411 HHESS FORESTRY - HB 41

WALTER J. HICKEL
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

June 28, 1967

Mr. Robert C. Janes
Secretary-Treasurer
Society of American Foresters
Alaska Section
Box 1628
Juneau, Alaska

Dear Mr. Janes:

I appreciate your sending me the resolution passed by the Alaska Section of the Society of American Foresters, which I have received with great interest.

A preliminary approach to the establishing of a Division of Forestry within the Department of Natural Resources has recently been taken. The area offices of the Division of Lands in Juneau and Anchorage are now under the management of Foresters.

The four trained Foresters on the staff seem adequate to handle the problems in view of the present status of the industry. The future growth of the timber industry will no doubt, demand a reorganizing of the present setup into a division. A District Forestry Office near Wasilla was abandoned because of complete lack of work for the District Forester. It is difficult in some areas to stimulate enough interest for the State Forester to conduct a timber workshop.

I assure you that this subject is of concern to me and until such time as some of the present problems in the timber industry are solved, the present organization appears to be the most economically feasible.

With warm personal regards.

Sincerely yours,

Walter J. Hickel

Walter J. Hickel
Governor

KETCHIKAN AREA
JUNEAU AREA
YUKON AREA
ANCHORAGE AREA

SOCIETY OF AMERICAN FORESTERS

Alaska Section

KEEP ALASKA GREEN

June 9, 1967

Honorable Walter J. Hickel
Governor of Alaska
Pouch A, State Capitol
Juneau, Alaska

Dear Governor Hickel:

Enclosed is a copy of a resolution unanimously passed by the Alaska Section of the Society of American Foresters at their annual statewide meeting in Petersburg on June 2, 1967.

We feel the situation is serious enough to warrant your immediate attention. Our 125 members in Alaska hope you see fit to implement the organizational change expressed in our resolution.

Sincerely yours,

R.C. Janes
Robert C. Janes
Secretary-Treasurer

enclosure

RESOLUTION ADOPTED BY

SOCIETY OF AMERICAN FORESTERS, ALASKA SECTION

ANNUAL MEETING, PETERSBURG, ALASKA JUNE 2, 1967

BE IT RESOLVED BY THE ALASKA SECTION OF THE SOCIETY OF AMERICAN FORESTERS:

WHEREAS the Interior part of Alaska has about 22½ million acres of commercial timber land supporting about 14 billion cubic feet of merchantable timber; and

WHEREAS a large portion of these resources are in private ownership for which the State is obligated to furnish technical assistance; and

WHEREAS the manufacturing capacity for both hardwoods and softwoods is on the threshold of expansion at an accelerated rate; and

WHEREAS the problems of establishing new industry within the State are of a complex and technical nature that require a workable organization of professional Foresters; and

WHEREAS the forested areas acquired by the State furnish the habitat for a large portion of our wildlife within Alaska and needs wise management; and

WHEREAS the State is responsible for the fire protection on State and private lands within the State which will eventually require an expanded fire organization; and

WHEREAS each acre of forested land is a potential recreation area in some form and should not be ignored; and

WHEREAS the constitution of the State of Alaska stated under article 8, section 4 that". . . Forests. . . and all other replenishable resources belonging to the State shall be utilized, developed and maintained on the sustained yield principle,. . .";

NOW, THEREFORE, BE IT RESOLVED that the Alaska Section of the Society of American Foresters recommends that the State of Alaska raise the present Branch of Forestry in the Division of Lands, Department of Natural Resources to at least full Division status; and

BE IT FURTHER RESOLVED that the proposed new Division of Forestry be adequately staffed and financed to accomplish the afore mentioned responsibilities; and

BE IT FURTHER RESOLVED that the Secretary of this section of the Society of American Foresters be instructed that copies of this resolution be sent to the Governor of Alaska, and the Commissioner of Natural Resources.

R. C. Janes

Robert C. Janes
Secretary-Treasurer

Alaska Section, Society
of American Foresters

ALASKA LUMBERMEN'S ASSOCIATION

P.O. Box 979 Ketchikan, Alaska 99901

February 15, 1974

The Honorable Kathryn Poland
State of Alaska Senate
P. O. Box 45
Kodiak, Alaska 99615

Re: Independent Timber Sale Shortage
Tongass National Forest

Dear Senator Poland:

The Alaska Lumbermen's Association has received many questions from throughout Alaska on the highly publicized independent timber sale shortage in the Tongass National Forest, which the Association has stated threatens the future of the timber industry in Southeast Alaska unless early solutions to the shortage are found.

Enclosed for your information are the most commonly raised questions, together with our answers.

We hope this information is helpful to your understanding of the timber sale shortage problems presently confronting the timber industry in Southeast Alaska.

Sincerely

ALASKA LUMBERMEN'S ASSOCIATION

By C. L. Cloudy, Counsel

CLC:bh
enc.

QUESTION: Has there been a recent increase in the producti- vity of the sawmill industry in the Tongass National Forest and, if so, is not this circumstance the real cause of the current timber supply shortage?

ANSWER: Yes, there has been a recent increase in sawmill productivity. In fact, assuming the availability of timber, 1974 sawmill production is expected to exceed 1972 production in excess of fifty percent. In terms of the increased timber harvest demand, however, the 666 million board feet annual harvest required by the entire timber industry exceeds its 1972 requirements by only eighteen percent. Consequently, whatever effect sawmill productivity increases may have on timber supply, the effect must be analyzed in the light of an eighteen percent harvest demand increase, rather than a fifty percent production increase.

The real cause of the current timber supply shortage, however, is not the increase in sawmill productivity--rather, it is the almost total collapse of the Forest Service independent sales program which took place over the three year period 1971-1973. Until 1971, the Forest Service had been pursuing an ongoing independent sales program of at least seven years' duration which, if it had continued, would have been more than capable of supporting the sawmill expansion which took place during 1972-1973. In point of fact, the expansion of 1972-1973 was the result of advance industry planning which was based upon that historically proven seven year capability of the Forest Service sales program to support such an expansion. During the seven year period, 1964-1970, the Forest Service sold 2 billion 213 million feet in independent timber sales, which averages out to the equivalent of 316 million feet per year. During the three year period 1971-1973, however, they sold only 192 million feet, which averages out to the equivalent of 64 million feet per year. In order for industry to survive under this reduced program, it not only would have had to forego the sawmill expansion in question, but it would have had to reduce its annual harvest by almost 150 million board feet under what it needed in any event without any sawmill expansion. By way of further contrast, industry's harvest demands of 666 million board feet per year could have been met by simply increasing the annual volume averages formerly available under the 1964-1970 program by less than five percent.

QUESTION: Since 1970, three new export sawmills specializing in the sawing of hemlock lumber for the Japanese market have been brought into production in Southeast Alaska. Was the Forest Service aware, or made aware, of the plans for this expansion before it took place?

ANSWER: Yes. In fact, all during the 1960's the Forest Service, both on the Regional level in Juneau, and the Chief's level in Washington, D.C., repeatedly urged industry to develop a market in Japan for Alaska hemlock lumber. Although this market was slow to develop, industry kept the Forest Service fully advised of its progress and its expectations at all times. Industry assumed (mistakenly, as it turned out) that inasmuch as the Forest Service had recommended the development of these markets, the Forest Service would have maintained the ongoing sales program necessary to supply the sawmills in question.

QUESTION: Is the timber sale shortage in any way related to the fact that both Ketchikan Pulp Company and Alaska Lumber and Pulp Co., Inc. have increased the daily capacity of their respective pulp mills?

ANSWER: No. Both mills were required to construct pulp plants with a minimum design capacity of 525 tons per day. Through 1973, both mills have produced less pulp since they commenced initial operation than this initial design capacity was capable of producing. Daily capacity has been increased in each mill, with the result they will undoubtedly produce more pulp over the next ten years than they did over the previous ten years. However, most, if not all, of this increased capacity will be supplied by technological improvements which give a higher volume of pulp recovery per thousand board feet of raw material than the mills were originally capable of obtaining. Consequently, neither pulp mill has increased its raw material demands to such an extent as to create a timber shortage.

QUESTION: The Forest Service has stated that the timber industry in Southeast Alaska has suddenly increased its processing capacity to such an extent that they are now capable of processing 900 million board feet of logs per year, which capacity exceeds the annual allowable cut of the Tongass National Forest by 90 million feet. What is the present processing capacity of the Southeast Alaska timber industry?

ANSWER: It is not 900 million board feet. It does approximate 666 million board feet. The Forest Service statement is based upon their "observation" that the ability of industry to "triple shift" the processing mills creates this capacity. The fact of the matter is that the two pulp mills have been on triple shift since they commenced operations: their product requires a continuous process of manufacture, and consequently, they must remain in constant operation so long as they are producing pulp. The ability of the pulp mills to triple shift, therefore, has nothing to do with whatever increase in capacity the timber industry has achieved. As to the sawmills, of the eight export mills in operation, only one of them is capable of triple shifting its operation, and this is the new cull and defect sawmill located at Ketchikan Pulp Company's pulp mill at Ward Cove, Alaska. This latter sawmill operates in conjunction with the pulp mill, and seeks to recover whatever marketable lumber may be found in the pulp logs, and necessarily operates on the same work shifting as the pulp mill.

QUESTION: How much timber needs to be harvested each year to meet the present capacity demands of the Southeast Alaska timber industry, and is the Tongass National Forest capable of supplying these demands?

ANSWER: Industry requires an annual harvest of 666 million board feet per year. 336 million board feet per year are available from the long-term allotment sales held by Ketchikan Pulp Company, Alaska Lumber and Pulp Co., Inc., and Alaska Wood Products, Inc., and 330 million per year must come from independent sales outside of these allotments. The annual allowable cut in the Tongass National Forest is 820 million board feet per year. It is obvious, therefore, that the industry presently requires less than the harvest capacity of the Tongass National Forest.

QUESTION: The Forest Service now hopes to sell 298 million board feet of independent timber sales in fiscal 1975, and 461 million board feet in fiscal 1976. These plans represent an increase over original plans of 130 million board feet in 1975, and 224 million board feet in 1976. Will these sales wipe out the shortage and avoid production cutbacks?

ANSWER: No. Despite these increases, the volume of independent sale timber ready to harvest will continue its decline into 1975, and will commence a slow ascent in 1976 (88 million board feet will be available in 1975: a shortage of 242 million feet; 130 million board feet will be available in 1976: a shortage of 200 million feet; 222 million board feet will be available in 1977: a shortage of 118 million feet). These shortages will occur despite the fact that the opening inventories of uncut independent sales in the years 1974, 1976, and 1977 will exceed the harvest requirement of 330 million board feet by a substantial margin.

The reason for this seeming paradox is the fact that merely because timber has been sold, and therefore becomes part of the inventory available for harvest, does not mean that the timber can be harvested. One and one-half to two years elapse from the date a timber sale is purchased to the date the purchaser can start logging. This delay is caused by the time required by the purchaser to obtain as many as twelve Federal and State permits, to constuct roads, to lay out camp sites, to meet initial environmental safeguard requirements, to construct log dumps, etc. None of these activities can take place until after the timber has been purchased, and no logging can commence until after all of these activities have been completed.

Consequently, neither the independent sales scheduled for 1975 and 1976, nor the hoped for increases announced by the Forest Service, will be ready to log in time to head off the shortages forecasted for 1975, 1976, and 1977. Even during 1974, despite the fact that on paper at least, industry has 330 million feet of independent sales ready to harvest, it is most unlikely that this harvest can be attained, due to the logistical complexities involved in attempting to maintain the 1974 logging activity on independent sales at the 330 million board feet level while, at the same time, getting ready to face the realities of reducing such activity to the 1975 level of 88 million board feet. As a result, mill operations have already been curtailed in 1974, and more will follow.

QUESTION: If there is such a timber sales shortage, why are logs exported from Southeast Alaska instead of being processed locally?

ANSWER: There are three sources of logs from which logs may legally be exported from Southeast Alaska without being processed locally, namely, (1) Annette Island Indian Reserve, (2) privately owned lands, and (3) National Forest lands. The timber on Annette Island is administered by the Bureau of Indian Affairs, and the Bureau permits this timber to be exported without processing, despite the long and vigorous opposition of this policy by the Alaska Lumbermen's Association and the Alaska Loggers Association, Inc. The timber on privately owned lands is subject to disposal at the pleasure of the land owner. The timber industry, as such, and contrary to the situation in Washington and other states, owns very little private land of any significance. Timber on National Forest lands may not be exported without processing, unless there is no local processing demand.

The only National Forest export in Southeast Alaska is cedar, for which there is an extremely limited local processing demand. Export of this specie is limited to that which exceeds the local demand. The local processing demand for this timber is limited, due to the fact that the timber is of extremely poor quality, and there simply is no great market for the lumber, either inside or outside of Alaska. Aside from cedar, the timber from Metlakatla and private lands is exported simply because the owner will not sell this timber at a price low enough to enable the local mills to process the timber at a profit. In order to acquire the cutting rights to this timber, the mills would have to compete with a log export market price which equals or exceeds the market price of the finished local product. As a result, industry has little effective voice in making these logs available for local use.

QUESTION: Industry has complained about the increased cost of logging in Southeast Alaska brought on by new environmental standards being imposed by the Forest Service. Aside from the fact that increased costs mean decreased profits for industry, what effect does this have upon the general economy of Southeast Alaska?

ANSWER: Two major areas of economic concern to Southeast Alaska are involved. In the first place, the imposition of the new standards further extends the time required for the Forest Service to ready a prospective timber sale area for sale, and at the same time further extends the time it takes the purchaser to get to the actual business of logging after he purchases the sale. As a result, the timber sale shortage will extend over a longer period of time than originally anticipated, with extended adverse economic impact upon Southeast Alaska. In the second place, the cost of meeting the new standards has to come out of the value of the trees being harvested. Twenty-five percent of whatever the purchaser pays the Federal Government for these trees is returned to Alaska for local government use in the area within which the harvest took place. As environmental costs increase, the value of the tree decreases under what it would have been without these costs, thus reducing the return to the State and local governments.

QUESTION: What is industry's understanding as to why the Forest Service did not maintain its independent sale program to keep pace with industry expansion?

ANSWER: Several factors combined to produce this result. In 1972 the Sierra Club sued the Forest Service, charging them with failure to comply with the Environmental Protection Act on new timber sales. Although this suit did not directly include Alaska, the Forest Service was made aware that Alaska would be included unless the Forest Service terminated its sale activity pending the outcome of the suit. Consequently, sale activity in 1971 and 1972 dwindled into insignificance. The suit was settled by compromise in late 1972, with the understanding that the Forest Service would develop new environmental standards and apply them to each sale. Unfortunately, for Alaska, the funding and manpower required to overcome this slowdown in 1971-1972, and the funding and manpower required to implement the new standards, far exceeded the assignment of funds for Alaska. In addition, prior to the onset of environmental standards, the Forest Service was geared to providing a two or three year backlog of independent sales at the most. As a result, even a temporary disruption in sale activity had a sudden and adverse consequence.

QUESTION: Has the Forest Service offered sales within the past several years which have not been purchased, and if so, how can industry justify this in view of the sale shortage now claimed?

ANSWER: Yes. In June of 1972, the Forest Service offered four sales totalling 106.3 million feet, for which there were no bids received. These were salvage sales hurriedly put together, and assigned stumpage values in excess of what the economics of the sale could afford, and involved unrealistic and uneconomical conditions of sale. These matters were pointed out to the Forest Service, with the result that one of the sales was dropped by the Forest Service as being totally unloggable, and two others were completely redesigned and sold under different terms than the original offering. Industry takes little comfort in the suggestion that the shortages can be avoided if industry is willing to operate at a loss.

QUESTION: It has been pointed out by the Ketchikan Area Offices of the Forest Service on numerous occasions, in response to the industry requests for increased sale activity, that the Ketchikan area annual harvest is at maximum levels now, and cannot be increased, and that the capacity of the Ketchikan area mills far exceeds the harvest capacity of the Ketchikan area. What does this have to do with the shortage?

ANSWER: Nothing. The capacity of the Ketchikan area mills does in fact exceed the harvest capacity of the Ketchikan area; however, this poses no threat to the Ketchikan area harvest, nor does it establish that the industry is guilty of over expansion. Mills in Southeast Alaska are capable of utilizing the raw material of the Tongass National Forest without regard to the location of either the mill or the logging operation. The Tongass National Forest, as a whole, has the harvest capacity to support the existing mills. The mere fact that the harvest capacity of a local area has been exceeded by the mill capacity of the mills located within that area does not mean that the Tongass National Forest lacks the capacity to supply those mills.

QUESTION: The Forest Service has related the current timber sale shortage in part to recent expansion of the sawmill industry, and the sawmill expansion in turn to the desire of industry to capitalize on the sudden increase in the demands of the Japanese market in 1973. What is the connection between the 1973 Japanese market and the current sale shortage?

ANSWER: None. Japan has been short of timber ever since the end of World War II. Their need to import timber is not a new or recent circumstance. Alaska lumber competes for its share of the Japanese market, and when purchased by the Japanese replaces a source previously looked to for supplying the specific use to which the Alaska lumber is placed. This market has been slowly developed over the past eighteen years. Market acceptance of this product was completed before 1973, and before the "sudden" housing boom in Japan. With or without the curtailment of exports from the Pacific Northwest to Japan, and with or without the housing boom of 1973 in Japan, the sawmills which went into production in 1973 would have gone into production in any event (short of a market collapse). Industry intends, and has long intended, to develop markets for its products up to the full allowable cut of the Tongass National Forest. The mill expansion of 1973 is nothing more or less than the natural progression toward that goal.

QUESTION: Why does not the Southeast Alaska timber Industry sell its lumber product in the domestic United States instead of in Japan?

ANSWER: Simply because the domestic United States markets do not consider the product worth enough money to enable the processors to operate at a profit. This situation has existed for over forty years, and until such time as the domestic United States becomes a net importer of timber (as is Japan), the situation is not likely to change. It has often been incorrectly stated that if the Jones Act was repealed, our timber products would find a profitable United States domestic market. This, however, is not the case. Our competitive disadvantage arises out of many other factors than shipping rates, which include higher logging costs, higher costs of accommodating to environmental standards, higher processing costs, and higher percentage of defect in the raw material. Often overlooked in this regard, is the fact that the United States imports fifty percent to seventy percent more lumber from Canada in any given calendar month than Southeast Alaska exports to Japan in an entire calendar year. Almost all of this import is used East of the Mississippi River. The reason for this import is that Canadian mills can produce and deliver the end product for less money than can the mills in Oregon, Washington, and California. If the mills in the Western United States cannot compete with Canada, it is most obvious that Alaska has no chance of entering the domestic United States market in the foreseeable future.

QUESTION: Are the other areas of the United States faced with the same timber sale shortage problem as Southeast Alaska?

ANSWER: No. Despite the fact that, as everyone generally is aware, a severe domestic lumber supply shortage developed in the United States during 1972-1973, this shortage is unrelated to Alaska's problem. In the United States, only fifty-two percent of the soft wood saw log volume is in National Forest ownership. In Washington and Oregon, only thirty-two percent and forty-seven percent respectively is in National Forest ownership. To whatever extent the domestic United States lumber supply shortage of 1972-1973 may have been related to a timber sale shortage, it is obvious that many other factors than who owned the raw material were involved. In Southeast Alaska, however, over ninety percent of Southeast Alaska's soft wood saw log volume is in National Forest ownership. If there is a timber sale shortage in Alaska, therefore, the only significant factor involved is National Forest ownership. So long as the ownership in question has the harvest capacity to meet the shortage, the problem becomes one of forest management by the Forest Service.

QUESTION: How does the Tongass National Forest rank generally in relation to other National Forests?

ANSWER: The Tongass National Forest is the largest National Forest in the United States, and is within the administrative area of Region 10 of the Forest Service headquartered in Juneau. Bearing in mind that there are nine such Regions throughout the United States, the other eight of which contain from fourteen to nineteen separate National Forests, it is noteworthy that the annual harvest in the Tongass National Forest alone exceeds the total annual harvest in five out of those eight Regions. Despite this fact, Alaska's Region 10 ranks last in Federal fundi[illegible] (in 1971, for example, the closest Region on the ladder above Alaska received $18,000,000.00 more than A[illegible]).

QUESTION: What is mea[illegible] the term "independent timber sale"?

ANSWER: The term refers to the sales of timber made by the

Forest Service in the Tongass National Forest which are independent of the existing long-term allotment contracts (that is, other than, the long-term contracts held by Alaska Lumber & Pulp Co., Inc. for its pulp mill, Ketchikan Pulp Company for its pulp mill, and Alaska Wood Products, Inc. for its sawmill). With regard to the long-term allotment contracts, the Forest Service releases for cutting each year a maximum of 336 million board feet. Inasmuch as industry requires 666 million board feet of harvest per year, the additional 330 million board feet must come from short-term sales independent of the allotment contracts.

QUESTION: Why can't industry merely shut down its sawmills for several years and allow the Forest Service time to catch up on its sales program?

ANSWER: There are a number of reasons which make this solution totally unrealistic as opposed to industry's proposed solution of an immediate large scale increase in sales.

First and foremost is the fact that the high cost of logging and processing in Alaska makes it absolutely mandatory that industry sell the end product for the highest possible price. At present, approximately fifty percent of the fiber volume in the Southeast Alaska timber harvest can be sawn into export lumber and sold for a much higher return than if the entire volume was converted into pulp. If the sawmills are shut down, the entire harvest will have to be converted into pulp. If this takes place, the pulp mills will not be able to operate at a profit, and loss operations will sooner or later force a closure of these mills.

Secondly, assuming the pulp mills can weather out the storm until the sawmills are able to resume operations, there is absolutely no assurance that the sawmills will still have a market for their product at such time as they have logs available to process. It seems rather obvious that the Japanese market will not stand around waiting for the sawmills to get back into operation. The Japanese will be forced to look to other raw material sources and, in so doing, as they did in Alaska, will be required to make long-range commitments to these other sources. Once this takes place, the reentry into the Japanese market by Southeast Alaska lumber will be extremely difficult, time consuming, and expensive. This will further delay a return to full saw/pulp integrated use of the timber harvest, and further increase the risk of a complete industry collapse.

Finally sawmill shutdown will cause a dissipation of the skilled sawmill labor pool developed by the Southeast Alaska sawmill industry over the years, as well as a disruption of a significant portion of the skilled logging labor pool developed by the Southeast Alaska logging industry over the years. Loss of jobs will cause these skills to move elsewhere, either in pursuit of the oil pipeline opportunities, or in pursuit of such other opportunities as are available outside of Alaska. As and when logs become available in sufficient supply to warrant resumption of sawmill operations, and companion logging operations, the labor pool necessary to these operations will have to be again developed from scratch. This will further add to the delay of the return to full saw/pulp integrated use of the timber harvest, and further compound the risk of a complete industry collapse.

Almost all of this could be avoided if enough money and manpower were allotted to the administration of the Tongass National Forest. Industry frankly fails to see how anyone could seriously consider shutdown and curtailments as an acceptable alternative.

QUESTION: If the timber industry in Southeast Alaska collapses as the industry has claimed it will unless an early solution of the timber sale shortage is found, what will be the effect upon the Southeast Alaska economy?

ANSWER: There are many ways of looking at the economic impact of an industry upon a given area. At the risk of over simplification, the loss to the Southeast area is probably most easily appreciated with reference to direct industry employment and indirect employment dependent upon industry payrolls. During 1972, out of a total Southeast Alaska census population of forty-two thousand five hundred sixty-five, approximately seventeen thousand five hundred people were gainfully employed. Of these, in excess of three thousand were directly employed by the timber industry, and an additional two thousand five hundred to three thousand five hundred people were dependent upon industry payrolls for their employment. Industry, therefore, foresees a job loss in excess of eight thousand employeees in the event of an industry collapse.

UNITED STATES DEPARTMENT OF AGRICULTURE
FOREST SERVICE
P.O. Box 1628, Juneau, Alaska 99802

March 12, 1976

Dear Friend: Senator Kay

After 42 years of association with the Forest Service, I have decided to hang up my "float coat" and head back to the Lower 48 on March 30, 1976, and retire from my present job as Regional Forester.

The 5 years spent in Alaska have been enjoyable. There have been some real challenges and real opportunities during this time. There have been some battles won and lost, but all in all the experience has been gratifying and I wouldn't have missed it for the world.

During this time, the Forest Service has adopted some environmental changes in management, too many say some, not enough say others. This leads us to believe we are not too far off of where we should be. We know we can't satisfy everyone when we work with a fixed or reducing land base but an expanding public demand for its goods and services.

It has been stimulating to work with the people of this great State, with your openness, frankness, "can do" attitude, optimistic outlook, and drive to make your State better than your counterparts down below. You have the individualism and optimism of youth, a trait that is fast disappearing in "old world" circles.

I want to thank you for all the assistance and support you have given the Forest Service over the years and both of us during the last five. You have made Patty's and my stay in Alaska memorable, a time we will always remember with a warm feeling.

My successor will be John Sandor, no stranger to Alaska. John had two previous tours, one as District Ranger in Ketchikan and one on the Regional Forester's staff in Juneau. I hope you will continue the same close working relationships with him that you have with me.

After April 5, 1976, my new address will be 32 Manzano Court, Novato, California 94947. I will keep up on Alaska affairs and wish you well in your future endeavors.

Sincerely,

We really appreciate the support you have given us.

Charley

C. A. YATES
Regional Forester

C.

Evelyn Sears, USFS, Box 1628
Rm 549 Fed Bldg
586-7263

Alaska's Timber Resource

A Summary

The State of Alaska has 16 percent of the forest land in the United States, or 119 million acres. These forest lands include over 28 million acres of co ercial timber lands that, along with the remaining 91 million acres of forest lands provides important interrelationships with wildlife habitat, recreation, watersheds and the utilization of timber and mineral resources. This mixture of renewable natural resources provides a sound basis for land use planning and management opportunities under the principals of Multiple Use.

Recognized regional economic and geographic differences have essentially resulted in the identification of two distinct forest areas in Alaska. These are separated into the coastal and interior regions.

Coastal Region: This region makes up all of the Southcentral and Southeastern coastal portion of Alaska. Commercial forest lands comprise up to 5.3 million acres of this region's 13 million acres of forest land. Productive timber growing site qualities are similar to those of the Pacific Northwest forests.

Coastal commercial forests presently contain a total net volume of 135 billion board feet of predominately over mature forests.

Timber processing mills located in the Coastal Region include two pulp mills with a combined capacity of processing over 450,000 tons of pulp annually. A third pulp mill is being considered that will increase the pulp producing capacity of the Coastal Region by 50 percent.

In addition, there exists over 12 major active sawmills that annually produce over 440 million board feet of lumber. The lumber and cant production level reported during the period 1967-1974 has increased on an average of 16% per year.

Research shows that areas now being harvested, can under management, provide twice as much recoverable volume in the next rotation. One may then project that under multiple-use management, the coastal forests of Alaska should sustain twice the industry being planned for, in the present old growth stands.

Interior Region: Alaska's Interior commercial Forest lands have received little recognition. Yet, this region's 106 million acres of forest lands include 22.5 million acres of commercial timber lands.

If the commercial forest area could be sustained and managed for timber production on a pulpwood economy, the estimated allowable annual cut, on a 100 year rotation, would amount to about 4.5 million cords of pulpwood annually. By comparison, the Lake States Region (Michigan, Minnesota and Wisconsin) in 1963 cut about 3.7 million cords of pulpwood.

The interior forests of Alaska are analogous both in species composition and properties to those of the Lake States. The physiographic and climatic conditions are also quite similar. It is reasonable to assume that the Interior forests of Alaska could sustain a forest products industry comparable to that of the Lake States. Parallels could also be drawn between Finland, Norway, Sweden and interior Alaska. All three of these boreal countries support a thriving forest products industry under like conditions.

These interior commercial forest areas have the productive capability of sustaining at least 10 pulpmills of the 500-tons-per-day class.

The equivalent annual allowable cut of sawtimber amounts to 900 million board feet. The interior wood-using economy, if developed, will provide an excellent opportunity for integrated lumber and pulp production.

The total recoverable timber volumes found in Alaska's interior can be greatly increased under intensive management through shorter rotations and periodic removal of suppressed and inferior trees.

The interior's 83.3 million acres of non-commercial forest land under present classification can provide an additional 4.6 million acres of forests that support a total growing stock of 1.1 billion cubic feet. Included in this growing stock are 2.8 billion board feet of sawtimber.

Six interior sawmills reported processing 13 million board feet of lumber and cants in 1974.

New concepts of converting logs and wood fibre into lumber, particle board and sheeting panels along with advanced logging systems and equipment development, presently in use, will enhance the attractiveness of the forest products industry in Interior Alaska.

Projecting the productive potential of Alaska's commercial forest land will show substantial increases in the job economy. Existing lumbering and pulping activities result in the employment of five employees for every million board feet of logs processed. Introducing dry lumber processing and remanufacturing of lumber products can add an additional 20 employees for every million board feet of logs processed. The present wood industry in Washington and Oregon employs 28 people for every million board feet processed.

Throughout the history of Alaska, the forest has played a key and important role in this State's development. Coastal forests provided timber and planks for ships built by early Russian explorers. Native trees provided pilings and float logs for canneries and fish traps.

Interior forests provided real economic benefits in supplying fuel for river steamers, logs for cabins and crossties for the State's railroad system. Recent oil exploration in the Arctic region made use of interior forest logs for pilings, support pads for drilling operations and blocking for the oil pipeline.

Substantial information is available that describes scenic beauty, the abundant wildlife and pristine wilderness that abounds in Alaska. The need to identify and maintain a balance of these natural quality eco-systems is without question.

The identity of the forest biome in interior Alaska should not be taken lightly. The economic climate in this State is changing rapidly. Oil development activities have and will continue to make other resources more readily available. Development and use of resources from private, Native and State lands will follow. The Road to the North Slope has made the timber of the Yukon and Porcupine valleys accessible. The need for core National Forest is essential to help insure orderly management and development of the total interior Forest resource, through principals of Multiple-Use. National Forest have historically, through cooperation with neighboring land owners, provided land management assistance and valuable research contributions that resulted in orderly development on local and national levels.

As our Nation's need for energy, goods and services continues to increase, Alaska's total forest land will be looked upon to provide, not only recreational amenities, but also critical renewable, raw materials. Alaska's interior forests stand today much like our mid-eastern and western forests stood in the 1800's. Not yet reachable, but available for use, provided they are recognized for their multiple use characteristics and opportunities.

COOK INLET CHAPTER
JUNEAU CHAPTER
KETCHIKAN CHAPTER
YUKON RIVER CHAPTER
SITKA CHAPTER

SOCIETY OF AMERICAN FORESTERS

Alaska Section

KEEP ALASKA GREEN

P.O. Box 432
Douglas, Alaska 99834

May 15, 1975

Honorable Jay S. Hammond
Governor of Alaska
Pouch A
State Capitol Building
Juneau, Alaska 99811

Dear Governor Hammond:

We wish to reconfirm a position by the Alaska Section of the Society of American Foresters, in encouraging establishment of a Division of Forestry within the Department of Natural Resources.

In 1967 we stated our concern in the form of the enclosed resolution. Governor Hickel responded in a letter dated June 28, 1967, which mentioned such a move was not justified at that time because of a rather modest forestry workload. We were pleased, though, that the Administration intended to keep it in mind for future action.

Significant new events have occurred since 1967 to strengthen this direction. The enclosed summary of recent developments exemplifies an accelerated and growing forestry program in Alaska. More jobs are being provided through new industrial operations throughout the state, and the forest economy has a stable future outlook.

Alaska's 375 million acres are one-third forest covered and over one-half forest or forest related land. Much of the selected 44 million acres of new private land under the Alaska Native Claims Settlement Act will fall into this category. Also, additional selections under the Statehood Act will add substantial new forest land acreage to the current significant changing land ownership pattern.

Environmental concerns and movements have reached Alaska in full force. To many, Alaska is the great environmental battle of the century. Pressures will be strong to preserve large blocks of wilderness and to demonstrate the best possible management practices on the land base that is left to provide economic growth.

The State Forester plays a key role in demonstrating sound management practices on state lands administered for protection and utilization of forest resources. He is also responsible for extending forest management leadership and technical assistance to private landowners throughout the state. Much of this public service is accomplished through cooperative forestry programs with the U.S. Forest Service. The State Forester's organization should be commensurate with these important land management responsibilities. It should also be capable of meeting the demands of a fast-growing forestry industry and profession in Alaska.

Consistent with our professional interest in this matter, are the findings of a 1970 "Study of the Alaska Forestry Organization and Programs" by Ross L. Stump, Earl J. Adams, and Robert B. Griffes. You may be familiar with the management report which was presented April 13, 1971 to Commissioner Charles F. Herbert. Specifically, Recommendation A.2. deals with Division status for Forest Management and Protection. Analysis rationale for the four recommendations pertaining to Organization is given on pages 7-11 of the report. This quote from the report seems pertinent: "In view of the potential timber production programs, the need for better management guidance, and the pending transfer of the fire protection from the Bureau of Land Management to the state, the Study Team feels Forest Management and Protection warrants Divisional status."

We believe the time is definitely here to justify Forestry being raised to the level of Division status in the State. We urge you to have the organizational change implemented this year.

Sincerely,

R. C. Janes

ROBERT C. JANES
Chairman, Alaska Section

Enclosure

cc: Guy Martin, Commissioner, Department of Natural Resources
Kay Poland, Chairman, Senate Resources Committee
Nels A. Anderson, Jr. Chairman, House Resources Committee

RCJ:tw

FACT SHEET

FORESTRY GROWTH IN ALASKA

1967-1975

1. Twelve major Native regional corporations and over 200 Native village corporations presently are in the process of selecting 44 million acres of new private land. The Natives face a major problem in gearing up to provide the needed natural resource management skills at both technical and professional levels. The State Forester's organization is extremely important for technical assistance at this particular point in time.

2. In 1967, the volume of State timber under timber sale contract was 258.6 mm bfm. Today it's 850.0 mm bfm - an increase of 229% in seven years.

3. In 1967, the volume of timber cut from State timber sales was 46 mm bfm. At $3.60/mbm payment for all species, this yielded $165,600 receipts to the State. Volume cut in 1974 was 51 mm bfm. At $7.34/mbm payments, receipts were $374,340. This is an increase in value of 126% in seven years.

4. Bug-killed timber has a considerable impact on the volume of timber under contract. The State's Westside Salvage Timber Sale, near Cook Inlet, was sold in 1975. This spruce beetle infested area covers 223,000 acres. A 10-year contract provides for the salvage of 285 mm bfm white spruce and 140 mm bfm other species. In 1975 the volume cut will approximate 30-40 mm bfm, increasing substantially

the cut of 51 mm bfm in 1974. Current insect detection surveys indicate active infestations to the north near Beluga Lake, and it is quite possible another sale will take place to help prevent another major spruce beetle epidemic. Industrial activity in the area has resulted in a new sawmill and dock facilities at Tyonek.

5. Timber sale activity in the interior has been developing rapidly. In 1973, the Louisiana Pacific Corporation purchased Kenai Lumber Company of Seward. This company has been purchasing cants from sawmills located along the rail belt as far north as Fairbanks. An increased demand for State timber has resulted, and a corresponding increase in the Cook Inlet, Matanuska-Susitna Valley, and Tanana Valley areas.

6. Timber inventory work has been steadily increasing since 1968, and the State has been cooperating with the U.S. Forest Service in the State-wide Forest Survey Program. During 1975, 13,000,000 acres of forest land in the Tanana Valley will be completed, providing a sound base for timber management plans and allowable annual cut determinations for a sustained yield of the timber resource. In the Susitna Valley area, 2,500,000 acres have been completed. Forest Survey plans for the next 2-3 years call for 243,000 acres in the Yakataga area and a re-survey of State land in the Haines-Skagway locality.

7. In 1967, State fire control presuppression costs were $145,000 and suppression costs were $188,000. In 1974 presuppression costs were $425,000 and suppression costs approximately $500,000. This

178% increase of expenditures in seven years shows there is a critical wildland fire problem in the State. And as the Bureau of Land Management phases out their fire protection coverage in the interior, the State will have a substantially larger responsibility to meet.

8. Federal grants for cooperative forestry programs have increased from $97,800 for 1967 to $432,400 for fiscal year 1976. This growth of 342% was mostly for cooperative fire control; however, cooperative forest management programs have also grown. A tree seedling distribution program now exists, providing 10,000-15,000 seedlings annually to landowners in the southcentral region of the State.

9. Establishment of a State tree nursery is underway at the Palmer Plant Materials Center. The objective is to develop a containerized seedling greenhouse and nursery, with an initial capacity of producing 50,000-60,000 seedlings per year. These will be purchased by private and Federal landowners for conservation practices, as well as a source for State projects. The facility will also provide for tree cone collection, seed processing, and seed storage.

10. The U.S. Forest Service budget for the Alaska Region has experienced a growth of 215% in eight years. For fiscal year 1967, it was $5,430,000; for fiscal year 1975, it is $17,121,000. Permanent full-time personnel have increased from 266 to 394 at present.

11. The Forestry Incentives Program, administered by the U.S. Agricultural Stabilization and Conservation Service, provides new

opportunities to Alaska landowners. Cost-sharing projects are on the move for forestry practices such as planting trees and improving a stand of forest trees. The State Forester plays an important role in promoting practices by eligible landowners. With regional and village Native corporations becoming eligible, the current grant level of $5,000 for Alaska is expected to make a significant jump.

12. The Alaska Section of the Society of American Foresters has increased from 125 members in 1967 to 236 at present. This 12-13% annual increase reflects a growing profession in Alaska which exceeds the national average growth of the Society's 19,000 members. New opportunities in Alaska will continue to attract foresters to the State. A new Chapter has been formed at Sitka. Other Chapters exist at Ketchikan, Juneau, Anchorage and Fairbanks.

WALTER J. HICKEL
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

June 28, 1967

Mr. Robert C. Janes
Secretary-Treasurer
Society of American Foresters
Alaska Section
Box 1628
Juneau, Alaska

Dear Mr. Janes:

I appreciate your sending me the resolution passed by the Alaska Section of the Society of American Foresters, which I have received with great interest.

A preliminary approach to the establishing of a Division of Forestry within the Department of Natural Resources has recently been taken. The area offices of the Division of Lands in Juneau and Anchorage are now under the management of Foresters.

The four trained Foresters on the staff seem adequate to handle the problems in view of the present status of the industry. The future growth of the timber industry will no doubt, demand a reorganizing of the present setup into a division. A District Forestry Office near Wasilla was abandoned because of complete lack of work for the District Forester. It is difficult in some areas to stimulate enough interest for the State Forester to conduct a timber workshop.

I assure you that this subject is of concern to me and until such time as some of the present problems in the timber industry are solved, the present organization appears to be the most economically feasible.

With warm personal regards.

Sincerely yours,

Walter J. Hickel

Walter J. Hickel
Governor

KETCHIKAN AREA
JUNEAU AREA
YUKON AREA
ANCHORAGE AREA

SOCIETY OF AMERICAN FORESTERS

Alaska Section

KEEP ALASKA GREEN

June 9, 1967

Honorable Walter J. Hickel
Governor of Alaska
Pouch A, State Capitol
Juneau, Alaska

Dear Governor Hickel:

Enclosed is a copy of a resolution unanimously passed by the Alaska Section of the Society of American Foresters at their annual statewide meeting in Petersburg on June 2, 1967.

We feel the situation is serious enough to warrant your immediate attention. Our 125 members in Alaska hope you see fit to implement the organizational change expressed in our resolution.

Sincerely yours,

R.C. Janes

Robert C. Janes
Secretary-Treasurer

enclosure

RESOLUTION ADOPTED BY

SOCIETY OF AMERICAN FORESTERS, ALASKA SECTION

ANNUAL MEETING, PETERSBURG, ALASKA JUNE 2, 1967

BE IT RESOLVED BY THE ALASKA SECTION OF THE SOCIETY OF AMERICAN FORESTERS:

WHEREAS the Interior part of Alaska has about 22½ million acres of commercial timber land supporting about 14 billion cubic feet of merchantable timber; and

WHEREAS a large portion of these resources are in private ownership for which the State is obligated to furnish technical assistance; and

WHEREAS the manufacturing capacity for both hardwoods and softwoods is on the threshold of expansion at an accelerated rate; and

WHEREAS the problems of establishing new industry within the State are of a complex and technical nature that require a workable organization of professional Foresters; and

WHEREAS the forested areas acquired by the State furnish the habitat for a large portion of our wildlife within Alaska and needs wise management; and

WHEREAS the State is responsible for the fire protection on State and private lands within the State which will eventually require an expanded fire organization; and

WHEREAS each acre of forested land is a potential recreation area in some form and should not be ignored; and

WHEREAS the constitution of the State of Alaska stated under article 8, section 4 that". . . Forests. . . and all other replenishable resources belonging to the State shall be utilized, developed and maintained on the sustained yield principle,. . .";

NOW, THEREFORE, BE IT RESOLVED that the Alaska Section of the Society of American Foresters recommends that the State of Alaska raise the present Branch of Forestry in the Division of Lands, Department of Natural Resources to at least full Division status; and

BE IT FURTHER RESOLVED that the proposed new Division of Forestry be adequately staffed and financed to accomplish the afore mentioned responsibilities; and

BE IT FURTHER RESOLVED that the Secretary of this section of the Society of American Foresters be instructed that copies of this resolution be sent to the Governor of Alaska, and the Commissioner of Natural Resources.

R. C. Janes

Robert C. Janes
Secretary-Treasurer

Alaska Section, Society
of American Foresters

ALASKA LUMBERMEN'S ASSOCIATION

P.O. Box 979 Ketchikan, Alaska 99901

February 15, 1974

The Honorable Kathryn Poland
State of Alaska Senate
P. O. Box 45
Kodiak, Alaska 99615

Re: Independent Timber Sale Shortage
Tongass National Forest

Dear Senator Poland:

The Alaska Lumbermen's Association has received many questions from throughout Alaska on the highly publicized independent timber sale shortage in the Tongass National Forest, which the Association has stated threatens the future of the timber industry in Southeast Alaska unless early solutions to the shortage are found.

Enclosed for your information are the most commonly raised questions, together with our answers.

We hope this information is helpful to your understanding of the timber sale shortage problems presently confronting the timber industry in Southeast Alaska.

Sincerely

ALASKA LUMBERMEN'S ASSOCIATION

By C. L. Cloudy, Counsel

CLC:bh
enc.

QUESTION: Has there been a recent increase in the productivity of the sawmill industry in the Tongass National Forest and, if so, is not this circumstance the real cause of the current timber supply shortage?

ANSWER: Yes, there has been a recent increase in sawmill productivity. In fact, assuming the availability of timber, 1974 sawmill production is expected to exceed 1972 production in excess of fifty percent. In terms of the increased timber harvest demand, however, the 666 million board feet annual harvest required by the entire timber industry exceeds its 1972 requirements by only eighteen percent. Consequently, whatever effect sawmill productivity increases may have on timber supply, the effect must be analyzed in the light of an eighteen percent harvest demand increase, rather than a fifty percent production increase.

The real cause of the current timber supply shortage, however, is not the increase in sawmill productivity--rather, it is the almost total collapse of the Forest Service independent sales program which took place over the three year period 1971-1973. Until 1971, the Forest Service had been pursuing an ongoing independent sales program of at least seven years' duration which, if it had continued, would have been more than capable of supporting the sawmill expansion which took place during 1972-1973. In point of fact, the expansion of 1972-1973 was the result of advance industry planning which was based upon that historically proven seven year capability of the Forest Service sales program to support such an expansion. During the seven year period, 1964-1970, the Forest Service sold 2 billion 213 million feet in independent timber sales, which averages out to the equivalent of 316 million feet per year. During the three year period 1971-1973, however, they sold only 192 million feet, which averages out to the equivalent of 64 million feet per year. In order for industry to survive under this reduced program, it not only would have had to forego the sawmill expansion in question, but it would have had to reduce its annual harvest by almost 150 million board feet under what it needed in any event without any sawmill expansion. By way of further contrast, industry's harvest demands of 666 million board feet per year could have been met by simply increasing the annual volume averages formerly available under the 1964-1970 program by less than five percent.

QUESTION: Since 1970, three new export sawmills specializing in the sawing of hemlock lumber for the Japanese market have been brought into production in Southeast Alaska. Was the Forest Service aware, or made aware, of the plans for this expansion before it took place?

ANSWER: Yes. In fact, all during the 1960's the Forest Service, both on the Regional level in Juneau, and the Chief's level in Washington, D.C., repeatedly urged industry to develop a market in Japan for Alaska hemlock lumber. Although this market was slow to develop, industry kept the Forest Service fully advised of its progress and its expectations at all times. Industry assumed (mistakenly, as it turned out) that inasmuch as the Forest Service had recommended the development of these markets, the Forest Service would have maintained the ongoing sales program necessary to supply the sawmills in question.

QUESTION: Is the timber sale shortage in any way related to the fact that both Ketchikan Pulp Company and Alaska Lumber and Pulp Co., Inc. have increased the daily capacity of their respective pulp mills?

ANSWER: No. Both mills were required to construct pulp plants with a minimum design capacity of 525 tons per day. Through 1973, both mills have produced less pulp since they commenced initial operation than this initial design capacity was capable of producing. Daily capacity has been increased in each mill, with the result they will undoubtedly produce more pulp over the next ten years than they did over the previous ten years. However, most, if not all, of this increased capacity will be supplied by technological improvements which give a higher volume of pulp recovery per thousand board feet of raw material than the mills were originally capable of obtaining. Consequently, neither pulp mill has increased its raw material demands to such an extent as to create a timber shortage.

QUESTION: The Forest Service has stated that the timber industry in Southeast Alaska has suddenly increased its processing capacity to such an extent that they are now capable of processing 900 million board feet of logs per year, which capacity exceeds the annual allowable cut of the Tongass National Forest by 90 million feet. What is the present processing capacity of the Southeast Alaska timber industry?

ANSWER: It is not 900 million board feet. It does approximate 666 million board feet. The Forest Service statement is based upon their "observation" that the ability of industry to "triple shift" the processing mills creates this capacity. The fact of the matter is that the two pulp mills have been on triple shift since they commenced operations: their product requires a continuous process of manufacture, and consequently, they must remain in constant operation so long as they are producing pulp. The ability of the pulp mills to triple shift, therefore, has nothing to do with whatever increase in capacity the timber industry has achieved. As to the sawmills, of the eight export mills in operation, only one of them is capable of triple shifting its operation, and this is the new cull and defect sawmill located at Ketchikan Pulp Company's pulp mill at Ward Cove, Alaska. This latter sawmill operates in conjunction with the pulp mill, and seeks to recover whatever marketable lumber may be found in the pulp logs, and necessarily operates on the same work shifting as the pulp mill.

QUESTION: How much timber needs to be harvested each year to meet the present capacity demands of the Southeast Alaska timber industry, and is the Tongass National Forest capable of supplying these demands?

ANSWER: Industry requires an annual harvest of 666 million board feet per year. 336 million board feet per year are available from the long-term allotment sales held by Ketchikan Pulp Company, Alaska Lumber and Pulp Co., Inc., and Alaska Wood Products, Inc., and 330 million per year must come from independent sales outside of these allotments. The annual allowable cut in the Tongass National Forest is 820 million board feet per year. It is obvious, therefore, that the industry presently requires less than the harvest capacity of the Tongass National Forest.

QUESTION: The Forest Service now hopes to sell 298 million board feet of independent timber sales in fiscal 1975, and 461 million board feet in fiscal 1976. These plans represent an increase over original plans of 130 million board feet in 1975, and 224 million board feet in 1976. Will these sales wipe out the shortage and avoid production cutbacks?

ANSWER: No. Despite these increases, the volume of independent sale timber ready to harvest will continue its decline into 1975, and will commence a slow ascent in 1976 (88 million board feet will be available in 1975: a shortage of 242 million feet; 130 million board feet will be available in 1976: a shortage of 200 million feet; 222 million board feet will be available in 1977: a shortage of 118 million feet). These shortages will occur despite the fact that the opening inventories of uncut independent sales in the years 1974, 1976, and 1977 will exceed the harvest requirement of 330 million board feet by a substantial margin.

The reason for this seeming paradox is the fact that merely because timber has been sold, and therefore becomes part of the inventory available for harvest, does not mean that the timber can be harvested. One and one-half to two years elapse from the date a timber sale is purchased to the date the purchaser can start logging. This delay is caused by the time required by the purchaser to obtain as many as twelve Federal and State permits, to constuct roads, to lay out camp sites, to meet initial environmental safeguard requirements, to construct log dumps, etc. None of these activities can take place until after the timber has been purchased, and no logging can commence until after all of these activities have been completed.

Consequently, neither the independent sales scheduled for 1975 and 1976, nor the hoped for increases announced by the Forest Service, will be ready to log in time to head off the shortages forecasted for 1975, 1976, and 1977. Even during 1974, despite the fact that on paper at least, industry has 330 million feet of independent sales ready to harvest, it is most unlikely that this harvest can be attained, due to the logistical complexities involved in attempting to maintain the 1974 logging activity on independent sales at the 330 million board feet level while, at the same time, getting ready to face the realities of reducing such activity to the 1975 level of 88 million board feet. As a result, mill operations have already been curtailed in 1974, and more will follow.

QUESTION: If there is such a timber sales shortage, why are logs exported from Southeast Alaska instead of being processed locally?

ANSWER: There are three sources of logs from which logs may legally be exported from Southeast Alaska without being processed locally, namely, (1) Annette Island Indian Reserve, (2) privately owned lands, and (3) National Forest lands. The timber on Annette Island is administered by the Bureau of Indian Affairs, and the Bureau permits this timber to be exported without processing, despite the long and vigorous opposition of this policy by the Alaska Lumbermen's Association and the Alaska Loggers Association, Inc. The timber on privately owned lands is subject to disposal at the pleasure of the land owner. The timber industry, as such, and contrary to the situation in Washington and other states, owns very little private land of any significance. Timber on National Forest lands may not be exported without processing, unless there is no local processing demand.

The only National Forest export in Southeast Alaska is cedar, for which there is an extremely limited local processing demand. Export of this specie is limited to that which exceeds the local demand. The local processing demand for this timber is limited, due to the fact that the timber is of extremely poor quality, and there simply is no great market for the lumber, either inside or outside of Alaska. Aside from cedar, the timber from Metlakatla and private lands is exported simply because the owner will not sell this timber at a price low enough to enable the local mills to process the timber at a profit. In order to acquire the cutting rights to this timber, the mills would have to compete with a log export market price which equals or exceeds the market price of the finished local product. As a result, industry has little effective voice in making these logs available for local use.

QUESTION: Industry has complained about the increased cost of logging in Southeast Alaska brought on by new environmental standards being imposed by the Forest Service. Aside from the fact that increased costs mean decreased profits for industry, what effect does this have upon the general economy of Southeast Alaska?

ANSWER: Two major areas of economic concern to Southeast Alaska are involved. In the first place, the imposition of the new standards further extends the time required for the Forest Service to ready a prospective timber sale area for sale, and at the same time further extends the time it takes the purchaser to get to the actual business of logging after he purchases the sale. As a result, the timber sale shortage will extend over a longer period of time than originally anticipated, with extended adverse economic impact upon Southeast Alaska. In the second place, the cost of meeting the new standards has to come out of the value of the trees being harvested. Twenty-five percent of whatever the purchaser pays the Federal Government for these trees is returned to Alaska for local government use in the area within which the harvest took place. As environmental costs increase, the value of the tree decreases under what it would have been without these costs, thus reducing the return to the State and local governments.

QUESTION: What is industry's understanding as to why the Forest Service did not maintain its independent sale program to keep pace with industry expansion?

ANSWER: Several factors combined to produce this result. In 1972 the Sierra Club sued the Forest Service, charging them with failure to comply with the Environmental Protection Act on new timber sales. Although this suit did not directly include Alaska, the Forest Service was made aware that Alaska would be included unless the Forest Service terminated its sale activity pending the outcome of the suit. Consequently, sale activity in 1971 and 1972 dwindled into insignificance. The suit was settled by compromise in late 1972, with the understanding that the Forest Service would develop new environmental standards and apply them to each sale. Unfortunately, for Alaska, the funding and manpower required to overcome this slowdown in 1971-1972, and the funding and manpower required to implement the new standards, far exceeded the assignment of funds for Alaska. In addition, prior to the onset of environmental standards, the Forest Service was geared to providing a two or three year backlog of independent sales at the most. As a result, even a temporary disruption in sale activity had a sudden and adverse consequence.

QUESTION: Has the Forest Service offered sales within the past several years which have not been purchased, and if so, how can industry justify this in view of the sale shortage now claimed?

ANSWER: Yes. In June of 1972, the Forest Service offered four sales totalling 106.3 million feet, for which there were no bids received. These were salvage sales hurriedly put together, and assigned stumpage values in excess of what the economics of the sale could afford, and involved unrealistic and uneconomical conditions of sale. These matters were pointed out to the Forest Service, with the result that one of the sales was dropped by the Forest Service as being totally unloggable, and two others were completely redesigned and sold under different terms than the original offering. Industry takes little comfort in the suggestion that the shortages can be avoided if industry is willing to operate at a loss.

QUESTION: It has been pointed out by the Ketchikan Area Offices of the Forest Service on numerous occasions, in response to the industry requests for increased sale activity, that the Ketchikan area annual harvest is at maximum levels now, and cannot be increased, and that the capacity of the Ketchikan area mills far exceeds the harvest capacity of the Ketchikan area. What does this have to do with the shortage?

ANSWER: Nothing. The capacity of the Ketchikan area mills does in fact exceed the harvest capacity of the Ketchikan area; however, this poses no threat to the Ketchikan area harvest, nor does it establish that the industry is guilty of over expansion. Mills in Southeast Alaska are capable of utilizing the raw material of the Tongass National Forest without regard to the location of either the mill or the logging operation. The Tongass National Forest, as a whole, has the harvest capacity to support the existing mills. The mere fact that the harvest capacity of a local area has been exceeded by the mill capacity of the mills located within that area does not mean that the Tongass National Forest lacks the capacity to supply those mills.

QUESTION: The Forest Service has related the current timber sale shortage in part to recent expansion of the sawmill industry, and the sawmill expansion in turn to the desire of industry to capitalize on the sudden increase in the demands of the Japanese market in 1973. What is the connection between the 1973 Japanese market and the current sale shortage?

ANSWER: None. Japan has been short of timber ever since the end of World War II. Their need to import timber is not a new or recent circumstance. Alaska lumber competes for its share of the Japanese market, and when purchased by the Japanese replaces a source previously looked to for supplying the specific use to which the Alaska lumber is placed. This market has been slowly developed over the past eighteen years. Market acceptance of this product was completed before 1973, and before the "sudden" housing boom in Japan. With or without the curtailment of exports from the Pacific Northwest to Japan, and with or without the housing boom of 1973 in Japan, the sawmills which went into production in 1973 would have gone into production in any event (short of a market collapse). Industry intends, and has long intended, to develop markets for its products up to the full allowable cut of the Tongass National Forest. The mill expansion of 1973 is nothing more or less than the natural progression toward that goal.

QUESTION: Why does not the Southeast Alaska timber industry sell its lumber product in the domestic United States instead of in Japan?

ANSWER: Simply because the domestic United States markets do not consider the product worth enough money to enable the processors to operate at a profit. This situation has existed for over forty years, and until such time as the domestic United States becomes a net importer of timber (as is Japan), the situation is not likely to change. It has often been incorrectly stated that if the Jones Act was repealed, our timber products would find a profitable United States domestic market. This, however, is not the case. Our competitive disadvantage arises out of many other factors than shipping rates, which include higher logging costs, higher costs of accommodating to environmental standards, higher processing costs, and higher percentage of defect in the raw material. Often overlooked in this regard, is the fact that the United States imports fifty percent to seventy percent more lumber from Canada in any given calendar month than Southeast Alaska exports to Japan in an entire calendar year. Almost all of this import is used East of the Mississippi River. The reason for this import is that Canadian mills can produce and deliver the end product for less money than can the mills in Oregon, Washington, and California. If the mills in the Western United States cannot compete with Canada, it is most obvious that Alaska has no chance of entering the domestic United States market in the foreseeable future.

QUESTION: Are the other areas of the United States faced with the same timber sale shortage problem as Southeast Alaska?

ANSWER: No. Despite the fact that, as everyone generally is aware, a severe domestic lumber supply shortage developed in the United States during 1972-1973, this shortage is unrelated to Alaska's problem. In the United States, only fifty-two percent of the soft wood saw log volume is in National Forest ownership. In Washington and Oregon, only thirty-two percent and forty-seven percent respectively is in National Forest ownership. To whatever extent the domestic United States lumber supply shortage of 1972-1973 may have been related to a timber sale shortage, it is obvious that many other factors than who owned the raw material were involved. In Southeast Alaska, however, over ninety percent of Southeast Alaska's soft wood saw log volume is in National Forest ownership. If there is a timber sale shortage in Alaska, therefore, the only significant factor involved is National Forest ownership. So long as the ownership in question has the harvest capacity to meet the shortage, the problem becomes one of forest management by the Forest Service.

QUESTION: How does the Tongass National Forest rank generally in relation to other National Forests?

ANSWER: The Tongass National Forest is the largest National Forest in the United States, and is within the administrative area of Region 10 of the Forest Service headquartered in Juneau. Bearing in mind that there are nine such Regions throughout the United States, the other eight of which contain from fourteen to nineteen separate National Forests, it is noteworthy that the annual harvest in the Tongass National Forest alone exceeds the total annual harvest in five out of those eight Regions. Despite this fact, Alaska's Region 10 ranks last in Federal funding (in 1971, for example, the closest Region on the ladder above Alaska received $18,000,000.00 more than Alaska).

QUESTION: What is meant by the term "independent timber sale"?

ANSWER: The term refers to the sales of timber made by the

Forest Service in the Tongass National Forest which are independent of the existing long-term allotment contracts (that is, other than, the long-term contracts held by Alaska Lumber & Pulp Co., Inc. for its pulp mill, Ketchikan Pulp Company for its pulp mill, and Alaska Wood Products, Inc. for its sawmill). With regard to the long-term allotment contracts, the Forest Service releases for cutting each year a maximum of 336 million board feet. Inasmuch as industry requires 666 million board feet of harvest per year, the additional 330 million board feet must come from short-term sales independent of the allotment contracts.

QUESTION: Why can't industry merely shut down its sawmills for several years and allow the Forest Service time to catch up on its sales program?

ANSWER: There are a number of reasons which make this solution totally unrealistic as opposed to industry's proposed solution of an immediate large scale increase in sales.

First and foremost is the fact that the high cost of logging and processing in Alaska makes it absolutely mandatory that industry sell the end product for the highest possible price. At present, approximately fifty percent of the fiber volume in the Southeast Alaska timber harvest can be sawn into export lumber and sold for a much higher return than if the entire volume was converted into pulp. If the sawmills are shut down, the entire harvest will have to be converted into pulp. If this takes place, the pulp mills will not be able to operate at a profit, and loss operations will sooner or later force a closure of these mills.

Secondly, assuming the pulp mills can weather out the storm until the sawmills are able to resume operations, there is absolutely no assurance that the sawmills will still have a market for their product at such time as they have logs available to process. It seems rather obvious that the Japanese market will not stand around waiting for the sawmills to get back into operation. The Japanese will be forced to look to other raw material sources and, in so doing, as they did in Alaska, will be required to make long-range commitments to these other sources. Once this takes place, the reentry into the Japanese market by Southeast Alaska lumber will be extremely difficult, time consuming, and expensive. This will further delay a return to full saw/pulp integrated use of the timber harvest, and further increase the risk of a complete industry collapse.

Finally sawmill shutdown will cause a dissipation of the skilled sawmill labor pool developed by the Southeast Alaska sawmill industry over the years, as well as a disruption of a significant portion of the skilled logging labor pool developed by the Southeast Alaska logging industry over the years. Loss of jobs will cause these skills to move elsewhere, either in pursuit of the oil pipeline opportunities, or in pursuit of such other opportunities as are available outside of Alaska. As and when logs become available in sufficient supply to warrant resumption of sawmill operations, and companion logging operations, the labor pool necessary to these operations will have to be again developed from scratch. This will further add to the delay of the return to full saw/pulp integrated use of the timber harvest, and further compound the risk of a complete industry collapse.

Almost all of this could be avoided if enough money and manpower were allotted to the administration of the Tongass National Forest. Industry frankly fails to see how anyone could seriously consider shutdown and curtailments as an acceptable alternative.

QUESTION: If the timber industry in Southeast Alaska collapses as the industry has claimed it will unless an early solution of the timber sale shortage is found, what will be the effect upon the Southeast Alaska economy?

ANSWER: There are many ways of looking at the economic impact of an industry upon a given area. At the risk of over simplification, the loss to the Southeast area is probably most easily appreciated with reference to direct industry employment and indirect employment dependent upon industry payrolls. During 1972, out of a total Southeast Alaska census population of forty-two thousand five hundred sixty-five, approximately seventeen thousand five hundred people were gainfully employed. Of these, in excess of three thousand were directly employed by the timber industry, and an additional two thousand five hundred to three thousand five hundred people were dependent upon industry payrolls for their employment. Industry, therefore, foresees a job loss in excess of eight thousand employeees in the event of an industry collapse.

MUNICIPAL
TAX
COMP.

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y · STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

M E M O R A N D U M

April 28, 1978

SUBJECT: Municipal Tax Comparisons (W.O. #5437)

TO: The Honorable Charles Parr

FROM: Deborah Behr (DB) and John Williams JW
Research Analyst Research Analyst

You have asked that we prepare information comparing some fiscal capacity, bonded indebtedness, and local effort indicators that will relate the municipalities of the Kodiak Island Borough, Dillingham, Nome, Petersburg, and Wrangell to equivalent municipalities in the state. Our analysis is divided into four portions: (1) comparisons of property values and property taxing rates; (2) sales taxing rates and revenues; (3) bonded indebtedness and tests to compare present indebtedness to debt capacity; and (4) a summary of local taxation, including a comparison of local tax liability to personal income.

Our data is primarily obtained from Alaska Taxable 1977, prepared by the state assessor, Department of Community and Regional Affairs (CRA). Sales tax revenues were obtained from the 1977 Municipal audits on file with the Dept. of CRA (when 1977 audits were not available, 1976 sales tax revenues were obtained from the 1976 audits and escalated by an appropriate percentage). Per capita income data was compiled from information available from the Bureau of the Census (1974 income data) and adjusted with income data purchased from the National Planning Data Corporation (1976 income data). Municipal populations are those used by the Local Government Assistance Division of the Department of CRA for the state aid to local governments program (revenue sharing).

The cities and boroughs which were selected to compare the five cities (listed above) against, are the Bristol Bay Borough, Haines Borough, City and Borough of Juneau, Ketchikan Gateway Borough, Mat-Su Borough, City and Borough of Sitka, Cordova, King Cove, Nenana, Pelican, Skagway, and Unalaska. This group contains all municipalities in the state with education responsibilities except those with oil and gas properties and cities that do not have a property tax.

The 17 cities included in the analysis (including the five requesting additional educational support) are generally comparable. Remarkable externalities which should be considered when looking at the following tables are the considerable seafood industry properties and sales in Unalaska (the largest commercial fishing port in the U. S. in terms of value of catch); the railroad property located in Skagway; the seafood industries located in Kodiak, Petersburg, Ketchikan, Sitka, Cordova, King Cove, and Pelican; and the timber industries located in Wrangell, Ketchikan, and Sitka. Those locations will generally show a larger tax base because of the industrial concentration in the respective municipalities.

The sales taxation analysis is not as specific as the other data because of the significant variations used by municipalities in the application of a sales tax. It is additionally much more difficult to determine the residential contribution to municipal sales taxes (as compared to property taxes) since tourism, purchases by non-residents at regional trade centers, and the specific application of sales taxes to particular transactions will tend to diminish the out-of-pocket contribution of residents of a given municipality. Our analysis is concerned with local fiscal capacity and local effort. Non-resident contributions to a municipal sales tax will artificially escalate the local effort of those municipalities which receive significant sales tax revenues from non-residents unless a means could be developed to back out non-resident contributions to municipal sales taxes.

DB:JW:fc
Attachments

PROPERTY VALUES, TAXATION, AND REVENUE

PROPERTY VALUE, TAXATION, AND REVENUE

The two following charts present information on municipal property taxation, property values, and revenues. Assessed values are those determined and used by municipalities for property taxation purposes. Full and true values are determined by surveys conducted by the state assessor. Differences between assessed and full and true value are attributable to (1) optional exemptions utilized by municipalities, and (2) slight differences between assessed and market values of property.

Taxing rates shown are the area-wide rate only. Differential rates in service areas or tax zones are not shown. When determining revenues derived from property taxes, total liability was determined for all property taxes within a municipality (including city tax liability for cities within boroughs).

The chart entitled "Comparison of Property Value and Property Tax Revenue" presents information standardized to an average index value of 100. The average municipal per capita property value for the 17 municipalities is determined and assigned an index value of 100. The same computation is made for municipal per capita tax revenues. The index numbers are useful for demonstrating the relative degree of taxation each municipality imposes on the per capita property value in the municipality. For example, a municipality whose index number for per capita tax revenue is less than its index number for per capita property value is taxing a rate less than the average for the 17 cities included; and a municipality whose per capita tax revenue index number is greater than its property value index number is taxing at a rate greater than the average.

PROPERTY VALUE, TAXATION, AND REVENUE

	Population	Assessed Property Value ($Thousands)	Full & True Property Value ($Thousands)	Per Capita Assessed Value	Per Capita Full Value	Area-Wide 1/ Property Tax Rate (Assessed)	Area Wide Property Tax Rate (Full & True)	Property 2/ Tax Revenue	Per Capita 3/ Property Tax Revenue	Property Tax Revenue From 1 Mil (Full & True)
Kodiak Island Borough	7,901	$160,554.9	$174,701.5	$20,321	$22,111	7.23	6.664	$2,517,419.5	$318.62	$174,702
Dillingham	1,269	15,247.6	17,140.8	12,015	13,507	17.00	15.113	167,723.9	132.17	17,141
Nome	2,585	37,484.4	33,747.7	14,501	13,055	17.90	19.869	670,970.8	259.56	33,748
Petersburg	2,126	31,172.0	34,048.1	14,662	16,015	14.00	12.810	436,408.5	205.27	34,048
Wrangell	3,152	37,139.7	37,599.6	11,783	11,929	5.95	5.873	387,841.9	123.05	37,600
Bristol Bay Borough	1,311	29,302.8	29,748.8	22,351	22,692	10.05	9.899	478,332.0	364.86	29,749
Haines Borough	1,924	34,938.1	34,400.1	18,159	17,879	3.60	3.654	274,828.2	142.84	34,400
City & Borough of Juneau	20,465	378,954.7	364,558.9	18,517	17,814	15.42	16.021	6,692,020.5	327.00	364,559
Ketchikan Gateway Borough	11,490	247,655.4	270,955.7	21,554	23,582	7.00	6.398	3,244,751.4	282.40	270,956
Mat-Su Borough	16,724	487,802.8	552,600.7	29,168	33,042	10.50	9.272	5,896,893.5	352.60	552,601
City & Borough of Sitka	7,650	180,030.6	179,644.5	23,533	23,483	4.00	4.008	720,122.5	94.13	179,645
Cordova	2,406	20,585.7	30,047.6	8,556	12,489	22.00	13.684	452,885.5	188.23	30,048
King Cove	408	1,145.4	2,863.5	2,807	7,018	10.00	4.000	11,454.0	28.07	2,864
Nenana	521	4,922.7	5,374.0	9,449	10,315	10.00	9.160	49,226.7	94.48	5,374
Pelican	169	4,368.3	4,639.3	25,848	27,451	4.00	3.784	17,473.1	103.39	4,639
Skagway	854	30,300.0	29,850.2	35,480	34,953	10.50	10.658	318,150.0	372.54	29,850
Unalaska	510	16,571.5	16,571.5	32,493	32,493	17.50	17.500	290,001.8	568.63	16,571

1/ Area-wide rate is shown, differential rates within the city or borough are not shown.
2/ Total of all property taxes (area-wide, municipal, and service area).
3/ From all property taxes in the city or borough

Prepared by:
Legislative Affairs Agency
Research Division
28 April 1978

COMPARISON OF PROPERTY VALUE AND PROPERTY TAX REVENUE

	Full and True Per Capita Property Value	Index	Per Capita Property Tax Revenue	Index
AVERAGE	$19,990	100	$232.81	100
Kodiak Island Borough	22,111	111	318.62	137
Dillingham	13,507	68	132.17	57
Nome	13,055	65	259.56	111
Petersburg	16,015	80	205.27	88
Wrangell	11,929	60	123.05	53
----------	----------	----------	----------	----------
Bristol Bay Borough	22,692	114	364.86	158
Haines Borough	17,879	89	142.84	61
City and Borough of Juneau	17,814	89	327.00	140
Ketchikan Gateway Borough	23,582	118	282.40	121
Mat-Su Borough	33,042	165	352.60	273
City and Borough of Sitka	23,483	117	94.13	40
Cordova	12,489	62	188.23	81
King Cove	7,018	35	28.07	12
Nenana	10,315	52	94.48	41
Pelican	27,451	137	103.39	44
Skagway	34,953	175	372.54	160
Unalaska	32,493	162	568.63	244

Prepared by:
Legislative Affairs Agency
Research Division
27 April 1978

SALES TAX RATES AND REVENUE

SALES TAX RATES AND REVENUE

Because of the tremendous variances in the imposition of sales tax ordinances (transactions covered by the tax, limits imposed on sales exceeding a ceiling level, exemptions from taxation, etc.), it is difficult to compare the relative effort that each municipality has undertaken. The fact that sales tax revenues are not derived solely from the pocketbooks of residents of the municipality further complicates the matter. The only conclusions that can generally be drawn from the table is that similar communities with dramatically different per capita revenues from similar taxing rates probably apply their sales taxes quite differently. A community which comparatively receives less than a similar community could generally be considered to have untapped potentials for incremental revenues from a sales tax.

SALES TAX RATES AND REVENUE

	Sales Tax Rate (%)	Sales Tax Revenue	Per Capita Sales Tax Revenue
Kodiak Island Borough	0 - 3	$ 862,599	$ 109.17
Dillingham	3	173,859	137.00
Nome	3	331,000	128.05
Petersburg	5	41,928	19.72
Wrangell	5	349,974	111.03
Bristol Bay Borough	3*	244,042	186.15
Haines Borough	1 - 4	109,269	56.79
City & Borough of Juneau	1 - 3	1,309,878	64.01
Ketchikan Gateway Borough	1.5 - 4	2,316,313	201.59
Mat-Su Borough	0 - 2	311,756	18.64
City & Borough of Sitka	4	694,624	90.80
Cordova	4	398,062	165.45
King Cove	1	8,355	20.48
Nenana	2	34,631	66.47
Pelican	3	46,000	272.19
Skagway	3	101,577	118.94
Unalaska	1	354,846	695.78

*On raw fish only.

Prepared by:
Legislative Affairs Agency
Research Division
28 April 1978

DEBT CAPACITY ANALYSIS WITH REGARD TO SCHOOL CONSTRUCTION NEEDS: INTERCOMMUNITY COMPARISON

DEBT CAPACITY ANALYSIS WITH REGARD TO SCHOOL

CONSTRUCTION NEEDS: INTERCOMMUNITY COMPARISON

Debt capacity was analysized by utilizing Mr. David Rose's, executive director of the Alaska Municipal Bond Bank Authority, two "rules of thumb" as general guidelines for determining the debt capacity of a community. Those "rules of thumb" are:

Rule #1: The maximum general obligation bonded debt of a community should not exceed 15%.

Rule #2: Per capita general obligation debt should not exceed $2,000.

The chart entitled "Comparison of Debt Capacity of Selected Alaska Cities" analysizes the debt capacity (as estimated by the two rules of thumb) of the five selected communities with the debt capacity of 12 similar Alaska locations.

Using Rule #1

The average of the communities in the sample had debt up to 37.9% of its maximum recommended debt limit. A similar percentage was calculated for each community included in the review. Index numbers were also calculated to compare the relative position of each community's debt percentage to the sample average. If both are equal, the community had incurred debt at 37.9% of its maximum capacity and its index number would be listed a 1.00. Index numbers higher than 1.00 reveal debt incurring percentage higher than the average. Index numbers lower than 1.00 reveal debt percentage less than the average. Only Petersburg, Haines, and King Cove have incurred debt in compairson to its maximum at a rate higher than the average of the communities included in the sample.

Using Rule #2

The average of the communities had debt up to 35.9% of the $2000 maximum per capita limit. Again percentage and index numbers were calculated for each community in the sample to make cross-community comparisons. Petersburg ranked first in all the communities included in the sample.

Debt Capacity Compared to School Needs

The final three charts attached list the debt capacity utilizing the two different methods of analysis. The charts then compare that maximum debt with the requests for school construction in each community. The analysis finds that with the current 50% local match requirement for schools construction, only Dillingham and Petersburg would require a state subsidy, if the remaining maximum capacity of each town was utilized for school construction. If the local match for school construction is reduced to 20%, only Petersburg would require a state subsidy, if its remaining maximum debt was utilized for school construction.

COMPARISON OF DEBT CAPACITY OF SELECTED ALASKA CITIES

If City In Sample	Selected Cities	Total Debt	Per Capita Debt	Debt Capacity Test #1 (Debt % of Assessed Valuation Standard)	Debt Capacity Test #1 Index	Debt Capacity Test #2 ($2000 Maximum Per Capita Debt Limit)	Debt Capacity Test #2 Index
*	Kodiak Borough	$ 8,585,000	$ 1,087	33.9%	89.4	54.3%	151.3
*	Dillingham	135,000	106	5.9	15.6	5.3	14.8
*	Nome	830,000	321	14.8	39.1	16.1	44.8
*	Petersburg	3,750,000	1,764	80.2	211.6	88.2	245.7
*	Wrangell	575,000	182	10.3	27.2	9.1	25.3
	Bristol Bay Borough	665,000	507	15.1	39.8	25.3	70.5
	Cordova	1,169,200	486	37.9	100.0	24.3	67.7
	Haines	2,302,448	1,197	43.9	115.8	59.9	166.9
	Juneau Borough	19,727,000	964	34.7	91.5	48.2	134.3
	Ketchikan Borough	10,262,000	893	27.6	72.8	44.7	124.5
	King Cove	393,860	965	229.2	604.7	48.2	134.3
	Mat-Su Borough	24,211,540	1,448	32.6	86.0	72.4	201.7
	Nenana	253,000	513	34.3	90.5	25.7	71.6
	Pelican	0	0	0	0	0	0
	Sitka Borough	7,948,100	1,039	29.4	77.8	51.9	70.5
	Skagway	627,000	734	13.8	36.4	36.7	102.3
	Unalaska	0		0	0	0	0
	AVERAGE		$ 718	37.9%	100.0	35.9%	100.0

Prepared by:
Legislative Affairs Agency
Research Division
28 April 1978

Rule #1:GO Bond Debt as Percentage of Assessed Valuation of Real and Personal Property of a Community

Chart A: School Financing Needs Beyond Maximum GO Bonded Debt Capacity (Rule #1)

Locations	Assessed Value of Real and Personal Property	Maximum GO Debt if Percentage Equals 15%	Less Existing GO Debt	Remaining Maximum GO Debt	School Needs Requests	School Needs Local Requirement 20%	School Needs Local Requirement 50%	Need State Aid? 20%	Need State Aid? 50%	School Needs Beyond Maximum Capacity 20%	School Needs Beyond Maximum Capacity 50%
Kodiak Island (Boro)	$169,078,481	$25,361,772.15	$8,585,000	$16,776,772.15	$4,300,000 current	$ 860,000 current	$2,150,000 current	NO	NO	-	-
					$5,800,000 projected	$1,160,000 projected	$2,900,000 projected	NO	NO	-	-
Dillingham	$ 15,247,624	$ 2,287,143.60	$ 135,000	$ 2,152,143.60	$7,000,000	$1,400,000	$3,500,000	NO	YES	-	$1,347,856.40
Nome	$ 37,484,402	$ 5,622,660.30	$ 830,000	$ 4,792,660.30	$4,300,000	$ 860,000	$2,150,000	NO	NO	-	-
Petersburg	$ 31,172,039	$ 4,675,805.85	$3,750,000	$ 925,805.85	$7,000,000	$1,400,000	$3,500,000	YES	YES	$474,194.15	$2,574,194.15
Wrangell	$ 37,139,665	$ 5,570,949.75	$ 575,000	$ 4,995,949.75	$7,000,000	$1,400,000	$3,500,000	NO	NO	-	-

Prepared by:

Legislative Affairs Agency
Research Division
27 April 1978

Rule #2: Per Maximum Capita Debt should not exceed $2,000

CHART B

SCHOOL FINANCING NEEDS BEYOND MAXIMUM GO BONDED DEBT CAPACITY (Rule #2)

Locations	Civilian Population	Maximum GO Debt if Per Capita Debt = $2000	Less Existing GO Debt	Remaining Maximum Need GO Debt	School Needs Request	School Needs Local Requirement		Needs State Aid?		School Needs Beyond Maximum Capacity	
						20%	50%	20%	50%	20%	50%
Kodiak Island (Boro)	7,501	$15,802,000	$8,585,000	$7,217,000	$4,300,000 current	$ 860,000 current	$2,150,000 current	NO	NO	-	-
					$5,800,000 projected	$1,160,000 projected	$2,900,000 projected	NO	NO	-	-
Dillingham	1,269	$ 2,538,000	$ 135,000	$2,403,000	$7,000,000	$1,400,000	$3,500,000	NO	YES	-	$1,097,000
Nome	2,585	$ 5,170,000	$ 830,000	$4,340,000	$4,300,000	$ 860,000	$2,150,000	NO	NO	-	-
Petersburg	2,126	$ 4,252,000	$3,750,000	$ 502,000	$7,000,000	$1,400,000	$3,500,000	YES	YES	$898,000	$2,998,000
Wrangell	3,152	$ 6,304,000	$ 575,000	$5,729,000	$7,000,000	$1,400,000	$3,500,000	NO	NO	-	-

Prepared by:

Legislative Affairs Agency
Research Division
27 April 1978

CHART C

COMPARISON OF SCHOOL NEEDS BEYOND MAXIMUM DEBT CAPACITY
USING TWO RULES OF EVALUATION

Location	Using Rule #1 School Needs Beyond Maximum General Obligation Bonded Debt Capacity		Using Rule #2 School Needs Beyond Maximum General Obligation Bonded Debt Capacity	
	20% Match	50% Match	20% Match	50% Match
Kodiak Island (Borough)	None	None	None	None
Dillingham	None	$1,347,856.40	None	$1,097,000
Nome	None	None	None	None
Petersburg	$474,194.15	$2,574,194.15	$898,000	$2,998,000
Wrangell	None	None	None	None

Prepared by:

Legislative Affairs Agency
Research Division
27, April 1978

SUMMARY OF MUNICIPAL TAXING EFFORT

SUMMARY OF MUNICIPAL TAXING EFFORT

The two charts summarize the capacity for taxation and how heavily the municipalities are drawing from their municipal capacity. Since taxes are paid from income, we have compared the average citizen's municipal tax liability in each municipality to the average citizen's income in the same municipality. The final column on the first chart shows local tax liability as a percentage of income.

The chart entitled "Local Effort Summary" uses index numbers to further compare the municipalities' taxing effort as measured by the percentage of resident income dedicated to local taxes. The average of the 17 communities' tax revenues (per capita) is determined and assigned an index value of 100. An average is also determined for the percentage of income that is consumed by local taxes for the 17 communities. The average (5.12%) is assigned an index value of 100.

SUMMARY OF MUNICIPAL TAXING EFFORT

	Total Local Tax Revenue ($ Thousands)	Per Capita Tax Revenue	Per Capita Income	Local Taxes as a % of Income
Kodiak Island Borough	$ 3,380.0	$ 427.80	$ 8,565	4.99
Dillingham	341.6	269.17	10,220	2.63
Nome	1,002.0	387.61	10,301	3.76
Petersburg	478.3	224.99	7,683	2.93
Wrangell	737.8	234.08	7,470	3.13
Bristol Bay Borough	722.4	551.01	8,189	6.73
Haines Borough	384.1	199.63	6,612	3.02
City & Borough of Juneau	8,001.9	391.00	9,436	4.14
Ketchikan Gateway Borough	5,561.1	483.99	6,658	7.27
Mat-Su Borough	6,208.6	371.24	5,661	6.56
City & Borough of Sitka	1,414.7	184.93	8,178	2.26
Cordova	850.9	353.68	7,629	4.64
King Cove	19.8	48.55	4,586	1.06
Nenana	83.9	160.96	5,477	2.94
Pelican	63.5	375.58	3,543	10.60
Skagway	419.7	491.48	8,834	5.56
Unalaska	644.8	1,264.41	8,491	14.89

Prepared by:
Legislative Affairs Agency
Research Division
28 April 1978

LOCAL EFFORT SUMMARY

	Per Capita Local Tax Revenue	Index	Local Taxes as a % of Income	Index
AVERAGE	377.65	100	5.12	100
Kodiak Island Borough	427.80	113	4.99	97
Dillingham	269.17	71	2.63	51
Nome	387.61	103	3.76	73
Petersburg	224.99	60	2.93	57
Wrangell	234.08	62	3.13	61
Bristol Bay Borough	551.01	146	6.73	131
Haines Borough	199.63	53	3.02	59
City and Borough of Juneau	391.00	104	4.14	81
Ketchikan Gateway Borough	483.99	128	7.27	142
Mat-Su Borough	371.24	98	6.56	128
City and Borough of Sitka	184.93	49	2.26	44
Cordova	353.68	94	4.64	91
King Cove	48.55	129	1.06	21
Nenana	160.96	43	2.94	57
Pelican	375.58	99	10.60	207
Skagway	491.48	130	5.56	109
Unalaska	1264.41	335	14.89	291

Prepared by:
Legislative Affairs Agency
Research Division
27 April 1978

School bill

P.O. Box 700
Anchorage, Alaska
January 28, 1977

Dear Editor:

Attached is the bill I wish you could run for us. The following information will give you some background on the problem.

BY SWANSON

HOUSE BILL NO. 28

Section 1. AS 14.03.080 is amended by adding a new subsection to read:

(f) If a public school is located within two miles of the residence of a pupil enrolled in a centralized correspondence program provided under AS 14.07.020(9) and transportation provided under AS 14.09.010 is available from that pupil's home to the school, the parents of the pupil shall remit to the regional educational attendance area or the city or borough school district the amount of money which that area or school district would have received had the pupil attended the public school. The commissioner shall determine the amount to be remitted to the area or district in accordance with AS 14.08.121 or AS 14.17.021, respectively.

Two years ago, a bill was passed by the Senate allowing all or any desiring student to enroll into the Correspondence Study Course as an alternative to the public school system even if the student lives in an urban area.

A large number of students, with parents' consent, have enrolled in the alternative program which, in some cases, have cause fund reduction to some schools.

Mr. Swanson, the sponsor of HB-28, is receiving pressure from five of his school board superintendants of his area. Their stated problems are, as an example, a school (that he refused to name) has a man living outside the school in a trailer giving POT to the students during their recess. A lot of these kids pass out upon returning into class to a warm temperature from the cold of the outside area. This caused a problem for that school, because some of the children enrolled into Correspondence Study. Of course the bill he is proposing does nothing to correct the school problem.

It appears he is trying to sacrifice the whole Correspondence program because of a few isolated problems.

All concerned parents should be urged to write their representatives immediately!

Luther L. Jones
Member of the Advisory
Committee for
Corr pondence Study

An Times FEB 3, '77

Home Pupils May Pay District

By DENNIS JOHNSON
Times Staff Writer

Most Anchorage students in the state's correspondence study program would pay $2,100 to $2,200 in lost state aid to the local school district under a bill set for introduction in the House next week.

It amends the funding section of the correspondence program to require students living within two miles of a school or school bus route and taking correspondence classes to pay their school district the equivalent of state aid which would go to the district if they attended regular public schools.

Rep. Leslie "Red" Swanson, D-Nenana, said yesterday he will introduce the legislation in the House early next week.

The state aid ranges from $2,100 to $2,200 per student in Anchorage and up to $3,500 per student elsewhere in the state.

"This is legalized blackmail," said M.Sgt. Luther Jones of Elmendorf Air Force Base, who has three children in the correspondence program. He said the majority of correspondence students in the Anchorage would be directly affected since they live within two miles of a school or school bus route.

Of the 441 students in the statewide program, 125 of them are in Anchorage, Jones said. And of the 125 students here, 115 live within the two-mile limit, he said.

Swanson said the bill is being introduced to get correspondence students living near schools back into them. "We can't ask the taxpayer to support two school systems," he said yesterday via telephone from Juneau.

The correspondence program goes back to territorial days, said program director Wanda Cooksey. However, in 1975 the state legislature amended the eligibility requirements to include all students, not just those in outlying areas, she said.

Correspondence study accommodates students who are continually traveling with their parents or who want an alternative to regular schools, Ms. Cooksey said.

"What I'm trying to do is go back to the original law," Swanson said. He said correspondence study is causing deterioration of the schools in his area, which includes Delta Junction, Ft. Yukon, Tok, Nenana and the Railbelt School District.

"I met with these regional superintendents last fall and correspondence study was one of the problems they discussed," Swanson said. He said students in the alternative program are influencing their friends to drop out of school and take correspondence study.

"Between 122 and 196 kids (in the program) could be going to bona fide schools," he said.

Nat Cole, state Department of Education deputy director, said he is familiar with Swanson's bill but he doubts if the bill's wording would solve the problems Swanson mentioned.

Cole said some method of controlling program entry is needed for students who have the option of attending a regular school. However, he did not give specific solutions. The Department of Education was opposed to the legislation opening the program to all students in 1975, he said.

Currently, the state cannot stop students from entering the program if they enroll by the end of the first quarter, said Ms. Cooksey. She said if a students want to enter after that, approval must be obtained from the commissioner of education.

The central program headquarters is in Juneau, although 18 of the 52 state school districts have local programs, she said. The Anchorage program is administered from Juneau.

The Department of Education also has requested $210,000 for additional correspondence program administrative costs, Swanson said. Cole said the request is to accommodate increased correspondence enrollment.

Swanson called the request unnecessary.

Pam

March 11, 1977

STATEMENT REGARDING CENTRALIZED CORRESPONDENCE PROGRAM FUNDING PROCEDURES

Prepared by the Parent Advisory Committee

Centralized Correspondence study students can not participate fully in many programs because they are, by definition, not enrolled in a district school. They especially do not qualify for funds such as local taxes or in lieu of local taxes, funds for students not on a public transportation route, PL 874 (Federal Impact) funds, distance equalization funds, etc. This discriminatory situation means that of all students in the State, only Centralized C/S students are funded at a bare foundation level. Students enrolled in a district C/S program have the same needs exactly, yet they are eligible for and do receive all of the special funds.

Possible to request info from DOE regarding these program areas?

HB 28

MINUTES OF HOUSE HESS COMMITTEE

April 5, 1977

The meeting was called to order by Chairman Parr at 3:05 p.m. Those present: Parr, Phillips, Chatterton, Bennett, Nakak, Cotten & Beirne with Mrs. Buchholdt coming in later.

Absent: Ose.

Mr. Parr announced to the committee that a group of correspondence students were present from various places in Alaska and asked Mrs. Wanda Cooksey from the Department of Education to introduce the students.

HB 390

Chairman Parr then announced that HB 390 would be first on the agenda and asked Representative Lethin to speak on the bill. Mr. Lethin said that he had introduced the legislation at the request and was supported by the Literacy Project and the money applied for would be spent for the project. Said he had wanted to make sure that this money was earmarked specifically for that Project. There was discussion as to what the program is and how it operates and the need for the money. Questions wereasked as to whether it is a non-profit organization, how it got started and how long it has been operating. Mr. Lethin said it has been going for several years, that it is a non-profit organization and is being done all over the nation.

Eula Ruby spoke from the sidelines stating that the project has been operating for 3 years, that it started out small with 3 volunteers and now it has grown to where they have had to turn students away. She stated they work with the most illiterate adults.

Action

Mr. Phillips moved to pass the bill out of committee. There being no objection, the motion carried.

HB 28

Swanson

Next on the agenda was HB 28 and Mr. Swanson spoke on the bill. Mr. Swanson said the program was originally initiated for students that had no way of going to school. He stated 3 years ago the statute was amended by the legislature so that it was open to anyone to take the courses, regardless of where they live. He stated he had been asked to introduce this legislation by some of the REAA's in his district. He stated after consulting with the Dept. of Education he had taken the information to the attorneys to draft the legislation. He said he felt the Area Boards or the Department of Ecucation should have some measure of control over the program. He stated there are about 441 students enrolled in the progam, 245 are in rural Alaska where there are no schools at all but the others could go to public schools.

Mr. Swanson stated in parts of his district there is a correspondence program where there is a director in the district and where some children live right on the school bus route and others live within half a mile of the school. He stated there were 7 on correspondence and felt they were being used to build a bureaucracy.

Questions were asked of Mr. Swanson as to how he came up with the figure in the bill of having to live 2 miles or more away from transportation or a school.

Questions were asked regarding the 2 types of studies, where the local school board in the REAA has to approve the one and if in a Centralized Program, the Commissioner of Education has to approve the applicant.

Cole

Next to testify was Dr. Cole from the Department of Education. Dr. Cole stated that the law provides that a parent is not compelled to send a student to school who lives 2 miles from a school or 2 miles from a bus route. He stated 2 years ago the option was created by members of the legislature, wHerein parents could put their children on correspondence courses no matter where they lived. Said the Department opposed it then and they still think there is a problem with this type of option.

Mr. Parr asked of Mr. Cole in the instance where the Commissioner determines the tuition rate, what "ball park" figure are we talking about? Mr. Cole stated it could cost somewhwere around $2750 per child. Mr. Cole said the Department had a hard time with the tuition portion of the bill, said this is letting someone buy an empty seat in the school house and he really had a hard time with this.

Discussion was had regarding the fact that a child can still take correspondence study if he doesn't qualify for the programs by paying tuition (under the bill). Mr. Cole felt the Dept. might be able to support the bill if the tuition portion were eliminated.

Mr. Parr said there appears to be more and more parents who are putting their children on correspondence study or sending them to private schools. Said there seems to be a rising dissatisfaction with the public schools and felt that there was a problem with the way the schools are being run or something. Wondered if we had the right to prevent them from this program.

Cooksey

Mrs. Wanda Cooksey, Administer of the Centralized Correspondence Study Program spoke to the amendements that were suggested by some of the parents of children presently on the program.

Mrs. Cooksey said it was the Advisory Committee's opinion that they would like to see the problems worked out through the Department of Education, if possible, and not through legislation. If legislation has to happen, then they recommended the amendments, but they would prefer to handle the problems in other ways.

There was discussion about wiping out the decentralized program all together.

Mrs. Cooksey was asked if she thought the amendments proposed were good ones and she stated the bill would be better with the amendments than without them.

There was discussion as to whether a school district received money for children on correspondence study programs.

Mrs. Cooksey was asked if academically, evidence showed that correspondence students profited as much as regular school students from public schools. Mrs. Cooksey said she would say "yes" because there was no way a correspondence student could make it if they couldn't read. She also said the children that go through the correspondence study program prove to be real responsible. There was discussion as to whether the courses were now mostly on casette tapes and it was brought out that the potential to do this was there but still are mostly written.

Ranney

Next to testify on HB 28 was Steven Ranney from Taku Harbor. Mr. Ranney said that he is in 10th grade this year and taking a correspondence course. Stated that last year he went to highschool and felt he learned much more from the correspondence study program than he had in high school. Said he was in the centralized program, felt it was much more demanding than high school was. Stated he is taking an English course and there are more than 50 written assignments. Questions were asked of Mr. Ranney as to how far he lives from an available school, how he got his assignments, through the mail, etc. and whether he required help from his parents. Said he had required very little help from his parents.

Geraghty

Next to testify was Mr. Jim Geraghty from Tokeen. Mr. Geraghty questioned if this bill were passed, if the handicapped students who are unable to go to schools would then be unable to take the correspondence study program. He further asked about schools such as Craig where the schools are non-accredited and wondered if the students who wished to take accredited study courses would be unable to do so.

McKinnon

Next to testidy was Margaret McKinnon, Registrar for the Centralized Correspondence Study Program. She stated they do have quite a few secondary students who are old enough to not go to school but who do choose to take the correspondence study program and finish their high school education. She felt a school board may not tend to approve this type of situation and felt if a student was determined enough to take a correspondence study program and finish his education he should have the opportunity to do so.

HB 28 was held over for further consideration.

Chairman Parr told the Committee HB 212 was next and asked the committee's pleasure on it as to whether they wanted to hear testimony or wanted to wait on it due to the lateness of the day. Mr. Nakak asked if Mr. Cole could perhaps go over the breakdown on the fiscal note. Mr. Cole was asked to walk the committee through each section of the fiscal note which he did.

There was much discussion as to the cost differential, the isolation factor.

Mr. Nakak proposed an amendement to the Committee Substitute which would put the 5% differential back in. Mr. Cotten said he was not prepared to do anything with the bill and Mr. Nakak asked that the bill be held over.

Mr. Cole was asked to give the committee figures for putting the 5% back in.

The meeting adjourned at 5:30. p.m.

Copper River School District

Chistochina
Copper Center
Gakona
Glennallen
Kenny Lake
Paxson

School Board
Box 108
Glennallen, Alaska 99588
(907) 822-3234

March 25, 1977

Honorable Charles H. Parr
Alaska House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Sir:

The Copper River School District would like your cooperation in opposing HB 28 in the original and amended version. We still feel that this bill would:

1. Eliminate parent's right of choice for the education of their children.

2. Increase the number of drop-outs in the 15-18 year old students.

3. Impose an extra financial burden on religious and minority groups.

Thank you for taking the time to read our expressions.

Very sincerely,

Paul Weir

Paul Weir, Legislative Chairman
Copper River School District Board
P.O. Box 275
Glennallen, Alaska 99588

PW:pm

cc: Bill Overstreet

TO: House HESS Committee Members

FROM: Wanda J. Cooksey
Administrator
Correspondence Study Programs
Department of Education

February 17, 1977

9 copies

Write SB members

1. Centralize CS
2. Under what conditions should kids be on CS when schools are available?
3. Oversight by Cooksey
4. Who makes decisions? Appeals procedure?

Alaska State Legislature

SENATOR
ROBERT H. ZIEGLER, SR.
307 BAWDEN STREET
KETCHIKAN, ALASKA 99901

POUCH V
JUNEAU, ALASKA 99811

Senate

CHAIRMAN
RULES

VICE CHAIRMAN
JUDICIARY
LEGISLATIVE COUNCIL
COMMITTEE ON COMMITTEES

January 12, 1978

Mrs. Cheryle Wolf
Executive Director
Gateway Council on Aging
Box 7751
Ketchikan, Alaska 99901

Dear Cheryle:

Representative Charlie Parr from Fairbanks, who chairs the House Health, Education and Social Services committee, intends to hold a one-day public meeting in Ketchikan on Saturday, January 21st, starting at 9:00 AM in the City Council Chambers. He was courteous enough to advise me of his intention the other day. He indicated that, time permitting, he would like to have a brief presentation from local citizens concerning the necessity and/or desirability of constructing a Pioneers Home in Ketchikan.

Because his time is limited, I think the presentation should be short, hard-hitting and factual. Testimony should be limited to brief presentations by those people who are knowledgeable on the subject. I have in mind such individuals as yourself, Pat Teague, Bob Gore, Lew Williams and perhaps one or two others of your choice.

If you can get together with these individuals and come to a consensus, then it would be my thought you should write immediately to Representative Parr and advise him that you are ready, willing and able to testify and that you would appreciate a brief amount of his committee's time on the day in question.

Best regards,

Robert H. Ziegler, Sr.

RHZ/pkz

cc - Representative Parr
Mr. Pat Teague
Mr. Lew Williams, Jr.
Mr. Bob Gore
Mrs. Junia Love

I. REQUEST

Bill/Resolution No. HB 41/SB 17

Title ~~An Act to construct a Pioneers' Home in Ketchikan~~

Requested by ____________ Date 1/18/78

II. FISCAL DETAIL

Agency Affected Department of Administration

Program Category Affected Social Services

Budget Request Unit(s) Affected Pioneers' Benefits

EXPENDITURES (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
100 PERSONAL SERVICES					941.8	1,017.1
200 TRAVEL					4.0	4.3
300 CONTRACTUAL					75.4	81.4
400 COMMODITIES					87.5	94.5
500 EQUIPMENT					6.3	6.8
600 LAND & STRUCTURES			117.2	251.5	435.9	435.9
700 GRANTS, CLAIMS, ETC.					4.6	5.0
TOTAL			117.2	251.5	1,555.5	1,645.0

FUNDING (Thousands of Dollars)

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
GENERAL FUND			117.2	251.5	1,555.5	1,645.0
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
FULL TIME					35	35
PART TIME					1	1
TEMPORARY					3	3

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

The Division of General Construction, Department of Transportation estimates $1,265.0 will be needed for furnishings, design, Public Works and contingency fees (see attached estimates). The City has indicated land is available at no cost. We have assumed costs will parallel those of the Anchorage Home ($54,000 per bed x 15% inflation for 5 years = $108,613 per bed; $3,735,000 ÷ $108,613 = 34 beds). Costs for FY 78 generated using data from other homes staffing criteria and operational experience. Assumes average annual rate of inflation at 8%.

	FY 78	FY 82	FY 83
100 Personal Services	713.5	941.8	1,017.1
200 Travel	3.0	4.0	4.3
300 Contractual Services	57.1	75.4	81.4
400 Commodities	66.3	87.5	94.5
500 Equipment	4.8	6.3	6.8
600 Structures	-	435.9	435.9
700 Grants	3.5	4.6	5.0
		1,555.5	1,645.0

IV. DATE 1/18/78 PREPARED BY [signature]

AGENCY Department of Administration

EXPENDITURES (Thousands of Dollars)

		FY 78	FY 79	FY 80	FY 81	FY 82	FY 83
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OTHER (Specify)						

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		1,555.5	1,645.0

IV. DATE 1/18/78 PREPARED BY Karl Clark

AGENCY Department of Administration

PHONE 465-2293

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named) Ziegler/Gardiner

Office of the Governor (Keith Specking)

Vernon L. Perry (Pioneers' Benefits)

33-001 (Rev. 12/77)

KETCHIKAN PIONEERS' HOME STAFF

NO. POSITION	TITLE	W/BENEFITS
1	Manager	$ 34,578
1	Admin. Assistant	19,473
1	Clerk Typist III	15,135
1	Superv. Nurse	27,741
1	Nurse II	20,753
2	Nurse I	38,945
2	Practical Nurses	34,246
4	Nurses Aides	53,794
1	Physical Ther.	22,243
1	Rec. Therapist	22,244
1	Pioneers Home Aide	12,650
1	Cook IV	24,954
1	Cook III	19,322
2	Cook II	34,186
4	Food Serv. Worker	63,613
1	Maintenance Man	32,695
1	Housekeeping Supervisor	21,852
1	Housekeeping VIII	18,207
4	Housekeeping Aides	63,613
4	Janitor WG IX	68,372
35	Subtotal	$ 648,617
	Temp. OT & SD	64,862
	Total	$ 713,479

ALASKA

MEMORANDUM

DEPARTMENT OF PUBLIC WORKS

TO: Vernon L. Perry
Director
Division of Pioneers' Benefits
Department of Administration

DATE : January 25, 1977

FROM: George Porter, P.E.
Assistant Director
Division of General Construction
and Maintenance
Juneau

SUBJECT: Ketchikan Pioneers' Home

Based on a bond issue of $5,000.000.00 and the following computations a unit of approximately 39 beds could be constructed.

Bond Issue	$5,000,000.00	
10% Equip. & Furnishing	500,000.00	
	4,500,000.00	
Design Fee	270,000.00	6% of 4,500,000.00
Public Works	270,000.00	6% of 4,500,000.00
Construction Contingency	225,000.00	5% of 4,500,000.00
Available for Constr.	3,735,000.00	

Land to be provided at no cost according to Vernon Perry.

Cost per bed Anchorage @1975 bid prices $54,000.00

Use 15% escalation per year to bid opening in March, 1980.
54,000 x 2.01 = $108,613/bed

Number of beds $\frac{3,735,000}{108,613} = 34.4$

Use 39 beds

Will require about 18 months to construct.

cc: Wallace DeBoff, Construction Engineer II

Corrections made by __________, 1/27/77
per conversation with George Porter.

Michael B. Jones & Associates
P.O. Box 2240
Anchorage, Alaska 99510

March 17, 1977

Kevin Waring, Director
Division of Community Planning
Department of Community & Regional Affairs
Pouch B
Juneau, Alaska 99810

Dear Mr. Waring:

Attached herewith is a draft report providing options and policy recommendations for administration of the Elderly Housing Bond Fund. As of this writing the field surveys, which are being done by local organizations on a voluntary basis, have not all been returned, and this section of the report is the least complete. There is included a very cursory analysis of some of the major points of interest that seem to be emerging from the survey thus far, and this section will be further developed during the next week.

There are a few other topics in the report which will be expanded further, including sections on services for the elderly which should be provided with housing, the management section, and the discussion of rehabilitation.

This draft is for review and comment. As soon as comments are received from your office, the final drafting of the report will proceed. Some sections of the report are still a little rough, including the placement of tables. These will of course be ironed out in the final drafting.

Looking foreward to your comments.

Sincerely,

Michael B. Jones

Michael B. Jones

MBJ/mj

DRAFT FOR REVIEW AND COMMENT

HOUSING FOR ELDERLY ALASKANS

Options for Administration of the Elderly Housing Bond Fund

Prepared and submitted to

the Department of Community and Regional Affairs

by

Michael B. Jones and Associates

March, 1977

DRAFT FOR REVIEW AND COMMENT

TABLE OF CONTENTS