

713

HCRA

HB 586

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HB 625

Suggested Legislation

[AN ACT RELATING TO STATE MANDATING OF LOCAL GOVERNMENT EXPENDITURES, SERVICES, STANDARDS, EMPLOYMENT CONDITIONS, AND RETIREMENT BENEFITS]

(Be it enacted, etc.)

1 SECTION 1. *Short Title.* This act may be cited as "The State Mandates Act."

2 SECTION 2. *Findings and Purpose.*

3 (a) The [legislature] finds that preceding actions of the state government in specifying the manner,
4 standards, and conditions under which public services are rendered to citizens by the political subdivisions
5 of this state on occasion have not resulted in equitable relationships between the state government and its
6 local political subdivisions. Some of these actions have dealt in detail with the internal management of local
7 governments, others have specified the establishment of new services and facilities without providing any
8 new revenue sources or any financial participation by the state in meeting the additional costs; still others
9 have specified the adoption of higher service standards without a full assessment of the impact upon local
10 expenditures and tax rates.

11 (b) It is the purpose of this act

12 (1) to provide for the collection and periodic publication of information on existing and future
13 state and federal mandates;

14 (2) to enunciate policies, criteria, and procedures to govern any future state-initiated specifica-
15 tion of local government services, standards, employment conditions, and retirement benefits that has the
16 effect of necessitating increased local government expenditures in such a way as to accommodate the
17 constitutional obligations of the state government in addressing problems of statewide concern, while
18 avoiding the imposition of state standards upon essentially local responsibilities without appropriate
19 reimbursement or other appropriate fiscal participation on the part of the state government; and

20 (3) to provide for a review of existing mandates and an identification of the nature and
21 magnitude of corrective actions needed to produce a consistent and equitable framework of state-local
22 relations regarding mandated services, standards, and expenditures.

23 SECTION 3. *Definitions.*

24 (a) "Local government" means a city, [municipality,] county, township, town, [borough, village,]
25 school district, or special district.

26 (b) "State mandate" means any state-initiated constitutional, statutory, or executive action that
27 requires a local government to establish, expand, or modify its activities in such a way as to necessitate
28 additional expenditures from local revenues, including any order issued by a state court except judgments in

1 eminent domain condemnation and tort liability proceedings, or proceedings relating to local government
2 performance or nonperformance under any contract or agreement. State mandates may be reimbursable or
3 nonreimbursable as provided in this act.

4 (c) "Local government organization and structure mandate" is a state mandate concerning such
5 matters as

- 6 (1) the form of local government and the adoption and revision of local government charters,
- 7 (2) the establishment of multicounty districts, councils of governments, or other forms and
8 structures for interlocal cooperation and coordination;
- 9 (3) the holding of local elections;
- 10 (4) the designation of public officers, and their duties, powers, and responsibilities;
- 11 (5) the prescription of administrative practices and procedures for local governing bodies.

12 (d) "Due process mandate" is a state mandate concerning such matters as the

- 13 (1) administration of justice,
- 14 (2) notification and conduct of public hearings,
- 15 (3) procedures for administrative and judicial review of actions taken by local governing bodies,

16 and

17 (4) protection of the public from malfeasance, misfeasance, or nonfeasance by local government
18 officials.

19 (e) "Benefit spillover" is the process of accrual of social or other benefits from a governmental service
20 to jurisdictions adjacent to, or beyond the jurisdiction providing the service.

21 (f) "Service mandate" is a state mandate as to creation or expansion of governmental services or
22 delivery standards therefor and those applicable to services having substantial benefit spillover and
23 consequently being wider than local concern; for purposes of this act, applicable services are

- 24 (1) elementary and secondary education,
- 25 (2) community colleges,
- 26 (3) public health,
- 27 (4) hospitals,
- 28 (5) public assistance,
- 29 (6) air pollution control,
- 30 (7) water pollution control,
- 31 (8) solid waste treatment and disposal,
- 32 (9) non-local public transportation, and
- 33 (10) *[other statewide or non-local services for which the state might be expected to establish levels*

34 *or delivery standards.]*

35 A state mandate that expands the duties of a public official by requiring the provision of additional

1 services is a "service mandate" rather than a "local government organization and structure mandate."

2 (g) "Interlocal equity mandate" is a state mandate requiring local governments to act so as to
3 benefit other local governments or to refrain from acting to avoid injury to, or conflict with, neighboring
4 jurisdictions, including such matters as

5 (1) land use regulations,

6 (2) tax assessment procedures for equalization purposes, and

7 (3) environmental standards.

8 (h) "Tax exemption mandate"¹ is a state mandate that exempts privately owned property or other
9 specified items from the local tax base, such as

10 (1) exemption of business inventories from the local property tax base, and

11 (2) exemption of food or medicine from the local sales tax.

12 (i) "Personnel mandate" is a state mandate concerning or affecting local government

13 (1) salaries and wages,

14 (2) employee qualifications and training (except when any civil service commission, profes-
15 sional licensing board, or personnel board or agency established by state law sets and administers
16 standards relative to merit-based recruitment of candidates for employment or conducts and grades
17 examinations and rates candidates in order of their relative excellence for purposes of making
18 appointments or promotions to positions in the competitive division of the classified service of the
19 public employer served by such commission, board, or agency).

20 (3) hours, location of employment, and other working conditions, and

21 (4) fringe benefits including insurance, health, medical care, retirement and other benefits.

22 SECTION 4. *Collection and Maintenance of Information Concerning State Mandates.*

23 (a) The [department of community affairs] [state comptroller] [other agency in the executive
24 branch of state government] [committee, agency, or office of the legislature] shall be responsible for

25 (1) collecting and maintaining information on state mandates, including such information as
26 may be required for effective implementation of the provisions of this act;

27 (2) reviewing local government applications for reimbursement submitted pursuant to this
28 act;

29 (3) hearing complaints or suggestions from local governments and other affected organiza-
30 tions as to existing or proposed state mandates; and

31 (4) reporting periodically to the Governor and [legislature] regarding the administration of
32 provisions of this act and changes proposed thereto.

33 (b) (1) Within [12 months] following the effective date of this act, the [head of state agency

¹See suggested legislation *State Compensation Programs for State-Owned Property*.

1 *specified in subsection (a) above*] shall collect and tabulate relevant information as to the nature and
2 scope of each existing state mandate, including but not necessarily limited to

3 (i) identity of type of local government and local government agency or official to
4 whom the mandate is directed;

5 (ii) whether or not an identifiable local direct cost is necessitated by the mandate and
6 the estimated annual amount;

7 (iii) extent of state financial participation, if any, in meeting such identifiable costs;

8 (iv) state agency, if any, charged with supervising the implementation of the mandate;

9 (v) a brief description of the mandate and a citation of its origin in statute or
10 regulation.

11 (2) The resulting information shall be published in a catalog [available to legislators, state
12 and local officials, and interested citizens]; as new mandates are enacted they shall be added to the
13 catalog, and at the conclusion of [*each annual or biennial session of the legislature or other specified*
14 *time*] the [*state executive or legislative agency*] shall list each new mandate enacted at the preceding
15 legislative session, and the estimated additional identifiable direct costs, if any, imposed upon local
16 governments.² A revised version of the catalog shall be published every [*five*] years, beginning with the
17 publication date of the initial version.

18 (3) Information comparable to that described in subsection (1) above shall be collected by
19 [*state agency*] regarding federal legislative, executive, and judicial mandates and shall be included in the
20 initial and subsequent versions of the catalog.³

21 SECTION 5. *Specification of State Policy Objective.*

22 (a) Subsequent to the effective date of this act, any proposal for legislation submitted by the
23 executive branch of the state government, any bill filed for introduction by a member of the [*legislature*],
24 and any committee print of a new or amended bill that has the effect of creating or enlarging a state
25 mandate upon local government as defined in Section 3(b) of this act shall include, in addition to the
26 estimated additional costs to the affected local governments as provided under [*citation of any statute(s)*
27 *requiring the attachment to proposed legislation of notes on local government fiscal impact*], a
28 statement of the statewide policy objective or objectives that require or justify the imposition of the
29 proposed requirements upon local government and the extent to which such policy objectives or
30 objective cannot be achieved in the absence of such proposed requirements.⁴

31 (b) Subsequent to the effective date of this act, any executive order or administrative regulation

²See suggested legislation *Legislative Notes on the Fiscal Impacts on Local Governments of State Actions*. Also a provision might be included for differentiating between initial or first-year costs and subsequent annual operating costs.

³Federal mandates are so numerous and complex that states may wish to confine catalog coverage to certain major or other selected categories.

⁴In some states the substance of this subsection would be provided in the legislature's rule of procedure rather than by statute, at least with regard to the responsibilities imposed upon individual members or committees; alternatively such a rule might provide that consideration of a mandate bill would not be in order, absent the required statement of policy objective.

1 that creates or enlarges a mandate as defined in Section 3(b) of this act shall include a statement of the
2 statewide policy objective or objectives as specified in subsection (a) above.

3 SECTION 6. *State Reimbursement to Local Government for Increased Costs Arising from*
4 *Certain State Mandates.*

5 (a) Any increased costs accruing to local governments as a direct result of mandates dealing with
6 the organization and structure of local government, due process mandates, and interlocal equity
7 mandates as defined in subsections (c), (d), and (g) respectively, of Section 3 above, are not reimbursable
8 by the state.

9 (b) At least [50%], but under no circumstances more than [100%] of the increase in costs of a
10 local government directly attributable to a service mandate as defined in Section 3(f) enacted
11 legislatively or established administratively subsequent to the effective date of this act shall be
12 reimbursed by the state unless there is in existence at the time of such enactment a program of state aid
13 for the service affected by the mandate whereunder the non-local share for any participating local
14 government is [50%] or greater and where the increased costs arising under the mandate constitute
15 allowable expenditures under the aid program. Where all or part of the increased costs are met through
16 federal or other external aid, only the net increase to the local government shall be included in the base
17 against which the amount of state reimbursement is to be computed.

18 (c) [100%] of the loss in revenue of a local government directly attributable to a mandated
19 classification or exemption of property for purposes of ad valorem property taxation enacted subse-
20 quent to the effective date of this act shall be reimbursed by the state. The loss of revenue does not
21 include potential revenue from property of a type which was not being assessed and taxed on January 1,
22 [insert year in which this act is to be effective].³

23 (d) Except for a state mandate that places a floor under retirement benefits or that affects
24 personnel qualifications for local employees, the salaries and wages of which are partially or wholly
25 financed under a state aid program, any personnel mandate as defined in Section 3(i) above enacted
26 legislatively or established administratively subsequent to the effective date of this act shall be
27 reimbursed by the state to the extent of increased costs incurred by local governments directly
28 attributable to such mandate.

29 (e) All of the increased costs of a local government directly attributable to a mandated increase in
30 public employee retirement benefits enacted subsequent to the effective date of this act [and which has
31 the effect of elevating retirement benefits of local government employees above an adequate level—to

³States may wish to provide total or partial reimbursement in case of mandated exemptions of business inventories (see ACIR, *State Legislative Program*, Vol. 3, M-94, *State and Local Revenues*, 3, 107, pp. 49-52, Washington, DC, U.S. Government Printing Office, November 1975). See suggested legislation, *State Compensation Programs for State-Owned Property*.

1 costs above a 75% takehome salary replacement] shall be reimbursed by the state.⁶

2 (f) Subsequent to the effective date of this act, any proposal for legislation submitted by the
3 executive branch of state government, any bill filed for introduction by a member of the [legislature], and
4 any committee print of a new or amended bill that creates or enlarges a state mandate of the type
5 specified in subsections (b), (c), (d), and (e) above, shall bear either a proposed authorization for
6 appropriation of an amount necessary to provide the reimbursement specified above or a disclaimer
7 from reimbursement liability, stating the specific reasons for such exclusion, as provided in Section 9(a)
8 below.

9 SECTION 7. *Exemption from State-Imposed Limits of Taxes [and/or Expenditures] of Local*
10 *Governments of Revenues Needed to Meet Increased Costs Directly Attributable to State Mandates.*

11 Execution of state mandates as defined in this act is hereby declared a public purpose of affected
12 local governments in the [insert name of state], and where the increased local costs directly attributable
13 to any nonreimbursable mandate as provided in Section (6) above exceeds [\$5,000] [1% of the operating
14 budget of the local government], the excess may be included in the [property tax levy] [fiscal year's
15 operating expenditure] above and beyond the limitations set forth in [cite applicable statutory provision
16 setting general limitations upon local government tax rates or levies or upon expenditures].

17 SECTION 8. *Review of Existing Mandates.*

18 (a) Concurrently with, or within [three] months subsequent to the publication of a catalog of state
19 mandates as prescribed in Section 4(b) above, the [state agency charged with oversight of mandates in
20 Section 4(a)] shall submit to the Governor and the [legislature] a review and report on mandates enacted
21 prior to the effective date of this act and remaining in effect at the time of submittal of the report.

22 (b) The report shall include for each mandate the following:

- 23 (1) the factual information specified in Section 4(b) for the catalog;
24 (2) extent to which the enactment of the mandate was requested, supported, encouraged, or
25 opposed by local governments or their respective organizations;
26 (3) whether or not the mandate continues to meet a statewide policy objective or has
27 achieved the initial policy intent in whole or in part;
28 (4) amendments if any required to make the mandate more effective;
29 (5) whether the mandate should be retained or rescinded;
30 (6) whether state financial participation in helping meet the identifiable increased local costs
31 arising from the mandate should be initiated, and if so, recommended ratios and phasing-in schedules;
32 and

⁶In many states most local government retirement benefits have already reached what are regarded as adequate levels among retirement and actuarial experts (e.g. 75%-80% take-home salary replacement after meeting length of service requirements); many are beginning to exceed this level amid increasing concern about the financial soundness of local retirement systems. Each state will need to develop its own definition of "adequacy" with any mandated enrichments over that level subject to full or partial state reimbursement.

1 (7) any other information or recommendations which the [state agency] considers pertinent.

2 [(c) Any mandate not renewed, revised, or dealt with otherwise by the [legislature] shall terminate
3 at the end of three years following the publication of the initial version of the catalog prescribed in
4 Section 4(b).]'

5 [(d) The [appropriate committee of each house of the legislature] shall review the report and shall
6 initiate such legislation or other action as it deems necessary.]

7 SECTION 9. *Exclusions, Reimbursement Application, Review, Appeals, and Adjudication.*

8 (a) *Exclusions.* Any of the following circumstances inherent to, or associated with, a mandate
9 shall exclude the state from reimbursement liability under this act. If the mandate

10 (1) accommodates a request from local governments [or organizations thereof];⁸

11 (2) results in no new governmental duties, including legislation or regulation permissive in
12 nature;

13 (3) provides only clarifying or conforming, nonsubstantive changes in an earlier statute or
14 regulation;

15 (4) imposes additional duties of a nature which can be carried out by existing staff and
16 procedures at no appreciable net cost increase;

17 (5) creates additional costs but also provides offsetting savings resulting in no aggregate
18 increase in net costs;

19 (6) imposes a cost that is wholly or largely recovered from federal, state, or other external
20 financial aid;

21 (7) imposes additional net costs of less than [\$1,000 for a single local government or 1/10 of
22 a mill on the statewide aggregate local property tax base].

23 Additionally, the [legislature] may exclude a mandate from reimbursement liability for a unique or
24 compelling policy reason, such reason to be stated in the act establishing the mandate.

25 (b) *Reimbursement Estimation and Appropriation Procedure.*

26 (1) When a bill is introduced in the [legislature], the [legislative counsel or other office of the
27 legislature] shall determine whether such bill requires reimbursement to local governments pursuant to
28 this act. The [counsel or office] shall make such determination known in the digest of the bill.

29 In making the determination required by this subsection the [legislative counsel] shall disregard any

⁷If a state desires to initiate a "sunset" procedure for forcing attention to mandates already on the books, the procedure should follow that set forth in the state's general "sunset" law, if one exists, additionally the legislature might find it preferable in consideration of workload to exclude "form and structure" and "due process" mandates from the scope of "sunset."

⁸A state mandate that arises as a direct result of a legislative provision sought by local governments probably should not require reimbursement. The wording of this exclusion depends upon the structure and process that underlies state legislation on local government affairs in a given state including such factors as: the extent to which such matters are handled by general law or as special legislation targeted by name or narrow population class to one or a few local governments; the nature of the local governments' request in a specific instance; nature of testimony given in support of the legislation; degree of unanimity of support among the individual local governments; and the role of state organizations of city or county officials and the scope and nature of the process by which the organizations establish positions in support of or opposition to specific legislative bills.

1 provision in a bill which would make inoperative the reimbursement requirements of Section 6 above,
2 and shall make the determination irrespective of any such provision.

3 (2) Whenever the [*legislative counsel*] determines that a bill will require state reimbursement
4 to a local government as provided in Section 6, the [*department of finance or other executive branch*
5 *fiscal agency*], after consultation with the [*department of community affairs or the state agency*
6 *designated in Section 4 and subsequently*] shall prepare estimates of the amount of reimbursement which
7 will be required.⁹ Such estimates shall be prepared for the [*respective committees of each house of the*
8 *legislature*] which consider taxation and appropriation measures and shall be prepared prior to any
9 hearing on such a bill by any such committee.

10 (3) The estimate required by subsection (2) above shall be the amount estimated to be
11 required during the first fiscal year of a bill's operation in order to reimburse local governments
12 pursuant to Section 6, for costs mandated by such bill. In the event that the operative date of such a bill
13 does not begin on the first day of [*state fiscal year*], the estimate shall also include the amount estimated
14 to be required for reimbursement for the next following full fiscal year. In the event that a bill is
15 amended on the floor of [*either house*], whether by adoption of the report of a conference committee or
16 otherwise, in such a manner as to require reimbursement pursuant to this act, the [*legislative counsel*]
17 shall immediately inform, respectively, the [*Speaker of the House and the President of the Senate*] of
18 such fact. Such notification from the [*legislative counsel*] shall be published in the journal of the
19 [*respective houses of the legislature*].

20 (4) For the initial fiscal year, reimbursement funds shall be provided as follows:

21 (i) any statute mandating such costs shall provide an appropriation therefor, and

22 (ii) any executive order mandating such costs shall be accompanied by a bill to
23 appropriate the funds therefor, or, alternatively an appropriation for such funds shall be included in the
24 executive budget for the next following fiscal year.

25 In subsequent fiscal years, appropriations for such costs shall be included in the [*executive budget*]
26 and general or supplemental appropriation bills.

27 (5) The amount appropriated for such purposes shall be [*appropriated to the [state fiscal*
28 *agency] for disbursement*]. [*appropriated directly to the local units of government pursuant to*
29 *subsection (c) below*].

30 (c) *Reimbursement Application and Disbursement Procedure.*

31 (1) For the initial fiscal year during which reimbursement is authorized, each local govern-
32 ment believing itself to be entitled to reimbursement under this act shall submit to the [*department of*
33 *community affairs*] [*state fiscal agency*] [*other appropriate state officials or agency*], within [60] days of

⁹Where the legislature has provided a fiscal note procedure (as referenced in footnote to Section 4(b)(2) above), somewhat different wording may be needed.

1 the operative date of the mandate a claim for reimbursement accompanied by its estimate of the
2 increased costs required by the mandate for the balance of the fiscal year. [The department of
3 community affairs] [or other state executive agency] shall review such claim and estimate and forward
4 them with its comments to the [state fiscal agency]. The [department of finance] [or appropriate state
5 fiscal agency] shall [pay such claims from the funds appropriated pursuant to subsection (b) above,
6 provided that it may

7 (i) audit the records of any local government to verify the actual amount of the
8 mandated cost, and

9 (ii) reduce any claim determined to be excessive or unreasonable.] [submit to the
10 [legislature] a schedule of recommended appropriation to respective units of local government.]

11 (2) For the subsequent fiscal years, local governments shall submit claims as specified above
12 on or before [date] of each year. The [state fiscal agency] shall [pay] [recommend to the [legislature]
13 the payment of] such claims from funds appropriated therefor, provided that it

14 (i) may audit the records of any local governments to verify the actual amount of the
15 mandated cost,

16 (ii) may [reduce] [recommend to the [legislature] the reduction of] any claim, determined
17 to be excessive or unreasonable, and

18 (iii) shall adjust the payment to correct for any underpayments or overpayments which
19 occurred in the previous fiscal year.

20 (3) Any funds received by a local government pursuant to this act may be used for any
21 public purpose.

22 (d) *Appeals and Adjudication.*

23 (1) Local governments may appeal determinations made by state officers acting pursuant to
24 this act. The appeal must be submitted to the [department of community affairs or other state agency
25 designated in Section 4] within [days] following the date of receipt of the determination being appealed.
26 [The appeal must include evidence as to the extent to which the mandate has been carried out in an
27 effective manner and executed without recourse to standard of staffing or expenditure higher than
28 specified in the mandatory statute]. The [state agency], after reviewing the evidence submitted to it,
29 [may increase or reduce the amount of a reimbursement claim] [shall submit to the legislature any
30 recommendations for change]. [The decision of the [agency] shall be final.] [Some states, especially
31 those already having board of control or other adjudicatory body, review of claims against the state
32 may wish to provide a second level of appeal].

33 SECTION 10. *Refusal to Comply with Mandate and Judicial Review Thereof.*

34 [(a) An affected local government may, by resolution refuse to comply with or enforce any law
35 not meeting the requirements of this act.¹⁰ A copy of such resolution shall be transmitted within 24

1 hours to the [attorney general; Governor.]]

2 (b) [A section that would permit a local government to initiate court action to determine whether
3 or not an enacted statute or issued executive order correctly specifies that it does not involve any state-
4 mandated costs, or if it involves such costs that there is an adequate appropriation available and that
5 would require the court to enjoin the effect of the mandate until funds are available.]¹¹

6 SECTION 11. *Effective Date.* [Insert effective date.]

7 SECTION 12. *Separability.* [Insert separability clause.]

¹⁰See *Revised Codes of Montana*, sec. 43-517, SB 231, Florida Senate, 1978, provided "The municipality or county may refuse to comply with, administer, or enforce any law which does not comply with the requirements of this section unless such law expressly supersedes or modifies this act. No subsequent legislation shall be deemed to supersede or modify any provision of this act, whether by implication or otherwise except to the extent that such legislation shall do so expressly; reasons for legislative deviations from this section shall be stated with particularity in the preamble of the act."

¹¹See AB 1563, California Assembly, 1977.

TO: Bill
FROM: Marjorie
3/18/80

CS HB 586 Fiscal Notes for Bills Affecting Municipalities

On Floor 3/19/80

Floor Notes

Difference between HB and CS

p. 1 line 15 Addition of "a significant"

25 states provide for fiscal notes to leg. having state impact

22 have formal or informal procedures for attaching fiscal
notes to leg affecting LOCAL finances

*SB 272 (Fiscal Notes to be Prepared for Regulations)
Bennett's bill has passed both houses -
has been transmitted to Gov.)*

Original sponsor: Rules/Legislative Council

Offered: 3/13/80

Referred: Rules

1 IN THE HOUSE

BY THE COMMUNITY AND
REGIONAL AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 586

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act requiring fiscal notes for bills affecting a
7 municipality."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 24.30.035 is amended to read:

10 Sec. 24.30.035. FISCAL NOTES ON BILLS. Before a bill is reported
11 from the committee of first referral, there shall be attached to the
12 bill a fiscal note containing an estimate of the amount of the appropri-
13 ation increase or decrease which would result from enactment of the bill
14 for the ensuing fiscal year and at least two succeeding fiscal years.
15 If enactment of the bill would require a significant expenditure or ap-
16 propriation by a municipality, a fiscal note shall be attached to the
17 bill containing an estimate of the amount of the total expenditure or
18 appropriation which would be required during each of the first three
19 fiscal years by all affected municipalities. If [OR, IF] the bill has
20 no fiscal impact, a statement to that effect shall be attached. The
21 fiscal note or statement relating to a state program shall be prepared
22 by the department or departments affected. The fiscal note or statement
23 relating to municipalities shall be prepared by the Department of Commu-
24 nity and Regional Affairs, but that department may obtain the assistance
25 of any other state agency in the preparation of the note or statement.
26 If the bill is presented by the governor for introduction in accordance
27 with AS 24.30.060(b) and the uniform rules of the legislature, the
28 fiscal note or statement shall be attached to the bill before the bill
29 is introduced. An amendment or substitute bill proposed by a commit-

tee of referral that changes the fiscal impact of a bill shall be explained in a revised fiscal note or statement attached to the bill.

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THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. B. 586 and S. B. 352

Title An Act Requiring Fiscal Notes for Bills Affecting a Municipality

Requested by House Committee on Community & Regional Affairs Date _____

II. FISCAL DETAIL

Agency Affected Department of Community & Regional Affairs

Program Category Affected Community Development

BRU, Program, or Subprogram(s) Affected Local Government Assistance Division

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		54.8	59.2	63.9	64.0	74.5
200 TRAVEL		1.5	1.6	1.7	1.9	2.0
300 CONTRACTUAL		4.8	5.1	5.5	6.0	6.5
400 COMMODITIES		.5	.5	.6	.6	.7
500 EQUIPMENT		1.0	0	0	0	0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		62.6	66.4	71.7	77.5	83.7

FUNDING (Thousands of Dollars)

GENERAL FUND		62.6	66.4	71.7	77.5	83.7
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME	2	2	2	2	2	2
PART TIME						
TEMPORARY						

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

To prepare fiscal notes on all bills relating to municipalities would require an additional Local Government Specialist III (Range 17) and a Clerk/Typist III (Range 8) - Personal Services costs are based on these figures plus 28% for benefits.

Contractual costs are for an additional 300 sq. feet of office space (.5), base telephone rate and long distance tolls for 1 (1.0), and Mag Card rental (3.3). Travel is figured at 1.5 per year. In many instances the LGS will need to go to the municipalities to research fiscal impact of bills. The commodities cost is for the costs of printing forms. All the above costs are increased at 8% a year for inflation.

The one time equipment cost is for desks, office equipment, etc. for two.

IV. DATE _____

PREPARED BY McKie Campbell

AGENCY Community & Regional Affairs

PHONE 465-4735

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

Sixth open letter to all
Legislators of the State of Alaska

March 25, 1980

Re.: CS for House Bill 586 and Senate Bill 352, "An Act requiring
fiscal notes for bills affecting a municipality"

Dear Legislator:

"The legislature shall pass no local or special act if a general act can be made applicable. ... Local acts necessitating appropriations by a political subdivision may not become effective unless approved by a majority of the qualified voters voting thereon in the subdivision affected."
Alaska Constitution, Article II, Section 19.

The intent of the wording to be added to the law as evidenced in House Bill 586 and Senate Bill 352 ("If enactment of the bill would require a significant expenditure or appropriation by a municipality a fiscal note shall be prepared by the Department of Community and Regional Affairs,") is in direct conflict with the intent of the Constitution of Alaska; Article II, Section 19 in particular. In other words, our elected Legislators intend to act contrary to the will of the people, and intend not to support and defend the Constitution of the State of Alaska as they have sworn by oath to do.

In my third open letter to all legislators dated Jan. 28, 1980, of which you received a copy, I stated that House Bill 586 expresses the intention of the legislature to impose any State provided service to any municipality and to make that municipality pay for the same; that this is in violation of the principals of providing for maximum local (municipal) self-government as set forth under Article X of the Alaska Constitution; that this is ignoring the limitations of power to the legislature as set forth under Article II (Section 19) of the Alaska Constitution; and that therefore these bills cannot be legally enacted and should die in committee.

In my fourth open letter to all legislators, dated February 12, 1980 of which you also received a copy, I stated that the State assumed only the rights enumerated in the Constitution of Alaska through voter approval and assumed at the same time the obligation to fulfill the responsibilities enumerated therein. Article VII of the Constitution of the State of Alaska requires the State to provide for education, for protection of public health, and for welfare. It is self-explanatory that the State must provide these services by raising the funds necessary to pay for them, and not by mandating State services upon the local municipality and thereby forcing the the people affected to pay for the "State provided" services.

Again, in spite of my warnings, on March 20, 1980 the Alaska House of Representatives passed CS for House Bill 586, "An Act requiring fiscal notes for bills affecting a municipality." It is now in the Senate Finance Committee.

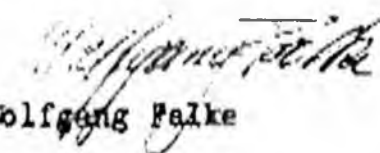
At the time the people of Alaska adopted by vote the Constitution of Alaska it was their will to retain the right of selfdetermination over local municipal government, and that any additional municipal or special services must be approved by the voters of the locality affected. Even should the State fund a special municipal service 100%, it may not provide that service without the consent of the voters of that locality, whether it be a service area in the unorganized borough or a municipality of any kind. I am convinced that this attitude of the people of Alaska has not been changed since the adoption of our Constitution. I hesitate to speculate on the public's reaction when properly informed about this legislative shame in progress.

House Bill 586 and Senate Bill 352 considered by themselves may appear harmless at first glance, however if seen enacted together with House Bill 580 and Senate Bill 348 (each existing borough and unified municipality and each school district (REAA) called an "unorganized borough" will be an established State Service District), House Bill 581 and Senate Bill 350 (the Governor shall require legislation regarding development and implementation of State Service Districts), House Bill 582 and Senate Bill 349 (will provide public tax dollars to prepare a management (control) program for the "unorganized boroughs"), HB 584 and SB 354 (will eliminate the third class borough) and HB 585 and SB 353 (will confer first class status to second class boroughs), the true intentions of establishing a state socialistic dictatorship under the Governor and the Department of Community and Regional Affairs become quite visible.

In many of my previous letters I urged you to let SBs 348, 349, 350, 352, 353 and 354, and HBs 580, 581, 582, 584, 585 and 586 die in committee. If these bills become law, the foundation for a Hitler Style state socialistic society will be laid!

Please, take a moment and think about this - before you vote again on this bill or any of the others I named.

Very truly yours,


Wolfgang Falke

HB

594

(7)

COMMITTEE REPORT

HOUSE

1/22/80

FURTHER: FINANCE

Date: 22 Jan 80

Mr. Speaker:

COMMUNITY AND REGIONAL

The Committee on AFFAIRS has had HB 594

"An Act making a special appropriation to the Department of Community and Regional Affairs for health careers education; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
- and recommends _____ new title
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

**MEMBERS SIGNING
DO PASS**

Ben P...

Robert H. ...

**MEMBERS HAVING
OTHER RECOMMENDATIONS:**

Ben P...

Robert H. ...

Ben P...
CHAIRMAN



Official Business

Alaska State Legislature

JOINT SENATE AND HOUSE
COMMUNITY AND REGIONAL AFFAIRS COMMITTEE
LOCAL GOVERNMENT STUDY

Co-Chairmen
Senator Arliss Sturgulewski
Representative Bill Parker

Address all
correspondence to:
LOCAL GOVERNMENT STUDY
Pouch V
State Capitol
Juneau, Alaska 99811

C&RA Committee Hearing HB 594

January 28, 1980

Pappy Moss,
witness

Mr. Moss said the purpose of the bill was to cover expenses that weren't part of the Health Careers Program (an enrichment program for Native High School students interested in health careers. AFN pays for supplies and the program). Mr Moss noted that AFN was short in funding for the program by \$29,104.

Parker

Mr. Parker said he thought the Feds weren't giving as much to the program this year.

Moss

Moss said that was his understanding.

Ray Metcalfe

Mr. Metcalfe wanted to know if the program was originated by the AFN.

Moss

Moss said the program was, and that it was supported by Federal funds.

Metcalfe

Metcalfe said he felt that Native Land Claim Settlement Act was a chance for natives to "catch up" with the rest of the country, and that the money given by the Federal govt. was for that purpose.

Parr

Mr. Parr differentiated between money that went to for-profit and non-profit corporations.

Metcalfe

Metcalfe said he thought the money should come from the communities, and not from the state.

Moss

Mr. Moss tried to dispell the notion that there was "that much money out there (in the native communities)."

Parker

Mr. Parker said that it seemed like a nice program; but he wondered why it came up short this year.



Official Business

Alaska State Legislature

JOINT SENATE AND HOUSE
COMMUNITY AND REGIONAL AFFAIRS COMMITTEE
LOCAL GOVERNMENT STUDY

Co-Chairmen
Senator Arliss Sturgulewski
Representative Bill Parker

Address all
correspondence to:

LOCAL GOVERNMENT STUDY

Pouch V
State Capitol
Juneau, Alaska 99811

HB 594 -----2

Parr

Mr. Parr noted that the cost came to about \$1,500 per student.

Metcalfe

Mr. Metcalfe asked where the money came from.

Moss

Mr. Moss said the money came from the AFN. He added that he would have people in town to testify about the bill next week.

Palmer McCarter,
C&RA

Mr. McCarter said that C&RA supported the program. He pointed out that AFN was non-profit, and that it must seek out state and Federal grants. He said the program was available to students statewide. He felt the shortfall may have come because the feds calculated their grant to AFN based on lower 48 costs.

Parr

Mr. Parr said he knew a program that does exactly the same thing was being funded at U.A.F., and wondered why the state would want to spend money for the same thing. Recommended passing the bill out with a letter pointing out that there was duplication between U.A.F. program and A.F.N. program.

Metcalfe

Bill passed

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 594
 Title Special Appropriation for Health Careers Education
 Requested by H. Pappy Moss Date _____

II. FISCAL DETAIL

Agency Affected N/A
 Program Category Affected N/A
 Budget Request Unit(s) Affected N/A

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
FULL TIME						
PART TIME						
TEMPORARY						

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

No administrative cost would be charged by the Department of Community & Regional Affairs.

IV. DATE January 25, 1980 PREPARED BY Mary Foster
 AGENCY Community & Regional Affairs
 PHONE 465-4734
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

HB

625

(7)

COMMITTEE REPORT

HOUSE

1/28/80

FURTHER: FINANCE

Date: 1 28 1980

Mr. Speaker:

The Committee on COMMUNITY AND REGIONAL AFFAIRS has had HB 626

"An Act making a special appropriation to the Department of Administration to be paid as a grant for the operating costs and project development activities of the Fairbanks Town and Village Association for Development, Inc.; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
 new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Frank J. ...
Robert ...
...

CHAIRMAN



Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

BILL NUMBER AND TITLE:

HB 625 Re appropriation/Fbks. Town & Village Association

ORIGINAL SPONSOR: Rogers, Smith, Moss

OTHER SPONSORS:

RECEIVED FROM:

FURTHER REFERRALS:

Finance

HEARING DATE:

2/1/80

MEMBERS PRESENT:

Bill Parker X
Margaret Branson X
Pat O'Connell X

Pat Carney X
Charlie Parr X
Fred Zharoff X
Ray Metcalfe X

Rep. Brian Rogers, Sponsor

Discusses history of the Fbks. Town and Village Association and the general intent of the legislation.

Bill Wood, Bd. Member Fbks. Town & Village Association & Mayor of Fbks.

Discusses the representation drawn together by the Town & Village Ass'n. which draws on the leadership of 45 villages in the Doyon Region. The overall development plan created for the area originates at the "grass roots" level and the people. Generally discusses the activities of the Town & Village Ass'n.

Don Carlson, Mayor of Fbks. North Star Borough

Town and Village Ass'n. covers more than the North Star Borough area. Organization helps to meet the needs in the outlying areas as well. Cites Alaska Municipal League statement on economic development urging state support of such efforts. Sees a positive effect of the activities of the Fbks. Town & Village Ass'n. on the economic development of communities.

Metcalfe - Would like to see this money going through revenue sharing programs rather than as special appropriation.

John Coghill, Mayor of Nanana

Supports HB625. The activities of the TVA cover a larger geographic area than the North Star Borough. Each village would benefit from this type of program but it is not feasible to develop such small scale programs. What is good for Fbks. is good for Nanana. Suggests that the money would strengthen the administration of the programs operated by TVA.

Carney - Asks if the group has received state funding in the past?

Coghill - TVA has depended heavily on the North Star Borough for funding in the past.

Metcalfe - Revenue sharing base would cover these needs. It appears that TVA efforts might be duplicative of those of DC&RAs.

COMMITTEE ACTION:

Bill passed out.

TAPE # 2

SIDE 1

Footage 0-899

Metcalfe - Suggests possibility of incorporating activities with those of Dept. of C&RA.

Coghill - Points out that some of the areas receiving help aren't organized municipalities at this time and therefore couldn't qualify under the revenue sharing program. The thrust for economic help is from the villages.

Jerry Smetzer, Executive Director, Ftks. Town & Village Ass'n.

Responds to Parr's questions re what the group has actually accomplished.: TVA worked to get a \$250,000 storage building for Fort Yukon. Administrative staff had to work with the communities in a problem solving approach and in the case of the Fort Yukon project had to work on gaining title to the land for the city for the storage building. In Tok a Civic Center to house an Alcoholic center has been completed. There is alot of red tape in the development of capital projects. Responds to questioning re origin of requests for projects: sometimes the communities know what they need and want and sometimes that needs to be derived from dialogue. The Board meets twice a year and the attempt embodied in the bill is to have the state contribute as much to the efforts of the TVA as the federal government and the North Star Borough contribute.

Metcalfe -Suggests tht the group report on its relationship with the Dept. of C&RA during the next legislative session with its analysis of coordination of efforts and working relationship.

Smetzer - Would be happy to comply with that request.

Parker - Asks how figure for appropriation was arrived at?

Smetzer - Refers to travel costs and other costs associated with raising money.

Committee then proceeds to review HB 626 in conjunction with HB 625 .(See HB 626 Minutes)

**Overall
Economic
Development
Program
Inc.**

**S.R. Box 5011
Wasilla, Ak 99687**

(907) 376-3105

March 17, 1980

The Honorable Representative Bill Parker
Chairman, Community & Regional Affairs
Pouch V
Juneau, AK 99811

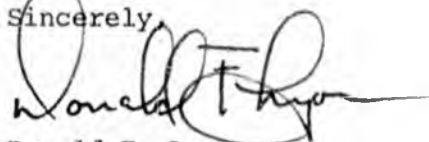
Dear Sir:

With full consensus of the other local economic development organizations in the State, I strongly support your favorable position on HB 625 and HB 626 as a means of strengthening the economic base in the Interior.

Based on the record of success of Fairbanks Town and Village Association for Development, Inc. as an economic development entity functioning on the regional level, I feel that HB 625, HB 626, and SR 41 represent legislation which can most effectively stimulate the local economy.

Fairbanks, in January 1980, posted the second highest unemployment rate in the State with 13.5%. The Matanuska-Susitna Borough, by comparison, was number one in the State and the nation with 19.9% (Department of Labor figures). The need is evident.

Sincerely,



Donald F. Lyon
Executive Director

DFL:nb



PREFACE

The Fairbanks Town and Village Association is a non-profit Alaska Corporation formed in 1972 to conduct a long-range program of regional economic development in the Interior of Alaska. In 1974 the corporation was designated by the United States Department of Commerce as an Economic Development District under the authority of Title IV(b) of the Public Works and Economic Development Act of 1965.

The regional boundaries of the district as outlined on the map of Alaska are the same as the boundaries of Doyon, Ltd., a regional corporation created under the authority of the Alaska Native Claims Settlement Act of 1971. The boundaries encompass a geographic area of some 240,000 square miles. Physiographically diverse, the region includes most of the primary and tributary drainages of the Yukon River as it courses westerly through the Interior for 1,500 miles between the Brooks Range to the north and the Alaska Range to the south. Additionally the highest mountain in North America lies in the southwestern portion of the Interior. The mountain officially named Mount McKinley is traditionally and historically known by the Athapascan Indians of the Interior as Denali ... "The Great One".

The climate is classified as continental and is relatively arid. Though seasonal temperature extremes can occur the lack of wind and precipitation creates a generally mild sunny climate.

The second largest city in Alaska and the primary service, supply, research and administrative center for the north is Fairbanks, Alaska with a population in the metropolitan area of nearly 56,000. The municipal boundaries of the Fairbanks North Star Borough also shown on the map, encompass an area the size of the State of New Jersey.

The vast region surrounding Fairbanks is largely undeveloped and sparsely populated. There are about 50 small cities, villages and settlements scattered through the area, most with populations of 100-200 residents or less. The sub-regional supply, service, and administrative centers such as Tok, Nenana, Galena, McGrath and Fort Yukon have populations between 500 and 1,000.

Delta Junction, the site of a major agricultural development program has an area population of nearly 3,000.

amendment at their semi-annual meeting in March of 1979 allowing the Fairbanks Chamber of Commerce to appoint one Board member and they have done so.

The largest municipal government in the District is the Fairbanks North Star Borough. The heavily populated section of the Borough forms the District's primary growth center.

Since 1974, the Association has been evaluating the potential designation of secondary growth centers. There has been discussion of four possible secondary designations including Galena, McGrath, Fort Yukon and Tok. Officials in these communities, however, have not made requests for formal growth center designations.

Seventeen local governments in Interior Alaska are participating in the overall planning process of the Association through appointment of representative officials to serve on the Board of Directors. Twenty-one communities, however, are represented on the Board through appointment of at-large and organization appointments.

TABLE I
PARTICIPATING GOVERNMENTS AND ORGANIZATIONS

1. Municipalities with Representatives on the FTVAD Board:

Arctic Village	Fairbanks	Grayling	Nenana	Nulato	Tanana
Anvik	FNSB	Kaltag	Nikolai	Shageluk	
Deer	Fort Yukon	McGrath	North Pole	Takotna	

2. Other Communities with At-Large and Participating Organization Representatives on the Board:

Circle	Dry Creek	Healy Lake	Minto	Ruby	Tok
--------	-----------	------------	-------	------	-----

3. Participating Organizations with Representatives on the Board:

Tanana Chiefs Conference	Tok Chamber of Commerce
Upper Tanana Development Corporation	Fairbanks Chamber of Commerce

4. Organizations Eligible for Participation through Section 7 Bylaw Amendment in March, 1978:

Koyukon Development Corporation	Upper Tanana Development Corporation
Upper Yukon Development Corporation	

5. Organizations Eligible for Participation through Section 7 Bylaw Amendment in March, 1979:

Fairbanks Chamber of Commerce

6. Other Organizations Eligible for Participation:

National Association for the Advancement of Colored People
--

d. Citizen Participation

The activities of the Fairbanks Town and Village Association for Development, Inc. are governed by a 37-member Board of Directors. It is the Board's responsibility to adopt and implement an Overall Economic Development Program for the District. This program includes the determination of policy, identification of development goals, establishment of project priorities, and the creation of a development strategy to accomplish the District goals.

PROGRAM BUDGET/STAFFING ESTIMATE
FY '80, '81 & '82

TASK SUMMARY

ECONOMIC DEVELOPMENT:

Task	Keyword Code
Task #1	Economic Diversification Strategy
Task #2	Small Industries Development
Task #3	Business Loan Specialists
Task #4	Fairbanks Downtown Revitalization
Task #5	New Loan Funds
Task #6	Decentralization

TRANSPORT DEVELOPMENT:

Task	Keyword Code
Task #1	Fairbanks Airport Development
Task #2	Rural Airport Development
Task #3	Local Service Roads

COMMUNITY FACILITIES DEVELOPMENT:

Task	Keyword Code
Task #1	McGrath Multipurpose Building
Task #2	Fort Yukon Utility Building
Task #3	Fairbanks Downtown Revitalization
Task #4	Rural Capital Improvements
Task #5	Rural Capital Improvements

ENERGY CONSERVATION AND HOUSING REHABILITATION:

Task	Keyword Code
Task #1	Energy Conservation

PETROLEUM RESOURCE POLICY:

Task	Keyword Code
Task #1	Oil and Gas Management
Task #2	Energy Development Impact
Task #3	Alaska Regional Center, U.S.G.S.
Task #4	Gas Conditioning Plant
Task #5	Mineral Industry Development

WORKFORCE DEVELOPMENT:

Task	Keyword Code
Task #1	TVCC/Hutchison
Task #2	Fairbanks Fire Training Center

RENEWABLE RESOURCE DEVELOPMENT:

Task	Keyword Code
Task #1	Agricultural Production
Task #2	Forest Products Industry

Task	Activity Code	Estimated Additional Cost	Annual Management Cost @ 20%	Program Staff Required	Estimated Program Start Date	Program Duration	Termination Date
MAJOR PROGRAM CATEGORY: Economic Development							
Task #1	T.A.	50,000	5,000	\$5,000	01/01/80	1	01/81
Task #2	D	125,000	25,000	2 man/yr.	07/01/80	5	07/85
Task #3	D	100,000	20,000	2 man/yr.	07/01/80	-	Contin.
Task #4	P	50,000	10,000	1 man/yr.	01/01/80	2	01/82
Task #5	D-Comp.	50,000,000	50,000	1 man/yr.	07/01/80	2	04/82
Task #6	P	20,000	4,000	1/2 man/yr.	04/01/80	2	04/82
		<u>114,000</u>					

MAJOR PROGRAM CATEGORY: Transport Development							
Task #1	D	100,000	20,000	1 man/yr.	07/01/80	2	01/82
Task #2	C	500,000	12,500	1/2 man/yr.	04/01/80	1	04/81
Task #3	C	---	5,000	---	---	-	---
		<u>37,500</u>					

MAJOR PROGRAM CATEGORY: Community Facilities							
Task #1	C	500,000	12,500	1/2 man/yr.	10/01/79	1	10/80
Task #2	C	500,000	12,500	1/2 man/yr.	10/01/79	1	10/80
Task #3	C	10,000,000	100,000	2 man/yr.	04/01/80	3	04/83
Task #4	T.A.	100,000	10,000	\$10,000	04/01/80	1	04/81
Task #5	C	10,000,000	100,000	2 man/yr.	07/01/80	4	04/84
		<u>235,000</u>					

MAJOR PROGRAM CATEGORY: Energy Conservation and Housing Rehabilitation							
Task #1	D-Comp.	5,000,000	up to 50,000	1 man/yr.	04/01/80	2	04/82

MAJOR PROGRAM CATEGORY: Petroleum Resource Policy							
Task #1	D	50,000	10,000	1 man/yr.	04/01/80	2	04/82
Task #2	D-Comp.	20,000,000	50,000	1 man/yr.	04/01/80	3	04/83
Task #3	T.A.	50,000	5,000	\$5,000	04/01/80	2	04/82
Task #4	T.A.	500,000	50,000	1 man/yr.	04/01/80	2	04/82
Task #5	D	50,000	10,000	1 man/yr.	01/01/81	2	01/82
		<u>125,000</u>					

MAJOR PROGRAM CATEGORY: Workforce Development							
Task #1	P	50,000	10,000	1 man/yr.	07/01/80	3	07/83
Task #2	T.A.	20,000	2,000	\$2,000	07/01/80	1	07/81
		<u>12,000</u>					

MAJOR PROGRAM CATEGORY: Renewable Resource Development							
Task #1	P	50,000	10,000	1 man/yr.	07/01/80	3	01/83
Task #2	P	50,000	10,000	1 man/yr.	07/01/80	3	07/83
		<u>20,000</u>					

I. REQUEST
 Bill/Resolution No. HB 625 and 626
 Title An Act relating to special appropriation for Fairbanks Town and Village Association
 Requested by Community and Regional Affairs Date 1/31/80

II. FISCAL DETAIL
 Agency Affected Administration
 Program Category Affected General Government
 BRU, Program, or Subprogram(s) Affected Administrative Services
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)
 All costs are included in the attached Fiscal Note for HB 578

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE January 31, 1980 PREPARED BY Judy Crondahl
 AGENCY Administration
 Original: Legislative Finance PHONE 465-2277
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Fairbanks Town & Village
Association
for
Development, Incorporated



407 second avenue
p.c. box 74080
fairbanks, alaska 99707
(907) 456-5178

February 27, 1980

The Honorable Arliss Sturgelewski
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Dear Senator Sturgelewski:

Thank you for the lunch and the opportunity to discuss the legislation on the unorganized borough.

As promised, though later than I had hoped, this letter at least briefly capsules the thinking of the FTVAD Board of Directors - and my own - on this legislative initiative.

We are pleased with the commitment and the initiative of the two CRA committees in dealing with the problems of the unorganized borough. We are particularly pleased with the recognition in SB 580 that a system of sub-state regional boundaries for the conduct of state administrative functions is essential. We support the effort you are putting into these bills and we urge you, Representative Bill Parker and the members of the two committees to continue your good work in this most difficult, complex and dynamic area of public policy.

At the mid-December annual meeting of our regional board of directors the board adopted a specific three part policy on State Decentralization which is relevant and provides the basis of my comments in this letter.

FTVAD policy on state decentralization is as follows:

1. The Governor should by Administrative Order immediately institute a common system of regional planning, development, and government administration boundaries within the legal boundaries formed by the twelve native regional corporations created under the authority of the Alaska Native Claims Settlement Act of 1971.

2. The Governor should by Executive Order begin immediately the decentralization of administrative decision making into these regions by divesting agencies of the state of their accumulations of centralized authority which were not explicitly granted by the constitution.

3. The Governor should by Executive Order begin immediately the democratization of the state's administration of planning, development, project recommendation and priority setting activities, and the delivery of needed government services within these regions by financing and contracting their provision through fiscally sound, locally controlled non-profit, quasi-governmental corporations conducting related activities."

The Board's policy, which was adopted unanimously, has been evolved over a period of several years. It represents our view of what the state must do if residents of the state's regions are to have any chance of guiding administrative actions by the state and the administrative allocation of resources by the state in a manner which will enable them to protect their most fundamental local concerns with their jobs, families, neighborhoods and communities.

You stated that some people were viewing the legislative proposals as a "first step" in what may require years to bring to fruition.

Actually the "first step" in Alaska was taken at the Constitutional Convention at the University campus in 1955. At that time the idea was developed that a state so vast and so diverse in its several major regions needed a unique and innovative system of strong local governments and associated regional institutions operating almost as a federation within the general sovereignty of the state. The idea was never developed beyond the organized borough concept in a limited geographic region authorized by Article X.

Since that time, some form of decentralized state administrative structure has been incorporated into the governing apparatus of at least 47 other states but never in the unorganized borough of Alaska.

The first step in this decentralizing process is the designation of sub-state regions by the state in order to bring some order into the otherwise chaotic jumble of administrative and functional boundaries created by individual agencies, boards, commissions, and almost anyone else able to claim some legitimate state purpose.

The sub-state regional system in these 47 states is so taken for granted nationally that the federal government has, for several years, required federal agencies with domestic responsibilities to conform their jurisdictional boundaries to the sub-state regions established by each state. The federal government cannot do this in Alaska, of course, because Alaska still has no official sub-state regions.

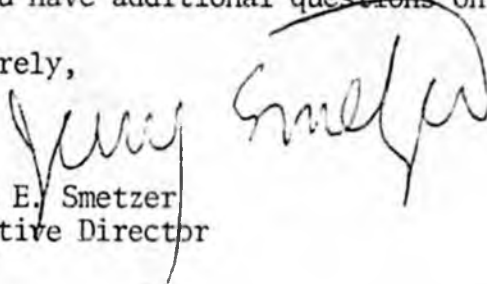
Letter to Senator Sturgelewski
February 27, 1980
Page Six

With the exception of SB 353 - which we support based on our Fairbanks experience - the other bills appear to be little more than housekeeping measures, and FTVAD has no particular comment on them.

Generally speaking we support the position of the Tanana Chiefs Conference on these bills.

If you have additional questions on my comments here, please call me.

Sincerely,



Jerry E. Smetzer
Executive Director

JES:rlf

cc: FTVAD Executive Committee Members

agency requests for bail outs should be taken to the courts. If extraordinary problems in the form of constitutional conflicts surface during the conforming period they can be considered during the legislative session which begins in January 1982.

The intent of the Data and Information section is not clear. What is clear based on our experience is that such a requirement will not work without an interagency convening and oversight authority designated by statute. What is also clear is that such an authority, if it is to serve a useful public purpose, has to have an independent arm's length relationship to the agencies it is to oversee. Finally the reference to federal agencies sounds good but it will not work either until the federal government has a functioning interagency convening authority within Alaska.

The federal government has no such authority because the state has never asked them to form one. The best method of accomplishing these purposes is to either designate existing independent quasi-governmental or non-profit public interest organizations within each region; or authorize their creation where they do not now exist ... as we suggest in Policy Statement #3.

FTVAD Policy Statement #3:

SB 349

Though there are a series of bail out provisions in this bill its primary purpose is to enable the Commissioner of DCRA to use contracting authority to encourage the formation of AS 29 municipalities. The most vital questions bearing on whether or not a government should be formed anywhere in the unorganized borough - economic development potentials, capital facility needs, fiscal relationship with both the federal and state government, the quality of the tax base, representation, etc. - should be raised by those who must live with the job, family and neighborhood concerns in their area, and the state finance the explorations of those concerns by the people themselves through their locally designated or elected representatives.

The issues bearing on the formation, function and structure of government in the unorganized borough are much too important to assign to any single agency of the state. If assurances are needed that such funds be limited to the investigation of questions bearing on the formation and financing of local government, then DCRA should be mandated to devise a standard methodology for the conduct of such studies by sponsoring residents of any area in the unorganized borough which proposed to form a local or regional government. The commissioner's authority can then be limited to determining the degree of compatibility with the standard methodology.

We would recommend that the committees give careful consideration to our third policy recommendation and re-write this bill accordingly.

I have included some specific comments on these bills and related them to our policy statements.

FTVAD Policy Statement #1:

HB 580/SB 348

If state designated sub-state regional boundaries are to be effective they must be negotiated and agreed upon by the residents most affected so that they will make sense physiographically and culturally.

To assure that these boundaries remain in effect long enough to allow the gradual evolution of new governing institutions, these boundaries should already be in existence and should have been created in response to something other than an initiative of government.

Finally they should be insulated and completely removed from the arbitrary actions of government officials to change them.

While the established boundaries of the Rural Education Attendance Areas (REAA) meet several of these tests they fail the most important test of all in that they were established and they exist only because of the government's responsibility for education. The REAA boundaries have no functional relationship to the main non-education interests of residents and are not relevant to the non-education functions of other state, local and federal agencies.

Only the native regional corporation boundaries established under the authority of the Alaska Native Claims Settlement Act of 1971 meet all these tests. The REAAs do not. It was for this reason that the jurisdictional boundaries of FTVAD were made in 1974 to conform to the regional boundaries of Doyon, Limited, and it is the rational behind our first policy statement.

Though we fully support the idea that each agency of the state should be required to conform its internal jurisdiction boundaries to the regional boundaries, we oppose the idea that an individual commissioner be given any discretion in designating boundaries or in making boundary adjustments. The loopholes and escape clauses in the Exemptions and Modifications sections are so broad in any case that they defeat the purposes of the preceding sections of the bill.

The kind of fundamental changes in agency/constituent practices, procedures and relationships that will be required with the designation of sub-state regions are going to be painful to those who have vested interests in the agency status quo, and they will surely object to the elimination of those loopholes.

All in all, over the longer run, the pain will be less if all agencies are required to begin conforming their boundaries within 90 or 120 days of enactment with completion mandated within 1½ years. In the meantime

Because of the general public confusion about the jurisdictional boundaries of state agencies the absence of formal regions is causing enormous problems. The costs of resolving these problems are being paid by taxpayers and by others outside the state's administrative apparatus. To say it may take years to establish these boundaries is bad news ... particularly for those of us who are trying to work productively in the complex area of intergovernmental relationships between local, state and federal agencies, where the state - the main player - has no policy, no procedure and no deliberative mechanism for the conduct of essential policy-making dialogue between state and non-state regional and local interests outside the second floor of the capitol building.

Though I am very pleased that SB 348 raises the issue of sub-state regional boundaries, I do agree with you that the legislature is not the proper place to establish them. We have always maintained that only the governor can do this and he must do it by executive order. FIVAD is now, by policy, saying that the situation has become so severe that he must do so immediately.

Based on our policy statements, we have a major problem with the general premise upon which this legislation has been prepared. It is obvious that the only system of self-government contemplated for the unorganized borough is that which has been defined in the Municipal Code. While we have no objection to the Municipal Code per se, nor do we have any complaints with the Code insofar as it is applied in the state's urban centers, we do object to the notion that it is, according to the legislation, the only acceptable method of government in the unorganized borough.

You may recall my comment about the social ferment that is presently occurring in the bush. This ferment is generating whole new ideas of self-reliance, self-government and the delivery of essential government services.

The fact that the legislation fails to recognize that this activity is occurring is my single greatest disappointment with the legislation.

Failing to recognize or acknowledge this activity is not so bad in itself. The worst problem is that the incentives for self-government in the unorganized borough are limited to existing AS 29 municipalities or those groups which plan to form AS 29 municipalities.

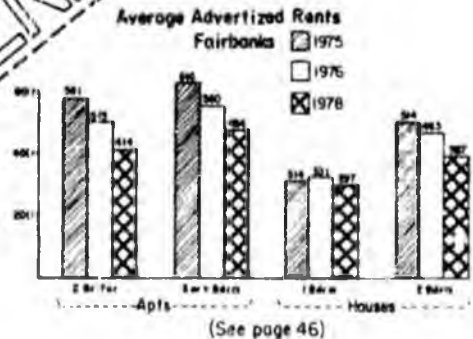
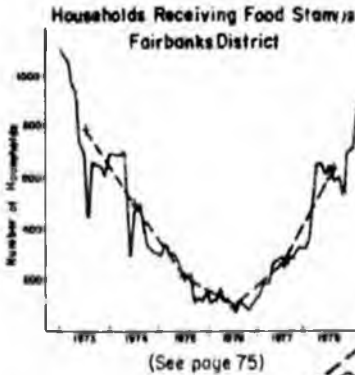
Since the whole purpose of such a broadly based legislative initiative, I assume, is to recognize and address failures in the governing structure in the unorganized borough, my first working assumption would be that AS 29 municipalities themselves do not work there and should be replaced with something better. We do not mean to suggest, necessarily, that the legislation should propose any radical new forms of government. However, there have to be incentives for the exploration of alternatives to AS 29 as well as recognition that some alternatives exist already.

COMMUNITY INFORMATION REVIEW

SOCIO-ECONOMIC CONDITIONS IN FAIRBANKS

March 1979

Volume II No. 1a



The Fairbanks unemployment rate averaged 17.9% for 1978, while the 1978 labor force average declined 11% from its 1977 level.

Fairbanks business sales generally leveled off or declined for 1978, but fast food restaurant sales continued to grow and some other categories pulled out of earlier declines.

Violent crimes increased 8% to 10% in the Fairbanks area over 1977, but property crimes dropped 5% to 10%.

Public transit ridership rose 54% between February 1978 and February 1979, while transit revenues increased 53% in the same period.

COMMUNITY INFORMATION REVIEW

Socio-Economic Conditions in Fairbanks, Alaska

March 1979

Volume II - No. 1a

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INTRODUCTION

The Community Information Review is a new publication designed by the Community Information Center to present in a short, easily readable format the basic information contained in the more extensive Community Information Quarterly. By using the condensed format, we can greatly reduce printing costs and expand the dissemination of this information to the Fairbanks-area public. The Quarterly containing more detailed socio-economic data will continue to be available to the public.

We hope that this Review will be of interest and use to you. If you have questions and comments on this publication, please call us at 452-4761.

COMMUNITY INFORMATION CENTER

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The Advisory Board meets regularly on the third Wednesday of the month at 7:30 p.m. in the basement conference room of the Borough's offices. The public is invited to attend and participate.

ACKNOWLEDGEMENTS

The Community Information Center staff would like to thank the many persons, businesses, government agencies, and organizations who provided information included in this report. We also acknowledge Marsha Bauman, Marilyn Forrest, Kathy Franz, Heide Sciore, and Patty Smith, for their assistance in the preparation of this report.

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COST OF LIVING

Consumer Price Index

In January 1979, the Anchorage Consumer Price Index for All Urban Consumers (CPI-U) reached 198.1, or an increase of 10.5% from January 1978. The average increase between 1977 and 1978, however, was computed as 7.1% using a weighted formula. All major categories posted increases of 2.7% to 13.0% for the year.

The overall food category increased 13% from January 1978 to January 1979, with food at home rising 14.7% and food away from home increasing 10.0%. In the period November 1978 to January 1979 alone, food away from home increased 6.8%. The general housing category rose 11.8% from January 1978 to January 1979. Housing subcategories include rental costs (up 3.2%), other rental costs such as hotel and motel rates (up 13.7%), homeownership costs (up 16.7%), and fuel and other utilities (up 0.4%) whose low rate of increase moderated housing costs in general. Other major increases for the January 1978 to January 1979 period were posted by transportation (up 9.1%) and medical care (up 9.4%). Apparel and upkeep rose by 2.7% in the January to January period, but showed a 2.4% decrease from November 1978 to January 1979.

Consumer Price Index--What is it?

The Consumer Price Index is a statistical measure of changes in prices of goods and services bought by specific groups of people. The index, compiled by the U.S. Department of Labor, Bureau of Labor Statistics (BLS), is often referred to as the "cost of living" index. While the CPI attempts to measure price trends which are an indicator of cost of living changes, it does not indicate how much families actually spend to meet their living expenses. The CPI for one city is not comparable to a CPI for another city as a cost differential factor. Anchorage is the only place in Alaska which has a CPI. Presently, the BLS is collecting data in Fairbanks and a new CPI will be released bi-monthly starting in May 1979. The CPI for Fairbanks and Anchorage will not provide a cost differential indicator between the cities. However, it will allow a comparison between rates of change.

CONSUMER PRICE INDEX-U
(October 1967 = 100)
Anchorage, Alaska
1978-1979, Bi-monthly

	All Items	Food	Housing	Apparel & Upkeep	Trans- portation	Medical Care	Enter- tainment	Other
1978								
March	180.7	196.6	176.6	155.3	160.0	221.8	186.4	176.4
May	184.2	203.0	178.2	159.0	175.4	224.0	188.1	178.3
July	188.5	203.0	185.1	157.1	170.1	228.8	183.7	180.1
September	193.2	209.1	191.3	161.7	179.0	233.2	191.2	184.8
November	194.7	210.2	192.7	161.9	182.5	233.4	189.9	185.1
<u>Average</u>	187.3	204.1	184.1	158.3	176.3	228.6	187.4	180.7
1979								
January	198.1	217.3	196.3	158.0	183.8	244.6	190.1	186.8

SOCIAL CONDITIONS

Crime

Violent crime decreased by 35% within the City of Fairbanks and by 29% in the Borough outside the city from 1976 to 1978. In the same two year period, robbery dropped 56% in the City and 85% in the Borough excluding the City of Fairbanks, while vehicle theft was down 44% and 36% in the two areas, respectively.

In the past year, however, violent crime has increased 10% in the City of Fairbanks and 8% in the Borough outside the city. Property crimes continued to drop in both the City and the Borough from 1977 to 1978. The property crime decrease was 5% for the City and 10% for the rest of the Borough.

MAJOR VIOLENT AND PROPERTY OFFENSES FAIRBANKS POLICE DEPARTMENT AND ALASKA STATE TROOPERS - DETACHMENT I 1970-1978

	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>
<u>VIOLENT OFFENSES</u>	<u>166</u>	<u>188</u>	<u>185</u>	<u>196</u>	<u>284</u>	<u>406</u>	<u>431</u>	<u>269</u>	<u>293</u>
Criminal Homicide	14	10	5	8	9	8	5	11	13
Negligent Homicide	5	4	7	5	5	8	11	6	1
Forcible Rape	18	21	20	24	22	30	38	32	37
Robbery	34	28	28	22*	60	84	126	69	46
Aggravated Assault	95	125	125	137	188	276	251	151	196
<u>PROPERTY OFFENSES</u>	<u>2,061</u>	<u>1,704</u>	<u>1,845</u>	<u>2,335</u>	<u>2,759</u>	<u>4,437</u>	<u>4,356</u>	<u>3,685</u>	<u>3,428</u>
Burglary	511	456	493	503	557	746	825	816	781
Larceny	1,053	915	1,034	1,506	1,714	2,595	2,660	2,098	2,136
Vehicle Theft	497	333	318	326	488	1,096	871	771	511

* State troopers believe this figure is in error and should be higher.

Juvenile Offenses

Juvenile offenses, which declined in 1977 from 1976 levels, have recently begun to increase. All juvenile offenses, including those committed by males and females, rose 11% in 1978 compared to the previous year. Male juvenile offenses increased by 13% in that period, while female juvenile offenses registered a 6% rise. In the past twelve months, male juvenile offenses for larceny increased 50%, but burglary declined 23%. For female juveniles, runaway offenses jumped 21% in that period, and shoplifting increased 22% for all juveniles.

Households Receiving Food Stamps

The number of households receiving food stamps rose to a monthly average of 622 in 1978, compared to a 256 monthly average for 1977. The 1973 figure represents a 143% increase over 1977 and a 402% increase over the record low registered in 1976 during the oil line construction period. The highest level was reached in 1973 when a monthly average of 792 households received food stamps.

Air Quality--Carbon Monoxide

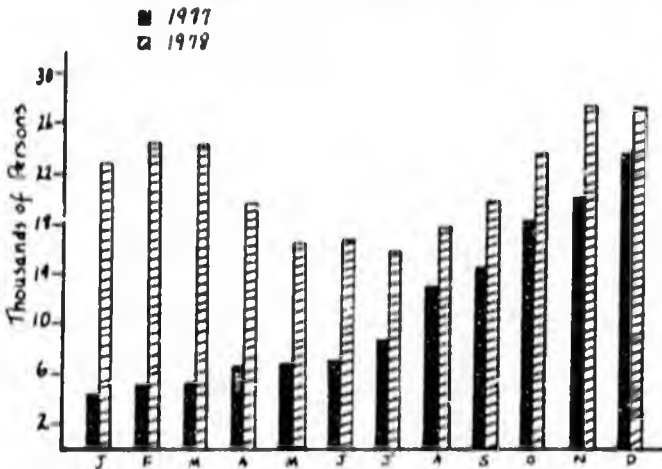
The number of days in the City of Fairbanks with 8-hour periods exceeding nine parts per million of carbon monoxide decreased by 45% in 1978, going from a total of 60 days in 1977 to 33 days in 1978. The 1978 figure also represents a 76% drop over the record high number of days registered in 1974. Similar declines occurred in the monthly maximum 8-hour averages for the City, where the 1978 average of 7.5 parts per million was a 40% decrease over the 1977 level and a 58% drop over the record high listed for 1974.

The improving air quality condition in Fairbanks for carbon monoxide emissions is attributed to more effective emission controls on more recently manufactured automobiles, better traffic flow patterns in the downtown area, and greater public awareness of the need to reduce carbon monoxide levels. The milder weather conditions of the past few winters have also helped to reduce the ambient carbon monoxide levels, although the extent of the weather's influence on carbon monoxide concentrations in Fairbanks is unknown.

Transit Operations

Borough transit ridership rose 54% in February 1979 compared to February of the previous year, setting a monthly record high of 37,803 passengers. Revenues for this period increased by 53%. Public transit service in the Borough was inaugurated in August 1976. Currently, five buses serve seven routes, covering 860 miles in the City and 500 miles in the rest of the Borough daily during February 1979.

PUBLIC TRANSIT--RIDERSHIP
Fairbanks North Star Borough
1977-1978, By Month



School Transportation

The number of students using school transportation in 1978/79 has remained at the previous school year level. This figure represents a 4% increase over the 4,821 students based in 1973-74, but a 13% decrease from the 1975/76 level. Transportation cost per pupil, however, are 218% higher in the current year than in 1973/74 and 177% higher than in 1975/76.

HOUSING

New Housing Construction

New housing construction decreased by 49% in 1978, compared to 1977. The greatest part of this decline came in the multi-family category. The number of building permits issued for multi-family dwelling construction dropped 75% in 1978 compared to the previous year. Single family housing starts decreased by 12% for this period, indicating greater resilience. The dollar amount of building permits for new single family homes increased by approximately 2% over the 12-month period.

The decline in the number of building permits issued for new housing construction has occurred elsewhere in the state. The statewide totals are down 33% for 1978 compared to the previous year. Anchorage housing construction has decreased 33%; Juneau is down 18%; Kenai is down 40%; but Palmer is up 67%.

Houses Sold

In 1978 the average selling price of a home in the Fairbanks area was \$71,276, up 6% from the 1977 average selling price of \$67,105 according to a Community Information Center survey of a local appraisal firm. The average 1978 selling price of a two-bedroom home was \$70,784 which is a 14% increase over the 1977 average price of \$61,873. A three-bedroom home in 1978 sold for an average price of \$74,239, a 10% increase of the 1977 average of \$67,273.

Although these figures represent only a sample of homes sold and not the total sales, the number of homes selling for more than \$100,000 increased significantly in the past year. In the 1977 sample, seven homes were listed as selling for \$100,000 or more, whereas twenty-nine homes fell into this category in 1978. This represents a tripling of the number of homes sold at this dollar level and an increase of \$100,000-plus home sales from 3% of the sample in 1977 to 9% in 1978.

SAMPLE OF HOUSES SOLD
Fairbanks North Star Borough
1977-1978

	<u>1</u> <u>Bedroom</u>	<u>2</u> <u>Bedrooms</u>	<u>3</u> <u>Bedrooms</u>	<u>4 or More</u> <u>Bedrooms</u>	<u>Other</u>	<u>Total</u>
<u>1977</u>						
Total	--	68	146	30	--	244
Average	--	\$61,873	\$67,273	\$78,150	--	\$67,105
<u>1978</u>						
Total	25	109	165	21	6	326
Average	\$41,345	\$70,784	\$74,239	\$83,761	\$39,000	\$71,276

Rental Housing

A total of 978 housing units were advertised for rent in January 1979, according to a Community Information Center survey. January is traditionally the month with the highest number of available housing units, and although the January 1979 figure represents the second highest figure recorded, it also represents an 8% decline over the number of units advertised for rent in January 1978. The record high for January 1978 additionally marked the culmination of a major housing construction effort launched in 1977 to meet housing shortages resulting from the building of the trans-Alaska oil pipeline.

Of the January 1979 total, 797 units, or 81%, were apartments, which represents a 14% decline over the number of apartment units advertised in January of the preceding year. The number of houses for rent, however, increased in January to 119 units, or an increase of 65% over the number of rental houses for January of the previous year. The record number of houses advertised for rent was established at 122 in November 1978.

RENTAL HOUSING UNITS ADVERTISED

Fairbanks Daily News-Miner
September 1974 - January 1979

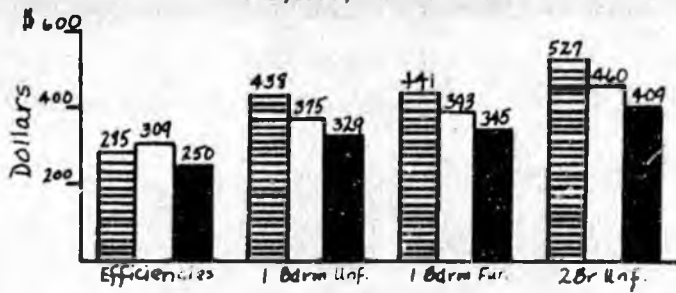


Rental Housing Costs

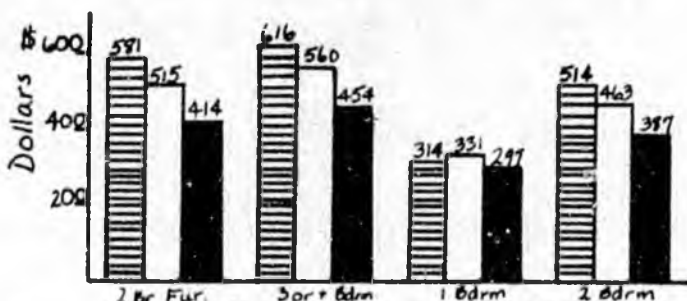
Rental costs have continued their downward slide through 1978, as compared to the previous year, based on a Community Information Center survey of housing units advertised for rent. Fourth quarter 1978 average rents were 4% to 16% lower than for the same quarter in 1977. Monthly rental costs for a two-bedroom house dropped to \$387 for fourth quarter 1978, or 11% below the figure for the same period in 1977.

The steady decline in housing rental costs in the Fairbanks area results from the major construction effort launched to alleviate the housing shortages occurring during the oil pipeline period.

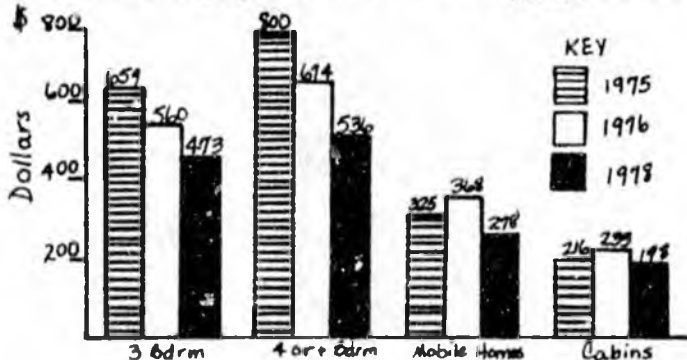
AVERAGE RENTS
Housing Units Advertised For Rent
Fairbanks Daily News-Miner
Fourth Quarter Comparisons
1975, 1976, and 1978



----- APARTMENTS -----



----- APTS. -----



----- HOUSES -----

Telephone Utilities

In the past ten years, the number of residential phones has increased 75% from 6,475 in 1969 to 11,345 in 1978. Business phones have increased 139% for the same period or 2,580 to 6,169. The number of coin-operated telephones in the Fairbanks Municipal Utilities System (MUS) has actually decreased from 168 in 1969 to 165 in 1978.

Residential private lines in MUS have decreased by 14% from 2,234 in 1973 to 1,930 in 1978. The Globe exchange, 452- and 456- numbers, represents 70% of the residential phones and 71% of the business phones of MUS. In residential

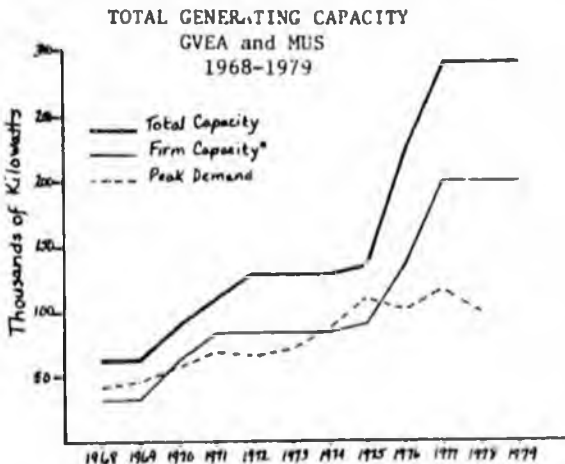
phones, Globe has 26% private lines, 33% 2-party lines, and 41% 4-party lines. The Greenwood exchange, 479- numbers, is comprised of 11% private lines, 30% 2-party lines, and 60% 4-party lines. MUS has upgraded all 8-party lines since 1973.

Electrical Utilities

Between 1973 and 1978, the number of electrical customers in Fairbanks rose 47% from 13,708 to 20,160. From 1976 to 1978 customers increased 13%. The growth is seen mainly in Golden Valley Electric Association (GVEA) where customers have increased by 76% from 8,355 in 1973 to 14,705 in 1978. During the same period MUS increased from 5,353 to 5,455, or a 2% growth. The increase in GVEA's residential customers reflects the large amount of new construction which occurred in the outlying areas. GVEA's commercial customer increase is more directly related to the pipeline since these include power to Pump Stations 8 and 9, the pipeyard, and the South Cushman complex.

The number of kilowatt hours (KWH) sold has increased 47% for residential and commercial users from 1973 to 1978. In 1978 GVEA sold 309.1 million KWH with 49% to residential and 51% to commercial users. MUS sold 120.2 million KWH in 1978, 23% of which goes to residential, 52% to commercial, 22% to governmental, and 3% to other utility users.

In 1978 MUS generated 98% of its electricity with coal while GVEA used coal for 65% of its power generation. The KW capacity of MUS and GVEA has remained constant since 1977 at 291,335 KW. The firm capacity (system capacity if the largest MUS and the largest GVEA units fail) is 201,335. This capacity exceeds the peak demand of recent years: 99,700 KW in 1978, 117,500 KW in 1977, and 101,420 KW in 1976.



Currently, electrical utility rates in Fairbanks per 1,000 KWH are \$70.14 for MUS and \$76.11 for GVEA. The heating requirements and costs for a typical home (as illustrated by a model by Axel Carlson, Cooperative Extension Service, University of Alaska, Fairbanks) show that coal is the most economical at a monthly average of \$56.57; fuel oil is \$91.52; and electricity is the most expensive at \$264.51 (MUS) and \$268.69 (GVEA).

EMPLOYMENT

Employment

During 1978 the average monthly nonagricultural employment was 21,585, an 11% decline from the 1977 monthly average of 24,238. However, between January 1978 and December 1978 the decline in employment was less than 1%. During 1978 nonagricultural employment averaged 5% construction, 13% transportation, 19% trade, 18% services and miscellaneous, and 34% government. Between January 1978 and December 1978, construction employment dropped 21%. During the same period trucking and warehousing rose by 33%, wholesale trade increased by 5%, retail trade by 6%, and government by 8%. (Nonagricultural wage and salary employment is an estimate of employment by place of work from survey data.)

Unemployment

The average 1978 jobless rate for Fairbanks was 17.9% which is 46% higher than the 1977 average of 12.3%. The number of persons unemployed in fourth quarter 1978 was 16.4% of the civilian labor force of 20,481. In December 1978 the unemployment rate was 16.4% compared to the January 1978 figure of 13.8% unemployed. In 1978 the highest monthly jobless rate was recorded in May at 20.7% followed closely by April at 20.2% and June at 19.5%

In January 1979 the unemployment rate was 16.4% with 3,276 persons unemployed out of a civilian labor force of 19,925. Please note that civilian labor force estimates are biased on place of residence and vary slightly from non-agricultural wage and salary statistics which are estimates by place of work.)

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT

	By Place of Work		
	Fairbanks Labor Market Area		
	Fourth Quarter Comparisons 1976-1978		
	1976	1977	1978
Mining	117	100	37
Construction	5,567	2,433	1,718
Manufacturing	333	233	506
Food Processing	50	50	--
Other Manufacturing	283	183	--
Transport., Comm., & Util.	3,383	2,967	2,650
Trucking & Warehousing	1,367	850	511
Water Transportation	50	50	--
Air Transportation	750	650	653
Other	1,217	1,417	1,486
Trade	4,550	4,433	4,115
Wholesale Trade	933	817	798
Retail Trade	3,617	3,617	3,317
Gen. Merch. & Apparel	533	533	464
Food Stores	583	533	493
Eat & Drink Places	1,050	1,000	--
Other Retail Trade	1,450	1,550	2,360
Finance, Insur., & R. Est.	967	883	864
Service & Miscellaneous	4,483	3,800	3,776
Government	7,283	7,233	7,592
Federal	2,467	2,267	2,602
State	1,000	3,033	2,993
Local	1,817	1,933	1,997
TOTAL	26,683	22,082	21,277

Unemployment program claimants in Fairbanks have been declining since March 1978 except for a jump in November 1978. However, in 1978 an average of 78 persons a month are exhausting their extended unemployment benefits. The amount of unemployment benefits paid within the Fairbanks area in 1978 was \$14.9 million, up 5% from 1977. During 1978 payments within the state of Alaska totalled \$51.7 million up 3% from 1977, while payments made outside the state in 1978 decreased 35% from 1977 to \$24.1 million.

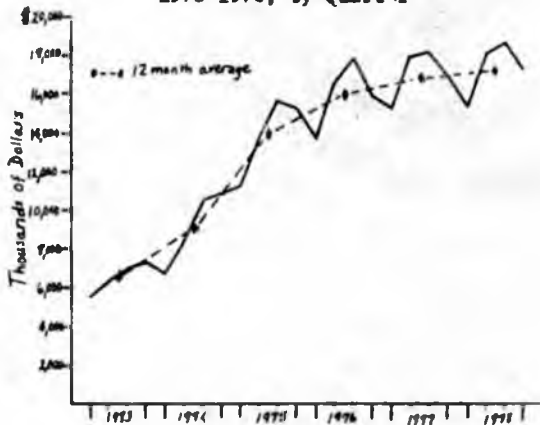
Union membership averaged 37,973 for fourth quarter 1978, as reported voluntarily to the state Department of Labor starting in mid-1978.

THE ECONOMY

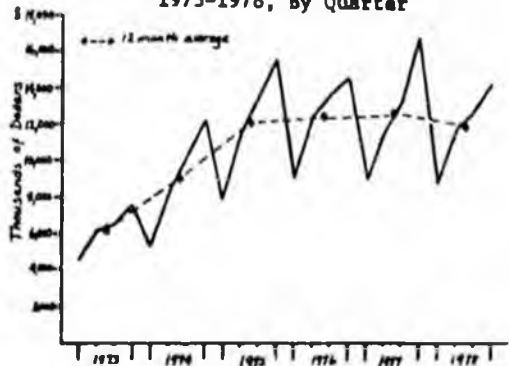
Retail Trade

Gross sales for selected businesses in the Fairbanks area generally leveled out or declined in 1978 compared to 1977. Major food stores registered a 3% increase for 1978 compared to the previous year, while auto dealers appear to have pulled out of an earlier decline to finish 1978 at the same level as the previous year. Fast-food restaurant sales, which had grown dramatically in the past two years, slowed to a 6% increase in 1978 over 1977. Hotels and motels have reversed earlier declines with 1978 totals 2% higher than the previous year. Declines in yearly totals were registered for department, drug, and furniture stores (down 5%), downtown bars (down 23%), office supply and related services (down 8%), and sporting goods stores (down 12%).

GROSS SALES FOR MAJOR FOOD STORES
Fairbanks, Alaska
1973-1978, By Quarter



GROSS SALES FOR MAJOR
DEPARTMENT, DRUG, AND FURNITURE STORES
Fairbanks, Alaska
1973-1978, By Quarter



Airport Activity

The number of passengers and the level of operations (take-offs and landings) at the Fairbanks International Airport declined in 1978 compared to the previous year. Passengers decreased 6% to a yearly total of 512,395 and operations declined by 13% over this period. The amount of freight handled, however, increased by 2% for the year to a total of 156.5 million pounds, although this is 57% below the peak figure of 360.4 million pounds in 1975. In 1978, passengers, freight, and operations ran 55%, 67%, and 25% higher, respectively, than the pre-pipeline year of 1973.

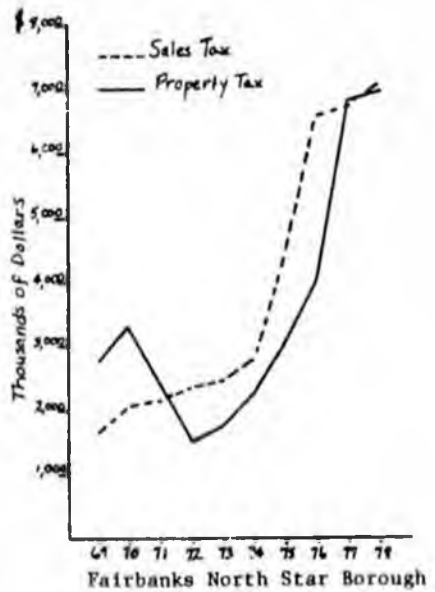
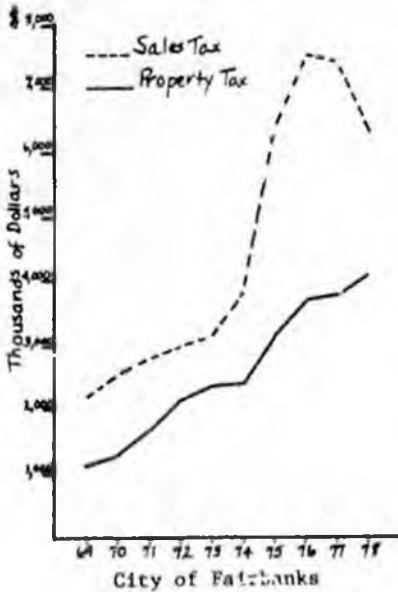
Property Tax and Sales Tax

Assessed valuation of property in the Borough increased 20% in 1978 to \$1.63 billion compared to 1977's level of \$1.36 billion. The greatest increase resulted in the City of North Pole which went from a pre-oil refinery assessment in 1977 of \$11.4 million to \$46.1 million in 1978, while the City of Fairbanks' assessed property value increased 15% in the year.

Borough-wide property tax mill rate was set at 7.2 mills. The lowest mill levy was 5.0 mills in 1971, while the record high of 16.5 was set in 1969.

Tax revenues for the Borough as a whole leveled off in 1978 compared to the previous year. Borough sales tax receipts increased by 5% and property taxes by 2% during this period. In the City of Fairbanks, property tax revenues increased 8%, but sales tax receipts declined 15% from 1977. 1976 represented the peak year for City of Fairbanks sales tax receipts, while property tax and sales tax revenues for the Borough have continued to increase slightly through 1978.

TAX REVENUE BY SOURCE
(In Thousands of Dollars)
City of Fairbanks and Fairbanks North Star Borough
Fiscal Years 1969-1978



Alaska Railroad Operations

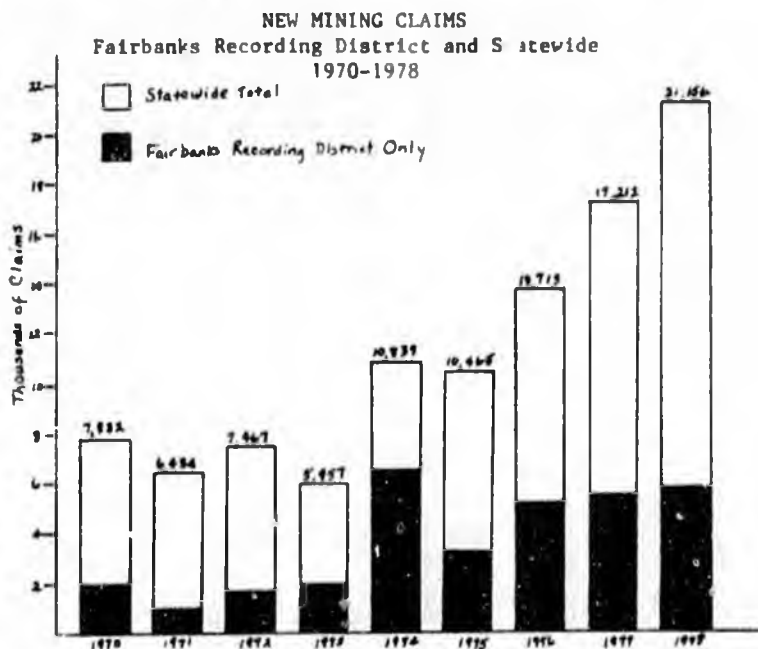
During 1978, Alaska Railroad operations experienced a 17% decrease in revenues over the preceding year as well as a 7% decline in expenditures for the same period. The railroad's overall operational deficit increased by 185% to a loss of \$5 million for the year, compared to 1975 when a record profit of \$5.8 million was earned. Capital expenditures also declined 59% in 1978 compared to 1976's peak figure of \$8.6 million. The number of passengers carried by the Railroad, however, rose 22% in 1978 to a record level of 126,277 persons.

Mineral Production

The value of mineral production, excluding oil and gas, appears to have peaked for Alaska in 1976 at a level of \$241.8 million. In 1977, that figure declined 14% to \$207.8 million. Preliminary figures for 1978, which also include estimates by the Community Information Center, indicate a further decrease in the value of mineral production to as low as \$158 million.

In 1977, sand and gravel production account for \$170 million, or 82% of Alaska's total mineral output. A similar ratio appears to have continued in 1978, where \$127 million of the estimated \$158 million or 80% total mineral output was sand and gravel.

By comparison, mineral production in the Yukon Territory, Canada, was valued at \$209.5 million in 1977 and reached an estimated \$228.2 in 1978. The Yukon levels do not include sand and gravel. The value of production of metals and coal was 553% greater in 1977 and as much as 735% greater in 1978 for the Yukon than for Alaska.



Active Mining Claims

The number of new and continuing mining claims in the Fairbanks District increased 6% in 1978 over the previous year to a total of 5,769 claims for the area. This figure represents a 12% decline from the 1974 peak year level of 6,554 new and continuing claims.

Statewide, active claims rose 17% to a total of 72,096 in 1978, which also constitutes a record number of claims for the state as a whole.

POPULATION

MAP OF FAIRBANKS METROPOLITAN AREAS
Showing Planning Areas



Population

According to estimates and projections prepared by the Borough Planning Department in June 1978, the population of the Fairbanks North Star Borough for 1978 stands at 60,845. An estimated 27,116 people reside in the City of Fairbanks and 33,729 live in the rest of the Borough.

These figures indicate a 13% decrease in the Borough's population from 1977 and a 16% drop from the Borough's peak population during oil pipeline construction in 1976. Current population estimates reflect, however, a 21% increase in 1978 over the 1973 pre-pipeline level of 50,450 persons.

POPULATION SUMMARY
City of Fairbanks, Fairbanks Census Division
and Southeast Fairbanks Census Division
1960-1978

Year	--Fairbanks Census Division-- (Fairbanks North Star Borough)			Southeast Fairbanks Census Division	Formerly Election District 19 Total ¹	Alaska Statewide Population
	City of Fairbanks	Outside City	Total			
1960	13,311 ²	27,333	40,644	2,768	43,412	226,167
1970	18,053 ³	27,811	45,864	4,179	50,043	302,173
1971	18,739	25,676	44,415	4,020	48,435	311,070
1972	19,451	26,607	46,058	4,113	50,171	322,115
1973	26,033 ⁴	24,417	50,450	4,285	54,735	330,365
1974	30,010	27,997	58,007	5,122	63,129	351,159
1975	34,475	27,840	62,355	8,549	70,904	404,634
1976	34,554	37,483	72,037	7,634	79,671	413,289
1977	29,263	40,315	69,578	7,355	76,933	407,000
1978	27,116	33,729	60,845	4,445	65,290	408,000

COMMUNITY INFORMATION CENTER
FAIRBANKS NORTH STAR BOROUGH
Box 1267
Fairbanks Alaska 99707

THIRD CLASS MAIL



Fairbanks Town & Village
Association
for
Development, Incorporated



407 Second Avenue
P. Box 74080
Fairbanks, Alaska 99707
(907) 454 5178

PROJECT AND PROGRAM SUMMARY

Prepared by the staff
of the Fairbanks Town
and Village Association

JANUARY 1980

INTRODUCTION

As the economic condition of the Interior continues to be unsettled a broad consensus on a detailed strategy of economic diversification and resource development becomes increasingly urgent.

During 1978 and 1979 the Association, through the Board of Directors, the staff, and several citizens' advisory groups, has been involved with setting general goals, objectives, and specific tasks necessary for an intensive diversification and strengthening of the economic base of Fairbanks and the Interior of Alaska.

The first step in the strategy regional goals and objectives were established by the Board in December of 1978 followed, in March, 1979, by Board approval of a list of 24 specific tasks designed to carry out the goals and objectives. FTVAD staff is now raising the money necessary to carry out these tasks.

These decisions of the Board were published in The Overall Economic Development Program for Fairbanks and the Interior of Alaska ... Through 1981 in September of this year.

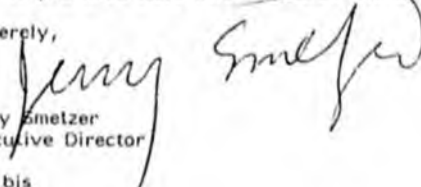
This pamphlet, the "Project and Program Summary" lists each of the 24 tasks with information on budget and staffing estimates, program and project calendars and current status as of the publication date.

The pamphlet is designed for regular updating and publication in order to keep the Board of Directors and other interested people and organizations advised of our development activities.

Naturally I hope each member of the Board will carefully review each of the tasks and offer comment, criticism and recommendations to myself and other members of the staff and Board.

If you need more information on the tasks please contact me.

Sincerely,


Jerry Smetzer
Executive Director

JES:bjs

DEFINITIONS

The 24 "tasks" described in this document are the working assignments for FTVAD staff as established by the Association's Board of Directors for the two-year period ending December 31, 1981.

In the "Budget and Staffing Estimate" four columns of numbers are presented which show staff estimates of additional financing over and above currently available financing necessary to fulfill the tasks.

"Activity codes" are used to describe the type of funds needed. The codes help us narrow the number of likely places to look for financing among several private foundations, and state, federal and local government agencies involved in economic development financing.

The codes are defined as follows:

Development funds are used to explore a concept to determine if there is existing work underway by other agencies, firms or organizations, and to develop a preliminary assessment of needs, expressions of organizational interest and identification of problems, opportunities and institutional obstacles.

Planning Funds are used when there is a need to organize the interests of several parties in a particular concept in order to establish common goals and objectives, a clearer definition of need, a catalogue of available resources and an identification of particular problems which require a more concentrated effort for solution.

Technical Assistance Funds are used to find technical solutions for well-defined problems in the way of a desirable project or program for which there is clearly insufficient current knowledge or an inadequate technical statement of need.

Capital Funds are used for design, development, engineering and architectural work, land acquisition and construction and equipping of facilities.

Comprehensive Funds will likely include all of the above activities, and may include other types of funds such as loan funds.

A summary of projected additional funds and staff by task and keyword code appears on pages 39 and 40 of this pamphlet.

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#3: COMMUNITY FACILITIES DEVELOPMENT (Tasks 1-5)	19
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MAJOR PROGRAM CATEGORY #1

ECONOMIC DEVELOPMENT

Regional Economic Development is a long term process of planning, promotion, project development, industrial recruiting, community development and institutional change organized and conducted for the primary purpose of strengthening the economic base of a region.

A strong regional economic base has two parts: 1) diversified export industries which bring money into the region; and 2) diversified import substitution industries which retain money in the region long enough to enable multipliers to spread economic benefits to the region's residents.

The Association's "region" is the Interior of Alaska, and the corporate purpose is economic development. The Economic Development category was established by the Board in order to provide general guidance for the conduct of the other six major program categories, and a method of relating goals and objectives in the other six major program categories to the primary purposes of the corporation.

Within the Economic Development Program six tasks have been established by the Association's Board of Directors for staff work through October, 1981.

These are listed by task number, keyword code, and page number below. Information about each task includes the budget and staffing estimate, program calendar and current project status.

Information about the goals and objectives of the Association's Economic Development Program can be found on pages 37 and 38 of The Overall Economic Development Program for Fairbanks and the Interior of Alaska ... Through 1981, published September, 1979.

<u>TASK</u>	<u>KEYWORD CODE</u>	<u>PAGE NO.</u>
Task #1	Economic Diversification Strategy	6
Task #2	Small Industries Development	7
Task #3	Business Loan Specialists	8
Task #4	Fairbanks Downtown Revitalization	9
Task #5	New Loan Funds	10
Task #6	Decentralization	11

MAJOR PROGRAM CATEGORY: Economic Development

GOAL A: Greater Economic Diversification

Objective: Development of greater public awareness of the economic needs of the District

Board Policy: Regional economic development policy has been adopted and an Economic Development Commission created to carry it out. Application has been made to EDA for a Title IX Strategy Grant for the coming year. We strongly urge EDA to approve the grant. FTVAD is particularly interested in the possibility of securing a Title IX revolving loan fund program if it is a recommendation of the Title IX Strategy Program.

Task #1: To work with the Title IX Task Force on Economic Development in order to add 3,000 permanent jobs to the Interior economy by 1983 thus reducing the unemployment rate in the Fairbanks Labor Market area to 5%.

KEYWORD: ECONOMIC DIVERSIFICATION STRATEGY

a. Budget and Staffing Estimate:

<u>Activity Code</u>	<u>Estimated Additional Cost</u>	<u>Annual Management Cost</u>	<u>Program Staff Required</u>
Technical Assistance	50,000	5,000	\$5,000

b. Program Calendar:

01/01/80 01/31/81
* *
* *

c. "Task" Status as of January, 1980:

EDA Title IX Strategy Development Grant approved - Economics Research Associates (ERA) of San Francisco contracted for the program. Program is underway with active investigations into each of seven "target areas". Additional funds to finance the strategy are being sought from the state Legislature and from private foundations. ERA is currently assembling and analyzing economic data for the region and will produce an "Economic Trend Memo" in February for review by the Task Force on Economic Development.

OEDP published - 150 copies distributed.

FTVAD brochure published - 1,000 copies distributed.

Tok Forum Report published - 425 copies distributed.

Minutes of Executive Committee and Board meeting published - 50 copies distributed by January 30, 1980.

FTVAD is requesting expedited consideration of a grant by the State of Alaska for \$100,000 toward the annual operating costs of the development program. If approved the state will share the basic costs of the program equally with the borough and the federal Economic Development Administration.

MAJOR PROGRAM CATEGORY: Economic Development

GOAL: Greater Economic Diversification

Objective: Promotion of cottage industries and small industries within the District

Board Policy: The Board has created a committee to be chaired by Mellie Terwilliger of Tok and titled the Small Industries Committee to look into the problems and opportunities associated with home industries, appropriate technology, arts and crafts, local inventions, and energy conservation. The committee should, with staff assistance, prepare a brief report and a suggested program by early 1980, followed by a request for technical assistance funds from EDA.

Task #2: Assist 100 residents start new small businesses by 1983.

KEYWORD: SMALL INDUSTRIES DEVELOPMENT

a. Budget and Staffing Estimate:

<u>Activity Code</u>	<u>Estimated Additional Cost</u>	<u>Annual Management Cost</u>	<u>Program Staff Required</u>
Development	125,000	25,000	2 man/yrs.

b. Program Calendar:

07/01/80

07/31/85

c. "Task" Status as of January, 1980:

Joint proposal developed by FTVAD and Adult Learning Programs of Alaska Incorporated for a five-year program; first year budget \$125,000. FTVAD/ALPA representatives have prepared a project "abstract" and have discussed possible financial support with the borough, the Office of the Governor and the Alaska Renewable Resources Corporation. Additional funds are being sought from private foundations.

MAJOR PROGRAM CATEGORY: Economic Development

GOAL A: Greater Economic Diversification

Objective: Develop new innovative financing programs to encourage small business enterprises and promote passage of legislation to assist new industry to become established.

Board Policy: FTVAD will develop the staff capability for greater use of business and industrial loan guarantee programs of state and federal governments.

Task #3: Add two business loan specialists to Fairbanks during 1980.

KEYWORD: BUSINESS LOAN SPECIALISTS

a. Budget and Staffing Estimates:

<u>Activity Code</u>	<u>Estimated Additional Cost</u>	<u>Annual Management Cost</u>	<u>Program Staff Required</u>
Development	100,000	20,000	2 man/yrs.

b. Program Calendar:

07/01/80
----- Continuous -----

c. "Task" Status as of January, 1980:

Program development will depend on final EDA legislation adopted by Congress, the findings of the Title IX Task Force on Economic Development, and our discussions with state officials representing agencies involved with business loan, venture capital, and permanent fund programs.

See also Task #2 the Small Industry Development Program.

EDA legislation is still pending in Congress.

MAJOR PROGRAM CATEGORY: Economic Development

GOAL C: Improved Financial Services in the District

Objective: Promote the improvement of the availability of financing economic development throughout the district

Board Policy: The Association supports a strengthened role for the Economic Development District in the Interior of Alaska, particularly in its capability to use loan funds available for desirable economic development projects.

Task #5: FTVAD will act as a catalyst to develop \$50,000,000 in new loan funds for Interior economic development by 1981.

KEYWORD: NEW LOAN FUNDS

a. Budget and Staffing Estimate:

<u>Activity Code</u>	<u>Estimated Additional Cost</u>	<u>Annual Management Cost</u>	<u>Program Staff Required</u>
D-Comp.	50,000,000	50,000	1 man/yr.

b. Program Calendar:

07/01/80 01/31/82
* *
-----*

c. "Task" Status as of January, 1980:

FTVAD has begun contacting state and federal agencies with loan authority and loan funds for economic development ventures, such as the Renewable Resources Development Corporation, State of Alaska Department of Commerce and Economic Development, federal EDA, SBA, and FmHA. FTVAD has also contacted over 30 private foundations for information on economic development financing. The Title IX Investment Strategy could result in a multi-million dollar revolving loan funds for economic development which will be available for economic development financing in the community in late 1980.

MAJOR PROGRAM CATEGORY: Economic Development

GOAL D: Increased Trade and Service Facilities in the District

Objective: Decentralize and improve government service delivery into the regional and sub-regional growth centers of the District

Board Policy: Federal Decentralization. FTVAD recommends that a single state Title V commission for Alaska headquartered in Fairbanks be established by the United States Department of Commerce under the authority of The Public Works and Economic Development Act of 1965 as amended.

State Decentralization 1) The Governor should by Administrative Order immediately institute a common system of regional planning, development, and government administration boundaries within the legal boundaries formed by the 12 native regional corporations created under the authority of the Alaska Native Claims Settlement Act of 1971.

2) The Governor should by Executive Order begin immediately the decentralization of administrative decision making into these regions by divesting agencies of the state of their accumulations of centralized authority which were not explicitly granted by the constitution.

3) The Governor should by Executive Order begin immediately the democratization of the state's administration of planning, development, project recommendation and priority setting activities, and the delivery of needed government services within these regions by financing and contracting their provider through fiscally sound, locally controlled non-profit, quasi-governmental corporations conducting related activities.

Local Decentralization. Efforts by the Tanana Chiefs Conference Office of Planning to establish sub-regional planning commissions in the Interior outside the Fairbanks North Star Borough will continue to be supported by FTVAD.

Task #6: Assist TCC with training sub-regional planning staffs in community capital improvement methodology in relation to established local economic development goals. Once such goals are established by rural communities, FTVAD will assist, on request, in project development and financing.

KEYWORD: DECENTRALIZATION

a. Budget and Staffing Estimate:

Activity Code	Estimated Additional Cost	Annual Management Cost	Program Staff Required
Planning	20,000	4,000	1 man/yr.

MAJOR PROGRAM CATEGORY: Economic Development

GOAL D: Increased Trade and Service Facilities in the District (Task #6 Cont.)

b. Program Calendar:

04/01/80

04/31/82

c. "Task" Status as of January, 1980:

Federal Decentralization S.3626 contains authority for the creation of a single state Title V commission for Alaska. No action is expected in this session of Congress.

Local Decentralization Cooperative efforts between FTVAD and the Tanana Chiefs Conference are continuing on methods of integrating FTVAD's rural capital improvements methodology with comprehensive sub-regional planning activities with TCC.

Board policy on state decentralization has been conveyed to the Office of the Governor. FTVAD staff is seeking private foundation funds for an analysis of the administrative functions of state government to determine which of these functions should more appropriately be relocated and conducted in the Interior.

A special committee comprised of William Stringer, Fairbanks North Star Borough Assembly and Ron Punton, Fairbanks City Council has been formed to investigate this question, and prepare an appropriate resolution for adoption by both municipal governments.

MAJOR PROGRAM CATEGORY #2

TRANSPORT DEVELOPMENT

Fairbanks has always considered itself the supply and service center for Interior and Northern Alaska. The relationship between transportation system development and economic development is fundamental. Therefore, the development of improved transportation systems in the region will always be a priority activity of the Fairbanks Town and Village Association.

Interior and Northern Alaska rely almost entirely on aircraft for year round transport of goods, services and people. Air is supplemented by river and sea-going barge operations during the few summer months. Within this category of activity therefore, our goal is to improve these two dominant modes with freight, rail and public transportation facilities as well.

The relationship between Fairbanks and international air commerce has important implications and significant economic potential in service and supply necessary for development of northern Alaska and for tourism. Development of the potential of the Fairbanks International Airport is a major economic goal of the Fairbanks community.

Within the Transport Development Program three tasks have been established by the Association's Board of Directors for staff work through October, 1981.

These are listed by task number, keyword code, and page number below. Information about each task includes the budget and staffing estimate, program calendar and current project status.

Information about the goals and objectives of the Association's Transport Development Program can be found on pages 39 and 40 of The Overall Economic Development Program for Fairbanks and the Interior of Alaska ... Through 1981, published September, 1979.

<u>TASK</u>	<u>KEYWORD CODE</u>	<u>PAGE NO.</u>
Task #1	Fairbanks Airport Development	14
Task #2	Rural Airport Development	17
Task #3	Local Service Roads	18

MAJOR PROGRAM CATEGORY: Transport Development

Objective: Promote the improvement of multi-modal transportation systems consistent with the local community plans

Recommendation #1 of the Title IX Task Force on Economic Development:

**DEVELOPMENT POLICY AND PROJECT PRIORITIES
FOR THE FAIRBANKS INTERNATIONAL AIRPORT**

Intensive development of the Fairbanks International Airport is essential in order to strengthen the economic base of Fairbanks and the Interior region of Alaska. The full potential of Fairbanks as the supply, service and transportation center for the north depends on the success of development work at the airport, and can be accomplished best through continued cooperation by public and private interests;

Therefore, the undersigned believe that these cooperative efforts should be intensified, and have agreed that the following development priorities be pursued immediately. Further we respectfully request the active support and participation in this development effort by state and federal agencies and urge:

1. That the State of Alaska support the development of a Fairbanks Port Authority for financing, planning, operation, maintenance, and future development of the Fairbanks International Airport.
2. That the State of Alaska and affected agencies of the federal government support the designation by the U.S. Department of Commerce of a Foreign Trade Zone at the Fairbanks International Airport.
3. That design work on the bonded warehouse and related facilities essential to the operation of a Foreign Trade Zone and to the system of handling domestic air freight at Fairbanks begin immediately to enable a construction start no later than July 1, 1980.
4. That design work on expanded international passenger facilities including restaurant facilities at the terminal building begin immediately to enable a construction start no later than July 1, 1980.
5. That design work on a hydrant fueling system begin immediately to enable a construction start no later than July 1, 1980.
6. That all design work be conducted by means of a rigorous process which will assure full and complete participation by representatives of the community and by industrial, state and federal agency representatives with interests in the financing, operation, and maintenance of these facilities.

Finally, as Fairbanks residents, we recognize the need to establish a single point of contact for the development of public policy and the conduct of negotiations on behalf of the Fairbanks community during the next several months.

Therefore, we pledge our full support for the immediate creation of an interim Fairbanks International Airport Development Commission. The Commission, sponsored by local municipal and borough governments in full cooperation with civic and private sector interests, will be responsible for the conduct of this program until such time as a Port Authority has been created.

/s/ JOHN A. CARLSON, CHAIRMAN Title IX Task Force on Economic Development. Aug. 1, 1979

MAJOR PROGRAM CATEGORY: Transport Development (Task #1 Continued)

Task #1: FTVD, as the administrator of the Title IX program, will with the guidance of the Task Force seek the implementation of Recommendation #1. More specifically, the Task Force has requested that FTVD seek the development of a port authority and sponsor the request for designation of a Foreign Trade Zone.

KEYWORD: FAIRBANKS AIRPORT DEVELOPMENT

a. Budget and Staffing Estimate:

<u>Activity Code</u>	<u>Estimated Additional Cost</u>	<u>Annual Management Cost</u>	<u>Program Staff Required</u>
Development	100,000	20,000	1 man/yr.

b. Program Calendar:

07/01/80 01/31/82

c. "Task" Status as of January, 1980:

After five years of effort the following events have occurred since May, 1979:

- May 1979: 55 international cargo flights began refueling at FAI.
- July 1979: Governor Hammond approved an Airport Revenue Bond statute sponsored by Senator Fahrenkamp providing 8½ million dollars for a cargo facility, hydrant fueling system, terminal expansion, and ramp work at the airport.
- August 1979: The Task Force on Economic Development unanimously approved Recommendation #1.
An Airport Development Commission has been formed, chaired by Terry Palczer. Members of the Committee include: Richard Wien; Gerry Meyers; Mike Ribar; and Don O'Connor.
- October 1979: Airport Master Plan update begins.
- November 1979: Japan Airlines signs two-year fuel supply contract with North Pole Refining; adds ten more transiting international cargo flights through Fairbanks; and, contingent on the development of appropriate international passenger handling facilities at the terminal, holds out the possibility of one or more daily jumbo passenger flights.

MAJOR PROGRAM CATEGORY: Transport Development (Task #1 Cont.)

December 1979: Economics Research Associates advises on developing a port authority and foreign trade zone at Fairbanks.

A memorandum on the possible creation of a Foreign Trade Zone at the Fairbanks International Airport perhaps linked with the operation of the airport under a Fairbanks based port authority is anticipated within a few months.

MAJOR PROGRAM CATEGORY: Transport Development

Task #2: FTVAD will seek improvements at six rural airports based on the recommendations of the Rural Capital Improvements Program report during 1980.

KEYWORD: RURAL AIRPORT DEVELOPMENT

a. Budget and Staffing Estimate:

<u>Activity Code</u>	<u>Estimated Additional Cost</u>	<u>Annual Management Cost</u>	<u>Program Staff Required</u>
Capital	500,000	12,500	1/2 man/yr.

b. Program Calendar:

04/01/80 04/30/81

c. "Task" Status as of January, 1980:

Proposals for rural airport improvements by the Office of the Governor and the Legislature are being analyzed to assure that rural interior airports are included where needed.

MAJOR PROGRAM CATEGORY: Transport Development

Objective: Improve local and district road systems.

Board Policy: During FY '79 three local service road projects were proposed for Anvik, Grayling and Holy Cross in the Lower Yukon River area. An adverse determination by the courts in December 1978 prevented the use of gravel necessary for these projects. FTVAD is working with the state to overcome the gravel problem. If a solution is found we urge EDA to finance a portion of the costs of these projects, with the State Department of Transportation and Public Facilities.

Task #3: Complete LSR&T program in Anvik, Grayling, Holy Cross by 1981.

KEYWORD: LOCAL SERVICE ROADS

a. Budget and Staffing Estimate:

<u>Activity Code</u>	<u>Estimated Additional Cost</u>	<u>Annual Management Cost</u>	<u>Program Staff Required</u>
Capital	---	5,000	---

b. Program Calendar:

12/80 07/81
* --- *

c. "Task" Status as of January, 1980:

Inactive pending resolution of gravel ownership and/or change in DOTPF policy prohibiting use of LSR&T funds for gravel purchase.

Decision of Board on gravel purchase policy and use of LSR&T funds for purchase of rights-of-way has been referred to DOTPF Commissioner Robert Ward.

MAJOR PROGRAM CATEGORY #3

COMMUNITY FACILITIES DEVELOPMENT

In the small rural communities of Interior Alaska local facilities for community health, education, and public services are only marginally adequate and more often than not do not exist. Because public facilities - i.e. community owned and operated public facilities essential for needed public services - are essential for community growth and development as well as the regulation of growth and the protection of traditional community values, the Association has committed itself to a multi-year program of facility development in the 50 small cities, villages and settlements in the Interior of Alaska.

Because money for these facilities is scarce and the need overwhelming the method by which these needs are addressed and facilities financed becomes the major task. FTVAD has proposed a capital improvement project development program called the Multipurpose Community Center. The MPCC is not a pre-designed facility. It is, rather, a process the community can use to overcome deficiencies in its existing buildings and facilities, and provide for needed new improved and expanded facilities. Ideally facilities which result from the MPCC process should be energy efficient, revenue producing, relatively maintenance free, and compatible with the community's goals and objectives.

Fourteen communities have requested FTVAD assistance in starting the MPCC process. A major unresolved problem with the MPCC is the absence of a methodology for combining the community's facility interest with the financing and design processes of state, federal and local governments. Overcoming this problem of conflicting institutional structures is a major objective in this category.

Within the Community Facilities Development Program five tasks have been established by the Association's Board of Directors for staff work through October, 1981.

These are listed by task number, keyword code, and page number below. Information about each task includes the budget and staffing estimate, program calendar and current project status.

Information about the goals and objectives of the Association's Community Facilities Development Program can be found on page 41 of The Overall Economic Development Program for Fairbanks and the Interior of Alaska ... Through 1981, published September, 1979.

<u>TASK</u>	<u>KEYWORD CODE</u>	<u>PAGE NO.</u>
Task #1	McGrath Multipurpose Building	20
Task #2	Fort Yukon Utility Building	21
Task #3	Fairbanks Downtown Revitalization	22
Task #4	Rural Capital Improvements	23
Task #5	Rural Capital Improvements	24

MAJOR PROGRAM CATEGORY: Community Facilities Development

Objective: Continued improvement and development of facilities to meet educational, cultural and recreational needs of District residents

Board Policy: After a year of discussions with community leaders about facility needs, the Association has compiled a list of about 100 needed projects. Additionally FTVAD - by means of a contract with DOTPF to identify code deficiencies in state buildings in the McGrath area - continuing to develop data necessary to justify an intensive facility financing program in the region. Two communities, McGrath and Fort Yukon, have facility proposals for which EDA financial participation is essential both for construction financing and for further development of a methodology for a multipurpose community center. Those are:

1. The McGrath Multipurpose Building
2. The Fort Yukon Warm Storage Facility

Task #1: Assure construction of McGrath MPCC facilities in 1980.

KEYWORD: McGRATH MULTIPURPOSE BUILDING

a. Budget and Staffing Estimate:

<u>Activity Code</u>	<u>Estimated Additional Cost</u>	<u>Annual Management Cost</u>	<u>Program Staff Required</u>
Capital	500,000	12,500	1 man/yr.

b. Program Calendar:

10/01/79 10/31/80

c. "Task" Status as of January, 1980:

Project is on schedule for a spring 1980 construction start.

MAJOR PROGRAM CATEGORY: Community Facilities Development

Task #2: Assure construction of Fort Yukon Warm Storage facility in 1980.

KEYWORD: FORT YUKON UTILITY BUILDING

a. Budget and Staffing Estimate:

<u>Activity Code</u>	<u>Estimated Additional Cost</u>	<u>Annual Management Cost</u>	<u>Program Staff Required</u>
Capital	500,000	12,500	1 man/yr.

b. Program Calendar:

10/01/79 10/31/80

c. "Task" Status as of January, 1980:

Project is on schedule for construction start in spring, 1980.

MAJOR PROGRAM CATEGORY: Community Facilities Development

Task #3: Cooperative public and private efforts to beautify and revitalize downtown Fairbanks will likely result in opportunities for expanded public works activity and related private investment in office space and tourism and convention facilities. The Title IX Task Force on Economic Development will consider revitalization projects and investments as part of its strategy program in coming months.

KEYWORD:

FAIRBANKS DOWNTOWN REVITALIZATION

a. Budget and Staffing Estimate:

<u>Activity Code</u>	<u>Estimated Additional Cost</u>	<u>Annual Management Cost</u>	<u>Program Staff Required</u>
Capital	10,000,000	100,000	2 man/yr.

b. Program Calendar:

04/01/80

04/30/83

c. "Task" Status as of January, 1980:

Economics Research Associates of San Francisco will develop, with the Task Force on Economic Development, the Downtown Association, the North Star Borough and FTVAD, a strategy and project priority schedule for downtown revitalization by April, 1980. A recommendation by ERA on the coordination of various activities affecting downtown Fairbanks is anticipated early in February.

MAJOR PROGRAM CATEGORY: Community Facilities Development

Task #4: Using funds available from the Farmers Home Administration of the U.S. Department of Agriculture develop an improved methodology for the coordination of design work for public facilities in small rural communities with local economic development goals in the following communities:

Anvik	Galena	Huslia	Nulato
Birch Creek	Grayling	McGrath	Ruby
Fort Yukon	Hughes	Minto	Shageluk
Delta Junction			Takotna

KEYWORD: RURAL CAPITAL IMPROVEMENTS

a. Budget and Staffing Estimate:

<u>Activity Code</u>	<u>Estimated Additional Cost</u>	<u>Annual Management Cost</u>	<u>Program Staff Required</u>
Technical Assistance	100,000	10,000	\$10,000

b. Program Calendar:

04/01/80 04/30/81
* ----- *

c. "Task" Status as of January, 1980:

Bob Grove, former member of Weatherization and Housing Rehabilitation field crew and Field Supervisor for Iditarod Inventory and Condition Surveys began work as FmHA Program Coordinator on November 8, 1979.

Mr. Grove is currently working closely with the City of Fort Yukon and the City of Delta Junction on active capital projects proposed for construction in early 1980. Additionally, several meetings have been conducted in Fairbanks to discuss current CIP priorities with representatives of Anvik, Minto, Nulato, Shageluk and Takotna.

Information files are being updated and capital project appropriations from the state's FY '80 budget are being analyzed for the remaining communities prior to meetings with local city councils in February and March.

MAJOR PROGRAM CATEGORY: Community Facilities Development

Task #5: Seek completion of inventory and condition surveys of public facilities in all Interior communities prior to July 1, 1980 and continue to provide project development assistance and seek financing for small community projects identified in the Rural Capital Improvements Program.

KEYWORD: RURAL CAPITAL IMPROVEMENTS

a. Budget and Staffing Estimate:

<u>Activity Code</u>	<u>Estimated Additional Cost</u>	<u>Annual Management Cost</u>	<u>Program Staff Required</u>
Capital	10,000,000	100,000	2 man/yrs.

b. Program Calendar:

07/01/80

04/30/84

c. "Task" Status as of January, 1980:

Inventory and Condition Surveys of State Facilities in all Interior Alaska REAAs are now being completed by DOTPF. With the acceptance of the grant from the Farmers Home Administration of the U.S. Department of Agriculture, FTVAD's Rural Capital Improvements Program is once again underway.

The State of Alaska is being asked to provide \$100,000 in additional financing for the program during the coming year. This financing will enable staff members to spend more time in those communities that have requested FTVAD assistance in trying to develop local capital projects.

MAJOR PROGRAM CATEGORY #4

ENERGY CONSERVATION AND HOUSING REHABILITATION

Because of the temperature extremes in Interior Alaska and the high cost of fuels, the Fairbanks area seems a natural target for energy conservation programs, experiments with different heating methods, and encouragement for new energy industries in the Interior.

In the summer of 1976, the Rural Community Action Program staff requested assistance from the Town and Village Association in providing home weatherization to low income families within the Fairbanks North Star Borough. The borough administration also asked the Association to provide this program to borough residents.

The project was approved by the Association's regional board at its December 1976 meeting. The Association now administers a winterization program for the Borough, as well as a weatherization and housing rehabilitation program for the City of Fairbanks.

Another facet of the Energy Conservation Program is waste heat (excess energy) utilization. Feasibility studies are being conducted to develop data on methods for capping energy now being discharged in the atmosphere and water bodies from pipeline pump stations, power plants, refineries and other future manufacturing plants to be used as energy to operate fish hatcheries, commercial greenhouses, forage dryers, pulp mills, vegetable dehydration plants, tanneries, etc. Another source of waste heat will be created with the construction of compressor stations for the gasline. Information of this kind is also essential to the design and development of community facilities particularly in rural areas.

Within the Energy Conservation and Housing Rehabilitation Program one task has been established by the Association's Board of Directors for staff work through October, 1981.

This is listed by task number, keyword code, and page number below. Information about the task includes the budget and staffing estimate, program calendar and current project status.

Information about the goals and objectives of the Association's Energy Conservation and Housing Rehabilitation Program can be found on page 42 of The Overall Economic Development Program for Fairbanks and the Interior of Alaska ... Through 1981, published September, 1979.

<u>TASK</u>	<u>KEYWORD CODE</u>	<u>PAGE NO.</u>
Task #1	Energy Conservation	26

MAJOR PROGRAM CATEGORY: Energy Conservation and Housing Rehabilitation
GOAL A: Effective Utilization of the District's Energy Sources

Objective: Identify and promote modern technology for utilizing alternative sources of energy

Board Policy: Through the Small Industries Committee, FTVAD will develop a program of small energy technology grants for local experiments in improving energy efficiency and reducing energy costs.

Task #1: Working with residents, develop and complete 20 small energy conservation projects by 1982 leading to a reduction of 25% in energy waste in the Interior.

KEYWORD: ENERGY CONSERVATION

a. Budget and Staffing Estimate:

<u>Activity Code</u>	<u>Estimated Additional Cost</u>	<u>Annual Management Cost</u> up to <u>50,000</u>	<u>Program Staff Required</u>
D-Comp.	5,000,000		1 man/yr.

b. Program Calendar:

04/01/80 04/30/82

c. "Task" Status as of January, 1980:

Several discussions are underway with local people and organizations involved with energy conservation projects. Among the projects being discussed are:

1. A large greenhouse utilizing MUS waste water ... and community garden
2. A feasibility study to analyze the use of dirigibles and/or blimps for transportation of freight in the Interior's rural areas
3. Recycling newspaper for the manufacture of insulation
4. Local manufacture or assembly of solar panels, and other energy conservation equipment
5. Super-insulated housing
6. Gasohol production
7. Energy conservation standards in building design

MAJOR PROGRAM CATEGORY #5

PETROLEUM RESOURCE POLICY

Because of the massive impact of rapid petroleum resource development on the short and long term economic stability of the community, the question of the appropriate response by the general public and by government has occupied much of the time and attention of the Association since its formation in 1972.

The primary vehicles developed to deal with this question involved continuous information processing oriented toward the information demands of business, government and individuals throughout the Interior.

The information base thus developed will be enormously valuable in anticipating the short term problems and opportunities which will accompany the construction of a natural gas pipeline.

However, a great deal of work remains to be done in this area if Interior Alaskans are to gain more than transitory benefits from future petroleum development in Alaska.

Within the Petroleum Resource Policy Program five tasks have been established by the Association's Board of Directors for staff work through October, 1981.

These are listed by task number, keyword code, and page number below. Information about each task includes the budget and staffing estimate, program calendar and current project status.

Information about the goals and objectives of the Association's Petroleum Resource Policy Program can be found on pages 43 and 44 of The Overall Economic Development Program for Fairbanks and the Interior of Alaska ... Through 1981, published September, 1979.

<u>TASK</u>	<u>KEYWORD CODE</u>	<u>PAGE NO.</u>
Task #1	Oil and Gas Management	28
Task #2	Energy Development Impact	29
Task #3	Alaska Regional Center, U.S.G.S.	30
Task #4	Gas Conditioning Plant	31
Task #5	Mineral Industry Development	32

MAJOR PROGRAM CATEGORY: Petroleum Resource Policy

GOAL A: Greater Utilization of Petroleum Resources

Board Policy: Since its formation in 1972, FTVAD has been heavily involved with the complex issue of pipeline "impact". Though considerable information and understanding of the issue's many subtleties has been gained, there has been little progress in developing either a federal or a state impact assistance program for small communities. The communities bear the social costs and the political and economic disruption of these massive projects with little hope of achieving lasting economic benefits or protection of important community values.

During the past several years the federal government has tried to develop an impact assistance program for inland areas ... as opposed to coastal zone areas.

Because of the probable construction start for the Alcan natural gas pipeline in the early 1980s, federal impact assistance legislation is urgently needed for anticipatory planning. If Congress adopts the legislation FTVAD will move rapidly toward the implementation of a planning and coordination program in anticipation of construction of the Alcan natural gas pipeline. Such a program is critically needed, particularly in the Upper Tanana River area which was not directly affected by the oil pipeline project.

Task #1: To locate all public and private offices with northern oil and gas development, management and research responsibilities in Fairbanks by 1981.

KEYWORD: OIL AND GAS MANAGEMENT

a. Budget and Staffing Estimate:

Activity Code	Estimated Additional Cost	Annual Management Cost	Program Staff Required
Development	50,000	10,000	1 man/yr.

b. Program Calendar:

04/01/80 04/30/82

c. "Task" Status as of January, 1980:

Northwest Energy Company has opened their corporate headquarters for their Alaska operations in Fairbanks; Governor Hammond has opened the State Pipeline Coordinator's Office in Fairbanks; the federal Inspector for the Pipeline has not yet decided the location of his Alaska office.

Additional funds are being sought from private foundations in order to analyze other administrative functions of the state and federal governments which are more appropriately conducted from a location in the Interior of Alaska.

MAJOR PROGRAM CATEGORY: Petroleum Resource Policy

GOAL A: Greater Utilization of Petroleum Resources

Task #2: Raise 20 million dollars in financing for impact related job training, capital improvements by 1981.

KEYWORD: ENERGY DEVELOPMENT IMPACT

a. Budget and Staffing Estimate:

Activity Code	Estimated Additional Cost	Annual Management Cost	Program Staff Required
D-Comp.	20,000,000	50,000	1 man/yr.

b. Program Calendar:

04/01/80 04/30/83

c. "Task" Status as of January, 1980:

Congress is expected to consider the Inland Energy Development Impact Assistance Bill early in the coming session. The bill, numbered S.1880, is in the Senate Energy Committee chaired by Senator Henry Jackson of Washington. Senator Stevens is a member of the Committee and Senator Gravel is a co-sponsor of the bill.

The State of Alaska has, so far, shown little interest in establishing state policy or programs in this area, though FTVAD has been assured by Lt. Governor Terry Miller and the governor's Executive Assistant Jerry Reinwand that this is an issue of high personal priority.

FTVAD is seeking funds from private foundations in order to finance the yearly costs necessary to establish an impact assistance program in the Interior.

As a result of Board adoption of a resolution supporting the state's efforts to link preferential hiring and contracting with financing the natural gas pipeline, a special committee made up of Ruth Burnett, Fairbanks City Council, Mike Ribar, Fairbanks North Star Borough Assembly, and Jerry Smetzer, FTVAD Executive Director, has been established. The committee will prepare a resolution seeking residential hiring and contracting preference on all state contracts in areas of the state which are suffering high rates of unemployment, and low levels of personal income. The committee may expand its assignment to include impact problems associated with the construction and operation of the gas pipeline.

MAJOR PROGRAM CATEGORY: Petroleum Resource Policy

GOAL A: Greater Utilization of Petroleum Resources

Objective: In its role as catalyst for economic development in the region, FTVAD will work with state and federal agencies to encourage the location of the United States Geological Survey Alaska Regional Center in Fairbanks

Board Policy: As of this date, Governor Hammond has pledged his support to the location of the proposed Alaska Regional Center of the U.S. Geological Survey in Fairbanks. Such a center when fully staffed would permanently employ 500 people. An internal committee of U.S.G.S. personnel has prepared a report to Dr. Menard, Director of U.S.G.S. recommending that move occur, but that more intensive study is needed. If Secretary Andrus concurs with Dr. Menard on the creation of the Alaska Regional Center, FTVAD will conduct research, publication, cooperation, advocacy and travel as necessary to assure that Fairbanks is elected as the site of the regional center. Since current federal policy on the location of federal facilities require that location decisions be sensitive to local economic problems.

Task #3: The location of the U.S.G.S. Alaska Regional Center in Fairbanks by reason of the proximity to major geophysical research facilities at the University and because of the importance of such a center to a diversified economic base in the region.

KEYWORD:

ALASKA REGIONAL CENTER U.S.G.S.

a. Budget and Staffing Estimate:

<u>Activity Code</u>	<u>Estimated Additional Cost</u>	<u>Annual Management Cost</u>	<u>Program Staff Required</u>
Technical Assistance	50,000	5,000	\$5,000

b. Program Calendar:

04/01/80 04/30/82

c. "Task" Status as of January, 1980:

During September the U.S.G.S. announced that a move of some of its Menlo Park offices to Anchorage would occur during the coming year. Several local parties objected vigorously to U.S.G.S. Director Dr. William Menard. Menard in a letter to several Fairbanks parties, including FTVAD, assured us that the move involved a "... relatively small number of employees", was "temporary", and was done because, essentially, most geologic activity programs in the state are already headquartered in Anchorage.

Dr. Menard did assure FTVAD that the location of the actual U.S.G.S. "Center of Excellence" in Alaska had not been made, and, before it is made, there would be ample time for interested parties to "... present their views on selection of a center location".

MAJOR PROGRAM CATEGORY: Petroleum Resource Policy
 GOAL B: Greater Utilization of the District's Mineral Resources

Objective: Attract potential petrochemical industry developers to the District by investigating options for financing petroleum processing facilities, and by initiating more research into the economics of the District's petrochemical potential under environmentally acceptable methods.

Task #4: Work with the Fairbanks North Star Borough in its efforts to investigate the feasibility of the location of a natural gas conditioning plant in the Interior.

KEYWORD: GAS CONDITIONING PLANT

a. Budget and Staffing Estimate:

Activity Code	Estimated Additional Cost	Annual Management Cost	Program Staff Required
Technical Assistance	500,000	50,000	1 man/yr.

b. Program Calendar:

04/01/80 04/30/82

c. "Task" Status as of January, 1980:

On November 29, 1979 the Assembly of the Fairbanks North Star Borough adopted resolutions numbered 79-69 and 79-70 supporting, respectively, an Interior Alaska site for the gas conditioning plant; and state financial participation in the construction of the plant.

On January 14, 1980 Governor Hammond announced the formation of a group chaired by Lt. Governor Terry Miller to "...work with engineering consultants employed by the State in evaluating developing plans [for the gasline]". Hammond has requested an appropriation of \$500,000 to do this work. ERA will issue an advisory memo to the Task Force on Economic Development relevant to Interior Alaska's interest in natural gas by the end of January.

FTVAL has recommended that money be appropriated by the state to the Fairbanks North Star Borough to finance technical studies of an interior location for the gas conditioning plant.

MAJOR PROGRAM CATEGORY: Petroleum Resource Policy

GOAL B: Greater Utilization of the District's Mineral Resources

Objective: Encourage optimum multiple use and utilization of the mineral resource land base for mineral production; greater research into the economic potential of the District's mineral resources under environmentally acceptable methods; and greater development of competitive mineral products, including industrial development of the asbestos, coal, copper, lead, phosphate, limestone, nickel and other minerals of the District.

Task #5: To increase the number of permanent jobs in the Interior's mineral and petroleum industries by 1,000 by 1985.

KEYWORD: MINERAL INDUSTRY DEVELOPMENT

a. Budget and Staffing Estimate:

<u>Activity Code</u>	<u>Estimated Additional Cost</u>	<u>Annual Management Cost</u>	<u>Program Staff Required</u>
Development	50,000	10,000	1 man/yr.

b. Program Calendar:

01/01/81 01/31/82
+-----+

c. "Task" Status as of January, 1980:

On May 31, 1979, the Assembly of the Fairbanks North Star Borough adopted Resolution No. 79-30 providing support for mineral development within the Borough. The Task Force on Economic Development has established mineral development as a local economic activity with potential for diversifying the Fairbanks economy, and it will be a study topic by Economics Research Associates under the Title IX Strategy Development Grant.

In early December, the Fairbanks North Star Borough adopted Ordinance No. 79-107 which creates appropriate zones for the conduct of mining activity within the borough.

MAJOR PROGRAM CATEGORY #6

WORKFORCE DEVELOPMENT

In the spring of 1975, the Fairbanks Town and Village Association was asked to help plan, seek funding for, and coordinate the Community Forum on Growth. Two additional staff members were hired under a grant from the Alaska Humanities Forum and the well-attended forum was held in April. The final analysis showed that Interior residents wanted more information about what effect the "pipeline boom" was having on the community. They wanted to be able to take advantage of opportunities and to minimize the adverse effects of this largest-ever construction project. They asked that more attention be given to the human element when development was being planned. The human resources category was incorporated into the work program and was adopted by the board at its March 1977 meeting.

Such projects as the Fairbanks Rehabilitation Center and the Senior Citizen Center have since been adopted under this category.

Within the Workforce Development Program two tasks have been established by the Association's Board of Directors for staff work through October, 1981.

These are listed by task number, keyword code, and page number below. Information about each task includes the budget and staffing estimate, program calendar and current project status.

Information about the goals and objectives of the Association's Workforce Development Program can be found on page 45 of The Overall Economic Development Program for Fairbanks and the Interior of Alaska ... Through 1981, published September, 1979.

<u>TASK</u>	<u>KEYWORD CODE</u>	<u>PAGE NO</u>
Task #1	TVCC/Hutchison	34
Task #2	Fairbanks Fire Training Center	35

MAJOR PROGRAM CATEGORY: Workforce Development

GOAL A: Improved Human Resource Services

Objective: Increase and enhance on-the-job training and/or classroom training opportunities for district residents relevant to jobs and skills assessment of the area

Board Policy: FTVAD commends the Tanana Valley Community College and the Fairbanks North Star Borough School District for their mutual effort to cooperate closely in the use of the Hutchison Adult Career Development Center for the conduct of vocational education programs. In this spirit of cooperation, FTVAD believes that funds which may become available for expanded facilities for vocational education should be used to expand Hutchison Adult Career Development Center in order to provide vocational training opportunities for the greatest number of residents of Interior and Northern Alaska.

FTVAD also recommends that the Regional Fire Training Center being developed under the sponsorship of the City of Fairbanks be fully developed as a Regional Training Center in order to provide fire training services and training facilities for all communities of Interior and Northern Alaska.

Task #1: To expand the use of the Hutchison Adult Career Development Center as Northern Alaska's regional manpower development and vocational training center, and to expand the number of regional students in the program by 1,000 per year by 1983.

KEYWORD:

TVCC/HUTCHISON

a. Budget and Staffing Estimate:

<u>Activity Code</u>	<u>Estimated Additional Cost</u>	<u>Annual Management Cost</u>	<u>Program Staff Required</u>
Planning	50,000	10,000	1 man/yr.

b. Program Calendar:

07/01/80

07/31/83

c. "Task" Status as of January, 1980:

FTVAD efforts currently inactive pending approval of cooperative agreements between the FNSB School District and the Hutchison Adult Career Development Center.

MAJOR PROGRAM CATEGORY: Workforce Development

GOAL A: Improved Human Resource Services

Task #2: Seek technical assistance funds to determine methods of coordinating regional recruiting and training programs for Hutchison and the Regional Fire Training Center.

KEYWORD: FAIRBANKS FIRE TRAINING CENTER

a. Budget and Staffing Estimate:

<u>Activity Code</u>	<u>Estimated Additional Cost</u>	<u>Annual Management Cost</u>	<u>Program Staff Required</u>
Technical Assistance	20,000	2,000	\$2,000

b. Program Calendar:

07/01/80 07/31/81

c. "Task" Status as of January, 1980:

Program is currently inactive pending action by the City of Fairbanks to construct and operate a fire training center.

MAJOR PROGRAM CATEGORY #7

RENEWABLE RESOURCE DEVELOPMENT

Each year as the world population increases and as the export of food becomes a major bargaining force in foreign policy and balancing the national economy, more agricultural land is required to meet the demands.

Alaska is virtually the only state of the union that has idle agricultural land for production. There are approximately 20 million acres of arable land suitable for agricultural production in Interior Alaska.

Agriculture can supply the economic base needed in most bush villages while it simultaneously supplies the village residents with a stable diet. Many village corporations such as Minto and Manley Hot Springs selected lands under ANCSA entitlement specifically for their suitability to agricultural production.

The initial OEDP published in the spring of 1974 addressed agriculture as an important aspect of economic development but little has been done to set strategies for development until the December 1976 FTVAD annual Board meeting and the March 1977 semi-annual Board meeting.

Within the Renewable Resource Development Program two tasks have been established by the Association's Board of Directors for staff work through October, 1981.

These are listed by task number, keyword code, and page number below. Information about each task includes the budget and staffing estimate, program calendar and current project status.

Information about the goals and objectives of the Association's Renewable Resource Development Program can be found on page 42 of The Overall Economic Development Program for Fairbanks and the Interior of Alaska . . . Through 1981, published September, 1979.

<u>TASK</u>	<u>KEYWORD CODE</u>	<u>PAGE NO.</u>
Task #1	Agricultural Production	37
Task #2	Forest Products Industry	38

MAJOR PROGRAM CATEGORY: Renewable Resource Development

GOAL B: Development of Forest Products Industries

Objective: Expansion of inventory work of forest resources in the district

Board Policy: The forests of the Interior represent the most abundant of the Interior's renewable resources. The forests are also an important local source of raw materials essential for the manufacture of various wood products, and they have made possible a vital local industry based on dimension lumber, and materials for the construction of log buildings in Interior communities. Additionally, because of a multitude of institutional obstacles, including architectural standards mandating the use of non-Alaskan lumber, the forest represents the Interior's most underdeveloped export industry. Assisting in the expansion of the existing local industry and overcoming these obstacles, developing wood products based on the Interior's forest for both domestic and export markets, will require an interdisciplinary approach and a major commitment of time and talent by several local organizations and public and private institutions. Currently the U.S. Department of Agriculture jointly with Doyon, Ltd., is working on the expansion of the Interior's forest industry. FTVAD will support this effort.

Task #2: Remove institutional obstacles preventing more diversified domestic use of local forest products in order to double value of Interior forest industry production in real dollars by 1983.

KEYWORD: FOREST PRODUCTS INDUSTRY

a. Budget and Staffing Estimate:

<u>Activity Code</u>	<u>Estimated Additional Cost</u>	<u>Annual Management Cost</u>	<u>Program Staff Required</u>
Planning	50,000	10,000	1 man/yr.

b. Program Calendar:

07/01/80 ----- 07/31/83

c. "Task" Status as of January, 1980:

No current activity.

TASK SUMMARY

ECONOMIC DEVELOPMENT:

<u>Task</u>	<u>Keyword Code</u>
Task #1	Economic Diversification Strategy
Task #2	Small Industries Development
Task #3	Business Loan Specialis'ts
Task #4	Fairbanks Downtown Revitalization
Task #5	New Loan Funds
Task #6	Decentralization

TRANSPORT DEVELOPMENT:

<u>Task</u>	<u>Keyword Code</u>
Task #1	Fairbanks Airport Development
Task #2	Rural Airport Development
Task #3	Local Service Roads

COMMUNITY FACILITIES DEVELOPMENT:

<u>Task</u>	<u>Keyword Code</u>
Task #1	McGrath Multipurpose Building
Task #2	Fort Yukon Utility Building
Task #3	Fairbanks Downtown Revitalization
Task #4	Rural Capital Improvements
Task #5	Rural Capital Improvements

ENERGY CONSERVATION AND HOUSING REHABILITATION:

<u>Task</u>	<u>Keyword Code</u>
Task #1	Energy Conservation

PETROLEUM RESOURCE POLICY:

<u>Task</u>	<u>Keyword Code</u>
Task #1	Oil and Gas Management
Task #2	Energy Development Impact
Task #3	Alaska Regional Center, U.S.G.S.
Task #4	Gas Conditioning Plant
Task #5	Mineral Industry Development

WORKFORCE DEVELOPMENT:

<u>Task</u>	<u>Keyword Code</u>
Task #1	TVCC/Hutchison
Task #2	Fairbanks Fire Training Center

RENEWABLE RESOURCE DEVELOPMENT:

<u>Task</u>	<u>Keyword Code</u>
Task #1	Agricultural Production
Task #2	Forest Products Industry

PROGRAM BUDGET/STAFFING ESTIMATE
FY '80, '81 & '82

Task	Activity Code	Estimated Additional Cost	Annual Management Cost @ 20%	Program Staff Required	Estimated Program Start Date	Program Duration	Termination Date
MAJOR PROGRAM CATEGORY:			Economic Development				
Task #1	T.A.	50,000	5,000	\$5,000	01/01/80	1	01/81
Task #2	D	125,000	25,000	2 man/yr.	07/01/80	5	07/85
Task #3	D	100,000	20,000	2 man/yr.	07/01/80	-	Contin.
Task #4	P	50,000	10,000	1 man/yr.	01/01/80	2	01/82
Task #5	D-Comp.	50,000,000	50,000	1 man/yr.	07/01/80	2	01/82
Task #6	P	20,000	4,000	1/2 man/yr.	04/01/80	2	04/82
			<u>114,000</u>				

MAJOR PROGRAM CATEGORY:			Transport Development				
Task #1	D	100,000	20,000	1 man/yr.	07/01/80	2	01/82
Task #2	C	500,000	12,500	1/2 man/yr.	04/01/80	1	04/81
Task #3	C	---	5,000	---	---	-	---
			<u>37,500</u>				

MAJOR PROGRAM CATEGORY:			Community Facilities				
Task #1	C	500,000	12,500	1/2 man/yr.	10.01/79	1	10/80
Task #2	C	500,000	12,500	1/2 man/yr.	10/01/79	1	10/80
Task #3	C	10,000,000	100,000	2 man/yr.	04/01/80	3	04/83
Task #4	T.A.	100,000	10,000	\$10,000	04/01/80	1	04/81
Task #5	C	10,000,000	100,000	2 man/yr.	07/01/80	4	04/84
			<u>235,000</u>				

MAJOR PROGRAM CATEGORY:			Energy Conservation and Housing Rehabilitation				
			up to				
Task #1	D-Comp.	5,000,000	50,000	1 man/yr.	04/01/80	2	04/82
			<u>50,000</u>				

MAJOR PROGRAM CATEGORY:			Petroleum Resource Policy				
Task #1	D	50,000	10,000	1 man/yr.	04/01/80	2	04/82
Task #2	D-Comp.	20,000,000	50,000	1 man/yr.	04/01/80	3	04/83
Task #3	T.A.	50,000	5,000	\$5,000	04/01/80	2	04/82
Task #4	T.A.	500,000	50,000	1 man/yr.	04/01/80	2	04/82
Task #5	D	50,000	10,000	1 man/yr.	01/01/81	2	01/82
			<u>125,000</u>				

MAJOR PROGRAM CATEGORY:			Workforce Development				
Task #1	P	50,000	10,000	1 man/yr.	07/01/80	3	07/83
Task #2	T.A.	20,000	2,000	\$2,000	07/01/80	1	07/81
			<u>12,000</u>				

MAJOR PROGRAM CATEGORY:			Renewable Resource Development				
Task #1	P	50,000	10,000	1 man/yr.	07/01/80	3	01/83
Task #2	P	50,000	10,000	1 man/yr.	07/01/80	3	07/83
			<u>20,000</u>				

Fairbanks Town & Village
Association
for
Development, Incorporated



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B U D G E T P L A N N I N G S U M M A R Y

for the period October 1, 1980 through September 30, 1982

Prepared by: The staff
of the Fairbanks Town
and Village Association

JANUARY 1980

INTRODUCTION

In August of 1978 the Fairbanks Town and Village Association established a procedures manual for the conduct of its internal affairs. Chapter 4 of the manual describes our budget development procedures and this pamphlet contains a summary of information prepared under Chapter 4, Sections 03. through 06.

The Association's fiscal year begins October 1st and ends September 30th. The budget cycle is three years with each annual budget in the current cycle defined as follows:

<u>Operating Budget:</u>	October 1, 1979 - September 30, 1980
<u>Planning Budget:</u>	October 1, 1980 - September 30, 1981
<u>Preliminary Budget:</u>	October 1, 1981 - September 30, 1982

Assumptions used to develop annual budgets for this cycle are listed on the following page. Questions on information presented here should be referred to Jerry Smetzer, Executive Director, or Walt Gesin, Deputy Director, Management.

Jerry Smetzer
Executive Director

January 31, 1980

ASSUMPTIONS

1. That FTVAD's annually renewable grants from the federal Economic Development Administration, the Fairbanks North Star Borough, and the federal Farmer's Home Administration will continue at least at their present level with possible cost-of-living increases each year.
2. That FTVAD's efforts to establish an annually renewable grant program for local and regional non-profit corporations involved with economic development by the State of Alaska are successful and will yield approximately \$100,000 per year to FTVAD.
3. That FTVAD will be successful in its efforts to raise the additional money necessary to carry out the 24 "Tasks" listed in The Overall Economic Development Program for Fairbanks and the Interior of Alaska in the amounts and in the time frame shown in the "Budget/Staffing" estimate.
4. That the Board of Directors and the Executive Committee will, as financing becomes available, approve the staffing, budget increases, and contracting necessary to carry out the "Tasks" and, therefore, the Association's goals and objectives.

VALUE OF CURRENT CONTRACTS AS OF DECEMBER 31, 1979

Title	Contracting Agency	Source of Funds	Duration	Amount	Expiration Date
FTVAD	FNSB	Local	12 mos.	60,000	06/30/80
EDA Title III	EDA	Federal	12 mos.	85,800	09/30/80
EDA Title IX	EDA	Federal	12 mos.	75,000	09/30/80
EDA Title IX Match	FNSB	Local	12 mos.	25,000	09/30/80
FmHA	FmHA	Federal	12 mos.	48,500	09/30/80
DOE	DOE/State	Federal	9 mos.	37,000	?
CSA	CSA	Federal	9 mos.	30,000	09/30/80
CETA	DCRA	Federal	9 mos.	60,000	09/30/80
FAI	DCED	State	Indefinite	15,000	---

FBI Report

TOTAL VALUE OF CURRENT CONTRACTS BY SOURCE OF FUNDS

Local	85,000
State	15,000
Federal	336,300

ASSOCIATION STAFF AS OF DECEMBER, 1979

<u>PERMANENT STAFF</u>		<u>PROJECT & PROGRAM STAFF</u>	
Name	Title	Name	Title
Jerry Smetzer	Executive Director	✓ Susan Tapp	Receptionist <i>CRP</i>
Walter Gesin	Deputy Director, Management	✓ Ron Ponchione	Weatherization and Housing Rehabilitation Coordinator
Barbara Sepelak	Administrative Supervisor	✓ Bruce Cadwell	Carpenter Assistant, Winterization
Roberta Fyten	Program Assistant	✓ Jim Wulff	Carpenter Assistant, Winterization
		✓ Bob Grove	Program Director
		✓ Nancy Perkins	Contract Bookkeeper
		✓ Marilyn Nell	Bookkeeper

FISCAL YEAR '80 BUDGET

ITEMS	BUDGET AUTHORIZATION	EXPENDITURE AUTHORIZATION	AVAILABLE FUNDS
PERSONNEL			
<u>Permanent Staff</u>			
Executive Director	35,000	31,200	22,100
Deputy Director, Management	33,000	30,000	21,250
Deputy Director, Programs	28,000		
Urban Program Coordinator			
Rural Program Coordinator			
Administrative Supervisor	20,000	20,000	14,169
Program Assistant	18,000	18,000	16,010
* Receptionist/Typist	14,560	14,560	14,560
Research/Publications Coordinator	15,600	2,600	2,600
* Book-keeper	14,560	14,560	14,560
<u>Program Staff</u>			
Urban Program Director	13,000	19,000	19,000
Urban Program Director			
Program Secretary			
Field Team	15,600	15,600	15,600
Rural Program Director	28,000	22,000	22,000
Rural Program Director			
Program Secretary			
Field Team			
TOTAL PERSONNEL	241,320	187,520	161,849
BENEFITS			
Insurance	6,100	6,100	6,100
Workmen's Compensation	2,429	2,429	2,429
ESC	1,760	1,760	1,760
Leave	11,870	11,870	11,870
TOTAL BENEFITS	22,159	22,159	22,159
PROFESSIONAL SERVICES			
Bookkeeping	10,300	10,300	10,300
Audit	5,500	5,500	5,500
Contractual Services	250,039	86,231	86,231
TOTAL PROFESSIONAL SERVICES	265,839	102,031	102,031
TRAVEL			
Fares	14,226	14,226	14,226
Per Diem	11,982	11,982	11,982
Mileage	3,300	3,300	3,300
TOTAL TRAVEL	29,508	29,508	29,508

* Temporary position - financed by CETA

ITEMS	BUDGET AUTHORIZATION	EXPENDITURE AUTHORIZATION	AVAILABLE FUNDS
SPACE			
Rent	43,920	43,200	32,757
Utilities	2,400	1,920	1,920
Janitorial	3,510	3,510	3,510
Telephone Rent	2,100	2,100	2,100
Insurance	1,191	1,191	1,191
TOTAL SPACE	53,121	51,921	41,478
EQUIPMENT			
Purchase	11,536	11,536	8,971
Rent	4,672	4,672	4,672
Repair	2,835	2,835	2,835
TOTAL EQUIPMENT	19,043	19,043	16,478
OTHER DIRECT COSTS			
Consumables	7,000	7,000	7,000
Postage	1,550	1,550	1,550
Telephone	4,750	4,750	4,750
Printing	8,000	8,000	8,000
Publications & Subscriptions	1,500	1,500	1,500
Materials	53,000	53,000	53,000
Miscellaneous	1,500	1,500	1,500
TOTAL OTHER DIRECT COSTS	77,300	77,300	77,300
GRAND TOTAL	708,290	489,482	450,803

FUND SOURCES

EDA Planning	86,400	- Planning
EDA Title IX	75,000	-
FmlIA	48,500	- Rural Prog. Improvements
DOE	80,000	- Insulation
CSA	30,000	-
North Star Borough	85,000	- Match
CETA	60,320	- Employees (9 staff)
Undetermined	244,400	
	708,290	

FY '81 PRELIMINARY BUDGET AND FY '82 PLANNING BUDGET

	<u>FY '81</u>	<u>FY '82</u>
PERSONNEL		
<u>Permanent Staff</u>		
Executive Director	37,000	38,000
Deputy Director, Management	35,000	36,000
Deputy Director, Programs	33,000	34,000
Urban Program Coordinator	30,000	31,000
Rural Program Coordinator	30,000	31,000
Administrative Supervisor	21,000	22,000
Program Assistant	19,000	22,000
Receptionist/Typist	14,560	15,000
Research/Publications Coordinator	25,000	26,000
Bookkeeper	16,000	17,000
<u>Program Staff</u>		
Urban Program Director	24,000	28,000
Urban Program Director	24,000	
Program Secretary	15,000	
Field Team	20,000	20,000
Rural Program Director	24,000	
Rural Program Director	24,000	
Program Secretary	16,000	
Field Team	40,000	
TOTAL PERSONNEL	447,560	320,000
BENEFITS		
Insurance	20,400	14,400
Workmen's Compensation	4,079	3,300
ESC	5,440	3,520
Leave	37,674	24,376
TOTAL BENEFITS	67,593	45,596
PROFESSIONAL SERVICES		
Bookkeeping	22,000	12,000
Audit	11,000	6,050
Contractual Services	135,716	80,806
TOTAL PROFESSIONAL SERVICES	168,716	98,856
TRAVEL		
Fares	26,318	14,475
Per Diem	22,166	12,191
Mileage	7,460	4,103
TOTAL TRAVEL	55,944	30,769

	<u>FY '81</u>	<u>FY '82</u>
SPACE		
Rent	49,680	43,200
Utilities	3,600	3,100
Janitorial	4,200	3,600
Telephone Rent	2,600	2,100
Insurance	1,400	1,200
TOTAL SPACE	61,480	53,200
EQUIPMENT		
Purchase	14,736	12,000
Rent	8,643	5,160
Repair	5,245	3,200
TOTAL EQUIPMENT	28,624	20,360
OTHER DIRECT COSTS		
Consumables	10,000	7,500
Postage	2,867	2,100
Telephone	8,737	5,200
Printing	14,800	9,700
Publications & Subscriptions	2,500	2,200
Materials	75,000	68,000
Miscellaneous	2,775	1,526
TOTAL OTHER DIRECT COSTS	116,679	96,226
GRAND TOTAL	946,596	664,947

PROJECTED FUND SOURCES

EDA Planning	86,400	86,400
EDA Title IX	--	
FmHA	50,000	50,000
DOE	100,000	100,000
CSA	30,000	30,000
Fairbanks North Star Borough	100,000	100,000
CETA	64,196	--
Undetermined	538,500	321,047
TOTAL	969,096	687,447