

730

HCRRA

HB 974

- HB 992

730

National Cost Containment Planning

At the national level, our congressmen and the American Hospital Association feel that Alaskan and Hawaiian hospitals should be considered exempt from national cost containment guidelines because of the population base, distance from the continental limits, remoteness, lower level of utilization of health services, patient mix and age, and additional costs due to increased shipping and freight rates.

There is also a need to support the equity reserve required for the future replacement of facilities, equipment, and new technology. Frequently, the public doesn't understand that all non-profit hospitals need this equity. In spite of the above obstacles, Alaskan hospitals have made a concerted effort to reduce expenditures.

National cost containment planning forces hospitals to focus on those expenditures which could directly affect quality of care. Hospitals have little control over such areas as compliance with government regulations, delayed government reimbursement, inflation as it affects equipment, supplies, services, and manpower costs, increases in utility rates, and communications which have seriously affected what hospitals must charge to continue to provide quality care.

Alaska Cost Containment Projects

The following examples demonstrate primary areas of our cost containment effort. There are, of course, other activities which resulted in additional savings. No attempt has been made to communicate everything that our membership is doing to reduce the rate of hospital inflation.

Cost Containment Projects

Energy

5-25 Bed Facility

Use night lights rather than overhead fluorescent fixtures

Change fixtures from two to one tube fixtures.

Reduce incandescent lamps from 75 watts to 40 watts in areas not jeopardized by low light

Timer applied to shut off high pressure boiler during hours not in use

Steam sterilization done at specific time to save a number of loads

Set up time for lights to be turned off in areas not needed

Education of the employees regarding turning off power not needed

Insulation installed wherever possible to cut down on heat loss.

90% of oil fired incinerator use cut out by having City pick up all items three times weekly rather than weekly

25-50 Bed Facility

Use less hot water when cleaning and sterilizing whirlpool equipment

G.E. Watt miser tubes have been installed in continuously activated fixtures.

Shut off valves installed in steam dryer feed lines for activation when dryers are idle

Surge suppressors installed on all electrical breaker panels.

Installed new boiler burners which save 30% in fuel use and costs

The water temperature has been turned down to a minimum acceptable level.

Reinsulated old water pipes and hot water tanks

50 Beds & Up

Installed a heat recovery system. We maintain ourselves

Keep receiving doors closed to contain heat in the winter and air conditioning in the summer.

Water softener installed to boiler system. Reduced boiler water treatments, 57% savings in chemicals. No scaling of boiler tubes, less gas used. Stretch inspections to 120 days from previous 90 days

Shut down the perimeter fin tub heating in the PO. Savings in hot water and electricity.

Floodlight bulbs replaced as they burn out with 75 watts, previously 150 watts. No loss of light levels

Cost Containment Projects

Manpower

5-25 Bed Facility

Reduce the number of staff on duty if there is not enough work load in one day. This is done voluntarily

Documentation by each department to help cut down on their overtime

Use CEA positions to fill positions, thus saving money from the hospital's budget

25-50 Bed Facility

Effort not to use outside help when secretarial duties can be performed by department personnel

Use senior citizen help as much as possible — paid for by Senior Community Employment Program.

Stagger arrival time of employees so that all are active and busy instead of stagnating in a group

Continuing staff product education as to the use of the product, the price, most feasible and availability of the items, including waste containment controls.

Training of personnel to handle more than one job efficiently

Use of UB-16 single form billing system. This minimizes billing time.

50 Beds & Up

We are budgeting for a decrease in FTE. Despite a projected increase in volume of services. We are able to do this through better training, management, and streamlined operations. We are covering more space and accomplishing more in an hour with fewer people

We physically rearranged our trayline and increased employee efficiency. We were able to reduce one position from the trayline and increase efficiency by 1.5 trays per minute.

The hospital took the responsibility for the CE service which was done at a cost of \$1,000. This created a savings of \$44,000

Biomedical electronics technicians are doing hospital television repairs, saving the cost of a service contract.

Cost Containment Projects

Manpower

5-25 Bed Facility

25-50 Bed Facility

We order additional copies of our billing ledger to use on follow-up billing. The cost is very small and saves many man-hours in duplicating billing ledgers.

Group items of similar type on one work order rather than spreading worker's time over all the building.

Purchasing materials which launder easily - can be tumble dried and folded with a minimum of handling.

Revise work schedules and increase coverage and productivity, thus eliminating the need for extra staff position at considerable savings.

Closer monitoring of benefit programs and premiums paid for employees who have turned over.

Standard recruiting package for applicants which saves on secretarial time.

Continued monitoring of the merit pay system to see that raises are not automatic but are based on performance evaluation.

Every fulltime equivalent, or part thereof, is reviewed by administration before that individual may be hired by any department head.

50 Beds & Up

The emergency generator testing routine has been revised saving time and one half wages to reset computer functions in areas serviced by the unit.

Before we replace a fulltime employee, a "casual" is hired and time utilization in the position is studied.

Utilization review has become a Medical Records function and has been reduced to a 1/2 time position.

Cross training has been implemented to reduce temporary help during sick time, vacation, and holidays.

By replacing carpet in high spillage areas with tile, man hour cleaning costs have been cut by 20%.

A computer program was written to instantaneously generate the Medicaid log from the patient accounting system. The old manual log took approximately 300 hours per year to prepare.

The biweekly general ledger journal entry to record manually prepared payroll checks is now generated and interfaced by the computer. Prior to this, the entry was prepared manually, requiring about 20 hrs/month.

We have an active program for personnel to voluntarily go home when workload is down.

We have a successful effort to reduce paid manhours including overtime and sick leave abuse. This has been evidenced in our FTE reduction.

Cost Containment Projects

Shared Services

5-25 Bed Facility

We are now using a commercial laundry which represents a savings of \$3,000/year.

A centralized purchasing and inventory control system has been established wherein routine hospital supplies are ordered on an annual basis, volume discounts taken, and perpetual inventory maintained.

We have successfully covered several staff positions with a shared service person. We now use a consulting dietitian, radiologist, nurse anesthetist, and medical records librarian. As gratifying as the results are, we would like to add a biomedical engineer and respiratory therapist.

25-50 Bed Facility

Spread basic cost per meal by cooking also for the local Senior Citizens Committee, reimbursed by that program.

50 Beds & Up

We are saving several thousand dollars through a group purchasing contract. An example of this is a 9% savings on the purchase of IV solutions.

We are combining our food shipments with several other facilities in the community. This reduces our freight rate, and allows us to use full containers rather than partial containers, at the same rate.

We continue to work with the ASBA to establish group contracts for various products. At the present time, there are 29 contracts established. Approximately \$37,000 in savings are realized after assessments.

Cost Containment Projects

Other

5-25 Bed Facility

We use generic drugs when acceptable. This reduces our costs and the cost of the patient by 1/2 to 1/3.

Reduction of long distance calls, keeping in mind the cost of writing a letter versus the toll charges.

We started a public ER awareness program which included cost information given to patients before being treated in the ER, newspaper articles, and an interview with a physician on a local radio station. The results of our ER cost containment program was that our ER visits declined by 14% and a net savings of \$16,500. This reduction in utilization occurred while other types of hospital utilization was increased.

25-50 Bed Facility

We conserve on the use of x-ray film by using the size most appropriate for the case.

Evaluate the cleaners and products used, utilizing products which have the most efficiency.

Constantly re-evaluating the present cost savings programs for means of improvement.

We draw all blood donors locally at the cost of \$44/unit. If we were to ship it in from Anchorage, it would cost \$130/unit.

We sterilize the nondisposable O₂ nebulizer units for use on the floor when indicated. The cost of re-sterilization is less than the cost of using a disposable unit each time.

We sterilize disposable items whenever possible rather than just throwing them away, if they were opened from sterile packages.

50 Beds & Up

We installed, own and operate our own trunk line phone system. By doing our own service work and maintenance, we save \$6,000/month.

Standing admitting orders are no longer being used, decreasing unnecessary work for each patient.

We have changed to two-ply computer paper at a cost of \$24.11/box from a three-ply paper which costs \$41.20 per box.

An estimated annual savings of \$2,200 is expected by using a new arterial blood gas kit, which saves .01/case.

A quota system has been instituted for linen supplies based on daily patient census. This has resulted in better usage and less theft.

Standard brands of cleaning supplies are being used, eliminating excess quantities of items which are good for only one purpose.

Cost Containment Projects

Other

5-25 Bed Facility

We adopted the cart system of inventory control. This system resulted in reduced loss of supplies due to outdating, reduced the cost of labor to maintain the system, reduced the cost of inventory because of establishing economic reorder levels, and increased control of supplies as they are dispensed to patients.

It is clear that health maintenance actions are far more cost effective than health restoration. Accordingly, the hospital inaugurated and became the home of a number of programs: weight control, alcohol awareness, anti-smoking, parent-child awareness, pre-natal counseling, and LaMaze classes.

The hospital grounds were landscaped by a volunteer group which saved the hospital \$2,000. The volunteers helped build a helicopter landing pad which saved \$10,000. Local fishermen have donated fish to the hospital worth another \$1,000. The auxiliary spent many hours working in the hospital, saving a substantial amount of money.

25-50 Bed Facility

Dropping several duplicate magazine subscriptions.

Coordination with the fire department for use of the CPR manikins and supplies. This eliminates the need for additional CPR manikins which cost \$1,000.

Better utilization of cash, keeping non-essential operating cash in demand savings rather than sitting idle in the checking account.

Constant effort to examine the quality of the product where "a Ford may be substituted for a Cadillac".

Devising color coding system for inpatient folders using marking pens instead of purchasing expensive new file folders helps in time of retrieval.

Change from serial numbering system to unit numbering system, saves time in filing and maintaining unit records.

Reorganize system for posting and indexing for greater efficiency. Time savings per month of approximately 16 2/3 hours.

Reorganization of the office equipment and work space resulted in saving time for two clerks, thus eliminating the need to hire another half-time equivalent.

With the increase in raw food costs, the department is going to make more items from scratch.

Watching dispensers carefully so they dispense just the right amount rather than wasting cleanser solution.

50 Beds & Up

High loss items have been eliminated from the cafeteria menu, and prices are constantly re-evaluated.

The Respiratory Therapy Department is presently using up stock levels of IPPB disposable set-ups and anticipates using non-disposable set-ups by the first of the year. Presently researching the possibility of using other non-disposable items by using proper sterilization techniques and maintaining a quality control program.

The Pharmacy Department keeps costs down by participating in the Alaska Hospital Association's group purchasing of pharmaceuticals. Lower rates on drugs are obtained through large quantity bids.

Hospital Pharmacy & Therapeutics Committee has drafted a proposal that the number of antibiotics be reduced to one brand. This would enable the supply of a certain antibiotic to be put up for bid and would effectively reduce the cost to patients.

Rotex silver recovery units have been installed in the X-ray Department to better reclaim silver from processing chemicals. The net dollar increase in silver recovery will be 40%.

Cost Containment Projects

Other

25-50 Bed Facility

Using one cleaner for many cleaning jobs and purchasing in larger quantities, thus cutting the duplicity of various solutions needed.

Changed film and chemical companies which resulted in no actual cost savings but provided an additional quality control and computer program in helping upgrade quality and lower cost.

Cutting the amount of xeroxing to a minimum.

Carefully assessing the cost effectiveness of using the telephones rather than writing letters.

Carefully monitoring the cost of telephone calls and requiring that all departments keep logs of any calls made.

50 Beds & Up

When anti-embolism stockings come back through the laundry the washed ones are sold to patients for half the purchase price. Occupational therapy uses ready-made splints where appropriate instead of custom-made devices. The Physical Therapy Department started using clean rags to wipe out the whirlpool rather than towels to decrease the quantity of laundry.

The Maintenance Department has substantially depleted their spare parts inventory and eliminated the practice of purchasing excess stock of items. This saved the hospital approximately \$10,000 in inventory.

We have had fuel savings due to temperature cutbacks in non-patient areas of the hospital. Use of air conditioning is similarly reduced during the summer to conserve fuel.

Hired a biomedical technician who has started doing maintenance and repair on hospital equipment, thus reducing the cost of outside service contracts.

Variables in Accounting

Due to the differences in accounting techniques and the variables in member hospital expenses, there has been an intentional avoidance in quantifying the total dollars of cost effectiveness which has been stimulated through our membership effort.

Commitment by Alaskan Hospitals

What we can assure our patients is that Alaskan hospitals have been and remain committed to, doing everything in their power to contain the increase in hospital costs. As a result of this program, there is a renewed awareness of expenditure accountability by the medical staff, management, and professional staff. Our membership has effectively demonstrated their responsibility in holding down hospital expenditures. This has resulted in numerous effective programs while maintaining quality of care at competitive costs, and slowing increases in hospital expenditures to less than the rate of inflation.

FISCAL NOTES

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 974

Title An Act increasing State aid to municipalities for hospitals

Requested by C & RA Committee

Date 3-28-80

II. FISCAL DETAIL

Agency Affected Community & Regional Affairs

Program Category Affected Development

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

(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						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.	0*	0	0	0	0	0
TOTAL	0	0	0	0	0	0

FUNDING (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

*There would be no fiscal impact to this Department. The additional cost could be prorated. This has been the procedure in the past when the total entitlements exceed the amount appropriated to the budget for this grant program.

However, if it is not the intention of the legislature to put more burden on the municipalities in the program, by further reducing the proration factor, the following additional funding should be added to the FY 1981 budget for this grant program.

IV. DATE 3-28-80

PREPARED BY Netta Crago

AGENCY Community & Regional Affairs

PHONE 465-4733

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

FISCAL NOTE - Continued HB 974

The additional cost of increasing the hospitals' category to \$200,000 per hospital with 10 or more beds, or \$60,000 with less than 10 beds would be \$1,805,690.

Based on \$200,000 grants included in this bill and assuming no new hospitals will become eligible.

12 municipalities now receive \$75,000 per hospital
($\$200,000 - \$75,000 = \$125,000 \times 12 = \$1,500,000$)

Alaska Hospital now receives \$175,000
($\$200,000 - \$175,000 = \$25,000$)

Fairbanks Memorial now receives \$155,000
($\$200,000 - \$155,000 = \$45,000$)

Ketchikan General Hospital now receives \$92,000
($\$200,000 - \$92,000 = \$108,000$)

\$1,500,000
25,000
45,000
108,000

\$1,678,000
127,690 COLA

\$1,805,690 TOTAL ADDITIONAL FUNDING REQUIRED

There was no fiscal impact computed for the preceding fiscal years. We are assuming that if any additional funding is required it would be added to the budget request.

MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS

TO: Jack Kreinheder, Issues Analyst
House Research Agency

DATE: March 20, 1980

FILE NO:

Through: Palmer McCarter, Director
Local Government Assistance

TELEPHONE NO:

FROM: Netta Crago
Administrative Assistant

SUBJECT: State Aid to Local
Governments-Hospitals

The additional cost of increasing the hospitals' category to \$200,000 per hospital with 10 or more beds, or \$60,000 with less than 10 beds would be \$1,678,000.

Based on \$200,000 grants included in this bill and assuming no new hospitals will become eligible:

12 municipalities now receive \$75,000 per hospital
(\$200,000 - \$75,000 = 125,000 x 12 = \$1,500,000)

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(\$200,000 - \$175,000 = \$25,000)

Fairbanks Memorial now receives \$155,000
(\$200,000 - \$155,000 = \$45,000)

Ketchikan General Hospital now receives \$92,000
(\$200,000 - \$92,000 = \$108,000)

\$1,500,000
25,000
45,000
108,000

\$1,678,000 total additional funding required

NC:jh

forgot to include COLA

\$1,678,000
110.57% Average COLA

177,365
1,678,000

1,855,365

I. REQUEST
 Bill/Resolution No. CSHB No 974
 Title "An Act relating to state aid for hospitals; and providing for an effective date."
 Requested by Community and Regional Affairs Committee Date 4-25-80

II. FISCAL DETAIL Department of Health and Social Services
 Agency Affected Department of Health and Social Services
 Program Category Affected Health
 BRU, Program, or Subprogram(s) Affected SHPDA Resource Development
 (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						
200 TRAVEL		9.				
300 CONTRACTUAL		50.				
400 COMMODITIES		1.				
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		60.				

FUNDING (Thousands of Dollars)

GENERAL FUND		60.				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		0				
PART TIME		0				
TEMPORARY		0				

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

See Attached

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Name) Department of Health & Social Services

Phoebe A. Lindsey
 Phoebe Lindsey
 Prepared by: Lowell Swartz Date: 4-25-80
 Division/Office: SHPDA PH: 465-3038

A study to determine the State's role in providing aid/support to Alaska's acute care facilities and how such aid/support should be disbursed should provide important policy and resource allocation direction for the State on this complex issue. Because of the health planning and policy considerations raised, the study should be conducted under the aegis of the DHSS Division of State Health Planning and Development with particular focus on its facilities development section.

With current Division staff limitations and work load commitments this scope of work would be contracted to a qualified research group with capabilities in and a working knowledge of Alaska's health care delivery system, health care economics, capital development in health care facilities, State plans for development as articulated by the Statewide Health Coordinating Council, State regulations and other dimensions. It is anticipated that the scope of work would require approximately \$50,000.

To ensure input of affected/interested parties, a task force would be convened to advise the contractor and the Division on the study. The task force would include a hospital administrator, a representative of a third party payor, a consumer, a representative of the State's Medicaid program, a member of the Division's facilities development staff, a Health Systems Agency board member and a member of the Statewide Health Coordinating Council. The task force would meet in Anchorage, the most economical meeting site, at least three times during the study at an approximate cost of \$3000 per meeting.

Costs are included to produce a report for select distribution at the conclusion of the study.



Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

Official Business

BILL WORK SHEET

BILL NUMBER HB974 RE Increasing State Aid

Received from _____
Referred to _____

Fiscal Note _____
LAA Legal Contact: _____

CONTACTS:

Sponsor: House C & RA - (at request of Bronson)

See HB975 worksheet

HESS

Figures only for medical - total utilization only
Darcy Glad St. Goldbach - 3061

Hospital Ass'n } 3061 Accountant Supervisor

not consistent - what (1) licensed for
Profitability not being dealt with

Hope Cottage -

Wangell - negative

Netch. = \$3,000 '79

not profit loss so rather
to revenues. Revenues in
excess of current operations

medical figures can't reconciled with

HB

992

(7)

COMMITTEE REPORT

HOUSE

4/3/80

FURTHER:

Date: 2/20/80

Mr. Speaker:

The Committee on COMMUNITY AND REGIONAL AFFAIRS has had HB 992

"An Act relating to the formation of coastal resource service areas; 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:

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: CSHB 992 Relating to Coastal Resource Service Areas

ORIGINAL SPONSOR: Osterback (Resources)
RECEIVED FROM: Committee

OTHER SPONSORS: _____
FURTHER REFERRALS: _____

HEARING DATE: 4/30/80

MEMBERS PRESENT: Bill Parker X
Margaret Branson X
Pat O'Connell X

Pat Carney
Charlie Parr X
Fred Zharoff
Ray Metcalfe X

Committee Substitute circulated among committee members for their signature.

COMMITTEE ACTION. CSHB 992 passed out of committee.

TAPE # SIDE _____ Footage _____



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 992 Coastal Resource Service Areas

ORIGINAL SPONSOR: Osterback (Resources
RECEIVED FROM: Committee)

OTHER SPONSORS: _____
FURTHER REFERRALS: _____

HEARING DATE: 4/28/80

MEMBERS PRESENT: Bill Parker X
Margaret Branson X
Fat O'Connell

Pat Carney X
Charlie Parr X
Fred Zharoff X
Ray Metcalfe

Rep. Alvin Osterback, Sponsor

Uses map to discuss problem which exists particularly in the Aleutian Chain area. Sand Point and King Cove would like to work together on developing a coastal management program independently of the rest of REAA 8 which is noncontiguous. Refers to correspondence between Dept. C&RA and the communities on the issue.

Parr - Questions the effect of such a subdivision on the planning for Outer Continental Shelf activities.

Murray Walsh, Office of CZM

Bottomfish and OCS impacts would be addressed in the planning process regardless of the size of the coastal resource service area.

Veronica Clark, Dept. C&RA

Dept. supports the concept of the bill as does the Alaska Coastal Policy Council which endorsed the proposal.

Parr - Questions effect on Council representation of HB992.

Clark

Nine regions of the state have representation on the Council and HB 992 wouldn't effect this. Clark generally addressed problems with the inability to subdivide REAAs in the Prince of Wales area and Southeast Ak. in particular. It is her perception that planning hasn't been initiated thus far as people aren't aware or convinced that they have some gain from the planning exercise.

Parker - Questions if it is the intent in the proposed CS work draft that one first class or home rule city could exclude itself while another might be required to be included in the subdivided area? This point needs to be clarified in the final CS.

COMMITTEE ACTION: Supports drafting of CS with clarifications noted by Committee members.

TAPE # 9 SIDE 1 Footage 1352-1756
9 2 00-712

Zharoff - Suggests that other "features" might be relevant
to be included on p. 1.

Carney - Other "features" would probably be brought out during
the public hearing process.

Parr - At the least, economic and ecological considerations
should be mentioned.

Committee concurs that a CS be drafted based on the work
draft.

April 10, 1980

Don Gilman, Co-chair
Alaska Coastal Policy Council
Soldotna, Alaska
and
John Haltermann, Co-chair
Alaska Coastal Policy Council
Juneau, Alaska

Dear Messrs. Gilman and Haltermann:

Recently Representative Osterback sponsored, through the House Resources Committee, HB 992, An Act relating to the formation of coastal resource service areas; and providing for an effective date. This bill, as I understand it, seeks to solve problems encountered in the Alaska Peninsula/Aleutian chain in establishing viable coastal resource service districts.

A similar bill may be introduced on the Senate side, by Senator Mulcahy. As Chair of the Senate Community and Regional Affairs Committee, I would appreciate hearing from you regarding this bill--your and the Council's view both of the problem and of this particular solution to that problem.

Thank you for your cooperation.

Sincerely,

Arliss Sturgulewski
Senator, District 10-H



Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

BILL WORK SHEET

BILL NUMBER HB992

RE Relating to the formation of Coastal Resources

Received from _____
Referred to _____

Fiscal Note _____
LAA Legal Contact _____

CONTACTS:

Sponsor: * Review of Nelson's plans on accident of Craig & Mowbray
* Public participation

3540 Murray Nelson's Sphere influence. 10-20 mile circle around them. Established as boundaries. Implementation by cooperative agreement. Forest so agrees to Hyndberg & [Mowbray & Craig] during this now. Sealaska & Marine Corps. Forest Service DNR on all agreeing. Council were to approve plan for even larger than planning area, - Endorsement but couldn't agree.

Bill Thompson - re functioning of REAA 7 & boundary determination - REAA

CSSB 562 makes three changes in the Alaska Coastal Management Act of 1977:

- SEC. 1 Section 1 makes a minor semantic change recognizing the addition of the option described in Section 2 of the bill.
- SEC. 2 Section 2 allows the Commissioner of Community and Regional Affairs to divide regional educational attendance areas (REAA's) into no more than three coastal resource service areas for coastal management purposes. This proposed change resulted from concern that options offered by the Alaska Coastal Management Act may not be well suited to regions of the unorganized borough which have not yet organized coastal resource districts.

HOW DOES THE EXISTING LAW WORK?

- (1) Organized boroughs develop their own coastal management programs.
- (2) Residents of the unorganized borough have four options:
 - a. A coastal resource service area may be organized into a coastal resource district if a majority of qualified voters in a special election approve organization and elect a seven-member board to oversee development of a coastal management program. (NOTE: A coastal resource service area is an REAA unless the Commissioner of Community and Regional Affairs combines one or more REAAs into a single service area.)
 - b. First-class, home-rule and second-class cities with active planning programs may develop and adopt their own coastal management programs within their corporate limits.
 - c. These cities may voluntarily join the surrounding coastal resource service area.
 - d. These cities may remain separate districts but voluntarily enter into mutual agreements with adjacent coastal resource service areas for joint or cooperative administration of their coastal management programs.

WHICH REGIONS WOULD BE AFFECTED BY CSSB 562?

The following three regions which have not yet organized coastal resource districts nearly three years after enactment of the Alaska Coastal Management Act:

Aleutian Chain (REAA 8)
Prince William Sound (REAA 21)
Southeastern (REAAs 18 and 19)

These regions have several characteristics in common:

- (1) None has a dominant regional center.
- (2) Each has several first-class or home-rule cities which operate their own school systems and have nothing to do with the adjacent REAA.
- (3) The configuration of fishing districts and other economic and ecological factors may lend themselves to natural divisions within REAA boundaries.
- (4) Especially in the Aleutian Chain, long distances and adverse weather conditions may make it extremely difficult and expensive to get together regularly.

If Section 2 is enacted, it would give residents of the unorganized borough the option of developing coastal management programs within a subdivision of an REAA in which residents have common interests and concerns and can get together with relative ease. It should also encourage these areas of the unorganized borough to develop coastal management programs on a regional basis.

CSSB 562 includes the following assurances that the subdivision of REAAs would not be excessive or indiscriminate:

- (1) An REAA may be divided into no more than three coastal resource service areas.
- (2) A public hearing must be held in the REAA affected.
- (3) Consideration must be given to geographic, cultural, economic and environmental factors as well as to other factors which might arise at a public hearing or from some other source.
- (4) Each subdivision must include at least one first-class or home-rule city so that there is a reasonable balance of population between subdivisions.
- (5) All cities within the boundaries of a coastal resource service area formed by division of an REAA are automatically part of the surrounding service area and may not prepare a separate coastal management program.
- (6) Coastal resource service areas which have organized districts may not be subdivided. (This provision excludes the Northwest Alaska region, Bering Straits region and the Yukon/Kuskokwim region).

WHICH ORGANIZATIONS SUPPORT SECTION 2 OF CSSB 562?

- (1) The city councils of Unalaska, Sand Point and King Cove have endorsed the amendment in concept.
- (2) At various times in the past, the cities of Craig, Klawock, Hydaburg, Petersburg and Yakutat have expressed interest in planning for an area larger than their corporate limits yet smaller than the REAA in which they are located.
- (3) At its most recent meeting, March 18-19, the Alaska Coastal Policy Council passed a resolution endorsing this amendment in concept.

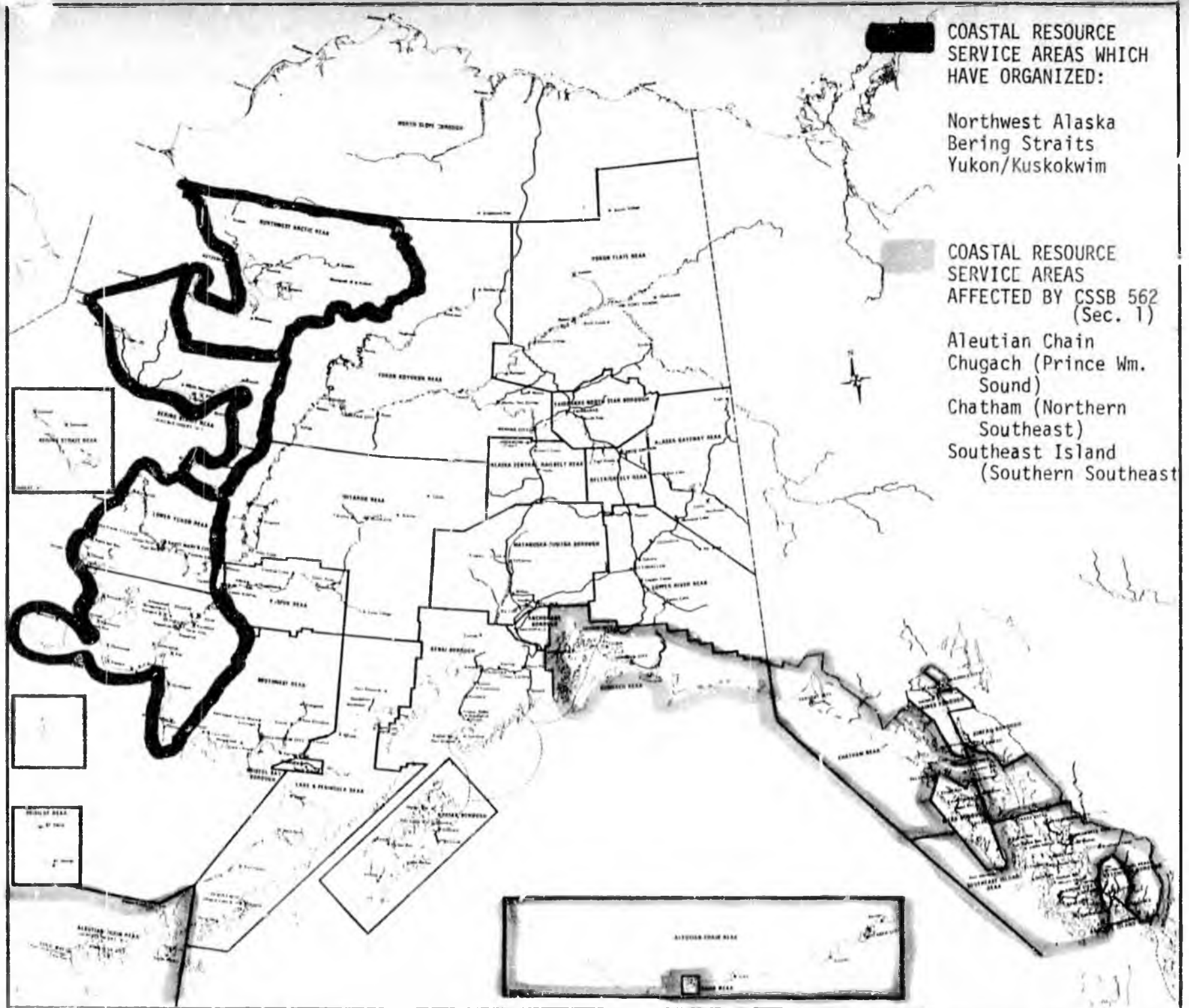
SEC. 3 Section 3 states that all cities within a coastal resource service area encompassing one or more undivided REAAs are considered part of the surrounding coastal resource service area unless they exclude themselves by resolution of their governing bodies. However, if a city excludes itself from an adjacent coastal resource service area, it must agree to administer its coastal management program jointly or cooperatively with the coastal resource service area board. The intent of this section is to encourage regional planning wherever possible by making it difficult for cities to exclude themselves from the surrounding coastal resource service area. Under the existing law, cities are assumed to be excluded from the surrounding coastal resource service area unless they pass resolutions to include themselves; under the proposed law would be assumed to be included until they take positive actions to exclude themselves. Under the existing law, mutual agreement for joint or cooperative administration of programs is voluntary; under the proposed amendment it would be mandatory.

COASTAL RESOURCE
SERVICE AREAS WHICH
HAVE ORGANIZED:

Northwest Alaska
Bering Straits
Yukon/Kuskokwim

COASTAL RESOURCE
SERVICE AREAS
AFFECTED BY CSSB 562
(Sec. 1)

Aleutian Chain
Chugach (Prince Wm.
Sound)
Chatham (Northern
Southeast)
Southeast Island
(Southern Southeast)



For an Act entitled: "An Act relating to the formation of coastal resource service areas; and providing for an effective date."

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

* Section 1. AS 46.40.120 is amended by adding a new subsection to read:

(d) For purposes of coastal zone management only, the commissioner of the Department of Community and Regional Affairs may, after public hearings held in the area affected, divide an existing regional educational attendance area into two (or more) coastal resource service areas according to geographic, cultural or other features relevant to coastal management planning; however

(1) each coastal resource service district formed by dividing an existing regional educational attendance area must contain at least one first class city or home rule city; and

(2) a coastal resource service district formed before the effective date of this Act may not be divided for coastal management planning purposes.

* Sec. 2. AS 46.40.190 is amended to read:

Sec. 46.40.190. COOPERATIVE ADMINISTRATION. (a) A city within the coastal area which is not part of an adjacent coastal resource service area shall be included [MAY INCLUDE ITSELF] for purposes of this chapter within an adjacent coastal resource service area unless [IF] its governing body, by resolution adopted by a majority of its membership, chooses to exclude [CONSENTS TO THE INCLUSION OF] the city from an adjacent coastal resource service area and a copy of the resolution is

1 filed with the commissioner of the Department of Community and Regional
2 Affairs. This section does not apply to a coastal resource service dis-
3 trict formed in accordance with AS 46.40.120(d).

4 (b) Nothing in this chapter restricts or prohibits cooperative or
5 joint administration of functions between a municipality and a coastal
6 resource service area organized under the provisions of this chapter
7 upon initiation of a mutual agreement for the purpose. A city which
8 is excluded from an adjacent coastal resource service area under (a) of
9 this section must enter into a mutual agreement for cooperative or joint
10 administration of functions with the coastal resource service area board
11 from the adjacent coastal resource service area.

12 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
13 070(c).

II. FISCAL DETAIL

Agency Affected Department of Community & Regional Affairs

Program Category Affected Development

Budget Request Unit(s) Affected Community Planning Services

EXPENDITURES (Thousands of Dollars)

	81 FY #8	82 FY 79	83 FY 80	84 FY 81	85 FY 82	86 FY 83
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)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME	0	0	0	0	0	0
PART TIME						
TEMPORARY						

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

Administrative activities associated with HB 992 would include travel and advertising for public hearings. Costs could be absorbed by the Governor's FY 81 budget request (program area: Natural Resource Management Administration; BRU: Coastal Zone Management). Assuming the Governor's budget for that BRU is approved there should be no additional administrative costs associated with HB 992.

IV. DATE 4/8/80

PREPARED BY *v.c.* Veronica Clark

AGENCY Community and Regional Affairs

PHONE 465-4750

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

STATE OF ALASKA

COASTAL POLICY COUNCIL

April 17, 1980

LOCAL MEMBERS:

Donald Gilman,
Lower Cook Inlet,
Co-Chairman
Stanley Anderson,
Bering Straits
Jon Halliwell,
Northern Southeast
Eben Hopson,
Northwest
Malcolm "Pete" Isleb,
Prince William Sound
John Nicori,
Southwest
Robert Sanderson,
Southern Southeast
Lidia Selkregg,
Upper Cook Inlet
Betty Wallin,
Kodiak-Aleutians

The Honorable Arliss Sturgulewski, Chairman
Senate Community and Regional Affairs Committee
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Dear Senator *Ar* Sturgulewski:

The Alaska Coastal Policy Council, at its last meeting on March 18 and 19, 1980, took action on four items related to coastal management that will be of interest to the Legislature and in particular to the two Community and Regional Affairs Committees.

STATE MEMBERS:

Francis Ulmer,
Director of Policy
Development &
Planning,
Co-chairman
Robert Ward,
Commissioner of
Transportation &
Public Facilities
Charles Webber,
Commissioner of
Commerce &
Economic
Development
Robert LeResche,
Commissioner of
Natural Resources
Lee McAnerney,
Commissioner of
Community &
Regional Affairs
Ernst Mueller,
Commissioner of
Environmental
Conservation
Ronald Skoog,
Commissioner of
Fish & Game

Resolution 79-2 of the Rural Alaska Coastal Management Conference, requesting Continuation of Coastal Resource Service Area (CRSA) boards, was endorsed by the council with a request for implementation powers deleted. Resolution 79-6 of the Rural Alaska Coastal Management Conference requesting the creation of interior resource districts, was endorsed in its entirety by the council. Copies of the resolutions, as the council endorsed them, are attached for your information.

The council supports CSSB 348, CSSB 349, and CSHB 581, as described by Ms. Margo Waring, which deal with local governments and make provisions for unorganized boroughs, including the division of rural education attendance areas.

Finally, the council voted to request amendment of section 46.40.120 (b) of the Alaska Coastal Management Act as follows:

The Commissioner of the Department of Community and Regional Affairs may, after public hearings held in the area affected, consolidate two or more regional education attendance areas as a single coastal resource service area or may subdivide an existing regional education attendance area, according to geographic, cultural, or other features relevant to coastal management planning.

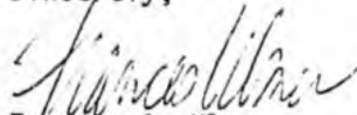
This proposed amendment is now before the House of Representatives as HB 992, currently pending in the House Community and Regional Affairs Committee.



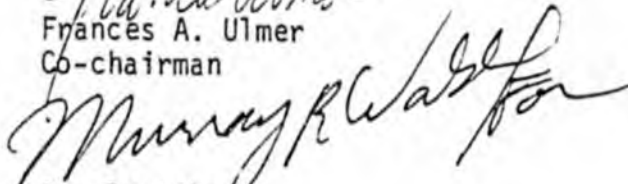
The Honorable Arliss Sturgulewski -2- April 17, 1980

If further information is required, please contact Murry Walsh,
Coordinator of the Office of Coastal Management (465-3540).

Sincerely,



Frances A. Ulmer
Co-chairman



Donald Gilman
Co-chairman

Attachments

RESOLUTION 79-2 OF THE RURAL ALASKA COASTAL MANAGEMENT CONFERENCE

AS ENDORSED BY THE ALASKA COASTAL POLICY COUNCIL

ENTITLED: REQUESTING CONTINUATION OF COASTAL RESOURCE SERVICE AREA
BOARDS.

WHEREAS, the Alaska Coastal Management Act of 1977 allows for the formation of coastal resource service areas in the unorganized borough for the purpose of developing coastal management programs, and

WHEREAS, the Department of Community and Regional Affairs provides funding and technical assistance so that coastal management plans may be developed and approved; and

WHEREAS, the coastal resource service area is formed after an election by the communities in the affected region; and

WHEREAS, the coastal resource service area boards are comprised of members from those various communities; and

WHEREAS, there is currently no provision for funding of coastal resource service area boards after the approval of their plans; and

WHEREAS, there is no mechanism for coastal resource service areas to monitor the implementation of their plans; and

WHEREAS, there is no mechanism for coastal resource service areas to monitor consistency determinations made by state agencies;

NOW THEREFORE BE IT RESOLVED that the Alaska State Legislature amend the Alaska Coastal Management Act of 1977 in order that the coastal resource service boards maintain their identity and be funded after approval by the Coastal Policy Council and the legislature of their coastal management plans.

RESOLUTION 79-6 OF THE RURAL ALASKA COASTAL MANAGEMENT CONFERENCE

AS ENDORSED BY THE ALASKA COASTAL POLICY COUNCIL

ENTITLED: REQUEST FOR CREATION OF INTERIOR RESOURCE DISTRICTS.

WHEREAS, the State of Alaska and the federal government have released oil and gas lease schedules for the next five years; and

WHEREAS, the State of Alaska and the federal government have enacted legislation providing for the formation of coastal resource districts; and

WHEREAS, the federal government and the State of Alaska provide funds for implementation of coastal zone management plans to the coastal districts; and

WHEREAS, the State of Alaska's five year schedule includes oil and gas lease sales in the interior of Alaska; and

WHEREAS, oil and gas development and pipeline construction in the Interior has the same impact as offshore development; and

WHEREAS, these interior areas have no legislative basis for creating district plans and no source of funding districts in the event of oil and gas lease sales and pipeline construction; and

WHEREAS, the Department of Community and Regional Affairs is allocated funds for the development of coastal districts,

Now, therefore, be it

RESOLVED, that the Department of Community and Regional Affairs search for a method of funding resource districts in the areas of the Interior which will be impacted by state oil and gas lease sales and pipeline construction, and

BE IT FURTHER RESOLVED that the Alaska State Legislature fund interim planning districts.



Official Business

Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

4/28/80

TO: Tam Cook
FROM: Marjorie Gorsuch
RE: CS HB992/ CSSB 562

Please modify the CSHB992 (CSSB562) in a new CS to include the following:

- p. 1 line 12 "hearings held in the regional educational attendance area affected..."
- p. 1 line 13 "into no more than three coastal resource ..."
- p. 1 line 14 "according to geographic, cultural, economic, environmental or other features..."
- p. 1 line 16 Change word "district" to "area"
- p. 1 line 19 Add a new (2) which would provide:

Cities within the costal resource service areas formed under this section are part of the coastal resource service area and may not exclude themselves.
- p. 1 line 19 Renumber as (3) Change "district" to "area"
- p. 2 line 2,3 Change "district" to "area"
- p. 2 line 8 Change "is excluded" to "excludes itself"
- p. 2 line 9 Change "must" to "shall"

Tam,

The Senate side would like the final version of the CS ready with these changes for its meeting Tuesday, April 29 at 1:30 P.M. The House would like theirs ready for Wed., April 30 at 8:30 A.M.

4/25/80

TO: Margo
FROM: Marjorie

Re HB 992 SB562

Change #2 to require that for each subdivision of an REAA must contain at least one first class, or home rule city (Valdez and Cordova are both home rule as are Petersburg and Wrangell). Also, we need to be aware that in REAA 7 there is no first class or home rule city, only the second class city of Port Heiden)

#9 for consideration should be:

An REAA subdivided for the purpose of coastal management planning may be combined with another coastal resource service area for coastal zone management purposes.

Marge -
No "under the door"
service! They still
have HB

§440
Cook

Original sponsor: State Affairs Committee

IN THE SENATE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

CS FOR SENATE BILL NO. 562

IN THE LEGISLATURE OF THE STATE OF ALASKA

ELEVENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to the formation of coastal resource
service areas; and providing for an effective date."

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

* Section 1. AS 46.40.120 is amended by adding a new subsection to read:

(d) For purposes of coastal zone management only, the commissioner
of the Department of Community and Regional Affairs may, after public
hearings held in the area affected, divide an existing regional educa-
tional attendance area into two or more coastal resource service areas
according to geographic, cultural or other features relevant to coastal
management planning; however

(1) each coastal resource service district formed by dividing
an existing regional educational attendance area must contain at least
one first class city or home rule city; and

(2) a coastal resource service district formed before the
effective date of this Act may not be divided for coastal management
planning purposes.

* Sec. 2. AS 46.40.190 is amended to read:

Sec. 46.40.190. COOPERATIVE ADMINISTRATION. (a) A city within
the coastal area which is not part of an adjacent coastal resource
service area shall be included [MAY INCLUDE ITSELF] for purposes of this
chapter within an adjacent coastal resource service area unless [IF] its
governing body, by resolution adopted by a majority of its membership,
chooses to exclude [CONSENTS TO THE INCLUSION OF] the city from an ad-
jacent coastal resource service area and a copy of the resolution is

1 filed with the commissioner of the Department of Community and Regional
2 Affairs. This section does not apply to a coastal resource service dis-
3 trict formed in accordance with AS 46.40.120(d).

4 (b) Nothin in this chapter restricts or prohibits cooperative or
5 joint administration of functions between a municipality and a coastal
6 resource service area organized under the provisions of this chapter
7 upon initiation of a mutual agreement for the purpose. A city which
8 is excluded from an adjacent coastal resource service area under (a) of
9 this section must enter into a mutual agreement for cooperative or joint
10 administration of functions with the coastal resource service area board
11 from the adjacent coastal resource service area.

12 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
13 070(c).

STATE OF ALASKA

COASTAL POLICY COUNCIL

April 17, 1980

LOCAL MEMBERS:

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Lower Cook Inlet,
Co-Chairman
Stanley Anderson,
Bering Straits
Jon Halliwell,
Northern Southeast
Eben Hopson,
Northwest
Malcolm "Pete" Isleb,
Prince William Sound
John Nicori,
Southwest
Robert Sanderson,
Southern Southeast
Lida Selkregg,
Upper Cook Inlet
Betty Wallin,
Kodiak-Aleutians

The Honorable Bill Parker, Chairman
House Community and Regional Affairs Committee
Alaska State House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Representative Parker:

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Frances Ulmer,
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Resolution 79-2 of the Rural Alaska Coastal Management Conference, requesting Continuation of Coastal Resource Service Area (CRSA) boards, was endorsed by the council with a request for implementation powers deleted. Resolution 79-6 of the Rural Alaska Coastal Management Conference requesting the creation of interior resource districts, was endorsed in its entirety by the council. Copies of the resolutions, as the council endorsed them, are attached for your information.

The council supports CSSB 348, CSSB 349, and CSHE 581, as described by Ms. Margo Waring, which deal with local governments and make provisions for unorganized boroughs, including the division of rural education attendance areas.

Finally, the council voted to request amendment of section 46.40.120 (b) of the Alaska Coastal Management Act as follows:

The Commissioner of the Department of Community and Regional Affairs may, after public hearings held in the area affected, consolidate two or more regional education attendance areas as a single coastal resource service area or may subdivide an existing regional education attendance area, according to geographic, cultural, or other features relevant to coastal management planning.

This proposed amendment is now before the House of Representatives as HB 992, currently pending in the House Community and Regional Affairs Committee.



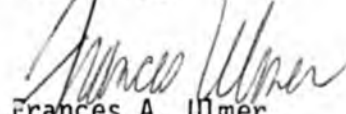
The Honorable Bill Parker

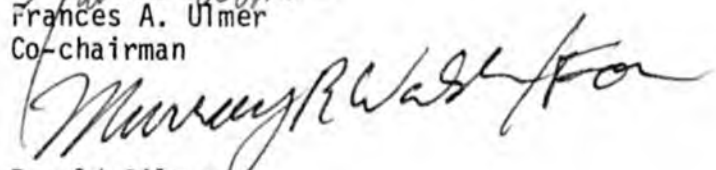
-2-

April 17, 1980

If further information is required, please contact Murry Walsh,
Coordinator of the Office of Coastal Management (465-3540).

Sincerely,


Frances A. Ulmer
Co-chairman


Donald Gilman
Co-chairman

Attachments

RESOLUTION 79-2 OF THE RURAL ALASKA COASTAL MANAGEMENT CONFERENCE

AS ENDORSED BY THE ALASKA COASTAL POLICY COUNCIL

ENTITLED: REQUESTING CONTINUATION OF COASTAL RESOURCE SERVICE AREA
BOARDS.

WHEREAS, the Alaska Coastal Management Act of 1977 allows for the formation of coastal resource service areas in the unorganized borough for the purpose of developing coastal management programs, and

WHEREAS, the Department of Community and Regional Affairs provides funding and technical assistance so that coastal management plans may be developed and approved; and

WHEREAS, the coastal resource service area is formed after an election by the communities in the affected region; and

WHEREAS, the coastal resource service area boards are comprised of members from those various communities; and

WHEREAS, there is currently no provision for funding of coastal resource service area boards after the approval of their plans; and

WHEREAS, there is no mechanism for coastal resource service areas to monitor the implementation of their plans; and

WHEREAS, there is no mechanism for coastal resource service areas to monitor consistency determinations made by state agencies;

NOW THEREFORE BE IT RESOLVED that the Alaska State Legislature amend the Alaska Coastal Management Act of 1977 in order that the coastal resource service boards maintain their identity and be funded after approval by the Coastal Policy Council and the legislature of their coastal management plans.

RESOLUTION 79-6 OF THE RURAL ALASKA COASTAL MANAGEMENT CONFERENCE

AS ENDORSED BY THE ALASKA COASTAL POLICY COUNCIL

ENTITLED: REQUEST FOR CREATION OF INTERIOR RESOURCE DISTRICTS.

WHEREAS, the State of Alaska and the federal government have released oil and gas lease schedules for the next five years; and

WHEREAS, the State of Alaska and the federal government have enacted legislation providing for the formation of coastal resource districts; and

WHEREAS, the federal government and the State of Alaska provide funds for implementation of coastal zone management plans to the coastal districts; and

WHEREAS, the State of Alaska's five year schedule includes oil and gas lease sales in the interior of Alaska; and

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WHEREAS, these interior areas have no legislative basis for creating district plans and no source of funding districts in the event of oil and gas lease sales and pipeline construction; and

WHEREAS, the Department of Community and Regional Affairs is allocated funds for the development of coastal districts,

Now, therefore, be it

RESOLVED, that the Department of Community and Regional Affairs search for a method of funding resource districts in the areas of the Interior which will be impacted by state oil and gas lease sales and pipeline construction, and

BE IT FURTHER RESOLVED that the Alaska State Legislature fund interim planning districts.

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B - JUNEAU 99811

April 21, 1980

The Honorable Bill Parker
Chairman
Community and Regional Affairs
Committee
Alaska State House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Mr. Chairman:

At your request, the Department of Community and Regional Affairs has prepared background information on HB 992 and explored alternatives to the bill.

BACKGROUND

The Alaska Coastal Management Act of 1977, as amended, allows residents of the unorganized borough to organize coastal resource districts encompassing one or more regional educational attendance areas (REAs). The Commissioner of Community and Regional Affairs has authority to combine two or more REAs into a single coastal resource service area prior to organizational elections. Municipalities which exercise planning powers are also districts; they may join an adjacent coastal resource service area but are not required to do so. Each district prepares a coastal management program to be submitted to the Coastal Policy Council and State Legislature. This system seems to work well in certain areas, but has been received with reservation in others. Attachment 1 lists each coastal REA and coastal resource districts within each REA and indicates whether the district's coastal management program is under way or completed. REAs which have not yet conducted coastal management elections but could do so under the present law are described as "potential" districts.

Coastal resource districts have been organized in three regions of the unorganized borough; another region is seriously considering following suit. Districts have formed in the Northwest Alaska region (REA 1), the Bering Straits region (REA 2), and the Yukon/Kuskokwim region (REAs 3 and 4); district formation is under consideration in the Bristol Bay region (REAs 6 and 7). These four regions have the following traits in common:

The Honorable Bill Parker
April 21, 1980
Page 2

1. Each region has one dominant regional center: Kotzebue in the Northwest Alaska region; Nome in the Bering Straits region; Bethel in the Yukon/Kuskokwim region and Dillingham in the Bristol Bay region.
2. All of the communities in the Northwest Alaska region and all but one in each of the other regions are second class cities or unincorporated and therefore obtain educational services from an REAA. (First class and home rule cities operate their own school districts.)
3. In two of the three regions which have organized coastal resource districts the regional center has chosen not to join the adjacent service area. Consequently, in the Bering Straits region there are two coastal resource districts, the City of Nome and the Bering Straits Coastal Resource Service Area; in the Yukon/Kuskokwim region, there are also two coastal resource districts, the City of Bethel and the Yukon/Kuskokwim Coastal Resource Service Area.

In addition to the regions discussed in the foregoing paragraphs, there are six coastal REAs which have not yet organized coastal resource districts. They have the following characteristics:

1. Four of them--the Aleutian Islands (REAA 8), Northern Panhandle (REAA 18), Southern Panhandle (REAA 19) and Prince William Sound (REAA 21)--have several first class or home rule cities each and no dominant regional center. Therefore, each region has several school districts, several coastal resource districts, and no established central gathering place or service center (except Anchorage, Juneau, or Seattle).
2. Federal landholdings consume much of the land within each region. Federally owned land is not part of the State's coastal zone. Settled areas and non-federal land often occur as isolated pockets separated by thousands of acres of federally owned land.

HB 992 resulted from concern that options offered by the Alaska Coastal Management Act may not be well suited to the second set of REAs discussed above (REAs 8, 9, 10, 18, 19, 21). Attachment 2 describes advantages and disadvantages of the status quo [AS 46.40.120(b)], HB 992, two legislative alternatives and one administrative alternative.

Sincerely,

Marie Matsuda-Pignatelli
for Lee McAnerney
Commissioner

Attachments

The Honorable Bill Parker
April 21, 1980
Page 3

cc: The Honorable Arliss Sturgulewski
Alaska State Senate

The Honorable Bob Mulcahy
Alaska State Senate

The Honorable Al Osterback
Alaska State House of Representatives

Keith Specking
Office of the Governor

<u>Region</u>	<u>Coastal Resource Districts</u> (Including cities and boroughs within regions generally defined by REAAs)
REAA 1 Northwest Alaska	* NANA Coastal Resource Service Area
REAA 2 Bering Straits	* Nome * Bering Straits Coastal Resource Service Area
REAA 3&4 Lower Yukon/ Lower Kuskokwim	Bethel * Yukon/Kuskokwim Coastal Resource Service Area
REAA 6&7 Nushagak-Bristol Bay Lake/Peninsula-Bristol Bay	Dillingham * Bristol Bay Borough * Bristol Bay Coastal Resource Service Area (potential)
REAA 8 Aleutian Islands	Unalaska King Cove Sand Point Aleutian Chain Coastal Resource Service Area (potential)
REAA 9 Pribilof Islands	Pribilof Islands Coastal Resource Service Area (potential)
REAA 10 Adak	Adak Coastal Resource Service Area (potential)
REAA 18 Northern Panhandle	* Yakutat * Haines (City) * Skagway * Juneau Pelican Hoonah * Sitka * Kake Northern Panhandle Coastal Resource Service Area (potential)
REAA 19 Southern Panhandle	* Petersburg * Wrangell * Klawock * Craig * Hydaburg * Ketchikan Gateway Borough Southern Panhandle Coastal Resource Service Area (potential)
REAA 20 Metlakatla/Annette	* Annette Islands Indian Reserve
REAA 21 Chugach	* Cordova * Valdez Prince William Sound Coastal Resource Service Area (potential)

* Program under way or completed

Status quo

AS 46.40.120(b) allows the Commissioner of Community and Regional Affairs to consolidate two or more REAAs into one coastal resource service area after considering standards applicable to incorporation of borough governments, the likelihood that a borough would be incorporated within the area, or the extent of federally owned land and water within the area.

HB 992

Under HB 992, AS 46.40.120(b) would be amended to allow the Commissioner of Community and Regional Affairs to not only consolidate two or more REAAs into one coastal resource service area, but also subdivide REAAs into separate coastal resource service areas according to geographic, cultural, or other features relevant to coastal management planning. Borough incorporation standards would also be considered, as would federal ownership of coastal land and water.

Legislative alternative #1

Retain the language of HB 992, but restrict application of the subdivision provision to the Aleutian Chain (REAA 8), Northern Panhandle (REAA 18), Southern Panhandle (REAA 19), and Prince William Sound (REAA 21). Allow the Commissioner of Community and Regional Affairs to combine REAAs with subdivisions of other REAAs if such combinations satisfy standards mentioned in HB 992.

Advantages

By using the REAA as the basic unit for planning in the unorganized borough, the present law does not create any new boundaries for delivery of government services.

HB 992 also uses REAAs as the basic unit of reference for coastal resource service areas.

First-class or home-rule cities of the unorganized borough might be more inclined to join coastal resource service areas smaller than the entire REAA in which they are located.

HB 992 would allow residents to plan for those areas which affect them most directly and with which they are most intimately familiar.

This provision would restrict application of the subdivision section to areas most likely to express interest in them.

Disadvantages

The present law allows first-class and home rule cities (and second-class cities under certain circumstances) to develop coastal management programs separate from the region. Many cities do not see it in their best interest to join forces with an entire REAA. Consequently, coastal resource service areas are not being organized in several REAAs, yet many cities have legitimate interest in influencing development outside their corporate limits.

Indiscriminate subdivision of an REAA could produce fragmented coastal management programs.

The restriction may be unnecessary since coastal resource service areas have organized districts in most of the other coastal REAAs.

There may be constitutional questions about treating regions differently by specifying the geographic area rather than by specifying standards which must be met.

Legislative alternative #2

Retain the language of HB 992, but add the following provision:

If an REAA is divided and an organization election is called in one subdivision, an election will automatically be called in all other subdivisions of the REAA. If any one of the subdivisions elects to organize a district, all other subdivisions are automatically organized. The coastal management program from all subdivisions of an REAA must be coordinated from the outset and submitted simultaneously to enable the Coastal Policy Council and State Legislature to reach a reasonable conclusion about the compatibility of the plans. Although each subdivision would have its own board, there would be a seven-member regional oversight board with representation from the entire REAA (or combination of REAAs) on a one-man, one-vote basis.

Administrative alternative

A coastal resource service area encompassing one or more REAAs could voluntarily organize itself in such a way that board members from one area would meet routinely with local people in that area and use full board meetings as a means to combine sectional ideas and make compromises if necessary.

Advantages

All of the advantages of HB 992.
Greater coordination among plans than would be afforded under HB 922.

Local involvement in regional coastal management planning with as few new formal structures as possible.
No legislative change would be needed.

Disadvantages

Certain areas may be prematurely coerced into preparing a coastal management program by virtue of actions taken by neighboring areas.
Any section could delay approval of the programs of other sections.
Creation of another layer of government would make the process more cumbersome and costly.

The representation and consequent voting strength of any given area on the seven-member service area board would be less in an entire REAA than in a subdivision of it.

*Fallig's position
limit to Aleutians*

HB 992

Application of ACMP to the
Aleutian/Pribilof Island Region

*if staying in
that part of boundary
permitted to support*

Problem:

Options provided under the Alaska Coastal Management Act for formation of "coastal resource districts" are not applicable to the Aleutian/Pribilof Island Region.

Background:

The Aleutian/Pribilof Island Region presents a unique situation relative to the establishment of coastal resource service areas. Within the Region are three first-class cities (Sand Point, King Cove and Unalaska) as well as regional educational attendance areas 8, 9 and 10 (Aleutian Chain, Pribilof and Adak).

Under present law the first-class cities have the option of becoming single coastal resource service areas, thus establishing their own coastal management planning programs within their respective political boundaries, or of joining forces with the REAA's to develop a regional planning effort.

In addition, the three REAA's may become separate coastal resource service areas or, under authority granted in AS 46.40.120(b) the Commissioner of the Department of Community and Regional Affairs, may consolidate REAA's 8, 9 and 10 into one or two service areas for coastal management purposes.

Given these conditions there exists the possibility of one or six, or any combination within these numbers, coastal resource service areas being created within the Aleutian/Pribilof Island Region.

The population of the Region is approximately 3600 with 2274 (63%) residing in the three first-class cities (Sand Point 773, King Cove 733 and Unalaska 768). The second-class communities of Akutan and St. Paul contain 652 residents, 85 and 567 respectively. Total Regional population residing in incorporated municipalities totals 2926 or 81%. Clearly, if the first-class communities elect to establish their own programs within their jurisdictions, the remaining area (REAA's 8, 9, & 10) will be substantially diluted of human resources with which to develop and implement a coastal management program.

Land interests in the region are geographically complex. Village corporations were unable to select ANCSA entitlements within the core townships of Native villages due to the configuration of islands and Federal reserves. As such, village corporations selected deficiency lands under the Act this resulted in the ownership of land many miles from their respective villages. An example is the Tanadqusix Corporation at St. Paul (Pribilof Islands). Tanadqusix Corporation has substantial land holdings approximately 200 miles away on Unalaska Island. This is the case for a majority of the Aleutian's village corporations thus creating an extremely fragmented pattern of land ownership and land interests throughout the chain.

Several Aleutian villages are vacant of population, yet represent vast land holdings and thus development interests for shareholders residing elsewhere. Unga and Sanak are two cases in point. Village Corporation members from Unga and Sanak reside in Sand Point yet hold major land interests outside of Sand Point's City boundaries. They fear that should Sand Point elect to become a coastal resource service area they, as residents of Sand Point, will be precluded from having a voice in a coastal management program which encompasses their corporate land holdings.

The communities, on the other hand, would prefer to work with the respective corporations in a coastal management program but do not care to be involved or necessarily influenced by actions a thousand miles away.

The Aleutian/Pribilof Island Region situation strongly indicates the need to provide a third option for creating coastal resource service areas. This option would address the need to create service districts which emphasize common interests and geographic proximity in areas where land mass, economic interests and population are not contiguous.

Proposed Legislative Amendment

Section 3 AS 46.40.120(b) is amended to read:

(b) The Commissioner of the Department of Community and Regional Affairs may, after public hearings held in the area affected, consolidate two or more regional educational attendance areas as a single coastal resource service area or may subdivide an existing regional education attendance area according to geographic, cultural or other features relevant to coastal management planning.

CITY OF UNALASKA

P.O. BOX 89
UNALASKA, ALASKA 99685
581-1251

"Capital of the Aleutians"



March 24, 1980

Mr. Lawrence H. Kimball, Jr.
Director
Division of Community Planning
Department of Regional and Community Affairs
225 Cordova, Building B.
Anchorage, AK 99501

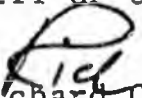
Dear Mr. ^{Garry}Kimball

In response to your letter of March 21, 1980 concerning the language of a possible amendment to AS 46.40.120(b), I can state the amendment accomplishes precisely the purpose which the City Council hopes for. I have discussed the language of the amendment with City Manager Burton; it has the support of the City administration. At the next regular City Council meeting (April 10, 1980), we shall report on the swift response which we have had from the Division to our request for assistance and inform the Council of the proposed amendment.

Thank you, again, for the attention which you have given this matter.

Sincerely,

CITY OF UNALASKA PLANNING DEPARTMENT


Richard Careaga, AICP
Director of Planning

RECEIVED
DEPT. OF COMM & REG. AFFAIRS
COMM. PLANNING
Date 3/26

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

DIVISION OF COMMUNITY PLANNING

Veronica
JAY S. HAMMOND, GOVERNOR

225 CORDOVA, BUILDING B
ANCHORAGE, ALASKA 99501

March 21, 1980

Mr. Richard Careaga
Director of Planning
P.O. Box 89
Unalaska, Alaska 99685

Dear Mr. *Richard* Careaga:

In response to your letter of March 17 requesting our assistance in drafting an amendment to AS 46.40.120(b), I would like to relay the following information.

The City Councils of Sand Point and King Cove have made identical requests. In order to accommodate these requests in a timely manner I drafted a proposed amendment and presented same to the Alaska Coastal Policy Council on Wednesday, March 19.

Following my presentation and brief discussion the Council voted 11-0 in favor of a resolution supporting the proposed amendment. This support will accompany the proposed amendment to Juneau where we will request it be introduced via committee. We will meet with Sand Point officials and legislators for the affected area next week in Juneau to discuss the matter.

I have enclosed a copy of the proposed amendment for your City Council's review. Should the Council support it as written, I would appreciate a letter to that effect. Should there be a need to amend the language please contact me immediately as time is of the essence.

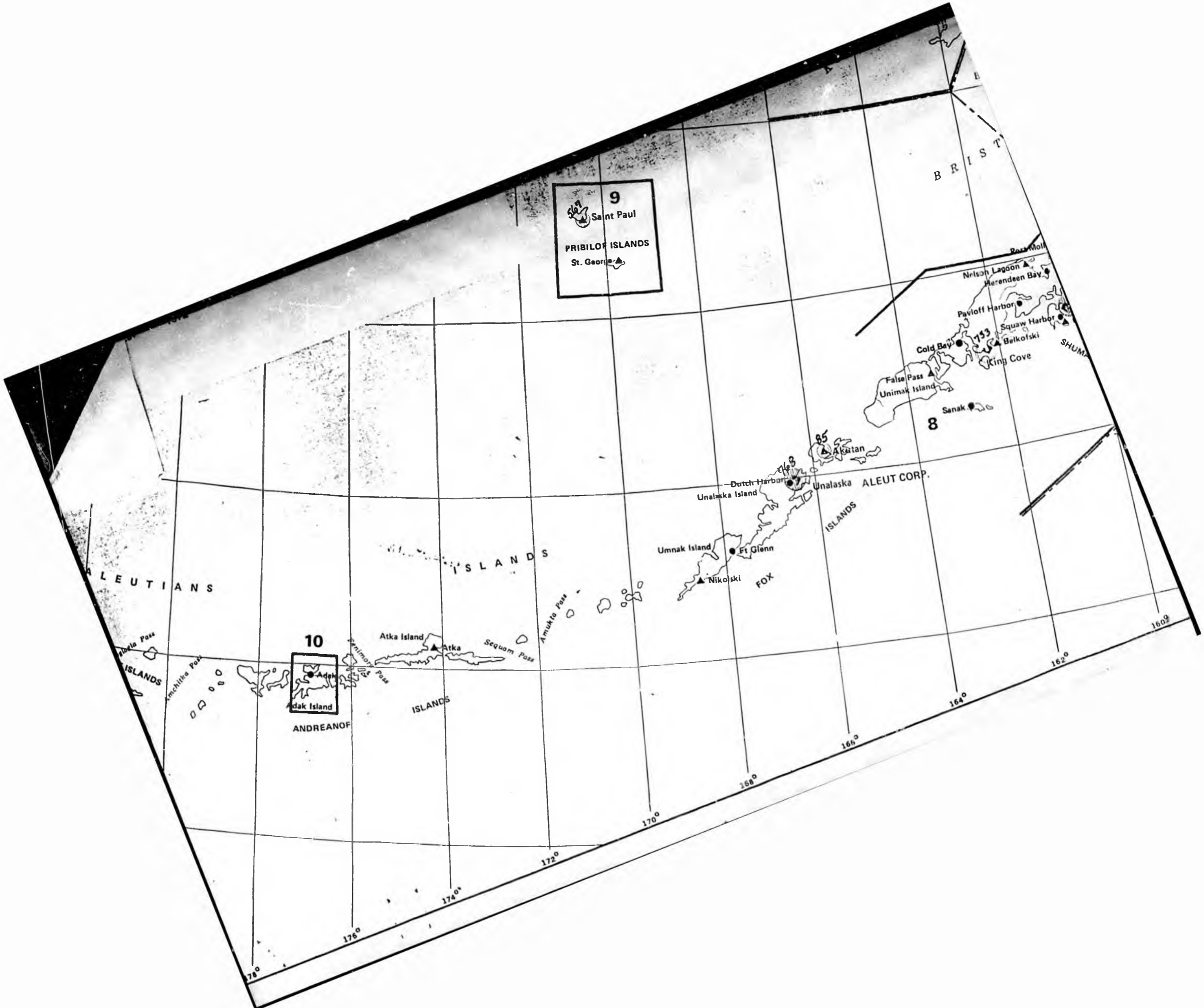
Thank you for your assistance in this matter and please assure the City Council and Mayor Holmes that we will keep them informed as things progress.

Thank you also for the courtesies extended during our recent visit. I enjoyed our stay.

Best regards,

Larry
Lawrence H. Kimball, Jr.
Director

Attachment



9
Saint Paul
PRIBILOF ISLANDS
St. George

8

10
Adak Island
ANDREANOF

Unalaska ALEUT CORP.
ISLANDS

Original sponsor: Resources Committee

Offered: 5/1/80

Referred: Rules

1 IN THE HOUSE

BY THE COMMUNITY AND REGIONAL
AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 992

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the formation of coastal resource
7 service areas; and providing for an effective date."

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

9 * Section 1. AS 46.40.120(a) is amended to read:

10 (a) Except as otherwise provided in [(b) OF] this section, each
11 regional educational attendance area established under AS 14.08.031
12 containing a part of the coastal area may be organized as a coastal
13 resource service area.

14 * Sec. 2. AS 46.40.120 is amended by adding a new subsection to read:

15 (d) For purposes of coastal zone management only, the commissioner
16 of the Department of Community and Regional Affairs may, after public
17 hearings held in the regional educational attendance area affected,
18 divide an existing regional educational attendance area into no more
19 than three coastal resource service areas according to geographic,
20 cultural, economic, environmental, or other features relevant to coastal
21 management planning; however

22 (1) each coastal resource service area formed by dividing an
23 existing regional educational attendance area must contain at least one
24 first class city or home rule city;

25 (2) a city within a coastal resource service area formed by
26 dividing an existing regional educational attendance area may not elect
27 to exclude itself from the coastal resource service area; and

28 (3) a coastal resource service area formed before the effec-
29 tive date of this Act may not be divided for coastal management planning

1 purposes.

2 * Sec. 3. AS 46.40.190 is amended to read:

3 Sec. 46.40.190. COOPERATIVE ADMINISTRATION. (a) A city within
4 the coastal area which is not part of a [AN ADJACENT] coastal resource
5 service area shall be included [MAY INCLUDE ITSELF] for purposes of this
6 chapter within an adjacent coastal resource service area unless [IF] its
7 governing body, by resolution adopted by a majority of its membership,
8 chooses to exclude [CONSENTS TO THE INCLUSION OF] the city from an ad-
9 iacent coastal resource service area and a copy of the resolution is
10 filed with the commissioner of the Department of Community and Regional
11 Affairs.

12 (b) Nothing in this chapter restricts or prohibits cooperative or
13 joint administration of functions between a municipality and a coastal
14 resource service area organized under the provisions of this chapter
15 upon initiation of a mutual agreement for the purpose. A city which
16 elects to be excluded from an adjacent coastal resource service area
17 under (a) of this section shall enter into a mutual agreement for co-
18 operative or joint administration of functions with the coastal resource
19 service area board from the adjacent coastal resource service area.

20 * Sec. 4. This Act takes effect immediately in accordance with AS 01.10.-
21 070(c).

I. REQUEST
 Bill/Resolution No. HB 992
 Title An Act relating to the formation of coastal resource service areas
 Requested by House Community & Regional Affairs Committee Date 4/8/80

II. FISCAL DETAIL
 Agency Affected Department of Community & Regional Affairs
 Program Category Affected Development
 Budget Request Unit(s) Affected Community Planning Services

EXPENDITURES (Thousands of Dollars)

	81 FY #8	82 FY 79	83 FY 80	84 FY 81	85 FY 82	86 FY 83
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)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME	0	0	0	0	0	0
PART TIME						
TEMPORARY						

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

Administrative activities associated with HB 992 would include travel and advertising for public hearings. Costs could be absorbed by the Governor's FY 81 budget request (program area: Natural Resource Management Administration; BRU: Coastal Zone Management). Assuming the Governor's budget for that BRU is approved there should be no additional administrative costs associated with HB 992.

IV. DATE 4/3/80 PREPARED BY *v.c.* Veronica Clark
 AGENCY Community and Regional Affairs
 Original: Legislative Finance PHONE 465-4750
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

CS SB 562/HB 992

SUGGESTED AMENDMENTS TO SB 562/ HB 992

1.

46.40.120 is amended
ADD

~~(b) as is in statute 46.40.120 (b)~~

(c) For purposes of coastal zone management only, REAA~~s~~ the commissioner of the DCRA may, after public hearings held in the area affected, divide an existing REAA into two or more coastal resource service areas, according to geographic, cultural or other features relevant to coastal management planning.

(1) Other factors not withstanding, ~~xxxx~~ each coastal resource service district formed as a subdivision of an REAA, must contain at least one first class or home rule city.

(2) No coastal resource service ~~xxxx~~ district formed prior to the effective date of this act may ~~xxxxxxx~~ be subdivided for coastal planning purposes.

~~(3) A subdivision of an REAA formed for the purposes of coastal management planning may join cooperatively with another coastal resource service area for coastal zone management purposes, upon approval of the Commissioner.~~

Sec. 2. AS 46.³⁵.190 is amended to read:

46.35.190 COOPERATIVE ADMINISTRATION. ~~AND~~ (a) A city within the coastal ~~xxxxxxx~~ area which is not part of an adjacent coastal resource service area may ~~xxxx~~ exclude (INCLUDE) itself for purposes of this chapter ...

(1) ~~The 46.35.190(x)~~ The provisions of 46.35.190 (a) do not apply to coastal resource service districts formed under 46.40.120 (c).

(b) Nothing in this chapter restricts or prohibits cooperative or joint administration of functions between a municipality, ~~and~~ a coastal resource service district formed under 46.40.120 (c) and a coastal resource service area organized under the provisions of this chapter upon initiation of a mutual agreement for the purpose.

~~(c)~~ (1) A mutual agreement for cooperative or joint administration is required when a city selects to exclude itself from an adjacent coastal resource service area under the provisions of 46.35.190 (a).

Suggested changes to minimize potential adverse effects of this legislation.

1. For each subdivision of an REAA, specify a minimum percentage of the REAA's coastline that must be in each subdivision (this would work toward minimizing potential super fragmentation by establishing a standard for CRA to use).

may #4

2. For each subdivision of an REAA, specify that it must contain at least one first ~~or second class~~ cities. This would also serve the purpose of minimizing numbers of subdivisions and insuring a "lead" community which could administer the program, as Regional Corporations will be less likely to serve that role under the draft legislation. If this is adopted #1 above may not be essential.

VC. no line S.56
option to plan beyond standards

3. Add language that states that 46.40.190 does not apply to subdivisions of an REAA. This further insures #2 above, i.e., that a first class city cannot opt out of a subdivided REAA coastal resource service district. If opting out is allowed, then you could have small districts without any population to speak of.

4. Change 46.40.190 to provide for opting out rather than opting in. This would apply to all REAAs.

5. Change 46.40.190 (b) so that when a first class city opts out of a coastal resource service district, a cooperative agreement is mandatory.

Add language to require that in this case of an opted out first class city, a city representative sit on the coastal resource service district board and vice versa as ex officio members.

6. Regarding crsd boards, change the language to provide for board numbers from 5-11 (as is the REAA board) instead of the inflexible seven member board.

7. Insure that either by mentioning the REAAs which can subdivide or ~~not~~ otherwise, provide that the ability to subdivide is not retroactive. We want to avoid situations in which a crsd that has completed a czm plan won't go back, subdivide, and get funded again for another czm plan.

incorporation

8. Eliminate all references to boro/standards being used for subdivisions. It would set a poor precedent to in any way imply that these small subdivisions are potential regional governments. Suggested language might be: "For purposes of coastal zone management planning only, coastal resource service districts may be formed from a part of an REAA" or other words that would state that boro incorporation standards are not being used.

subdivided into REAAs... be combined with another coastal resource area