

SCRA 1515 SB 354 - SB 370

257

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. H. B. 584 and S. B. 354
 Title An Act Eliminating Third Class Boroughs
 Requested by Community & Regional Affairs Committee Date January 18, 1980

II. FISCAL DETAIL

Agency Affected Department of Community & Regional Affairs
 Program Category Affected Community 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	25.0	0	0
TOTAL	0	0	0	25.0	0	0

FUNDING (Thousands of Dollars)

GENERAL FUND	0	0	0	25.0	0	0
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS None

FULL TIME						
PART TIME						
TEMPORARY						

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

AS 29.18.180(a) states that boroughs that reclassify are entitled to an organizational grant of \$25,000. This bill would force one existing third class borough to reclassify and thereby entitle it to a \$25,000 grant. No other municipality is affected by the bill.

FY 83 is the estimated year of reclassification, although it could conceivably take place any time between FY 80 and FY 85.

IV. DATE January 18, 1980 PREPARED BY Mary Foster
 AGENCY Community & Regional Affairs
 PHONE 465-4734
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

BY THE RULES COMMITTEE BY REQUEST
OF THE LEGISLATIVE COUNCIL (for the
Community and Regional Affairs
Committee Interim Joint Local
Government Study)

1 IN THE SENATE

2 SENATE BILL NO. 354

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act eliminating third class boroughs."

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

8 * Section 1. AS 29.08.030 is amended to read:

9 Sec. 29.08.030. CLASSES OF GENERAL LAW. General law municipali-
10 ties are of four [FIVE] classes:

- 11 (1) first class boroughs;
- 12 (2) second class boroughs;
- 13 (3) [THIRD CLASS BOROUGH];
- 14 (4) first class cities;
- 15 (5) second class cities.

16 * Sec. 2. AS 29.08.040(g) is amended to read:

17 (g) A second class borough may reclassify as a first class [OR
18 THIRD CLASS] borough [, AND A THIRD CLASS BOROUGH MAY RECLASSIFY AS A
19 FIRST CLASS OR SECOND CLASS BOROUGH,] in the manner provided by AS 29.-
20 33.270 - 29.33.290 for the addition of powers by boroughs, except the
21 petition or proposal requests reclassification instead of requesting
22 addition of powers.

23 * Sec. 3. AS 29.78.010(1) is amended to read:

24 (1) "borough" means a general law first or [,] second [OR
25 THIRD] class organized borough;

26 * Sec. 4. AS 02.15.260(10) is amended to read:

27 (10) "municipality" means a home rule or general law municipal
28 corporation and political subdivision, which is a first or second class
29 borough or city [, OR A THIRD CLASS BOROUGH,] incorporated under the

1 laws of the state;

2 * Sec. 5. AS 14.12.110 is amended to read:

3 Sec. 14.12.110. SINGLE BODY AS ASSEMBLY AND SCHOOL BOARD. Not-
4 withstanding the provisions of this chapter or other law, a single body
5 may serve as both the borough assembly and borough school board in the
6 manner provided for in this section [THIRD CLASS BOROUGH UNDER AS 07.-
7 17.030], if a borough ordinance for that purpose is approved by the
8 assembly and ratified by a referendum of a majority of the qualified
9 borough voters voting on the question at a regular or special election,
10 and if the public school population within the borough is 500 pupils or
11 less. If a single body serves as both the borough assembly and school
12 board, the borough executive is the presiding officer of the borough
13 assembly and president of the school board and the borough executive
14 has all powers of a borough executive under AS 29.23 except for the
15 veto power.

16 * Sec. 6. AS 38.05.037(a) is amended to read:

17 (a) In areas of the state outside first and [,] second [OR THIRD]
18 class boroughs where there is no municipality with a zoning power, the
19 division of lands shall exercise the zoning power by adopting zoning
20 regulations.

21 * Sec. 7. AS 40.15.070 is amended to read:

22 Sec. 40.15.070. PLATTING AUTHORITY. If land proposed to be sub
23 divided or dedicated is situated within a first or second class borough,
24 the proposed subdivision or dedication shall be submitted to the borough
25 planning commission for approval. If the land is situated within a city
26 in the unorganized borough, [OR THE THIRD CLASS BOROUGH] the proposed
27 subdivision or dedication shall be submitted to the city planning com-
28 mission for approval. The borough planning commission is the platting
29 authority for the first or second class borough, the city planning

1 commission is the platting authority for the city, and the division of
2 lands is the platting authority in the remaining areas of the state [AND
3 THIRD CLASS BOROUGH] for the change or vacation of existing plats or a
4 portion of such plats, as provided in AS 40.15.075. If the borough or
5 the city does not have a planning commission, the borough assembly or
6 the city governing body, respectively, is the platting authority and the
7 proposed subdivision or dedication shall be submitted to it. No sub-
8 division may be filed for record until it is approved by the platting
9 authority.

10 * Sec. 8. AS 40.15.075 is amended to read:

11 Sec. 40.15.075. AUTHORITY IN THE UNORGANIZED BOROUGH [AND THIRD
12 CLASS BOROUGHS]. The division of lands is the platting authority in the
13 area outside organized boroughs and outside cities in the unorganized
14 borough [AND IN THE THIRD CLASS BOROUGH] for only the purposes of
15 hearing and acting on petitions for the change or vacation of plats and
16 shall execute this function substantially in conformity with the provi-
17 sions of AS 29.33.210 - 29.33.240. Costs of publication and mailing as
18 well as other costs authorized in AS 29.33.210 shall be paid to the
19 division by the petitioner. The Department of Natural Resources shall
20 adopt reasonable regulations governing the exercise of the authority
21 conferred by this section upon the division of lands.

22 * Sec. 9. AS 43.35.130 is amended to read:

23 Sec. 43.35.130. REFUND TO LOCAL GOVERNMENTS. The department shall
24 refund 75 percent of the tax collected from sales of punchboards in an
25 organized borough or city of the first or [,] second [, OR THIRD] class
26 to the local government. The balance shall be deposited in the general
27 fund.

28 * Sec. 10. A municipality which is incorporated as a third class borough
29 on the effective date of this Act may continue to operate as such until

1 December 31, 1984 and shall retain all the rights, powers and privileges
2 which it possessed on the effective date of this Act. A third class borough
3 which has not reclassified itself in the manner provided by AS 29.33.270 -
4 29.33.290 before December 31, 1984, is reclassified as a second class borough
5 on that date.

6 * Sec. 11. The following laws are repealed: AS 29.08.040(h), (i), and
7 (j); AS 29.41; AS 29.43.040(b); and AS 38.05.037(b)(2).

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SB

360

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. S. B. 360
Title Exemption of a Disabled Veteran from Levy and Collection of Real Property Taxes
Requested by _____ Date 1/25/80

II. FISCAL DETAIL

Agency Affected Community & Regional Affairs
Program Category Affected Social Services (grants) Community Development (Administrative)
Budget Request Unit(s) Affected Local Government Assistance/State Assessor (administrative)
Senior Citizen Property Tax Exemption (grant)

EXPENDITURES (Thousands of Dollars)

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		0	1.0	1.0	1.0	1.0
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.			423.7	483.0	550.6	627.7
TOTAL		0	424.7	484.0	551.6	628.7

FUNDING (Thousands of Dollars)

GENERAL FUND		0	424.7	484.0	551.6	628.7
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

Assume grant requirement will increase 14% per year due to increased property values, mill rates and number of applicants. See attached sheet for tabulation of calculations used to arrive at the estimated fiscal impact above.

IV. DATE 1-29-80 PREPARED BY LaDonna Brown
AGENCY Local Government Assistance
PHONE 465-4739
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

ent
 360 Fiscal Note
 /80

Disability Rating	1/ Number of Veterans	2/ 75% Homeowners	FY 80 3/ Average Senior Citizen Exemption	@ Disability Rate	4/ Total Exemption Amount
10%	1,113	835	\$616	61.60	51,436
20%	580	435	"	123.20	53,592
30%	439	329	"	184.80	60,799
40%	235	176	"	246.40	43,366
50%	180	135	"	308.00	41,580
60%	154	116	"	369.60	42,874
70%	64	48	"	431.20	20,698
80%	41	31	"	492.80	15,277
90%	11	8	"	554.40	4,435
100%	<u>81</u>	<u>61</u>		616.00	<u>37,576</u>
	2,898	2,174			\$371,673

1/ Number of veterans in each disability rating was received by telephone from Mr. Waldron of the Veteran's Administration.

2/ Assume that 25% of the veteran's rent their home or have some arrangement other than homeownership.

3/ Assume that veteran's will average similar tax bills to those in the senior citizen property tax exemption program.

4/ A number of veterans may already be receiving property tax exemption because they are age 65 or over, this factor cannot be readily calculated so due to this and other factors the fiscal impact may be somewhat lower than that estimated.



Official Business

Alaska State Legislature

Senate Committee on Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

February 20, 1980

TO: Senator Bob Mulcahy
Vice-Chairman
Senator Tim Kelly
Senator Pat Rodey
Senator Terry Stimson
Senator Brad Bradley
Senator Ferguson
Senator Hohman
Senator Kerttula
Senator Sumner
All interested parties

FROM: Senator Arliss Sturgulewski
Chairman

SUBJECT: SENATE C/RA MEETING - BUTROVICH RM. #207

TUESDAY, FEBRUARY 26, 1980 - 1:30 p.m. (teleconference)

- SB 138 - An Act exempting from assessment and tax levy the value of improvements to real property used for residential purposes; and providing for an effective date.
- SB 431 - An Act exempting from assessment and tax levy the value of improvements to real property that reduce energy consumption; and providing for an effective date.
- SB 296 - An Act providing a partial exemption from assessment for levy and and collection of property taxes on residential property; and providing for an effective date.
- SB 299 - An Act reducing the maximum rate of levy for property taxes by municipalities; and providing for an effective date.
- SB 427 - An Act relating to the senior citizens tax exemption.
- SB 389 - An Act relating to the senior citizen property tax exemption; and providing for an effective date.
- SB 456 - An Act exempting personal property owned by senior citizens from municipal property taxes; and providing for an effective date.

- SB 465 - An Act providing a partial exemption from assessment for levy and collection of property taxes on residential property; and providing for an effective date.
- SB 360 - An Act providing for exemption of the residence of a disabled veteran from levy and collection of real property taxes and authorizing reimbursement to municipalities for revenues lost by operation of the exemption; and providing for an effective date.
- SB 154 - An Act providing an exemption from payment of real property taxes for disabled veterans; and providing for an effective date.

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Committee Log Book - 1980

SENATE C/RA

Tape Number XXI
 Cassette 1 & 2
 Side Number 1 & 2

Committee

Members present: Chairman Sturgulewski, Kelly, Mulcahy, Stimson
 " absent: Senator Rodey

Dates 4/1/80 to --

Bill Numbers Discussed

SB 451	SB 452	SB 370	SB 389	SB 510					
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Date & Time	Tape Meter Number	Bill	Significant Information (Witness, Action)
4/1/80 1:30 p.	008	SB 451 & 452	Chairman Sturgulewski - gave summary on amendments
	177		Senator Fahrenkamp, sponsor, gave background
	313		Sen. Kelly re SB 451- <i>Why not straight Appropriation?</i>
	393	SB 370	Gary Crouse, Dept. of Public Safety, Fire Prot. Office <i>Sen. Kelly moved to Pass with individual recommendation.</i> Bill passed out of Committee / Sen. Stimson & Sturgulewski
	520	SB 389	Jack Chenoweth, Legal Office / Sen. Sturgulewski
	619		Terry Earley, Dept. C/RA/ Tax Assessor
	773		J. Chenoweth, Amendment <i>- New amendment giving C/RA ability to determine adjacent parcels.</i>
	000		Frank Lee, Sen. Bradley's AA, re parcel/tract
	102		Gary Jenkins, Private Citizen
	206		Carl Haggerup, Private Citizen/ Sen. Sturgulewski
	356	SB 510	Chairman Sturgulewski/ Bill Summary
	391		Jack Chenoweth, Legal Office
	604		Dept. C/RA
	671		Gary Jenkins, Dept. of Revenue
	691		Mitch Gravo, Anchorage Municipality
	833		<i>- Re Conditional Exemption based on term business</i> Girny Chitwood, AML, funding- municipality reim.

Side 2

Cassette 2

055 Senator Sturgulewski
 Senator Kelly
 Jack Chenoweth, Legal Office eg failure to fund over

079

Senator Kelly, retroactive

3:15 p.m. - meeting adjourned

Committee Log Book - 1980

Tape Number XVIII

SENATE C/RA

Side Number 1 & 2

Committee

Dates 3/25/80 to ---

PRESENT: Senators Kelly, Mulcahy, Stimson and
Chairman Arliss Sturgulewski

ABSENT: Sen. Rodey

Bill Numbers Discussed

SB 309	SB 370	SB 348	SB 350	SB 492					
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Date & Time	Tape Meter Number	Bill	Significant Information (Witness, Action)
1:30 P 3/25/80	0005	SB 309	Sen. Sturgulewski, Opened meeting, gave overview
	090	CSSB 309	Sen. Kelly moved to accept
	108		Terry Earley, Dept. C/RA
	157		Sen. Kelly moved to pass/ No objections
	175	SB 370	Sen. Kelly moved to adopt Committee Substitute
	280		Sen. Kelly stated problems with the bill
	430		Sen. Stimson comments his concerns
	463		Sen. Sturgulewski reviews members concerns
	494		G. Crouse, Dept. of Public Safety / objection to CS - 1st sentence needs deletion
	571	CSSB 348	Sen. Sturgulewski
	596		Sen. Mulcahy moves to bring CS before Committee
	648		Sally Rue, DPDP, testifies for
	829		Terry Earley, Dept. of C/RA testifies Fiscal Note
	873	SB CS 350	No Fiscal Note for new "CS" available yet
	008		Jay Moore, DPDP testifies for
	264		Dale Eliason
	325		Sen. Mulcahy moved to pass all 3 bills (CSSB 348, CSSB 350, CSSB 492)

Sen. Kelly praised package, but did not vote
as against his philosophy

2:45 p.m. MEETING ADJOURNED

Committee Log Book - 1980

SENATE C/RA COMMITTEE

Tape Number XVI
 Cassettes 1 and 2
 Side Number 1 and 2

Committee

Dates 3/18/80 to _____

PRESENT: Senators Kelly, Stimson, Rodey, & Chairman Sturgulewski

Bill Numbers Discussed

SB 450	SB 370								
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Date & Time	Tape Meter Number	Bill	Significant Information (Witness, Action)
3-18-80 1:30	005	SB 450	Chairman Sturgulewski
	060		Sen. Bettye Fahrenkamp - Supportive
	154		Sen. Kelly
	174		Sen. Rodey
	193		Ronald A. Garzini/Anchorage
	226		Rep. Bettisworth
	283		Sen. Stimson - Move "do pass w/ind. rec."
			No objections
	310	SB 370	Chairman Sturgulewski
	337		Sen. Colletta
	398		Jerry Nerland (Ak. Retail Hom. Assoc/Nerlands Retail Assoc.)
	522		Pat McKee, Anchorage Municipality
	574		Brian Shute, Anchorage Attorney
	719		Gordon Zerbetz, APUC Chairman
	800		Sen. Stimson
	019		Warren Cummings/Fairbanks
	162		Jerry Nerland
	194		Sharon Traylor, Div. Bus. Lns/Dept. Commerce & Ec. Develop.

SIDE 2

229 Sen. Kelly

247 Charles Roth, Jr.
444 Bill Mears, Dept. of Administration
511 Lee Sharp, Attorney, City of Juneau
642 Bob Shirnberg, Ak. Fire Chiefs/ Kenai, Ak.
734 Sen. Stimson
759 Sen. Kelly
792 Gary Crouse, Fire Protection Office/Dept. Public Safety
827 Palmer McCarter
010 Sen. Kelly/ Sharon Traylor; Sec. 4 & 5 (wants scope &
implication review
Sect. 1 - other alternatives / tax credits??
227 Sen. Stimson
256 Adjourned

Cassette 2
Side 1

Alaska State Legislature

TELECONFERENCE HEARINGS



DATE:

LOCATION:

SUBJECT:

NAME	REPRESENTING	ADDRESS	PHONE	HERE TO OBSERVE	HERE TEST
<i>Claron Wayler</i>	<i>Assoc. of Alaska...</i>		465-2510	OK	✓
CHAS. ROTH JR.	NA'S & FCA	1695 MANZANITA, N.E SALEM, ORE. 97303	503/ 390-0452	OK	✓
BILL MEANS	DEPT. ADMIN. RTSK VECT.	Pouch "C"	465-2180	OK	X
Gordon Brunton	Dept of Public Safety	Pouch N	465-4331	OK X	
Lee Sharp	City & Borough of Juneau	155 So Seward St	586-3300	OK	
K. C. Smith	APHA	Anchor, AK	344-4284	no X	
Bob Spinnaway	ALASKA FIRE CHIEFS	KENAI AK	283-4380	OK	X
Jay Crouse	State Fire Marshals' Off	Pouch "N" Juneau, AK	465-4331	OK	X
OK Bob Bitworth	Paulsen	Pouch Y	456-4950	OK	X

SENATE C. & R.A., S.B. 370 - 'FIRE PREVENTION' - WITNESSES

ANCHORAGE

FAIRBANKS

S.G. JERRY NERLAND

OK

WARRIN CUMMINGS

✓ ROSSALD A. GARZINI

S.B. 450

GLEN MICKEY

OK

BRIAN R. SHUTE
~~SHUTE~~

OK

Gen Am Zedlet?

OK.

KETCHIKAN

KENAI PENINSULA

Standing by * ALFRED O. WILLIS

Standing by * ALAN R. PHILLIPS



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 1
State Capitol
Juneau, Alaska 99811

March 31, 1980

TO: Senator Bob Mulcahy
Vice-Chairman
Senator Tim Kelly
Senator Pat Rodey
Senator Mike Colletta
Senator Don Bennett

Senator Brad Bradley
Senator Jalmar Kerttula
Senator Glenn Hackney
Senator Ed Dankworth
Senator Bettye Fahrenkamp
Senator Frank Ferguson

FROM: Arliss Sturgulewski *AS*
Chairman

SUBJECT: Committee Meetings, Capitol Building, Butrovich Room

Tuesday, April 1, 1980 - 1:30 p.m.

- SB 370 - An Act relating to fire prevention
- SB 389 - An Act relating to the senior citizens tax exemption
- SB 510 - An Act exempting business inventory from municipal property tax levy, and providing for reimbursement to municipalities of tax revenues lost by operation of the exemption; and providing for an effective date
- SB 451 - An Act establishing a grant fund to be used for construction of community sports and recreation facilities, and providing for management of the facilities by local sports and recreation facility councils
- SB 452 - An Act making a special appropriation to the Department of Community and Regional Affairs for grants for planning and construction of community sports and recreation facilities; and providing for an effective date.
- SB 351 - An Act relating to state aid to local governments; and providing for an effective date

Introduced: 1/31/80
Referred: Community &
Regional Affairs

1 IN THE SENATE

BY COLLETTA AND BRADLEY

2 SENATE BILL NC. 370

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 fire prevention."

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

8 * Section 1. AS 29.53.060(a) is amended to read:

9 (a) The assessor shall assess property at its full and true value
10 as of January 1 of the assessment year, except as provided in this
11 section and AS 29.53.030, 29.53.035, and 29.53.160. The full and true
12 value is the estimated price which the property would bring in an open
13 market and under the then prevailing market conditions in a sale between
14 a willing seller and a willing buyer both conversant with the property
15 and with prevailing general price levels. The assessor may not include
16 the value of a fire protection system in the assessment of the full and
17 true value of a building.

18 * Sec. 2. AS 42.05.381 is amended by adding a new subsection to read:

19 (d) A utility may not charge a fee or surcharge to provide standby
20 water for fire protection systems which use hydraulic sprinklers.

21 * Sec. 3. AS 45.95.020(a) is amended to read:

22 (a) The commissioner shall, under regulations and policies adopted
23 by him, make small business loans to acquire, finance or refinance or
24 equip businesses, including farming equipment, fire protection equip-
25 ment, mining and fishing, not exceeding \$500,000. The loans shall be
26 secured by acceptable collateral and may not exceed 75 percent of the
27 appraised value of the collateral offered as security. The rate of
28 interest may not exceed nine and one-half percent a year on the unpaid
29 balance. The commissioner shall give preference in the granting of

1 loans under this section to applications for loans the purpose of which
2 is to purchase and install fire protection equipment.

3 * Sec. 4. AS 45.95.020 is amended by adding a new subsection to read:

4 (e) The commissioner may not disqualify an applicant for, or
5 prejudice the applicant's privilege to receive, a loan to purchase and
6 install fire protection equipment on the basis of a prior or present
7 loan to the applicant under AS 45.95.

8 * Sec 5. AS 14.33.170 is amended by adding a new subsection to read:

9 (b) Tourist attraction development matching money may also be
10 obtained for the purpose of purchasing and installing fire protection
11 equipment for a building used or to be used for the purposes described
12 in (a) of this section.
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ave legal 3-19-80 12c es
2:20 P.M.

Return to
T's file

Introduced: 1/31/80
Referred: Community &
Regional Affairs

1 IN THE SENATE

BY COLLETTA AND BRADLEY

2 SENATE BILL NO. 370

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

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12 value is the estimated price which the property would bring in an open
13 market and under the then prevailing market conditions in a sale between
14 a willing seller and a willing buyer both conversant with the property
15 and with prevailing general price levels. The assessor may not include
16 the value of a fire protection system in the assessment of the full and
17 true value of a building.

See
Applied
1/22/80

18 * Sec. 2. AS 42.05.381 is amended by adding a new subsection to read:

19 (d) A utility may not charge a fee or surcharge to provide standby
20 water for fire protection systems which use hydraulic, ^{or standard} sprinklers.

21 * Sec. 3. AS 45.95.020(a) is amended to read:

22 (a) The commissioner shall, under regulations and policies adopted
23 by him, make small business loans to acquire, finance or refinance or
24 equip businesses, including farming equipment, ^{business} fire protection equip-
25 ment, mining and fishing, not exceeding \$500,000. The loans shall be
26 secured by acceptable collateral and may not exceed 75 percent of the
27 appraised value of the collateral offered as security. The rate of
28 interest may not exceed nine and one-half percent a year on the unpaid
29 balance. The commissioner shall give preference in the granting of

take out 7

over

take out

~~loans under this section to applications for loans the purpose of which is to purchase and install fire protection equipment~~

take out

* Sec. 4. AS 45.95.020 is amended by adding a new subsection to read:

(e) The commissioner may not disqualify an applicant for, or prejudice the applicant's privilege to receive, a loan to purchase and install fire protection equipment on the basis of a prior or present loan to the applicant under AS 45.95.

* Sec. 5. AS 44.33.170 is amended by adding a new subsection to read:

(b) Tourist attraction development matching money may also be obtained for the purpose of purchasing and installing fire protection ^{systems} equipment for a building used or to be used for the purposes described in (a) of this section.

Add Definition

A M E N D M E N T

By the Community and
Regional Affairs Committee

Offered in the SENATE

TO: SENATE BILL NO. 370

Page 1, lines 8 - 17, delete all material and insert the following in its place:

"Section 1. AS 29.53.020(a) is amended by adding a new paragraph to read:

(7) real property to the extent and subject to the conditions provided in (j) of this section.

*Sec. 2. AS 29.53.020 is amended by adding a new subsection to read:

(j) Two percent of the assessed value of a structure is exempt from taxation if the structure contains fire protection systems in operating condition incorporated as a fixture or part of the structure. The exemption granted by this subsection is limited to

(1) an amount equal to two percent of the value of the structure based on the assessment for 1981, if fire protection systems are a fixture of the real property on January 1, 1981; or

(2) an amount equal to two percent of the value of structure as of January 1 following the installation of the fire protection systems as fixtures of the structure after January 1, 1981."

Renumber following sections accordingly.

A M E N D M E N T

By the Community and
Regional Affairs Committee

Offered in the SENATE

TO: SENATE BILL NO. 370

Page 1, lines 8 - 17, delete all material and insert the following in its place:

"* Section 1. AS 29.53.020(a) is amended by adding a new paragraph to read:

(7) real property to the extent and subject to the conditions provided in (j) of this section.

*Sec. 2. AS 29.53.020 is amended by adding a new subsection to read:

(j) Two percent of the assessed value of a structure is exempt from taxation if the structure contains fire protection systems in operating condition incorporated as a fixture or part of the structure. The exemption granted by this subsection is limited to

(1) an amount equal to two percent of the value of the structure based on the assessment for 1981, if fire protection systems are a fixture of the real property on January 1, 1981; or

(2) an amount equal to two percent of the value of structure as of January 1 following the installation of the fire protection systems as fixtures of the structure after January 1, 1981."

Renumber following sections accordingly.

Attachment A

List of items for consideration in revision of health professions practice

A M E N D M E N T

By the Community and
Regional Affairs Committee

Offered in the SENATE

TO: SENATE BILL NO. 370

Page 1 lines 8 - 17, delete all material and insert the following in its place:

"* Section 1. AS 29.53.020(a) is amended by adding a new paragraph to read:

(7) real property to the extent and subject to the conditions provided in (j) of this section.

* Sec. 2. AS 29.53.020 is amended by adding a new subsection to read:

(j) Two percent of the assessed value of an improvement to real property is exempt from taxation if the improvement contains fire protection equipment in operating condition incorporated as a fixture or part of the improvement. The exemption granted by this subsection is limited to

(1) an amount equal to two percent of the value of fire protection equipment based on the assessment for 1981, if fire protection equipment is a fixture of the real property on January 1, 1981; or

(2) an amount equal to two percent of the value of fire protection equipment during the year of its installation if the fire protection equipment becomes a fixture of the property after January 1, 1981."

Renumber following sections accordingly.

For purposes of this Act, definition of approved types of fire protection systems and fire alarm systems shall be made available ^{by} through the State Fire Marshall's Office. On or before the end of October 1980 the State Fire Marshall's Office shall submit a list of approved types of systems to the State Assessor's Office, Department of Community and Regional Affairs and Division of Business Loans, Department of Commerce and Economic Development. This information will also be available to the public. *An updated version of this list shall be submitted yearly thereafter by the end of October.*

BRIAN R. SHUTE
ATTORNEY AT LAW
1026 WEST 4TH AVENUE, SUITE 208
ANCHORAGE, ALASKA 99501
(907) 274-6644

February 29, 1980

The Honorable Hugh Malone
Pouch V
Juneau, Alaska 99811

Dear Mr. Malone:

Re: Definitions of Fire Protection Systems in
House Bill 648

At the House Community and Regional Affairs Committee hearings on the above bill, a question concerning definition of fire protection systems was raised. The State Fire Chiefs Association explained their understanding of the bill was that it would cover those fire protection and fire alarm systems as defined in the National Fire Codes. What follows is a suggested definition of fire protection systems.

Fire protection systems are those systems as defined in the National Fire Codes, current edition, published by the National Fire Protection Association.

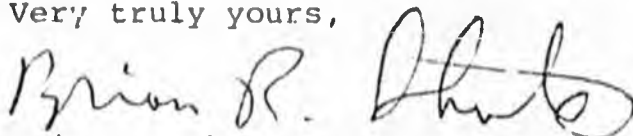
The systems include, but are not limited to, the following: Foam extinguishing systems, high expansion foam systems, carbon dioxide systems, Halon 1301 systems, Halon 1211 systems, dry chemical systems, water operation fixed systems, foam/water sprinkler and supply systems, standpipe and hose systems, hydraulic sprinkler systems, and associated pumps and tanks as required for the foregoing systems.

Fire alarm systems include, but are not limited to: supplemental station signalling systems, local protective signalling systems, auxilliary signalling systems, remote station signalling systems, proprietary signalling systems, automatic fire protection systems.

The growing public support for this bill is indicative of its benefit. The Alaska Fire Chiefs Association and the Alaska State Fire Fighters Association emphatically urge its enactment.

If you have any questions please do not hesitate to call.

Very truly yours,



Brian R. Shute, Attorney for
Alaska Fire Chiefs Association and
Alaska State Fire Fighters Association



Fire Hydrant—means a valved connection on a water supply system having one or more outlets and which is used to supply hose and fire department pumpers with water.

Fire Lane—means the road, path, or other passageway developed to allow the passage of fire apparatus through congested areas (both built-up and wildland).

Fire Marshal—means the individual designated as the administrative head of the agency, bureau or division responsible for the administration and enforcement of this Code. The Fire Department Chief Administrative Officer shall assume these responsibilities in those jurisdictions where a separate agency, bureau or division is not established. Other titles used to designate this individual are: Fire Prevention Official, Chief Fire Prevention Officer, Chief of the Bureau of Fire Prevention or Fire Prevention Chief. For purposes of enforcement of this Code, this term shall also apply to any person designated as a representative of the Fire Marshal.

Fire Official—means any authorized person serving as a designated employee, representative, or agent of the Fire Department.

Fire Protection System—means any ~~fire alarm~~ or system, or fire extinguishing ~~device~~ or system, ~~or their combination~~, which is designed and installed for detecting, controlling, or extinguishing a fire, ~~or otherwise alerting occupants of the fire department~~, or both, that a fire has occurred.

Fire Retardants—mean liquids, solids or gases which tend to inhibit combustion when applied on, mixed in, or combined with combustible materials.

Fireworks Display—means the use of fireworks in a manner to provide audio and visual entertainment to a group of people.

Flamespread Rating—means the comparative performance of fire travel over the surface of a material when tested in accordance with the provisions of *Method of Test of Surface Burning Characteristics of Building Materials, NFPA No. 255 (see Appendix B)*. Grouping of ratings is listed in *Life Safety Code, NFPA No. 101 (see Annex A)*.

Gallon—means one U. S. Standard Gallon.

Grade—means the reference plane representing the average elevation of finished ground level adjoining the building at all exterior walls.

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STATE OF ALASKA

JAY S. HAMMOND, Governor

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B
JUNEAU, ALASKA 99811

May 6, 1980

The Honorable Arliss Sturgulewski
Chairman
Senate C&RA Committee
Pouch V
Juneau, Alaska 99811

Dear Senator *Arliss* Sturgulewski:

RE: CSHB 648 (FINANCE)

As per your request, the following represents the Department's concerns of CSHB 648.

Most of our concerns surfaced during our discussion on the original Senate Bill 370.

Our main concern in this bill is the statutory placement of the exemption. As this bill is an exemption, it should be placed in that category and not be an attempt to weaken the definition of full and true value. The reasoning for this is two-fold. First, the amended section which reads "The assessor may not include the value of a fire protection system in the assessment of the full and true value of a building" is contradictory to the definition of full and true value contained in the same section.

Second, exemptions, full or partial, mandatory or optional, are contained in 29.53.020, 29.53.025, 29.53.030, and 29.53.035. These are referred to constantly by the local assessor, and separating exemptions statutes would make it more difficult for the local municipality to effectively use Title 29.

The major concerns which the municipalities have expressed to the Department is the administration of the language used in this bill. The "value" of fire protection systems could be interpreted several ways, i.e., unit cost, in place cost, or market value. The market value of such a system could be well below the cost to install, thereby making the administration of this bill very difficult for the local municipality. It is also quite possible for some properties appear not to receive this exemption if the valuation is done by the income approach. This approach is utilized for commercial property in Anchorage and as other areas begin to become more sophisticated they will also use this approach.

The Honorable Arliss Sturgulewski
Page two
May 6, 1980

The suggestion we made in regards to SB 370 could be implemented here as well. This would require the assessor to exempt 2% of the value of the building. The 2% was obtained from an international cost manual and reflects the average value of a fire protection system.

I hope this addresses the areas which you questioned and I would like to thank you for taking time to ask about our concerns on pending legislation.

Sincerely,



Lee McAnerney
Commissioner

TWO INTERPRETATIONS

(Insurance Services Agency)

APUC - says water standby charge is based on insurance rating/for each area.

Whether water is used or not, certain amounts must be available in case of fire.

If SB 370 passes, APUC interprets:

- that buildings with sprinkler systems will not have to pay a fee or surcharge once system is installed....

IN VIEW OF THE ABOVE MANDATED CHARGE, APUC CONTENDS SOMEONE MUST PAY THE DIFFERENCE, AND THEY INTERPRET THIS DIFFERENCE AS COMING FROM ALL OTHER CONSUMERS, WHETHER COMMERCIAL, RESIDENTIAL, OR THE GENERAL PUBLIC.

Mr. Shirnberg interprets this bill to mean only commercial buildings will be affected - and any price differential would be equally split among all commercial buildings, whether they have sprinkler systems installed, or not. The general public would not be affected.

QUESTION: Also, APUC was established to set fair rates - is this law attacking the rate making process - even just a small portion?? And, is this good - to start?

MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

A has copy

TO: Marie Pignalberi
Deputy Commissioner

DATE: March 10, 1980

THRU: Palmer McCarte *PM*
Director

FILE NO:

FROM: Steve Van Sant *SJS*
Assistant State Assessor

TELEPHONE NO:

SUBJECT: Comments on SB 370

This is a followup of the memorandum dated 3/5/80 to Deputy Commissioner Marie Pignalberi regarding concerns on SB 370.

Upon obtaining more information and talking with some of the assessors in the state, we would like to add the following information:

1. According to Anchorage Assessor, Pat McKee, this bill would be almost impossible for him to administer. The reason being that Anchorage does not value commercial property (where most fire protection equipment exists) by the cost approach, but by the income approach. The income approach is simply estimating market value by the income a building is capable of making. For example, assume there are two motels in Anchorage, side by side, and both were very similar. Further assume that one had sprinklers and the other one did not. The estimated value of one motel would probably be within 1%-5% of the value of the other, assuming the room rents were comparable. In this instance, there would be no value given on fire protection equipment, therefore, it would be very difficult to conform with SB 370.
2. As stated in our previous memorandum, we are concerned as to what value the assessor is expected to exempt, cost of equipment, cost of equipment and labor, or estimated market value. If it is to be the cost of the equipment, would the assessor take the actual cost to the owner, or the average cost to any property in general?
3. This bill does not require reimbursement by the state for revenues lost to the municipality by the implementation of this bill.
4. The property owner in the unorganized borough who plans to install fire protection equipment would not realize any incentive under this program (and, in our minds, if the bill is to be an incentive for installation of fire suppression systems, rural Alaska or the unorganized borough is where the greatest need exists).

Marie Pignalberi
March 10, 1980
Page Two

ALTERNATIVE 1

For your information, we have attached pages from the "Marshall Valuation Service". This valuation service is used world wide by many assessors. Nearly all assessors in Alaska who value commercial property by the cost approach utilize this guide.

On one of the pages, it indicates that the approximate portion of the total cost for "sprinklers" in an office building is 1.9%.

If it is the intent of the legislature to pass a bill whereby the incentive is an exemption of property taxes, the Department would suggest amendments to SB 370 as follows:

1. Remove this exemption from AS 29.53.060 (Full and True Value) and place it in AS 29.53.020 (Required Exemptions).
2. State the amount to be exempted if a structure does have fire protection equipment. This could be done easily by stating, "The exempted amount of this exemption shall be 2% of the full and true value of the building as determined by the assessor under AS 29.53.060."
3. The state should reimburse the municipality any revenue lost to it by the implementation of this bill.
4. There should be a time limit of three years placed upon the exemption. This would allow time for the taxpayer to amortize his investment, but not be an on-going give away program.
5. Existing structures could be granted the same 2% exemption for three years to be equitable. (Although, again, if the intent is to encourage installation of a fire suppression system, only new structures should be included in the bill).

Handwritten note:
would only be...
insurance...

Alternative 2

If the intent of SB 370 is to offer incentives to property owners planning new construction and encourage the inclusion of fire protection systems in new structures, the Department suggests that a program similar to the following be considered.

For equity proposes, the state would adopt a normal cost schedule for fire protection systems. An example of such a cost schedule is presented in the attachments, page No. 2 from the Marshall Valuation Service. In conjunction with this schedule, Marshall Valuation Service also provides "local multipliers" which bring the normal cost schedule

Marie Pignalberi
March 10, 1980
Page Three

into line with costs in Alaska. The local multiplier for the schedule is 1.97.

After adoption of a schedule, the Department could then compute the "normal cost" of a fire protection system by applying the schedule to each structure which applied for the program. For example, if an application were received for a 10,000 sq. ft. building, the normal costs would be obtained as follows:

$$10,000 \text{ sq.ft.} \times \$1.15 \times 1.97 = \$22,655.00$$

After the normal costs were calculated, the incentive program would offer a grant to the property owner of 5% of the computed normal cost. Therefore, the property owner would receive \$1132.75 ($\$22,655 \times 5\%$) from the state. The normal costs could be updated on an annual basis to reflect current estimated normal costs.

Attachments

GENERAL INFORMATION

PERCENTAGE BREAKDOWN

The percentages below indicate the approximate portion of the total cost attributable to each component in a typical modern 12-story Class A office building of average size and quality, not including financing costs.

AVERAGE MULTISTORY OFFICE BUILDING

Plans, engineering, and supervision	6.2%
Clearing, excavation, and foundation	2.7%
Steel frame and decking	13.4%
Miscellaneous steel	1.0%
Heating and air conditioning	12.9%
Air conditioning enclosures . . . . .	.5%
Plumbing	4.5%
Sprinklers	1.9%
Electrical, including fixtures	9.3%
Elevators, conveying systems	4.9%
Metal wall panels and insulation	5.3%
Masonry backup and partitions	3.0%
Frame and drywall partitions	3.7%
Sash and glazing	3.0%
Plaster and furring	2.0%
Doors, door frames, and hardware . . . . .	.6%
Concrete floors and roof	7.5%
Roofing and roof insulation . . . . .	.3%
Resilient floor coverings	1.2%
Carpeting	1.2%
Acoustical ceilings, suspended	2.5%
Painting . . . . .	.8%
Marble, tile, and terrazzo . . . . .	.4%
Miscellaneous carpentry, finish, and cleanup	1.0%
Miscellaneous, unclassified . . . . .	.8%
General contractor's overhead and profit	9.4%
TOTAL	100.0%

The 9.4 percent listed for general contractor's overhead and profit is the percentage of total cost. This is the equivalent of 11.1 percent of labor, material, and sub-contracts, excluding plans, engineering and architect's supervision.

FLOOR LOADS

The following are typical live floor loads of some of the buildings used in determining cost averages. A majority of the buildings will have more than one design floor load to accommodate various uses. Thus, a hotel will be designed for heavy floor loads in halls and public areas and lighter floor loads in room areas, and banks will need heavier floors in computer and equipment rooms than in office areas.

The listed loads are typical of design specifications of a number of buildings built or under construction during recent years.

OCCUPANCY	POUNDS PER SQUARE FEET
Apartments and dormitories	40 (plus 20 lbs. of partitions)
Auditoriums and churches	100 (60 for fixed seating)
Banks	100 (150 lbs. in equipment floors)
Computer and equipment floors	150
Dwellings	40
Governmental buildings	80 (125 lbs. in equipment rooms)
Gymnasiums	100 (150 lbs. for drill floors)
Hospitals	50 (100 lbs. in corridors)
Hotels and clubs	50 (100 lbs. in public areas)
Libraries	60 (150 lbs. in stack areas)
Light industrials and garages	100 (50 lbs. in office areas)
Medium industrials	150 (50 lbs. in office areas)
Heavy industrials	200 (and up, 60 lbs. in office areas)
Lofts	100 (50 lbs. in office areas)
Low cost offices	50 (125 lbs. in equipment rooms)
Average offices	50 (150 lbs. in equipment rooms)
Good offices	60 (150 lbs. in equipment rooms)
Excellent offices	80 (175 lbs. in equipment rooms)
Restaurants	100 (150 lbs. in kitchen areas)
Schools	50 (100 lbs. in corridors)
Stores	100 (125 lbs. in appliance floors)
Theaters	80 (150 lbs. for stage floors)
Warehouses - light	100
- medium	150
- heavy	200 (and up)

STORES AND COMMERCIAL BUILDINGS

(SEGREGATED COST METHOD)

INTERIOR CONSTRUCTION — Table I is based on averages for several types of occupancies not including furniture, fixtures, and equipment. Table II gives costs based on a square foot of partition area and may be used when a more detailed analysis is desired. For additional interior and partition costs, see Section 52. For fixture and equipment costs, see Section 65.

TABLE I. Apply to total floor area. Add or deduct 5% for each foot of variation from 12' average story height.

FRAME INTERIOR PARTITIONS

	1	2	3	4
Bowling alleys (excluding alleys and equipment)	\$.77	\$.92	\$1.09	\$1.30
Department stores	1.94	2.54	3.32	4.34
Discount stores . . . . .	.56	.70	.88	1.11
Markets . . . . .	.89	1.02	1.17	1.35
Restaurants, drive-in	2.80	3.79	5.12	6.92
Restaurants, table service	2.48	3.93	5.91	9.12
Retail stores . . . . .	.82	1.17	1.66	2.37

MASONRY INTERIOR PARTITIONS

	1	2	3	4
Bowling alleys (excluding alleys and equipment)	\$.95	\$1.12	\$1.32	\$1.56
Department stores	2.19	2.85	3.72	4.84
Discount stores . . . . .	.74	.90	1.10	1.35
Markets	1.08	1.23	1.39	1.58
Restaurants, drive-in	3.18	4.25	5.69	7.61
Restaurants, table service	2.92	4.42	6.70	10.05
Retail stores	1.02	1.43	2.00	2.80

TABLE II. Apply to square feet of partition area. Costs include doors and openings. Do not use these costs if Table I is used.

	1	2	3	4
Acoustic accordion partitions	\$10.00	\$13.75	\$19.00	\$26.00
Gypsum block	1.75	2.25	2.95	3.80
Masonry, tile or concrete block	2.00	2.60	3.45	4.50
Metal partitions	4.65	5.80	7.20	9.00
Metal and glass	5.20	6.40	7.90	9.75
Steel studs and gypsum board	1.90	2.25	2.65	3.10
Steel studs and plaster	2.25	2.60	3.05	3.55
Steel channels and gypsum board, 2-1/4"	2.95	3.50	4.15	4.95
Wood frame, drywall two sides	1.55	1.85	2.20	2.60
Wood frame, plaster two sides	1.85	2.15	2.55	3.00

PLUMBING — Apply to total floor area or use Section 53 for more detailed cost per fixture. The following costs represent typical ranges only.

	1	2	3	4
Bowling alleys	\$.64	\$.80	\$.99	\$1.24
Department stores	1.08	1.39	1.80	2.32
Discount stores . . . . .	.40	.58	.84	1.22
Markets . . . . .	.79	1.09	1.49	2.05
Restaurants, drive-in	2.62	3.47	4.60	6.10
Restaurants, table service	2.30	3.40	5.04	7.45
Retail stores . . . . .	.48	.78	1.26	2.05

SPRINKLERS — Apply to sprinklered area. Costs include all piping but do not include tanks.

	1	2	3	4
5,000 square feet	\$.90	\$1.09	\$1.33	\$1.61
10,000 . . . . .	.80	.96	1.15	1.38
15,000 . . . . .	.75	.89	1.06	1.25
20,000 . . . . .	.71	.85	1.00	1.17
25,000 . . . . .	.68	.81	.95	1.12
30,000 . . . . .	.66	.78	.92	1.07
40,000 . . . . .	.63	.74	.86	1.00
50,000 . . . . .	.61	.71	.83	.95
75,000 . . . . .	.57	.66	.76	.87
100,000 . . . . .	.54	.62	.71	.81
150,000 . . . . .	.50	.58	.66	.74
200,000 . . . . .	.48	.55	.62	.69

HEATING, COOLING AND VENTILATING — Apply to total floor area.

Add or deduct 3% for each foot of variation from 12' average story height.

Costs are given for gas-fired heating surfaces. Add or deduct as follows for other fuels.

Coal stoker for hot air	+10%	Coal, hand-fired	-10%
Coal stoker for boiler	+10%	Oil-fired	+10%

For restaurants, use cost ranges in Section 13.

	1	2	3	4
Electric, cable or baseboard	\$.88	\$1.08	\$1.32	\$1.61
Electric wall heaters . . . . .	.41	.47	.54	.62
Forced air . . . . .	.86	1.10	1.41	1.80
Furnace, floor or wall . . . . .	.45	.54	.65	.79
Gravity furnace . . . . .	.72	.87	1.04	1.24
Hot water, baseboard or convectors	1.61	1.97	2.42	2.97
radiant floor	2.10	2.52	3.04	3.66
Space heaters, gas, with fan . . . . .	.36	.45	.56	.71
steam coil, with boiler . . . . .	.68	.81	1.00	1.25
steam coil, without boiler . . . . .	.47	.60	.77	.98
Steam radiator, with boiler	1.31	1.64	2.06	2.59
without boiler	1.05	1.34	1.69	2.15

March 1979

FIRE PROTECTION

FIRE PUMP EQUIPMENT

HORIZONTAL SHAFT (CENTRIFUGAL, 100 P.S.I.)

Prices include installation costs, coupling and motor or engine on a steel base, plus relief valve and waste cone. Controller must be added for electric units. Diesel engine costs include battery, trickle charger, coupling and automatic controller. Electric motors are 230/460 volt, 3 phase, 60 Hz.

G.P.M.	H.P.	R.P.M.	ELECTRIC	DIESEL
500	60	1800	\$ 7,900	\$34,000
750	75	1800	10,000	35,500
1000	100	1800	12,900	37,500
1500	125	1800	15,000	39,000
2000	150	1800	17,000	40,000
2500	200	1800	20,000	42,000

VERTICAL SHAFT (TURBINE, MULTI-STAGE)

The following prices include a vertical electric motor with thrust bearing. Costs for diesel engines include a right angle drive, coupler, metal skid, fuel tank, battery, trickle charger and automatic controller.

G.P.M.	H.P.	R.P.M.	PUMP ONLY	ADD FOR ELECTRIC	ADD FOR DIESEL
500	50	1800	\$13,000	\$1,650	\$22,700
750	75	1800	14,500	2,400	24,500
1000	100	1800	16,500	3,200	26,300
1500	125	1800	18,500	3,900	28,500
2000	150	1800	21,000	4,700	30,500
2500	200	1800	27,000	6,200	35,500

PUMP DRIVERS

Diesel Engines with coupling, skid, battery, fuel tank and battery charger. For horizontal drive.

For 1000 gal, 100 psi Pump	\$10,000
For 2000 gal, 100 psi Pump	\$14,500

Electric Motors (Squirrel-cage induction, 3 phase, 60 cycle, drip-proof)

VOLTAGE	R.P.M.	HORSEPOWER					
		30	50	75	100	150	200
230-460	1800	\$620	\$1,050	\$1,550	\$2,100	\$3,150	\$4,200

ELECTRIC DRIVE CONTROLLERS

Combined Manual and Automatic, Reduced Voltage

VOLTAGE	AMPS*	HORSEPOWER					
		30	50	75	100	150	200
220	30,000	\$ 4,400	\$ 5,400	\$ 6,600	-----	-----	-----
	75,000	7,900	8,600	9,500	\$10,500	\$12,900	\$15,800
440	25,000	3,500	4,600	5,700	6,700	8,300	9,600
	60,000	6,900	8,200	9,300	10,200	11,600	12,700

*Circuit breaker interrupting capacity.

Combined Manual and Automatic, Across-the-Line

VOLTAGE	AMPS*	HORSEPOWER					
		30	50	75	100	150	200
220	30,000	\$ 3,600	\$ 4,300	\$ 6,000	\$ 8,100	-----	-----
	75,000	6,900	7,400	8,000	8,700	\$10,200	\$12,000
440	25,000	3,200	3,700	4,100	4,500	5,000	5,400
	60,000	6,400	7,000	7,500	7,900	8,400	8,900

*Circuit breaker interrupting capacity.

DIESEL DRIVE CONTROLLERS \$3,300 to \$3,500

FLOW METERS

PUMP SIZE	COST RANGE	PUMP SIZE	COST RANGE
500	\$470 - \$620	2000	\$ 660 - \$ 830
750	500 - 650	3000	830 - 1,010
1000	530 - 680	4000	1,040 - 1,230
1500	590 - 750		

SPRINKLER SYSTEMS

Costs per square foot may be found in the Segregated Cost Sections. Refer to the section applicable to the type of building under consideration.

SMOKE AND HEAT ACTUATED ALARM SYSTEMS

Most commercial installations are leased. The costs below represent the installation costs charged to the user.

Commercial base cost \$600.00 plus \$.17 per square foot of protected areas.
Residential ionization smoke detectors cost \$50.00 to \$70.00 installed.

Section 2 of SB 370 and CSHB 648 affects that statute of the Alaska Public Utilities Commission in that it takes the ratemaking powers which have been delegated to the Commission under AS 42.05 and returns them to the legislative arena. The Commission believes that the Legislature should have the following information before it decides what rates, if any, should be charged to a class of utility customers -- in this instance those commercial customers that have installed fire protection systems which use hydraulic sprinklers.

Establishing utility rates is admittedly a complicated process -- it involves determining what utility expenses are reasonable and then allocating those expenses to the classes of consumers that are responsible for the incurrence of those costs. Customers are then charged rates which cover these expenses.

The Commission believes the Legislature should realize that there are expenses directly associated with providing sprinkler service that if not paid by those customers who received the service, i.e., those who have installed sprinklers, will be borne by other customers, namely residential consumers and those commercial customers who have not installed a sprinkler system.

An example of the extent of utility expenses associated with providing water sprinkler service follows: In its last request to the Commission for a permanent rate increase, Central Alaska Utilities, a water utility in Anchorage serving approximately 10,000 customers, allocated \$129,000 of its revenue requirement to be recovered from those customers who received sprinkler service. Section 2 of this legislation would require that those utility expenses attributable to provide water sprinkler service would be borne by all customers of the utility. It is interesting to note that if this amount, \$129,000, must be recovered from all other CAU customers, it would require a rate increase of approximately \$1.00 per month per customer or an annual increase of more than \$12.00. The customers of the Anchorage Water Utility and other regulated water utilities providing this service would experience a similar increase. The Commission adds that as with all costs, those associated with providing sprinkler service change as a utility's economic circumstances change, and this number might not hold in a new tariff revision. The Commission also notes that this ratemaking prohibition would not effect the rates that nonregulated municipal water utilities might charge.

One of the questions raised by this legislation is who would provide the revenues needed to, if required, resize a water utility's service line as a result of the installation of sprinkler systems in a commercial building.

The Commission wants the legislature to understand that there are costs currently associated with providing sprinkler service that, if not recovered from the users who benefit from the service, must be borne by all of the utility's customers. This does not even begin to consider the costs that will be generated by new sprinkler customers taking advantage of the "free" service. This may be a social policy that the legislature desires to establish. However, it does depart from the Commission's utility ratemaking philosophy -- that to the most reasonable extent possible, the costs causer should be the cost payer.

Julian

NOTICE OF UTILITY TARIFF FILING

The ALASKA PUBLIC UTILITIES COMMISSION hereby gives notice that the MUNICIPALITY OF ANCHORAGE d/b/a ANCHORAGE WATER UTILITY (AWU), a water utility, has filed a tariff revision (TA19-122) which reduces the monthly rates for private fire protection. A comparison of the current and proposed monthly rates follows.

<u>Service Size</u>	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>* See Below</u>
2"	\$ 7.10	\$ 3.46	.18
3"	15.90	7.79	.41
4"	28.45	13.87	.72
6"	63.55	31.20	1.62
8"	112.85	55.49	2.89
10"	176.40	86.69	4.51
12"	254.10	124.85	6.50

More detailed information may be obtained from the utility whose address is 3000 Arctic Blvd., Anchorage, Alaska 99503. The filing may be inspected also at the offices of the Alaska Public Utilities Commission, 1100 MacKay Building, 338 Denali Street, Anchorage, Alaska 99501.

Any interested person may file a statement of views favoring or opposing the tariff revisions proposed by AWU with the Commission at 1100 MacKay Building, 338 Denali Street, Anchorage, Alaska 99501 on or before February 2, 1979. This statement should clearly affirm that the interested person has filed a true copy of it with AWU, 3000 Arctic Blvd., Anchorage, Alaska 99503 as required by the Alaska Administrative Code.

DATED at Anchorage, Alaska this 9th day of January, 1979.

ALASKA PUBLIC UTILITIES COMMISSION

Russell N. Staley
Russell N. Staley
Acting Executive Director

* Filed by Julian Mason, Counsel for Western Enterprises and Jim Faiks, (Western) who stated in part,

"Pending hearings on the revised tariff, counsel for Western held several meetings with AWU and its attorney. During those meetings, it was disclosed that AWU anticipated making an additional amendment to its tariff filing which would reduce the rates for sprinklered buildings to only 2.5% of their current level. Copies of the existing and proposed tariffs are attached as Exhibit 'A'."

Mr. Mason's complete statement (filing), from which this quotation is extracted, is attached.

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE (UPDATE)

I. REQUEST

Bill/Resolution No. SB 370
 Title Exempting value for Fire Equipment Systems in Real Property
 Requested by Senator Sturqulewsky Date 4-1-80

II. FISCAL DETAIL

Agency Affected Community & Regional Affairs
 Program Category Affected Local Government Assistance - State Assessor
 BRU, Program, or Subprogram(s) Affected 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						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		125.5	135.5	146.4	158.1	170.7
TOTAL		125.5	135.5	146.4	158.1	170.7

FUNDING (Thousands of Dollars)


GENERAL FUND		125.5	135.5	146.4	158.1	170.7
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The fiscal note for SB 370 is based upon the anticipation of State reimbursement to municipalities for revenue lost by the operation of SB 370. The dollar amounts shown were based upon the following information. The annual increase is estimated at 8% for property value inflation.

IV. DATE 4-1-80 PREPARED BY Steve Van Sant 
 AGENCY Community & Regional Affairs
 PHONE 465-4787
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Estimated Revenue Lost By Municipalities By SB 370

<u>Municipality</u>	<u>Comm. Property Value</u>	<u>Est. % w/Fire P. Syst.</u>	<u>Value Prop. w/FPS</u>
Anchorage	\$ 452,755,434	55%	\$ 249,015,489
Fairbanks	96,920,074	40%	38,768,030
Juneau	106,867,300	60%	64,120,380
Ketchikan	51,299,887	40%	20,519,955
TOTAL	\$ 707,842,695		\$ 372,423,824

<u>Prop. w/FPS @ 2%</u>	<u>Mill Rate</u>	<u>Revenue Lost</u>
Anchorage - \$4,980,310	@ 13.79	\$ 68,700
Fairbanks - 775,361	@ 15.68	12,200
Juneau - 1,282,408	@ 12.95	16,600
Ketchikan - 410,800	@ 16.00	6,600
		<u>\$104,100</u>
Est. Cities revenue lost		+ \$ 10,000
		<u>\$114,100</u>
Est. 10% error factor		+ \$ 11,400
		<u>\$125,500</u>

MEMORANDUM

State of Alaska

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

TO: Marie Pignalberi
Deputy Commissioner

DATE: March 10, 1980

THRU: Palmer McCarter *PM*
Director

FILE NO:

TELEPHONE NO:

FROM: Steve Van Sant *SVS*
Assistant State Assessor

SUBJECT: Comments on SB 370

This is a followup of the memorandum dated 3/5/80 to Deputy Commissioner Marie Pignalberi regarding concerns on SB 370.

Upon obtaining more information and talking with some of the assessors in the state, we would like to add the following information:

1. According to Anchorage Assessor, Pat McKee, this bill would be almost impossible for him to administer. The reason being that Anchorage does not value commercial property (where most fire protection equipment exists) by the cost approach, but by the income approach. The income approach is simply estimating market value by the income a building is capable of making. For example, assume there are two motels in Anchorage, side by side, and both were very similar. Further assume that one had sprinklers and the other one did not. The estimated value of one motel would probably be within 1%-5% of the value of the other, assuming the room rents were comparable. In this instance, there would be no value given on fire protection equipment, therefore, it would be very difficult to conform with SB 370.

2. As stated in our previous memorandum, we are concerned as to what value the assessor is expected to exempt, cost of equipment, cost of equipment and labor, or estimated market value. If it is to be the cost of the equipment, would the assessor take the actual cost to the owner, or the average cost to any property in general?

3. This bill does not require reimbursement by the state for revenues lost to the municipality by the implementation of this bill.

4. The property owner in the unorganized borough who plans to install fire protection equipment would not realize any incentive under this program (and, in our minds, if the bill is to be an incentive for installation of fire suppression systems, rural Alaska or the unorganized borough is where the greatest need exists).

ALTERNATIVE 1

Only minus

For your information, we have attached pages from the "Marshall Valuation Service". This valuation service is used world wide by many assessors. Nearly all assessors in Alaska who value commercial property by the cost approach utilize this guide.

On one of the pages, it indicates that the approximate portion of the total cost for "sprinklers" in an office building is 1.9%.

If it is the intent of the legislature to pass a bill whereby the incentive is an exemption of property taxes, the Department would suggest amendments to SB 370 as follows:

1. Remove this exemption from AS 29.53.060 (Full and True Value) and place it in AS 29.53.020 (Required Exemptions).
2. State the amount to be exempted if a structure does have fire protection equipment. This could be done easily by stating, "The exempted amount of this exemption shall be 2% of the full and true value of the building as determined by the assessor under AS 29.53.060."
3. The state should reimburse the municipality any revenue lost to it by the implementation of this bill.
4. There should be a time limit of three years placed upon the exemption. This would allow time for the taxpayer to amortize his investment, but not be an on-going give away program.
5. Existing structures could be granted the same 2% exemption for three years to be equitable. (Although, again, if the intent is to encourage installation of a fire suppression system, only new structures should be included in the bill).

Alternative 2

If the intent of SB 370 is to offer incentives to property owners planning new construction and encourage the inclusion of fire protection systems in new structures, the Department suggests that a program similar to the following be considered.

For equity proposes, the state would adopt a normal cost schedule for fire protection systems. An example of such a cost schedule is presented in the attachments, page No. 2 from the Marshall Valuation Service. In conjunction with this schedule, Marshall Valuation Service also provides "local multipliers" which bring the normal cost schedule

into line with costs in Alaska. The local multiplier for the schedule is 1.97.

After adoption of a schedule, the Department could then compute the "normal cost" of a fire protection system by applying the schedule to each structure which applied for the program. For example, if an application were received for a 10,000 sq. ft. building, the normal costs would be obtained as follows:

$$10,000 \text{ sq.ft.} \times \$1.15 \times 1.97 = \$22,655.00$$

After the normal costs were calculated, the incentive program would offer a grant to the property owner of 5% of the computed normal cost. Therefore, the property owner would receive \$1132.75 ($\$22,655 \times 5\%$) from the state. The normal costs could be updated on an annual basis to reflect current estimated normal costs.

Attachments

GENERAL INFORMATION

PERCENTAGE BREAKDOWN

The percentages below indicate the approximate portion of the total cost attributable to each component in a typical modern 12-story Class A office building of average size and quality, not including financing costs.

AVERAGE MULTISTORY OFFICE BUILDING

Plans, engineering, and supervision	6.2%
Clearing, excavation, and foundation	2.7%
Steel frame and decking	13.4%
Miscellaneous steel	1.0%
Heating and air conditioning	12.9%
Air conditioning enclosures . . . . .	.5%
Plumbing	4.5%
Sprinklers	1.9%
Electrical, including fixtures	9.3%
Elevators, conveying systems	4.9%
Metal wall panels and insulation	5.3%
Masonry backup and partitions	3.0%
Frame and drywall partitions	3.7%
Sash and glazing	3.0%
Plaster and furring	2.0%
Doors, door frames, and hardware . . . . .	.6%
Concrete floors and roof	7.5%
Roofing and roof insulation . . . . .	.3%
Resilient floor coverings	1.2%
Carpeting	1.2%
Acoustical ceilings, suspended	2.5%
Painting . . . . .	.8%
Marble, tile, and terrazzo . . . . .	.4%
Miscellaneous carpentry, finish, and cleanup	1.0%
Miscellaneous, unclassified . . . . .	.8%
General contractor's overhead and profit	9.4%
TOTAL	100.0%

The 9.4 percent listed for general contractor's overhead and profit is the percentage of total cost. This is the equivalent of 11.1 percent of labor, material, and subcontracts, excluding plans, engineering and architect's supervision.

FLOOR LOADS

The following are typical live floor loads of some of the buildings used in determining cost averages. A majority of the buildings will have more than one design floor load to accommodate various uses. Thus, a hotel will be designed for heavy floor loads in halls and public areas and lighter floor loads in room areas, and banks will need heavier floors in computer and equipment rooms than in office areas.

The listed loads are typical of design specifications of a number of buildings built or under construction during recent years.

OCCUPANCY	POUNDS PER SQUARE FEET
Apartments and dormitories	40 (plus 20 lbs. of partitions)
Auditoriums and churches	100 (60 for fixed seating)
Banks	100 (150 lbs. in equipment floors)
Computer and equipment floors	150
Dwellings	40
Governmental buildings	80 (125 lbs. in equipment rooms)
Gymnasiums	100 (150 lbs. for drill floors)
Hospitals	50 (100 lbs. in corridors)
Hotels and clubs	50 (100 lbs. in public areas)
Libraries	60 (150 lbs. in stack areas)
Light industrials and garages	100 (50 lbs. in office areas)
Medium industrials	150 (50 lbs. in office areas)
Heavy industrials	200 (and up, 60 lbs. in office areas)
Lofts	100 (50 lbs. in office areas)
Low cost offices	50 (125 lbs. in equipment rooms)
Average offices	50 (150 lbs. in equipment rooms)
Good offices	60 (150 lbs. in equipment rooms)
Excellent offices	80 (175 lbs. in equipment rooms)
Restaurants	100 (150 lbs. in kitchen areas)
Schools	50 (100 lbs. in corridors)
Stores	100 (125 lbs. in appliance floors)
Theaters	80 (150 lbs. for stage floors)
Warehouses - light	100
- medium	150
- heavy	200 (and up)

STORES AND COMMERCIAL BUILDINGS

(SEGREGATED COST METHOD)

INTERIOR CONSTRUCTION — Table I is based on averages for several types of occupancies not including furniture, fixtures, and equipment. Table II gives costs based on a square foot of partition area and may be used when a more detailed analysis is desired. For additional interior and partition costs, see Section 52. For fixture and equipment costs, see Section 65.

TABLE I. Apply to total floor area. Add or deduct 5% for each foot of variation from 12' average story height.

FRAME INTERIOR PARTITIONS

	1	2	3	4
Bowling alleys (excluding alleys and equipment)	\$.77	\$.92	\$1.09	\$1.30
Department stores	1.94	2.54	3.32	4.34
Discount stores . . . . .	.56	.70	.88	1.11
Markets . . . . .	.89	1.02	1.17	1.35
Restaurants, drive-in	2.80	3.79	5.12	6.92
Restaurants, table service	2.48	3.83	5.91	9.12
Retail stores . . . . .	.82	1.17	1.66	2.37

MASONRY INTERIOR PARTITIONS

	1	2	3	4
Bowling alleys (excluding alleys and equipment)	\$.95	\$1.12	\$1.32	\$1.56
Department stores	2.19	2.85	3.72	4.84
Discount stores . . . . .	.74	.90	1.10	1.35
Markets	1.08	1.23	1.39	1.58
Restaurants, drive-in	3.18	4.25	5.69	7.61
Restaurants, table service	2.92	4.42	6.70	10.05
Retail stores	1.02	1.43	2.00	2.80

TABLE II. Apply to square feet of partition area. Costs include doors and openings. Do not use these costs if Table I is used.

	1	2	3	4
Acoustic accordion partitions	\$10.00	\$13.75	\$19.00	\$26.00
Gypsum block	1.75	2.25	2.95	3.80
Masonry, tile or concrete block	2.00	2.60	3.45	4.50
Metal partitions	4.65	5.80	7.20	9.00
Metal and glass	5.20	6.40	7.90	9.75
Steel studs and gypsum board	1.90	2.25	2.65	3.10
Steel studs and plaster	2.25	2.60	3.05	3.55
Steel channels and gypsum board, 2-1/4"	2.95	3.50	4.15	4.95
Wood frame, drywall two sides	1.55	1.85	2.20	2.60
Wood frame, plaster two sides	1.85	2.15	2.55	3.00

PLUMBING — Apply to total floor area or use Section 53 for more detailed cost per fixture. The following costs represent typical ranges only.

	1	2	3	4
Bowling alleys	\$.64	\$.80	\$.99	\$1.24
Department stores	1.08	1.39	1.80	2.32
Discount stores . . . . .	.40	.58	.84	1.22
Markets . . . . .	.79	1.09	1.49	2.05
Restaurants, drive-in	2.62	3.47	4.60	6.10
Restaurants, table service	2.30	3.40	5.04	7.45
Retail stores . . . . .	.48	.78	1.26	2.05

SPRINKLERS — Apply to sprinklered area. Costs include all piping but do not include tanks.

	1	2	3	4
5,000 square feet	\$.90	\$1.09	\$1.33	\$1.61
10,000 . . . . .	.80	.96	1.15	1.38
15,000 . . . . .	.75	.89	1.06	1.25
20,000 . . . . .	.71	.85	1.00	1.17
25,000 . . . . .	.68	.81	.95	1.12
30,000 . . . . .	.66	.78	.92	1.07
40,000 . . . . .	.63	.74	.86	1.00
50,000 . . . . .	.61	.71	.83	.95
75,000 . . . . .	.57	.66	.76	.87
100,000 . . . . .	.54	.62	.71	.81
150,000 . . . . .	.50	.58	.66	.74
200,000 . . . . .	.48	.55	.62	.69

HEATING, COOLING AND VENTILATING — Apply to total floor area.

Add or deduct 3% for each foot of variation from 12' average story height.

Costs are given for gas-fired heating surfaces. Add or deduct as follows for other fuels.

Coal stoker for hot air	+10%	Coal, hand-fired	-10%
Coal stoker for boiler	+10%	Oil-fired	+10%

For restaurants, use cost ranges in Section 13.

	1	2	3	4
Electric, cable or baseboard	\$.88	\$1.08	\$1.32	\$1.61
Electric wall heaters . . . . .	.41	.47	.54	.62
Forced air . . . . .	.86	1.10	1.41	1.80
Furnace, floor or wall . . . . .	.45	.54	.65	.79
Gravity furnace . . . . .	.72	.87	1.04	1.24
Hot water, baseboard or convectors	1.61	1.97	2.42	2.97
radiant floor	2.10	2.52	3.04	3.66
Space heaters, gas, with fan . . . . .	.36	.45	.56	.71
steam coil, with boiler . . . . .	.68	.81	1.00	1.25
steam coil, without boiler . . . . .	.47	.60	.77	.98
Steam radiator, with boiler	1.31	1.64	2.06	2.59
without boiler	1.05	1.34	1.69	2.15

FIRE PROTECTION

FIRE PUMP EQUIPMENT

HORIZONTAL SHAFT (CENTRIFUGAL, 100 P.S.I.)

Prices include installation costs, coupling and motor or engine on a steel base, plus relief valve and waste cone. Controller must be added for electric units. Diesel engine costs include battery, trickle charger, coupling and automatic controller. Electric motors are 230/460 volt, 3 phase, 60 Hz.

S.P.M.	H.P.	R.P.M.	ELECTRIC	DIESEL
500	60	1800	\$ 7,900	\$34,000
750	75	1800	10,000	35,500
1000	100	1800	12,900	37,500
1500	125	1800	15,000	39,000
2000	150	1800	17,000	40,000
2500	200	1800	20,000	42,000

VERTICAL SHAFT (TURBINE, MULTI-STAGE)

The following prices include a vertical electric motor with thrust bearing. Costs for diesel engines include a right angle drive, coupler, metal skid, fuel tank, battery, trickle charger and automatic controller.

S.P.M.	H.P.	R.P.M.	PUMP ONLY	ADD FOR ELECTRIC	ADD FOR DIESEL
500	50	1800	\$13,000	\$1,650	\$22,700
750	75	1800	14,500	2,400	24,500
1000	100	1800	16,500	3,200	26,300
1500	125	1800	18,500	3,900	28,500
2000	150	1800	21,000	4,700	30,500
2500	200	1800	27,000	6,200	35,500

PUMP DRIVERS

Diesel Engines with coupling, skid, battery, fuel tank and battery charger. For horizontal drive.

For 1000 gal, 100 psi Pump	\$10,000
For 2000 gal, 100 psi Pump	\$14,500

Electric Motors (Squirrel-cage induction, 3 phase, 60 cycle, drip-proof)

VOLTAGE	R.P.M.	HORSEPOWER					
		30	50	75	100	150	200
230/460	1800	\$620	\$1,050	\$1,550	\$2,100	\$3,150	\$4,200

ELECTRIC DRIVE CONTROLLERS

Combined Manual and Automatic, Reduced Voltage

VOLTAGE	AMPS*	HORSEPOWER					
		30	50	75	100	150	200
220	30,000	\$ 4,100	\$ 5,100	\$ 6,600	-----	-----	-----
	75,000	7,900	8,600	9,500	\$10,500	\$12,900	\$15,800
440	25,000	3,500	4,600	5,700	6,700	8,300	9,600
	60,000	6,900	8,200	9,300	10,200	11,600	12,700

*Circuit breaker interrupting capacity.

Combined Manual and Automatic, Across-the-Line

VOLTAGE	AMPS*	HORSEPOWER					
		30	50	75	100	150	200
220	30,000	\$ 3,600	\$ 4,300	\$ 6,000	\$ 8,100	-----	-----
	75,000	6,500	7,400	8,000	8,700	\$10,200	\$12,000
440	25,000	3,200	3,700	4,100	4,500	5,000	5,400
	60,000	6,400	7,000	7,500	7,900	8,100	8,900

*Circuit breaker interrupting capacity.

DIESEL DRIVE CONTROLLERS \$3,300 to \$3,500

FLOW METERS

PUMP SIZE	COST RANGE	PUMP SIZE	COST RANGE
500	\$170 - \$620	2000	\$ 660 - \$ 830
750	500 - 650	3000	830 - 1,010
1000	530 - 680	4000	1,010 - 1,230
1500	590 - 750		

SPRINKLER SYSTEMS

Costs per square foot may be found in the Segregated Cost Sections. Refer to the section applicable to the type of building under consideration.

SMOKE AND HEAT ACTUATED ALARM SYSTEMS

Most commercial installations are leased. The costs below represent the installation costs charged to the user.

Commercial base cost \$600.00 plus \$.17 per square foot of protected areas. Residential ionization smoke detectors cost \$50.00 to \$70.00 installed.

STATE OF ALASKA

THE ALASKA PUBLIC UTILITIES COMMISSION

Before Commissioners: Gordon J. Zerbetz, Chairman
Marvin R. Weatherly
Carolyn S. Guess
Susan M. Knowles
Stuart C. Hall

In the Matter of the Filing of a)
Tariff Revision, Designated as) U-79-14
TA19-122, by ANCHORAGE WATER)
UTILITY to Decrease Sprinkler)
Fire Protection Rates)

MOTION TO ELIMINATE RETROACTIVELY TO
JANUARY 2, 1979, THE PRIVATE FIRE PROTECTION CHARGES,
CONTAINED IN THE TARIFF OF THE ANCHORAGE WATER UTILITY

DEC 17 11 11 AM '79
A.P.U.C.

The tariff of the Anchorage Water Utility ("AWU") contains a provision under which AWU levies a charge, in addition to the regular monthly charge, for service to buildings which contain sprinkler systems. The reasonableness of and justification for this charge have been hotly contested for several years by the owners of sprinklered buildings.

On January 2, 1979, the Anchorage Water Utility filed a tariff revision in which it proposed to reduce the charge for sprinklered buildings. That tariff filing was suspended by the Commission and hearings were scheduled. Western Enterprises and Jim Faiks ("Western") petitioned to intervene in the proceedings and their petition was granted. Western owns or represents the owners of a number of sprinklered buildings. Western and AWU agreed to attempt to resolve the dispute through negotiation and the Commission approved a stipulation extending certain deadlines.

Pending hearings on the revised tariff, counsel for Western held several meetings with AWU and its attorney. During those meetings, it was disclosed that AWU anticipated making an additional amendment to its tariff filing which would reduce the rates for sprinklered buildings to only 2.5% of their current level. Copies of the existing and proposed tariffs are attached as Exhibit "A." Based on that representation,

DUNN, BAILY and MASON
LAWYERS
LOUSSAC-306N BUILDING
420 D STREET
ANCHORAGE, AK 99501
(907) 276-4331

Western stipulated to a continuance of the scheduled hearings and an additional suspension period. However, AWU was unable to file the tariff on the stipulated date and Western agreed to an additional extension of time which the Commission approved in Order No. 5.

Shortly before the expiration of the most recent deadline, counsel for Western was notified by Mr. Peter Argetsinger, attorney for AWU, that AWU would be unable to file the tariff as planned for a variety of reasons. While the recited reasons are not directly relevant to this motion, the Commission should be aware that Mr. Argetsinger indicated that, while AWU agrees with Western that the tariff is wrong and must be lowered substantially, no decision has been made by the Municipality as to exactly what the tariff should be.

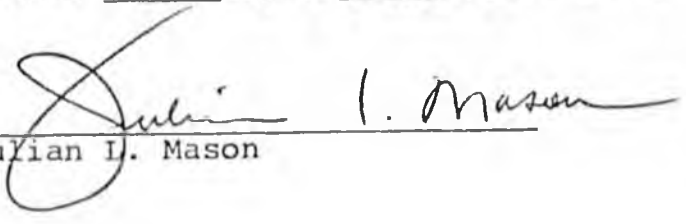
During the course of negotiations since the filing of the original amendment to the tariff, it has become absolutely clear that the present tariff contains rates which are many times higher than they should be.^{1/} AWU has orally expressed a willingness to absorb any revenues which will be lost by eliminating the charge altogether until such time as it decides to file a new tariff. Under those circumstances, it is not reasonable for AWU's customers to continue to pay rates which the utility acknowledges are inappropriate and unreasonable. Therefore, Western respectfully asks that the private fire protection portion (i.e., Schedule E, page 51) of the AWU tariff be eliminated retroactively to January 2, 1979. This motion, if granted, will require AWU to refund those charges, if any, which it has collected for private fire protection since January 2, 1979.^{2/}

^{1/} Western's position has always been that the surcharge for sprinklered buildings is inappropriate, discriminatory, and unjustifiable. AWU disagrees but has acknowledged that the present rates are approximately 40 times what they should be. The second revision of the tariff (which was never filed) contained rates which were about 2.5% of the current rates.

^{2/} Many of the customers of AWU have refused to pay the charge. Western has escrowed the disputed charge.

There is ample authority to support granting of this motion. AS 42.05.381 (a) requires that all rates be "just and reasonable." AS 42.05.391 (a) prohibits a utility from subjecting a customer to "an unreasonable prejudice or disadvantage." The present tariff rates are so high that they are unreasonable and Western is being disadvantaged and prejudiced by those rates. Therefore, it is inappropriate and a violation of the statutes cited above to continue the present rates. Since AWU cannot decide what rates it wants, the proper action is to eliminate the rates entirely until AWU makes its decision and files a new tariff.

Respectfully submitted this 13 day of December 1979.


Julian I. Mason

II. SERVICE CHARGES (Cont'd)

REG
R

Schedule E - Private fire protection (cont'd)

<u>Service Size</u>	<u>Monthly Rate</u>	<u>Baily & Mason</u>
2"	\$.18	(R)
3"	.41	(R)
4"	.72	(R)
6"	1.62	(R)
8"	2.89	(R)
10"	4.51	(R)
12"	6.50	(R)

Schedule F - Bulk water sales

All bulk water sales will be handled by special contracts.

Tariff Advice No. 19-122

Effective:

Issued by: Anchorage Water Utility

By: J. L. HARSHMAN, P.E.

Title: General Manager

Chrom - Zerkwitz - G.P.C.

ANCHORAGE WATER UTILITY

SUMMARY OF COST ALLOCATION FACTORS

TOUCHE ROSS & CO.

Data	Total	Residential	Commercial and industrial			Fire protection		Bulk sales CAU					
			Metered	Unmetered	Special (construction)	Public	Private						
1. Annual water production charged to each class (1) (mg)	5,484.0	1,676.0	2,173.6	1,498.7	135.7	-	-	-					
2. Capacity (mgd) (2) (peak day)	27.20	7.29	8.05	7.74	1.02	1.27	1.27	.56					
3. Number of customers, total (3)	14,897	11,649	1,611	1,484	153	-	-	-					
4. Number of metered customers	1,611	-	1,611	-	-	-	-	-					
5. Number of metered customers, weighted by meter size													
5. Fire protection hydrants	2,300					1,800	500						
<u>Allocation factors</u>													
1. Annual consumption - Same factor	1.0000	.3056	.3964	.2733	.0247	-	-	-					
2. Capacity	1.0000	.2044	.4025	.2463	.0651	.0335	.0335	.0147					
3. Number of customers, total	1.0000	.7820	.1081	.0996	.0103	-	-	-					
4. Number of metered customers	1.0000	-	1.0000	-	-	-	-	-					
5. Number of metered customers, weighted by size	1.0000	-	1.0000	-	-	-	-	-					
<u>Composite factors</u>													
5. Line 1, 20% Consumption	.2000	} 1.0000	.0611	} .2246	.0793	} .4013	.0547	} .2517	.0049	} .0570	.0268	.0268	.0118
Line 2, 80% Demand	.8000													.1635	.3220	.1970	.0521	.7826(5)	.2174(5)
7. Fire protection - Hydrants													
3. Line 2, 50%	.5000	} 1.0000	.1022	} .4932	.2013	} .2554	.1232	} .1730	.0326	} .0377	.0167	.0167	.0073
Line 3, 50%	.5000													.3910	.0541	.0498	.0051	-	.0167

(1) Line 6 - page 2 of 2, Schedule B5
 (2) Line 15 - page 2 of 2, Schedule B5
 (3) Schedule C
 (4) The needs of AWU are concentrated in the lack of capacity to satisfy peak demands
 (5) Column total ÷ system total
 (6) Reflects the demands placed on customer service by those customers with the greatest diversity of demand characteristics

Edward K. Rogers
from Gordon Zerbetz

WATER UTILITIES
(December 31, 1977) — *as of end of '78*

<u>UTILITY</u>	<u>NET PLANT</u>	<u>REVENUES</u>		<u>USERS</u>
		<u>GROSS</u>	<u>NET</u>	
<u>CLASS A</u>				
Anchorage, Municipality of	\$32,780,037	\$5,862,718	\$1,553,524	15,900
Central Alaska Utilities, Inc.	17,804,414	2,172,929	476,960	9,931
College Utilities Corp.	4,541,435	624,733	173,007	996
<u>TOTAL - Class A</u>	<u>\$55,125,886</u>	<u>\$8,660,380</u>	<u>\$2,203,491</u>	<u>26,827</u>
<u>CLASS B</u>				
Barrow Utilities & Electric Cooperative	\$963,094	\$478,446	(\$71,627)	7
<u>CLASS C</u>				
Alyeska Utilities, Inc.	\$155,338	\$ 55,631	\$ 8,196	245
Dawn Development Corp.	Annual Report Not Received			
S & S Development	320,203	69,303	7,857	456
<u>TOTAL - Class C</u>	<u>\$475,541</u>	<u>\$124,934</u>	<u>\$16,053</u>	<u>701</u>
<u>CLASS D</u>				
Bell Utilities & Development, Inc.	\$ 443,739	\$ 41,500	\$18,459	140
Eagle River Heights Utilities, Inc. year ended 6/30/77	153,593	28,821	5,393	173
Glacier Utilities, Inc.	297,249	20,759	(17,912)	231
McGahan Utilities, Inc.	Annual Report Not Received			

**DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT**

DIVISION OF BUSINESS LOANS

Phone: 465-2510

POUCH D
JUNEAU, ALASKA 99811

The Division of Business Loans is not opposed to making loans for fire prevention equipment. It does, indeed, make them right now. The division is opposed to giving preferential treatment to certain types of loans. The installation of fire prevention equipment could mean preventing loss of life or property, but the same could be said of repairs to the hull of a fishing boat or repairs to the foundation of a store building or the purchase of new engines for an airplane. We get applications for those types of loans, too.

We are presently backlogged 16 weeks on applications. That's 16 weeks from the date the loan is received until the applicant receives a yes or no answer. The backlog increases as the difference increases between our fixed interest rate and the bank's rising rates. It is very difficult to justify putting off an applicant who has waited 16 weeks for an answer because we have to stop and work on a new application just received.

Preferential treatment of loans is difficult because:

1. With the current 16-week backlog, loans are not studied until many weeks after they are received. They are merely stamped and logged in and filed until a loan examiner finishes with those applications which came in before it. It would take a change in procedures and a sudden increase of the backlog if we were to, with the present staff, stop processing loans to read all incoming applications. In spite of our best efforts to provide forms which should make the use of loan proceeds evident, applicants often go out of their way to make it obscure.
2. Several bills have been introduced which require preferential treatment for certain types of loans. (Examples: fish holds, energy-related loans.) Preference isn't preference anymore if the volume of preference work is too great, and it may mean never getting to the run-of-the-mill loans if the preferred loans increase in quantity.
3. Almost all applicants have reasons for needing preferential treatment. Fishermen need to get their boats purchased or repaired before fishing season. Contractors need their new

equipment before the building season. Tourism facilities have to be ready for the tourist season. Child care facilities have to make mandated repairs or lose their licenses. Very few applicants are requesting something which isn't needed right now.

4. Many applicants for loans have signed earnest money agreements for the purchase of the item for which the loan proceeds are to be used. Their earnest money agreements nearly always have time limits, and forfeiture of thousands of dollars may result if no answer is received on the loan. Certainly this is also a request which should be given preference, if preferential treatment was available.

ST/s122M

STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

DIVISION OF BUSINESS LOANS

JAY S. HAMMOND, Governor

Phone: 465-2510

POUCH D
JUNEAU, ALASKA 99811

March 20, 1980

Honorable Arliss Sturgulewski
Alaska State Senate
Pouch V
Juneau, Alaska 99811

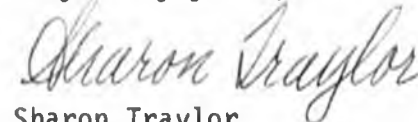
Dear Senator Sturgulewski:

It would appear that the addition to AS 45.95.020 contained in SB 370 is not necessary, as an applicant can have any number of small business loans, providing that they do not total more than \$500,000. If the intent of that paragraph was to allow a loan that brought the total to more than \$500,000, then it would have to be worded to allow that.

As written in the original SB 370, the paragraph could be construed to mean that the commissioner could not disqualify the applicant if we had previously foreclosed on a loan to him or if he was delinquent on an existing loan. I doubt that this is the intent of the paragraph, so if you want to include something regarding the amounts allowed, you would want to be more specific in the wording.

Thank you for the opportunity to comment on the bill.

Very truly yours,



Sharon Traylor
Director

ST/sa4/1

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE (L-DATE)

I. REQUEST

Bill/Resolution No. SB 370
 Title Exempting value for Fire Equipment Systems in Real Property
 Requested by Senator Sturgulewsky Date 4-1-80

II. FISCAL DETAIL

Agency Affected Community & Regional Affairs
 Program Category Affected Local Government Assistance - State Assessor
 BRU, Program, or Subprogram(s) Affected 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						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		125.5	135.5	146.4	158.1	170.7
TOTAL		125.5	135.5	146.4	158.1	170.7

FUNDING (Thousands of Dollars)

GENERAL FUND		125.5	135.5	146.4	158.1	170.7
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The fiscal note for SB 370 is based upon the anticipation of State reimbursement to municipalities for revenue lost by the operation of SB 370. The dollar amounts shown were based upon the following information. The annual increase is estimated at 8% for property value inflation.

IV. DATE 4-1-80 PREPARED BY Steve Van Sant
 AGENCY Community & Regional Affairs
 PHONE 465-4787
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Estimated Revenue Lost By Municipalities By SB 370

<u>Municipality</u>	<u>Comm. Property Value</u>	<u>Est. % w/Fire P. Syst.</u>	<u>Value Prop. w/FPS</u>
Anchorage	\$ 452,755,434	55%	\$ 249,015,489
Fairbanks	96,920,074	40%	38,768,030
Juneau	106,867,300	60%	64,120,380
Ketchikan	51,299,887	40%	20,519,955
TOTAL	\$ 707,842,695		\$ 372,423,824

<u>Prop. w/FPS @ 2%</u>	<u>Mill Rate</u>	<u>Revenue Lost</u>
Anchorage - \$4,980,310	@ 13.79	\$ 68,700
Fairbanks - 775,361	@ 15.68	12,200
Juneau - 1,282,408	@ 12.95	16,600
Ketchikan - 410,800	@ 16.00	6,600
		<u>\$104,100</u>
Est. Cities revenue lost		+ \$ 10,000
		<u>\$114,100</u>
Est. 10% error factor		+ \$ 11,400
		<u>\$125,500</u>

DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS

TO: Marie Pignalberi
Deputy Commissioner

DATE: March 10, 1980

THRU: Palmer McCarter
Director

FILE NO:

TELEPHONE NO:

FROM: Steve Van Sant
Assistant State Assessor

SUBJECT: Comments on SB 370

This is a followup of the memorandum dated 3/5/80 to Deputy Commissioner Marie Pignalberi regarding concerns on SB 370.

Upon obtaining more information and talking with some of the assessors in the state, we would like to add the following information:

1. According to Anchorage Assessor, Pat McKee, this bill would be almost impossible for him to administer. The reason being that Anchorage does not value commercial property (where most fire protection equipment exists) by the cost approach, but by the income approach. The income approach is simply estimating market value by the income a building is capable of making. For example, assume there are two motels in Anchorage, side by side, and both were very similar. Further assume that one had sprinklers and the other one did not. The estimated value of one motel would probably be within 1%-5% of the value of the other, assuming the room rents were comparable. In this instance, there would be no value given on fire protection equipment, therefore, it would be very difficult to conform with SB 370.
2. As stated in our previous memorandum, we are concerned as to what value the assessor is expected to exempt, cost of equipment, cost of equipment and labor, or estimated market value. If it is to be the cost of the equipment, would the assessor take the actual cost to the owner, or the average cost to any property in general?
3. This bill does not require reimbursement by the state for revenues lost to the municipality by the implementation of this bill.
4. The property owner in the unorganized borough who plans to install fire protection equipment would not realize any incentive under this program (and, in our minds, if the bill is to be an incentive for installation of fire suppression systems, rural Alaska or the unorganized borough is where the greatest need exists).

ALTERNATIVE 1

Only number

For your information, we have attached pages from the "Marshall Valuation Service". This valuation service is used world wide by many assessors. Nearly all assessors in Alaska who value commercial property by the cost approach utilize this guide.

On one of the pages, it indicates that the approximate portion of the total cost for "sprinklers" in an office building is 1.9%.

If it is the intent of the legislature to pass a bill whereby the incentive is an exemption of property taxes, the Department would suggest amendments to SB 370 as follows:

1. Remove this exemption from AS 29.53.060 (Full and True Value) and place it in AS 29.53.020 (Required Exemptions).
2. State the amount to be exempted if a structure does have fire protection equipment. This could be done easily by stating, "The exempted amount of this exemption shall be 2% of the full and true value of the building as determined by the assessor under AS 29.53.060."
3. The state should reimburse the municipality any revenue lost to it by the implementation of this bill.
4. There should be a time limit of three years placed upon the exemption. This would allow time for the taxpayer to amortize his investment, but not be an on-going give away program.
5. Existing structures could be granted the same 2% exemption for three years to be equitable. (Although, again, if the intent is to encourage installation of a fire suppression system, only new structures should be included in the bill).

Alternative 2

If the intent of SB 370 is to offer incentives to property owners planning new construction and encourage the inclusion of fire protection systems in new structures, the Department suggests that a program similar to the following be considered.

For equity proposes, the state would adopt a normal cost schedule for fire protection systems. An example of such a cost schedule is presented in the attachments, page No. 2 from the Marshall Valuation Service. In conjunction with this schedule, Marshall Valuation Service also provides "local multipliers" which bring the normal cost schedule

into line with costs in Alaska. The local multiplier for the schedule is 1.97.

After adoption of a schedule, the Department could then compute the "normal cost" of a fire protection system by applying the schedule to each structure which applied for the program. For example, if an application were received for a 10,000 sq. ft. building, the normal costs would be obtained as follows:

$$10,000 \text{ sq.ft.} \times \$1.15 \times 1.97 = \$22,655.00$$

After the normal costs were calculated, the incentive program would offer a grant to the property owner of 5% of the computed normal cost. Therefore, the property owner would receive \$1132.75 ($\$22,655 \times 5\%$) from the state. The normal costs could be updated on an annual basis to reflect current estimated normal costs.

Attachments

GENERAL INFORMATION

PERCENTAGE BREAKDOWN

The percentages below indicate the approximate portion of the total cost attributable to each component in a typical modern 12-story Class A office building of average size and quality, not including financing costs.

AVERAGE MULTISTORY OFFICE BUILDING

Plans, engineering, and supervision	6.2%
Clearing, excavation, and foundation	2.7%
Steel frame and decking	13.4%
Miscellaneous steel	1.0%
Heating and air conditioning	12.9%
Air conditioning enclosures . . . . .	.5%
Plumbing	4.5%
Sprinklers	1.9%
Electrical, including fixtures	9.3%
Elevators, conveying systems	4.9%
Metal wall panels and insulation	5.3%
Masonry backup and partitions	3.0%
Frame and drywall partitions	3.7%
Sash and glazing	3.0%
Plaster and furring	2.0%
Doors, door frames, and hardware . . . . .	.6%
Concrete floors and roof	7.5%
Roofing and roof insulation . . . . .	.3%
Resilient floor coverings	1.2%
Carpeting	1.2%
Acoustical ceilings, suspended	2.5%
Painting . . . . .	.8%
Marble, tile, and terrazzo . . . . .	.4%
Miscellaneous carpentry, finish, and cleanup	1.0%
Miscellaneous, unclassified . . . . .	.8%
General contractor's overhead and profit	9.4%
TOTAL	100.0%

The 9.4 percent listed for general contractor's overhead and profit is the percentage of total cost. This is the equivalent of 11.1 percent of labor, material, and subcontracts, excluding plans, engineering and architect's supervision.

FLOOR LOADS

The following are typical live floor loads of some of the buildings used in determining cost averages. A majority of the buildings will have more than one design floor load to accommodate various uses. Thus, a hotel will be designed for heavy floor loads in halls and public areas and lighter floor loads in room areas, and banks will need heavier floors in computer and equipment rooms than in office areas.

The listed loads are typical of design specifications of a number of buildings built or under construction during recent years.

OCCUPANCY	POUNDS PER SQUARE FEET
Apartments and dormitories	40 (plus 20 lbs. of partitions)
Auditoriums and churches	100 (60 for fixed seating)
Banks	100 (150 lbs. in equipment floors)
Computer and equipment floors	150
Dwellings	40
Governmental buildings	80 (125 lbs. in equipment rooms)
Gymnasiums	100 (150 lbs. for drill floors)
Hospitals	50 (100 lbs. in corridors)
Hotels and clubs	50 (100 lbs. in public areas)
Libraries	60 (150 lbs. in stack areas)
Light industrials and garages	100 (50 lbs. in office areas)
Medium industrials	150 (50 lbs. in office areas)
Heavy industrials	200 (and up, 60 lbs. in office areas)
Lofts	100 (50 lbs. in office areas)
Low cost offices	50 (125 lbs. in equipment rooms)
Average offices	50 (150 lbs. in equipment rooms)
Good offices	60 (150 lbs. in equipment rooms)
Excellent offices	80 (175 lbs. in equipment rooms)
Restaurants	100 (150 lbs. in kitchen areas)
Schools	50 (100 lbs. in corridors)
Stores	100 (125 lbs. in appliance floors)
Theaters	80 (150 lbs. for stage floors)
Warehouses - light	100
- medium	150
- heavy	200 (and up)

STORES AND COMMERCIAL BUILDINGS

(SEGREGATED COST METHOD)

INTERIOR CONSTRUCTION — Table I is based on averages for several types of occupancies not including furniture, fixtures, and equipment. Table II gives costs based on a square foot of partition area and may be used when a more detailed analysis is desired. For additional interior and partition costs, see Section 52. For fixture and equipment costs, see Section 65.

TABLE I. Apply to total floor area. Add or deduct 5% for each foot of variation from 12' average story height.

FRAME INTERIOR PARTITIONS

	1	2	3	4
Bowling alleys (excluding alleys and equipment)	\$.77	\$.92	\$1.09	\$1.30
Department stores	1.91	2.54	3.32	4.34
Discount stores . . . . .	.56	.70	.88	1.11
Markets . . . . .	.89	1.02	1.17	1.35
Restaurants, drive-in	2.80	3.79	5.12	6.92
Restaurants, table service	2.48	3.83	5.91	9.12
Retail stores . . . . .	.82	1.17	1.66	2.37

MASONRY INTERIOR PARTITIONS

	1	2	3	4
Bowling alleys (excluding alleys and equipment)	\$.95	\$1.12	\$1.32	\$1.56
Department stores	2.19	2.85	3.72	4.81
Discount stores . . . . .	.74	.90	1.10	1.35
Markets	1.08	1.23	1.39	1.58
Restaurants, drive-in	3.18	4.25	5.69	7.61
Restaurants, table service	2.92	4.42	6.70	10.05
Retail stores	1.02	1.43	2.00	2.80

TABLE II. Apply to square feet of partition area. Costs include doors and openings. Do not use these costs if Table I is used.

	1	2	3	4
Acoustic accordion partitions	\$10.00	\$13.75	\$19.00	\$26.00
Gypsum block	1.75	2.25	2.95	3.80
Masonry, tile or concrete block	2.00	2.60	3.45	4.50
Metal partitions	4.65	5.80	7.20	9.00
Metal and glass	5.20	6.40	7.90	9.75
Steel studs and gypsum board	1.90	2.25	2.65	3.10
Steel studs and plaster	2.25	2.60	3.05	3.55
Steel channels and gypsum board, 2-1/4"	2.95	3.50	4.15	4.95
Wood frame, drywall two sides	1.55	1.85	2.20	2.60
Wood frame, plaster two sides	1.85	2.15	2.55	3.00

PLUMBING — Apply to total floor area or use Section 53 for more detailed cost per fixture. The following costs represent typical ranges only.

	1	2	3	4
Bowling alleys	\$.61	\$.80	\$.99	\$1.24
Department stores	1.08	1.39	1.80	2.32
Discount stores . . . . .	.40	.58	.84	1.22
Markets . . . . .	.79	1.09	1.49	2.05
Restaurants, drive-in	2.62	3.47	4.60	6.10
Restaurants, table service	2.30	3.40	5.04	7.15
Retail stores . . . . .	.48	.78	1.26	2.05

SPRINKLERS — Apply to sprinklered area. Costs include all piping but do not include tanks.

	1	2	3	4
5,000 square feet	\$.90	\$1.09	\$1.33	\$1.61
10,000 . . . . .	.80	.96	1.15	1.38
15,000 . . . . .	.75	.89	1.06	1.25
20,000 . . . . .	.71	.85	1.00	1.17
25,000 . . . . .	.68	.81	.95	1.12
30,000 . . . . .	.66	.78	.92	1.07
40,000 . . . . .	.63	.74	.86	1.00
50,000 . . . . .	.61	.71	.83	.95
75,000 . . . . .	.57	.66	.76	.87
100,000 . . . . .	.54	.62	.71	.81
150,000 . . . . .	.50	.58	.66	.74
200,000 . . . . .	.48	.55	.62	.69

HEATING, COOLING AND VENTILATING — Apply to total floor area.

Add or deduct 3% for each foot of variation from 12' average story height.

Costs are given for gas-fired heating surfaces. Add or deduct as follows for other fuels.

Coal stoker for hot air	+10%	Coal, hand-fired	-10%
Coal stoker for boiler	+10%	Oil-fired	+10%

For restaurants, use cost ranges in Section 13.

	1	2	3	4
Electric, cable or baseboard	\$.88	\$1.08	\$1.32	\$1.61
Electric wall heaters . . . . .	.41	.47	.54	.62
Forced air . . . . .	.86	1.10	1.41	1.80
Furnace, floor or wall . . . . .	.45	.54	.65	.79
Gravity furnace . . . . .	.72	.87	1.04	1.24
Hot water, baseboard or convectors	1.64	1.97	2.42	2.97
radiant floor	2.10	2.52	3.04	3.66
Space heaters, gas, with fan . . . . .	.36	.45	.56	.71
steam coil, with boiler . . . . .	.68	.81	1.00	1.25
steam coil, without boiler . . . . .	.47	.60	.77	.98
Steam radiator, with boiler	1.31	1.64	2.06	2.59
without boiler	1.05	1.31	1.69	2.15

FIRE PROTECTION

FIRE PUMP EQUIPMENT

HORIZONTAL SHAFT (CENTRIFUGAL, 100 P.S.I.)

Prices include installation costs, coupling and motor or engine on a steel base, plus relief valve and waste cone. Controller must be added for electric units. Diesel engine costs include battery, trickle charger, coupling and automatic controller. Electric motors are 230/460 volt, 3 phase, 60 Hz.

R.P.M.	H.P.	R.P.M.	ELECTRIC	DIESEL
500	60	1800	\$ 7,900	\$34,000
750	75	1800	10,000	35,500
1000	100	1800	12,900	37,500
1500	125	1800	15,000	39,000
2000	150	1800	17,000	40,000
2500	200	1800	20,000	42,000

VERTICAL SHAFT (TURBINE, MULTI-STAGE)

The following prices include a vertical electric motor with thrust bearing. Costs for diesel engines include a right angle drive, coupler, metal skid, fuel tank, battery, trickle charger and automatic controller.

R.P.M.	H.P.	R.P.M.	PUMP ONLY	ADD FOR ELECTRIC	ADD FOR DIESEL
500	50	1800	\$13,000	\$1,650	\$22,700
750	75	1800	14,500	2,400	24,500
1000	100	1800	16,500	3,200	26,300
1500	125	1800	18,500	3,900	28,500
2000	150	1800	21,000	4,700	30,500
2500	200	1800	27,000	6,200	35,500

PUMP DRIVERS

Diesel Engines with coupling, skid, battery, fuel tank and battery charger. For horizontal drive.

For 1000 gal, 100 psi Pump	\$10,000
For 2000 gal, 100 psi Pump	\$14,500

Electric Motors (Squirrel-cage induction, 3 phase 60 cycle, drip-proof)

VOLTAGE	R.P.M.	HORSEPOWER					
		30	50	75	100	150	200
230/460	1800	\$620	\$1,050	\$1,550	\$2,100	\$3,150	\$4,200

ELECTRIC DRIVE CONTROLLERS

Combined Manual and Automatic, Reduced Voltage

VOLTAGE	AMPS*	HORSEPOWER					
		30	50	75	100	150	200
220	30,000	\$ 4,100	\$ 5,100	\$ 6,600	-----	-----	-----
	75,000	7,900	8,600	9,500	\$10,500	\$12,900	\$15,800
440	25,000	3,500	4,600	5,700	6,700	8,300	9,600
	60,000	6,900	8,200	9,300	10,200	11,600	12,700

*Circuit breaker interrupting capacity.

Combined Manual and Automatic, Across-the-Line

VOLTAGE	AMPS*	HORSEPOWER					
		30	50	75	100	150	200
220	30,000	\$ 3,600	\$ 4,300	\$ 6,000	\$ 8,100	-----	-----
	75,000	6,900	7,400	8,000	8,700	\$10,200	\$12,000
440	25,000	3,200	3,700	4,100	4,500	5,000	5,100
	60,000	6,100	7,000	7,500	7,900	8,100	8,900

*Circuit breaker interrupting capacity

DIESEL DRIVE CONTROLLERS \$3,300 to \$3,500

FLOW METERS

PUMP SIZE	COST RANGE	PUMP SIZE	COST RANGE
500	\$170 - \$620	2000	\$ 660 - \$ 830
750	500 - 650	3000	830 - 1,010
1000	530 - 680	4000	1,010 - 1,230
1500	590 - 750		

SPRINKLER SYSTEMS

Costs per square foot may be found in the Segregated Cost Sections. Refer to the section applicable to the type of building under consideration.

SMOKE AND HEAT ACTUATED ALARM SYSTEMS

Most commercial installations are leased. The costs below represent the installation costs charged to the user.

Commercial base cost \$600.00 plus \$.17 per square foot of protected areas.
Residential ionization smoke detectors cost \$50.00 to \$70.00 installed.

Section 2 of SB 370 and CSHB 648 affects that statute of the Alaska Public Utilities Commission in that it takes the ratemaking powers which have been delegated to the Commission under AS 42.05 and returns them to the legislative arena. The Commission believes that the Legislature should have the following information before it decides what rates, if any, should be charged to a class of utility customers -- in this instance those commercial customers that have installed fire protection systems which use hydraulic sprinklers.

Establishing utility rates is admittedly a complicated process -- it involves determining what utility expenses are reasonable and then allocating those expenses to the classes of consumers that are responsible for the incurrence of those costs. Customers are then charged rates which cover these expenses.

The Commission believes the Legislature should realize that there are expenses directly associated with providing sprinkler service that if not paid by those customers who received the service, i.e., those who have installed sprinklers, will be borne by other customers, namely residential consumers and those commercial customers who have not installed a sprinkler system.

An example of the extent of utility expenses associated with providing water sprinkler service follows: In its last request to the Commission for a permanent rate increase, Central Alaska Utilities, a water utility in Anchorage serving approximately 10,000 customers, allocated \$129,000 of its revenue requirement to be recovered from those customers who received sprinkler service. Section 2 of this legislation would require that those utility expenses attributable to provide water sprinkler service would be borne by all customers of the utility. It is interesting to note that if this amount, \$129,000, must be recovered from all other CAU customers, it would require a rate increase of approximately \$1.00 per month per customer or an annual increase of more than \$12.00. The customers of the Anchorage Water Utility and other regulated water utilities providing this service would experience a similar increase. The Commission adds that as with all costs, those associated with providing sprinkler service change as a utility's economic circumstances change, and this number might not hold in a new tariff revision. The Commission also notes that this ratemaking prohibition would not effect the rates that nonregulated municipal water utilities might charge.

One of the questions raised by this legislation is who would provide the revenues needed to, if required, resize a water utility's service line as a result of the installation of sprinkler systems in a commercial building.

The Commission wants the legislature to understand that there are costs currently associated with providing sprinkler service that, if not recovered from the users who benefit from the service, must be borne by all of the utility's customers. This does not even begin to consider the costs that will be generated by new sprinkler customers taking advantage of the "free" service. This may be a social policy that the legislature desires to establish. However, it does depart from the Commission's utility ratemaking philosophy -- that to the most reasonable extent possible, the costs causer should be the cost payer.

TWO INTERPRETATIONS

(Insurance Services Agency)

APUC - says water standby charge is based on insurance rating/for each area.

Whether water is used or not, certain amounts must be available in case of fire.

If SB 370 passes, APUC interprets:

- that buildings with sprinkler systems will not have to pay a fee or surcharge once system is installed....

IN VIEW OF THE ABOVE MANDATED CHARGE, APUC CONTENDS SOMEONE MUST PAY THE DIFFERENCE, AND THEY INTERPRET THIS DIFFERENCE AS COMING FROM ALL OTHER CONSUMERS, WHETHER COMMERCIAL, RESIDENTIAL, OR THE GENERAL PUBLIC.

Mr. Shirnberg interprets this bill to mean only commercial buildings will be affected - and any price differential would be equally split among all commercial buildings, whether they have sprinkler systems installed, or not. The general public would not be affected.

QUESTION: Also, APUC was established to set fair rates - is this law attacking the rate making process - even just a small portion?? And, is this good - to start?

NOTICE OF UTILITY TARIFF FILING

The ALASKA PUBLIC UTILITIES COMMISSION hereby gives notice that the MUNICIPALITY OF ANCHORAGE d/b/a ANCHORAGE WATER UTILITY (AWU), a water utility, has filed a tariff revision (TA19-122) which reduces the monthly rates for private fire protection. A comparison of the current and proposed monthly rates follows.

<u>Service Size</u>	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>* See Below</u>
2"	\$ 7.10	\$ 3.46	.18
3"	15.90	7.79	.41
4"	28.45	13.87	.72
6"	63.55	31.20	1.62
8"	112.85	55.49	2.89
10"	176.40	86.69	4.51
12"	254.10	124.85	6.50

More detailed information may be obtained from the utility whose address is 3000 Arctic Blvd., Anchorage, Alaska 99503. The filing may be inspected also at the offices of the Alaska Public Utilities Commission, 1100 MacKay Building, 338 Denali Street, Anchorage, Alaska 99501.

Any interested person may file a statement of views favoring or opposing the tariff revisions proposed by AWU with the Commission at 1100 MacKay Building, 338 Denali Street, Anchorage, Alaska 99501 on or before February 2, 1979. This statement should clearly affirm that the interested person has filed a true copy of it with AWU, 3000 Arctic Blvd., Anchorage, Alaska 99503 as required by the Alaska Administrative Code.

DATED at Anchorage, Alaska this 9th day of January, 1979.

ALASKA PUBLIC UTILITIES COMMISSION

Russell N. Staley
Russell N. Staley
Acting Executive Director

* Filed by Julian Mason, Counsel for Western Enterprises and Jim Faiks, (Western) who stated in part,

"Pending hearings on the revised tariff, counsel for Western held several meetings with AWU and its attorney. During those meetings, it was disclosed that AWU anticipated making an additional amendment to its tariff filing which would reduce the rates for sprinklered buildings to only 2.5% of their current level. Copies of the existing and proposed tariffs are attached as Exhibit 'A'."

Mr. Mason's complete statement (filing), from which this quotation is extracted, is attached.

THE ALASKA PUBLIC UTILITIES COMMISSION

Before Commissioners: Gordon J. Zerbetz, Chairman
 Marvin R. Weatherly
 Carolyn S. Guess
 Susan M. Knowles
 Stuart C. Hall

In the Matter of the Filing of a)
 Tariff Revision, Designated as) U-79-14
 TA19-122, by ANCHORAGE WATER)
 UTILITY to Decrease Sprinkler)
 Fire Protection Rates)

MOTION TO ELIMINATE RETROACTIVELY TO
 JANUARY 2, 1979, THE PRIVATE FIRE PROTECTION CHARGES,
 CONTAINED IN THE TARIFF OF THE ANCHORAGE WATER UTILITY

DEC 17 1979

A.P.U.C.

The tariff of the Anchorage Water Utility ("AWU") contains a provision under which AWU levies a charge, in addition to the regular monthly charge, for service to buildings which contain sprinkler systems. The reasonableness of and justification for this charge have been hotly contested for several years by the owners of sprinklered buildings.

On January 2, 1979, the Anchorage Water Utility filed a tariff revision in which it proposed to reduce the charge for sprinklered buildings. That tariff filing was suspended by the Commission and hearings were scheduled. Western Enterprises and Jim Faiks ("Western") petitioned to intervene in the proceedings and their petition was granted. Western owns or represents the owners of a number of sprinklered buildings. Western and AWU agreed to attempt to resolve the dispute through negotiation and the Commission approved a stipulation extending certain deadlines.

Pending hearings on the revised tariff, counsel for Western held several meetings with AWU and its attorney. During those meetings, it was disclosed that AWU anticipated making an additional amendment to its tariff filing which would reduce the rates for sprinklered buildings to only 2.5% of their current level. Copies of the existing and proposed tariffs are attached as Exhibit "A." Based on that representation,

and an additional suspension period. However, AWU was unable to file the tariff on the stipulated date and Western agreed to an additional extension of time which the Commission approved in Order No. 5.

Shortly before the expiration of the most recent deadline, counsel for Western was notified by Mr. Peter Argetsinger, attorney for AWU, that AWU would be unable to file the tariff as planned for a variety of reasons. While the recited reasons are not directly relevant to this motion, the Commission should be aware that Mr. Argetsinger indicated that, while AWU agrees with Western that the tariff is wrong and must be lowered substantially, no decision has been made by the Municipality as to exactly what the tariff should be.

During the course of negotiations since the filing of the original amendment to the tariff, it has become absolutely clear that the present tariff contains rates which are many times higher than they should be.^{1/} AWU has orally expressed a willingness to absorb any revenues which will be lost by eliminating the charge altogether until such time as it decides to file a new tariff. Under those circumstances, it is not reasonable for AWU's customers to continue to pay rates which the utility acknowledges are inappropriate and unreasonable. Therefore, Western respectfully asks that the private fire protection portion (i.e., Schedule E, page 51) of the AWU tariff be eliminated retroactively to January 2, 1979. This motion, if granted, will require AWU to refund those charges, if any, which it has collected for private fire protection since January 2, 1979.^{2/}

^{1/} Western's position has always been that the surcharge for sprinklered buildings is inappropriate, discriminatory, and unjustifiable. AWU disagrees but has acknowledged that the present rates are approximately 40 times what they should be. The second provision of the tariff (which was never filed) contained rates which were about 2.5% of the current rates.

^{2/} Many of the customers of AWU have refused to pay the charge. Western has escrowed the disputed charge.