 555 P.2d 248 (Alas. 1976).

In response to these cases, some local governments in Alaska have already considered the possibility of discontinuing fire inspection activities. In addition, it appears that the reasoning advanced by the Supreme Court in the Adams and Nordale cases could be expanded to cover building, housing, and public health inspection programs and, perhaps, damages allegedly caused by the issuance of various permits which are later discovered to contain error. For example, the Supreme Court of Washington has upheld a \$2.8 million dollar judgment against the City of Seattle based on the allegedly negligent issuance of a building permit. See, Haslund v. City of Seattle, 547 P.2d 1221.

In conclusion, it is important to stress that the goal of local governments is not to leave injured parties without a remedy in the event of an accident. As noted above, the proposed legislation does not relieve municipalities from liability based on actions that are proprietary in nature such as the operation of municipal vehicles or the maintenance and operation of municipal property. In most other situations, a municipality will be only one of several possible defendants. For example, if a building in a municipality is destroyed by fire, the injured party may have an action against (1) the person or persons directly responsible for the blaze, (2) the person's employer (and his insurance company), and (3) possibly against the manufacturer of any materials and equipment which are discovered to have been negligently constructed or improperly installed. However, given the absence of any municipal immunity, any plaintiff's attorney will also join the municipality as a defendant if it can be alleged that there has been any failure to properly inspect or certify the building or equipment as part of a municipal fire inspection program.

By extending a limited degree of tort immunity to municipalities to cover activities such as fire inspection programs, the injured party in a situation such as the one described above is not left without a remedy. Rather, the burden of liability is merely shifted from municipalities to others who, in most cases, are more directly responsible for the accident. Viewed in another light, the choice for the individual property owner is to (1) look to his private insurance carrier or to other responsible parties, not including a municipality, in the event of, for example, a fire and be assured that he will have the benefit of a local fire inspection program or (2) risk the loss of local fire prevention/inspection services due to the threat of tort

liability. Faced with such a choice, municipalities in Alaska have turned to their state legislators to ask for limited tort immunity to ensure the continuation of essential local services, such as fire, building and health programs, at a cost which is within the reach of local government taxpayers.

TDB:kh

CITY OF KENAI

RESOLUTION NO. 77-35

A RESOLUTION OF THE COUNCIL OF THE CITY OF KENAI, ALASKA, PETITIONING THE KENAI PENINSULA LEGISLATIVE DELEGATION TO SPONSOR AND ENACT LEGISLATION TO LIMIT TORT LIABILITY OF THE MUNICIPALITIES.

WHEREAS, recent State Supreme Court decisions have held municipalities liable for failure to fully exercise and implement inspection procedures, and

WHEREAS, there is no acknowledgement of a good faith effort, and

WHEREAS, the now presumed legal liability threatens the very existence of a municipality.

NOW, THEREFORE BE IT RESOLVED by the Council of the City of Kenai, Alaska, that the Honorable Clem Tillion, Leo Rhode, Hugh Malone are hereby petitioned to seek legislative action to limit the tort liability of those municipalities engaged in inspection activities.

PASSED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, this 16th day of March, 1977.

James A. Elson
JAMES A. ELSON, MAYOR

ATTEST:

Sue C. Peter
Sue C. Peter, City Clerk

The Premiums On City Life

Liberalized negligence laws and generous juries have made municipal liability insurance hard and expensive to get. Who pays? The taxpayers, of course.

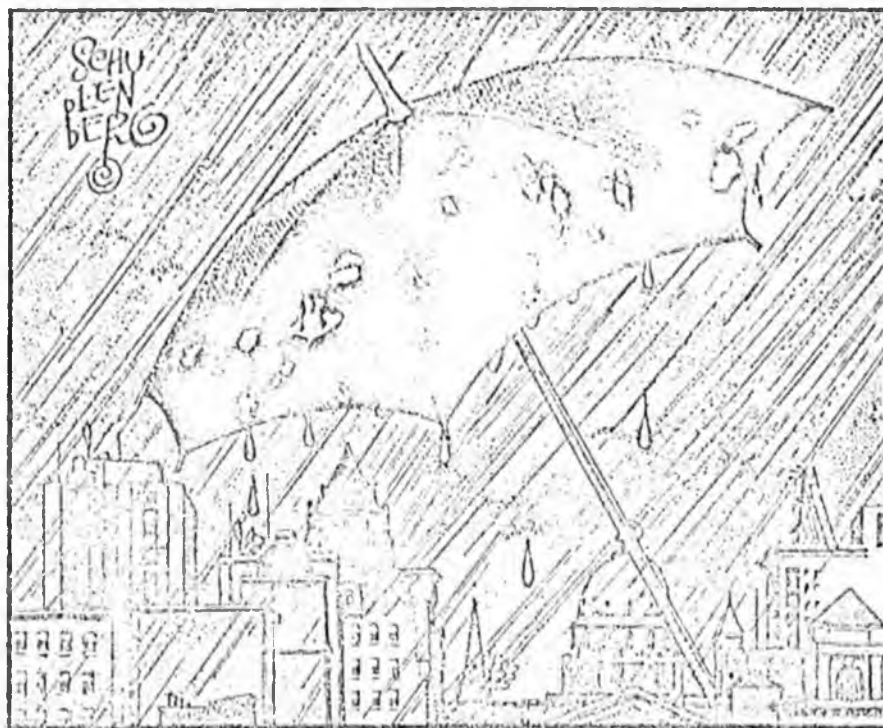
By LAWRENCE MINARD

On a clear, dry night in 1974, 20-year-old Thomas J. Garchar cruised down a straightaway on Broward County's (Fla.) University Drive and smashed his car headlong into a 560-pound decorative limestone boulder lying on the road's median. Paralyzed from the neck down as a result of his accident, Garchar sued the retirement town of Tamarac (population: 31,000), essentially on the grounds that Tamarac's city fathers knew that the boulder was there, but had not removed it.

In court Garchar admitted to having been up 18 hours straight and to having downed three drinks just prior to the accident. Yet last November, a local jury found Tamarac guilty of negligence and awarded Garchar and his wife \$4.7 million in damages. (Broward County, responsible for maintaining the road, and a real estate developer, responsible for placing the boulder on the median, settled out of court for another \$1.15 million.) The town is appealing the case, and \$1 million of the judgment is covered by liability insurance, but meanwhile, Tamarac faces the prospect of raising taxes to pay the award.

Cases like this are making a nightmarish quagmire of what once was thought to be an insurance underwriter's gold mine: municipal liability. When it comes to buying liability insurance, only doctors have been harder hit than state, county and city governments. Some can no longer buy liability coverage at any price. For those that can, premiums have soared.

Take California, where the problem is (naturally) especially severe. In Sacramento, full liability coverage premiums increased 193% in three years. General liability premiums for 20 cities in Southern California's Orange County climbed an average of 117% between 1974 and 1976. Santa Ana paid \$309,000 last year for "first-dollar" coverage, under which all claims—regardless of the amount—are insured. This year, Santa Ana's



underwriter refused to renew the policy. Had it been available, said the city's broker, the premium would have been nearly \$1 million.

In Florida, according to a recent study, cities with populations of between 20,000 and 50,000 have been socked with average premium increases of 126%. Pompano Beach paid \$61,024 for its general liability coverage in 1974. In 1976 the town paid \$242,642!—despite the fact that claims in Pompano Beach have declined by one half since 1974. In Boulder, Colo. property and liability premiums were \$1 per resident in 1975. By 1976 the rate had climbed to \$2.60, with one policy's premiums soaring from \$8,500 to \$61,000.

Politicians like to blame—who else?—the insurance companies. But the fact is, many companies have dropped a bundle underwriting government liability. Vice President J. Creighton White of American Express Co.'s Fireman's Fund estimates that from 1971 to 1975 his company paid out some \$120 for every \$100 of mu-

nicipal liability premiums written. To arrest losses on its municipal liability coverage in California, the Culf Insurance Group's Insurance Co. of the Pacific figured it had to increase premiums by around 200%. Instead it pulled out of the market in 1975.

Underwriters don't separate their municipal risks from their general liability experience, so no one really knows the aggregate losses. ("Insufficient statistics is one of the reasons we're in this crisis," concedes one executive.) The only feel for a trend insurance men get is from their "miscellaneous liability" experience. Some trend! In 1966 the industry earned \$38 million on premiums of \$1.2 billion. In 1975 it lost \$631 million on premiums of \$3.8 billion. Actuaries say last year was probably somewhat better, but not much.

Companies don't really know how much they have dropped on the public-entity business for another reason—the delay in settling claims. "I'm still bleeding to death on all that municipal business we wrote during the

1960s and early 1970s," wails Dunning Lennihan, head of Chubb Corp.'s Pacific Indemnity's San Francisco operations. Lennihan cites the example of a 1973 claim for which his company received \$10,000. Today, with the claim still inching toward trial, the reserve has been upped to \$50,000.

For decades municipal liability was easy—and cheap—to get. For one thing, public entities were protected by sovereign immunity laws, based on the medieval theory that kings can do no wrong. Probably most important, society's litigation mania was but a gleam in trial lawyers' eyes. So eagerly did Pacific Indemnity go after public-entity insurance that by 1974 it had some 70% of the California market. The Insurance Co. of the Pacific had most of the rest.

But sovereign immunity laws were struck down with increasing frequency throughout the 1960s. Even the few immunities that have survived have been narrowed drastically in the courts by such plaintiff superstars as Melvin Belli.

widow is suing, for negligence, the manufacturer of the model, the utility that owns the power lines, the town on whose property the lines are, and the county that issued a construction permit for the lines.

• A gang of motorcyclists tanked up on beer back in 1974 and roared off up a highway in Sonoma, Calif. One fellow drove his bike off the road. He is suing Sonoma for a poorly designed highway.

Under increasingly generous interpretations of "comparative negligence," both the widow and the motorcyclist have good chances of collecting. Comparative negligence says plaintiffs can collect if they are able to persuade juries that the defendants had at least *something* to do with an accident. Thus, in Garchar's suit against Tamarac, the jury found that Garchar's drinking and fatigue prior to his accident contributed 30% to his smashing into the boulder. So Garchar's initial award of \$6.75 million was cut by 30%.

"The problem isn't just municipal

maintenance. "Maybe God can predict limbs falling off trees, and rocks rolling down hills, but my company can't," says the underwriter. "So maybe He can underwrite the public-entity liability insurance."

The question now is: What can the governments do? Some are going the way companies went years ago—hiring risk and safety managers, people with responsibility for determining, say, whether a state park can afford to run the liability risk of allowing hang-gliding from cliffs.

Others are going to self-insurance. Reno, Nev., for example, paid \$248,000 in premiums in 1975 for first-dollar liability insurance. Its underwriter, International Telephone & Telegraph's Hartford Fire, wanted \$900,000 to renew the policy. Instead, Reno now self-insures for individual claims up to \$100,000; it carries excess coverage for claims of \$101,000 to \$5 million. Cost: \$158,000 in premiums for the excess coverage, plus a \$200,000 reserve fund established from tax revenues.

Across the country, self-insurance is catching on. Los Angeles County self-insures. So do Miami, Minneapolis and St. Louis. But the trend worries some observers. "New York can't pay its policemen or its interest," says one underwriter. "Do you really think they'll spend money to establish reserves?" If governments do *not* have reserves adequate to meet settlement costs, then taxpayers could pay even more than if their managers purchased insurance.

Where *will* it end? Long range, the best hope seems to be a thorough overhaul of the nation's staggeringly costly tort system. Insurance men enviously eye the Canadian system, which they say requires trial lawyers to pay a tax on the difference between what they ask a jury to award, and what the jury actually awards.

"Tort law today has become theater," says a trial lawyer who recently won a multimillion-dollar award from a city. "Applause is measured by the amount of money the juries award. The solution is to reform the tort system by putting limits on general types of damages allowed."

Perhaps tort reform *will* come, as taxpayers—like consumers—find taxes and prices escalating to pay for drunk motorcyclists and inept model airplane flyers. In the meantime, municipalities will be stuck with greater and greater premiums, if not higher taxes to pay off insured damages.

It's a funny thing. No one likes such anachronisms as "Kings can do no wrong." On the other hand, no one likes to pay the cost of putting kings on an equal footing with the masses. ■

"... 'Maybe God can predict limbs falling off trees, and rocks rolling down hills, but my company can't,' says the underwriter. 'So maybe He can underwrite the public-entity liability insurance' ..."

On top of it all, "Sue the bastard!" has become something of a national mind-set, hitting governments as well as companies and individuals.* According to a recent survey of California cities, general liability claims nearly doubled between 1973 and 1975, to an average of 132 claims per city. Settlement costs nearly tripled over the same period, to an average \$87,421 per city.

"You wouldn't *believe* what people now sue us for," says an exasperated official in a small town city manager's office. "If they trip on the curb, they sue. If they hit a pothole, they sue. It has become outlandish!"

If some claims are reasonable, others are, well... preposterous. Items:

• In 1975, a grown man flew his string-controlled model airplane into some overhead high-tension power lines and electrocuted himself. His

*A *Forbes* reporter recently rode a Manhattan subway. When the car lurched, the reporter, thrown off balance, put his hand through a window. Three elderly citizens rushed over. With handkerchiefs? Condoleances? Hardly. They congratulated him on the great settlement he was sure to get from the city. The reporter's hand, as it happened, was bruised but not cut. He did not sue.

liability," says Chubb & Son Senior Vice President Robert C. Reiss. "It's really the whole third-party liability field, including medical malpractice and product liability." Each of those lines is being hit by a developing ethos that says, in effect, that society at large is responsible for the unfortunate few.

In some ways municipal liability is even harder to write than product or malpractice coverage. For one thing, politicians like to spend their tax revenues on highly visible items—police and firemen, for example. So they set up on expenses like insurance. In practice, this has meant letting a municipality's liability coverage to competitive bidding by the companies, usually every one, two or three years. "This continual bidding situation means we cannot establish long-term relationships," complains Jeremiah Mulhall, vice president of Home Insurance Co. "You can't recoup your losses over one or three years."

Moreover, the actuarial mind boggles at the sheer number of things that can go wrong. One company executive tells of a tree limb falling onto a convertible passing underneath. The driver was paralyzed, and is suing the local town for faulty road