

ADMINISTRATIVE CONTROL FILES 1999-2000 0072

9792 HOUSE COMMUNITY & REGIONAL AFFAIRS

## Frequently Asked Questions

**What is an ARDOR?** A non-profit organization of local volunteers, representing numerous public and private interests, working together to achieve economic development in their region. An ARDOR is organized in accordance with Alaska Statute 44.47.830 and the Alaska Administrative Code (3 AAC 54).

**Why have a regional organization do economic development?** The Legislature established the ARDOR Program in 1988, and again in 1997, in support of the widely held belief that a locally driven initiative, in partnership with the State and other entities, can most effectively stimulate economic development and produce healthy, sustainable local economies.

**How does an ARDOR get established?** DCRA approves an ARDOR designation. To be approved, the ARDOR must (1) be large enough and contain adequate resources to support a regional economic development program, and (2) be an economically viable unit with shared interests, resources, traditions, and goals. Currently, there are 12 ARDORs in all regions of Alaska, except the Interior. The Aniak region has submitted an application for ARDOR designation. Three other interior regions are considering ARDOR designation.

**How does an ARDOR work?** Each ARDOR is guided by a Board comprised of the economic development interests in the region. Board members are usually appointed by organizations in the region; however, some are elected. The Board hires an Executive Director to work with the Board to ensure an annual work plan is implemented. The Board oversees and directs the activities of the ARDOR.

**What are the ARDOR Program goals?** Encourage a healthier economic climate to increase the number of jobs; strengthen existing businesses; attract new businesses; and encourage economic diversification.

**What does an ARDOR actually do?** Each ARDOR is different with regard to existing economic development; infrastructure; a marketable natural resource; an educated work force; and a cohesive leadership organization—factors in achieving economic development. Thus, what each ARDOR does, is unique to that ARDOR. Generally, however, ARDORs:

- ✓ conduct economic development related research and planning, including develop and implement a regional economic development strategy;
- ✓ respond to information requests;
- ✓ coordinate ARDOR's activities with other economic development activities;
- ✓ provide services designed to encourage economic development;
- ✓ collect and distribute economic information;
- ✓ develop and maintain community and village economic profiles;
- ✓ coordinate State economic or business development efforts; and
- ✓ serve as a liaison between State government and the region.

**How is an ARDOR funded?** DCRA awards annually, a State grant to each ARDOR that satisfies the statutory and regulatory requirements of the ARDOR Program, including the requirement that each ARDOR provide a local, non-State match. In FY98, each ARDOR received \$51,666. The State grant and required match is usually not the ARDOR's only source of funding. ARDOR's can and do receive funding from a variety of sources.

**How much money does the State contribute to the ARDORs?**

	FY97	FY98	FY99
Total	\$620.0	\$620.0	\$620.0
Each Grant	\$54.5	\$51.7	\$51.7
# of ARDORs	11 <sup>1</sup>	12	12

<sup>1</sup>Plus, one organizing ARDOR received \$20.0.  
NOTE: Amounts are \$1,000.



# SOUTHEAST CONFERENCE

*Working for strong economies, healthy communities, and a quality environment in Southeast Alaska*

## **A RESOLUTION URGING REAUTHORIZATION OF THE ALASKA REGIONAL DEVELOPMENT ORGANIZATION (ARDOR) PROGRAM (Resolution 00-12)**

- WHEREAS** one of the most serious challenges facing Alaskans today is expansion, diversification, and stabilization of the State's economy; and,
- WHEREAS** among the most successful approaches to economic expansion, diversification, and stabilization is one that encourages and facilitates a high level of participation at local and community levels; and,
- WHEREAS** the Alaska Regional Development Organization (ARDOR) Program was established to create and sustain regional development capacity by fostering effective public-private partnerships to implement locally conceived and executed economic and community development projects; and,
- WHEREAS** the ARDOR Program will "sunset" unless reauthorized by the Legislature, and
- WHEREAS** ARDORs statewide have laid a solid foundation for greater responsibility and leadership in economic and community development at the regional level; and,
- WHEREAS** Southeast Conference has assisted the people and communities of Southeast Alaska by: 1) supporting and helping improve and expand marine and land transportation infra-structure; 2) helping communities address solid waste management, household hazardous waste disposal, and other environmental needs; and, 3) helping communities plan and execute development efforts responsive to local needs and priorities.

### **NOW THEREFORE BE IT RESOLVED THAT:**

Southeast Conference urges the Administration and Legislature to fully support the ARDOR Program through appropriate administrative policies and appropriation of funds adequate to sustain the ARDOR mission of "building local capacity" and developing sustainable economies.

Southeast Conference urges the Administration and Legislature to reauthorize the ARDOR Program during the next legislative session.

This Resolution be sent to the Governor, the Legislature, the Department of Community and Economic Development and Alaska Industrial Development and Export Authority.

**ADOPTED BY: SOUTHEAST CONFERENCE ON SEPTEMBER 30, 1999**

Witness:

  
Robert W. Ward, Jr. - President Southeast Conference

Attest:

  
Frank Homan - Executive Director

**Jim & Diane Erickson**

PO Box 877294  
Wasilla, Alaska 99687-7294

Phone 907-745-7467  
Fax 907-357-3805  
Home Phone 907-373-3805  
Email jdc@mtsonline.net

JAN 31 2000

January 29, 2000

The Honorable Alaska Representative Alan Austerman  
Alaska State Legislature  
State Capitol (MS3100)  
Juneau, Alaska 99801

A  
file

Dear Representative Austerman,

Thank you for sponsoring HB265. The ARDOR program is very important for economic development throughout the State of Alaska. One project that the ARDOR program and the Mat-Su RC&D were very involved with was the port project out at Point MacKenzie. This is only one of the numerous expertise contributions we need towards economic development for our State. Hopefully, the two committees will take a long look at all of the good brought forth by the use of the ARDOR program and the Mat-Su RC&D for our State.

Again, thank you. Please add our names to your support list of HB265. If you have any questions, please contact us at the above address. Thank you for your time, cooperation, and consideration.

Sincerely,

*Jim Erickson*  
*Diane Erickson*

Jim and Diane Erickson

cc: The Honorable Alaska Senator Lyda Green  
The Honorable Alaska Representative Beverly Masek

**CORRESPONDENCE STUDY SCHOOL**  
MAT SU BOROUGH SCHOOL DISTRICT  
600 EAST RAILROAD AVE., SUITE #6  
WASILLA, ALASKA 99654 (907) 373-3570  
FAX (907) 373-3573  
STEVE LEVINE, PRINCIPAL



*Cliff* → *file*  
*J*

January 31, 2000

FEB 1 9 2000

Dear Representative Austerman,

I am writing this letter to voice my strong support for the reauthorization of the ARDOR Program through the year 2003.

I have been a volunteer on the Board of Directors of the Mat-Su Resource Conservation and Development Council for the past five years. I have served over two years as Treasurer on the Executive Board. My seat on the Board allows me to represent the largest employer in the Matanuska-Susitna Borough, that of the Mat-Su Borough School District. I have always viewed my involvement in this organization as being good for Mat-Su Schools. A strong economy and greater assessed evaluations make building a better educational system easier to accomplish because more local revenue is available.

I know that Mat-Su RC&D is the only local entity able to leverage it's broad-based political and business advocacy with local knowledge and expertise to make big dreams come true. We have made excellent progress on the Hatcher Pass Project, the dispensation of the Big Lake Hatchery, as well as moving the Port McKenzie Project forward. In addition to these headliner projects, we have a long list of individual businessmen and budding entrepreneurs that we have provided technical assistance to. Similarly, we have provided guidance and insight to many non-profit organizations related to community development and resources conservation such as, Wasilla Wonderland Park, Houston Homesteaders Community Center, Goldrush Centennial, Palmer Children's Playground, and Wasilla Skate Park. We have paved the way to make their dreams, albeit smaller than a port, come true as well.

Again, I urge you to do all that you can in support of House Bill 265, Extending the ARDOR Program, happen.

Sincerely,

*Steve Levine*  
Steven L. Levine



# MATANUSKA-SUSITNA BOROUGH

Borough Manager

350 E. Dahlia Avenue, Palmer, Alaska 99645-6488  
Phone (907) 745-9689 FAX (907) 745-9669

January 31, 2000

The Honorable Alan Austerman  
Alaska State Legislature  
State Capitol (MS3100)  
Juneau, AK 99801

A  
File  
FEB 05 2000

Dear Representative Austerman:

The Matanuska-Susitna Resource Conservation and Development Council (Mat-Su RC&D) has received funding for many years from the ARDOR program to enhance the employment and tax base of the Mat-Su Borough while maintaining a high quality of life for residents. Among its many exemplary accomplishments in 1999, Mat-Su RC&D has:

- Assisted Mat-Su Borough and Port Commission in obtaining funding for construction of Port MacKenzie.
- Hosted the 1<sup>st</sup> Annual Valley Economic Development Conference.
- Drafted Overall Economic Development Plan.
- Completed & distributed Timber Utilization Plan for the Mat-Su.
- Completed construction of the Houston Educational Park.
- Completed Houston Homesteaders Community Center.
- Completed Big Lake's 100 Junker Rally (clean-up project).
- Completed economic recovery grants for Wasilla, Houston, and Big Lake.
- Provided continuing assistance to: Wasilla Wonderland, Palmer Children's Playground, Houston Homesteaders, Skateboard Park, Goldrush Centennial, Palmer Hockey Association, Wasilla Soil and Water Conservation District.
- Completed portable dry kiln project.

Extending the ARDOR program through HB 265 will benefit future development projects of the Mat-Su Resource Conservation & Development Council and the residents of the Mat-Su Borough.

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael J. Scott".

Michael J. Scott  
Borough Manager

/sk  
013100.1

**ELEANOR F. OAKLEY**  
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PALMER, AK 99645  
907-745-1745  
907-745-1749 (FAX)  
email - eoakley@mtaonline.net

**FAX COVER PAGE**

**DATE:** February 1, 2000

**TO:** Rep. Alan Austerman  
Attn: Cliff Stone, Chief of Staff

**RE:** Reauthorization, ARDOR Program

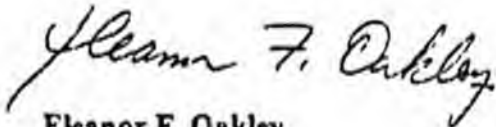
**TELEPHONE:** 907-465-4956

**Number of Page:** two (2)

As a former Mat-Su Borough Assembly member, I have worked closely with our local RC&D and realize the importance of the organization regarding economic development not only for our area but also for the benefit of the economic well-being of the State of Alaska. Also I worked with other RC&Ds on a state-wide basis as a founding member of the Alaska Center for Appropriate Technology and realize the importance of the organizations for economic development in the rural areas of the state.

I fully support the continued funding of the state-wide organization through H.B. 265. As you may be aware, the program leverages each \$1 invested to more than \$5 in private and federal dollars.

Sincerely,



Eleanor F. Oakley

cc: Mat-Su RC&D

FEB 02 2000



prince william sound  
**ECONOMIC  
DEVELOPMENT  
COUNCIL**

February 8, 2000

Representative Alan Austerman  
State Capitol  
Juneau, AK 99801-1182

REF: House Bill 265

Dear Representative Austerman:

Prince William Sound Economic Development Council, an ARDOR since 1991, has been instrumental in over \$5.5 million for our region. These projects have been extremely beneficial to the quality of life and economic growth of the area.

As president of PWSEDC board of directors, I would like to express my support for the ARDOR organizations and HB 265.

Thank you for providing leadership in this matter.

Sincerely,

David A. Dengel  
President



February 9, 2000

The Honorable Alan Austerman  
Alaska State House of Representatives]  
House Finance Committee  
State Capitol, Room 434  
Juneau, Alaska 99801-1182

Dear Representative Austerman:

We at the Southwest Alaska Municipal Conference, appreciate your leadership and interest in identifying methods of funding for the reauthorization of the Alaska Regional Development Organizations (ARDOR). As one of the twelve approved ARDORs in Alaska, Southwest Alaska Municipal Conference is working to improve economic conditions in our region.

Our current ARDOR activity has resulted in preparation of promotional material for individual business in our region, training of specific operators in copyright protection technique, and consultancy in business planning for communities. Our role is one of advocate, counselor and technician. We work on multiple levels to match our service in a very tailored manner with requirements of our clients. We believe that tangible improvements in business practice are among the direct results of our efforts within the region we represent. Our clients through their call for continuing service document their need. We look forward to hearing more from your office as debate on reauthorization proceeds. Thank you for consideration of our situation.

Sincerely,

A handwritten signature in black ink, appearing to read 'William Theuer', written in a cursive style.

William Theuer  
Economic Development Specialist  
Southwest Alaska Municipal Conference

lt/email/aust1.doc/wrt



415 E. Railroad Avenue \* Wasilla, AK 99654  
Email: chamber@wasilla.net

Telephone (907) 376-1299 \* Fax (907) 373-2560  
Home Page: www.chamber.wasilla.net

Voted "Alaska's Outstanding Local Chamber of Commerce ~ 1998"

February 4, 2000

Representative Alan Austerman  
Alaska State Legislature  
State Capitol (MS 3100)  
Juneau, Alaska 98801

FEB 10 2000

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Dear Representative Austerman,

Please accept this letter of support for HB265. The State funding of the ARDOR program is critical to the Mat-Su Resource Conservation & Development Council. This agency has a strong performance record in our Borough, and has consistently worked to improve the local economy.

During 1998/99 our Chamber benefited from Mat-Su RC&D's efforts on the following projects:

- Established Annual Economic Development Summit for the Mat-Su Valley
- Helped secure U.S. Forest Service community economic development grants for Wasilla, Big Lake and Houston
- Provide annual assistance to Greater Wasilla and Palmer Chambers of Commerce to conduct joint-chamber economic development luncheon
- Assisted Greater Wasilla Chamber of Commerce with production of an aerial FAM-Tour of the major economic development projects in the Mat-Su Valley.

At a time when Alaska is seeking new investment opportunities which will stimulate economic diversification, it is critical that funding of the ARDOR program, which provides \$5 in private and federal funds per every \$1 the State invests, be extended.

Thank you for your efforts and sponsorship of HB265.

Sincerely,

Ed Brittingham  
Executive Director

CC: Charles Parker, Mat-Su RC&D

# Alaska Regional Development Organizations

## Annual Report

Anchorage Economic Development  
Corporation



Arctic Development Council

Bering Strait Alaska Regional  
Development Organization

Copper Valley Economic Development  
Council

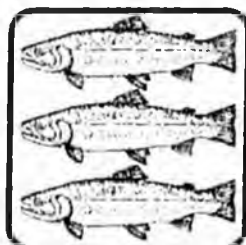
Interior Rivers Economic Development  
Council



Kenai Peninsula Borough Economic  
Development District

Lower Kuskokwim Economic  
Development Council

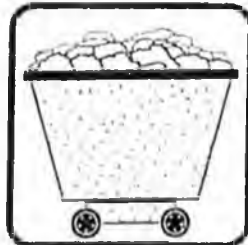
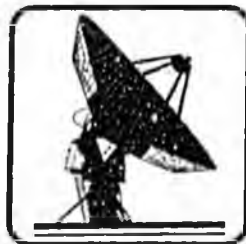
Lower Yukon Economic Development  
Council



Mat-Su Resource Conservation &  
Development Council

Northwest Arctic Borough Economic  
Development Commission

Prince William Sound Economic  
Development Council



Southeast Conference

Southwest Alaska Municipal Conference

January 2000

## Contact List

### **Anchorage Economic Development Corporation (4/11/89)<sup>1</sup>**

Larry Crawford, President & CEO  
900 West 5th Avenue, Suite 300  
Anchorage, AK 99501  
Phone: 258-3700 Fax: 258-6646  
lcrawford@aedcweb.com

### **Arctic Development Council (3/1/91)<sup>1</sup>**

Deborah Punton, Executive Director  
PO Box 1353  
Barrow, AK 99723  
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dpunton\_adc@barrow.com

### **Bering Strait Alaska Regional Development Organization (1/15/97)<sup>1</sup>**

Norm Stadem, Director  
Kawerak, Inc.  
PO Box 948  
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stadem@kawerak.org

### **Copper Valley Economic Development Council (11/1/90)<sup>1</sup>**

Larry Dickerson, Executive Director  
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Glennallen, AK 99588  
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cvedc@alaska.net

### **Interior Rivers RC&D Council (4/30/99)<sup>1</sup>**

Ruth St. Amour, Coordinator  
PO Box 309  
Aniak, AK 99557  
Phone: 675-4578 Fax: 675-4579  
rrs@kuskokwim.com

### **Kenai Peninsula Borough Economic Development District (2/2/89)<sup>1</sup>**

James A. Elson, Interim Chief. Exec. Offc.  
PO Box 3029  
Kenai, AK 99611  
Phone: 283-3335 Fax: 283-3913  
<http://www.kpedd.org>

### **Lower Kuskokwim Economic Development Council (9/17/91)<sup>1</sup>**

Carl Berger, Executive Director  
PO Box 2021  
Bethel, AK 99559  
Phone: 543-5967 Fax: 543-3130  
carl\_berger@ddc-alaska.org

### **Lower Yukon Economic Development Council (11/1/91)<sup>1</sup>**

Scott Wagner, Executive Director  
825 Mulchatna Dr.  
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### **Mat-Su Resource Conservation & Development Council (11/1/93)<sup>1</sup>**

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### **Northwest Arctic Borough Economic Development Commission (6/28/89)<sup>1</sup>**

Denise Koutchak, Executive Director  
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### **Prince William Sound Economic Development Council (11/1/91)<sup>1</sup>**

Sue Cogswell, Executive Director  
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pwsedc@alaska.net

### **Southeast Conference (4/14/89)<sup>1</sup>**

Frank Homan, Executive Director  
213 West 3rd Street, Suite 124  
Juneau, AK 99801  
Phone: 463-3445 Fax: 463-5670  
seconf@ptialaska.net

### **Southwest Alaska Municipal Conference (4/6/89)<sup>1</sup>**

Mark Earnest, Executive Director  
3300 Arctic Blvd., Suite 203  
Anchorage, AK 99503  
Phone: 562-7380 Fax: 562-0438  
mark\_earnest@swamc.org

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**“Economic development is not simply creating a business or job—and the term means something different in each region of Alaska. Where infrastructure is in place, new business starts and job creation are the translation. Where little infrastructure exists, economic development means developing the water, energy, and transportation systems and workforce—that is, creating an environment in which development can occur. Thus, economic development, especially in areas with little infrastructure, takes time. Even when the infrastructure and resources exist, creating businesses and jobs is a capacity building process—it does not happen overnight.”**

Donna Tollman, Former Executive Director,  
Copper Valley Economic Development Council



## Overview

**The Alaska Regional Development Organizations (ARDOR) Program is the State's contribution to regional initiatives for developing Alaska's economy.** In 1988, the Legislature recognized that locally driven initiatives, in partnership with the State, is the most effective approach to creating and sustaining strong, healthy economies. The Legislature established the ARDOR Program to create a network of organizations to plan and support economic development at the regional level.

There are currently 13 ARDORs. The ARDORs, like their counterparts nationwide:

- enable local officials and businesses to pool their limited resources and work together on economic development issues.
- develop partnerships among public, private and other organizations, and
- provide needed technical assistance via direct links with local citizens.

It's not the State trying to determine what's best for the region—rather it's the residents and those doing business in the region working together to create their economic future.

**The ARDOR Program is providing a return for the State's investment.** The State provides \$620,000 in grant funds for the ARDOR Program. As indicated on the following pages, the accomplishments of the ARDORs are impressive. Additionally, to their credit, the ARDORs have used the \$620,000 in State grant funds to leverage over \$3.5 million annually in other funds.

Communities and local organizations are making a significant financial commitment to the ARDOR program. An FY98 DCED evaluation of the ARDOR Program indicates that 96% of the required match is provided by local sources. ARDOR board member participation reflects a local commitment to the ARDOR Program. The 13 ARDOR boards, each with 10-20 members, constitutes 150+ local, civic minded individuals, who volunteer their time to achieve a stronger economic base in their region.

ARDOR boards bring together the leadership, expertise and dedication needed to generate sustainable economic development. ARDOR boards include individuals representing the private sector, land owners, school district, utilities, local government, etc.

The original intent of the ARDOR Program was to create regional entities, similar to the Southeast Conference or Southwest Alaska Municipal Conference, that could (1) improve the local economy and (2) eliminate region-wide economic development barriers, such as inadequate transportation or uncoordinated marketing efforts.

As reflected on the following pages, the ARDORs are meeting this Legislative intent. The ARDORs work on a wide range of projects. Some, like Anchorage's "Top of the World Cargo Conference" have regional or statewide impacts. Other projects, such as eco-tourism expansion, business start-up workshops, and the Kenai Business Innovation Center, assist individuals and businesses.



## Issues

The ARDOR Program will sunset 6/30/00 unless the Legislature reauthorizes the Program. The reauthorization is a critical issue this Legislative Session. The very survival of many of the regional economic development councils is dependent on whether the ARDOR Program continues after 6/30/00.

If the funding for each ARDOR were to be increased above the \$50,000 level, the ARDORs could accomplish even more. Additional funding would allow the ARDORs to establish even more small business incubators, develop Internet marketing expertise, address more costly infrastructure needed for business development, focus on value-added manufacturing, etc.

### Participants of the Arctic Development Council's Youth Entrepreneurship Program



Top row from left: Holly Elbert, Eugene Gueco, Timothy Aiken.

Bottom Row from left: Michelle Grimes, Ashley Brookes, Martina Leavitt, Steven Kaleak

"We are a group of 13 year olds that have gone through the Educating Youth on Entrepreneurship (EYE) program. We learned everything about starting a small business. We had to write a business plan and present it to the ADC Board of Directors for approval for a loan from the Youth Revolving Loan Fund to start our business. This program has given us the chance to be owners and operators of our own business "PHATsnacks". We make the decisions, pay the bills (including balancing the checkbook), order the inventory, and operate the concession stand. We have learned that in order for our business to be successful we need dedication and teamwork and work our scheduled time."  
PHATsnacks Owners



# Anchorage Economic Development Corporation

## 1999 Examples of Accomplishments

- New Business Incentive Program passed by Legislature and signed into law.
- BUY ALASKA available statewide on the Internet at [www.buyalaska.com](http://www.buyalaska.com).
- With DCED, published Fresh and Live Seafood Reports for Korea, Taiwan and Hong Kong.
- Assisted Kinetic Aviation, Inc. with site location, permits and financing.
- Facilitated formation of advocacy group for multi-modal transportation access to the Anchorage waterfront in support of oil industry module construction projects and shipping of goods through the Port.
- Developed and published forecast and quarterly economic updates (in AEDC newsletter - circulation 32,000), presented updates to 87 audiences (ranging in size from 5 - 600 persons), and briefed Permanent Fund managers and guests of Mayor.

The Business Incentive Program provides infrastructure, equipment, key personnel relocation costs and on-the-job training for manufacturing and value added industry in Alaska. BUY ALASKA has created or retained 331 jobs with \$15.24 million retained in Alaska's economy. An increasing fraction of services are outside of Anchorage. Fresh and Live Seafood Reports are available on CD ROM and were presented at a 10/98 public symposium. Data is in support of fresh and live air cargo from Anchorage.

## 3 Top Economic/Business Needs

- Workforce development.
- Transportation infrastructure for commercial corridors.
- Completion of year round tourist destinations in Anchorage.

To keep more of our talented entry level graduates in the Alaska workforce, student outreach about work opportunities in aviation, health services, manufacturing and tele-communication needs to be supported with promotion campaigns and collaboration with local and "Outside" universities. Anchorage's growth patterns need to accommodate industrial development and freight mobility, as well as residential, tourist and pedestrian amenities. Additional tourist destinations, such as the Native Heritage Center, Potter Marsh Nature Center and Fisheries Industry Center at Ship Creek will enhance Anchorage's year round appeal.

## 1999 Goals

- Promote Anchorage as site for global logistics and light manufacturing.
- Promote Anchorage waterfront as multi-modal transportation/trade center.
- Expand use of Anchorage businesses to Alaska communities, especially health care and education.
- Promote year round tourism and convention infrastructure and destinations.
- Provide applied economic research/analysis for business opportunities in Anchorage.

## FY 1999 Budget

\$47,692	State ARDOR grant
47,692	Locally generated match
1,060,616	Additional funds generated or leveraged by the ARDOR (may include State funds)

**\$1,156,000** Total (The State ARDOR grant funds 4% of the total.)

## Board of Directors

### Executive Committee

Mel Nichols, (Chair) engineering  
Jim Gorski, (Vice Chair) prof services  
Gene O'Hara, (Sec/Treas) health services  
Ernie Hall, manufacturing  
Kirk McGee, Native corporation

### Members

Mike Brady, construction  
William Deaver, transportation  
Jim Kubitz, transportation  
Max Lowe, tourism  
Dale Mormon, construction and equipment  
Tom Maloney, oil and gas  
Kathy Porterfield, prof services  
Royce Rock, organized labor  
Dana Tindall, communications  
Nancy Usera, financial  
Mary Sholton-Witte, transportation

### Ex-Officio Members

Ramona Barnes, State Rep  
Ethan Berkowitz, State Rep  
Gene Bjornstad, elec. utilities  
Ronald Duncan, communications  
Thomas Edrington, tele. utilities  
Johnny Ellis, State Senator  
Lee Gorsuch, education  
Wilson Hughes, communications  
Mary Hughes, Municipality  
Rick Mystrom, Mayor  
Tennys Owens, retail  
Drue Pearce, State Senator  
Morton Plumb Jr., transportation  
Deborah Sedwick, DCED  
Commissioner  
B. John Shipe, Financial  
Randy Simmons, industrial dev.  
Dick Tremaine, Anch. Assembly  
Fay Von Gemmingen, Assembly

### Contact

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900 West 5th Ave, Suite 300  
Anchorage, Alaska 99501  
Phone: 258-3700  
Fax: 258-6646  
E-mail: [lcrawford@aedcwed.com](mailto:lcrawford@aedcwed.com)



# Arctic Development Council, Inc.

## 1999 Examples of Accomplishments

- Continued to provide technical assistance to more than 400 individuals of the North Slope Borough, including conducting a series of 2 business plan development workshops in each of the 8 communities.
- Provided revolving loan fund financing for 2 new small businesses on the North Slope. Total active loans = 9, reflecting \$221,380 in loans. Types of loans extended: Native arts and crafts, welding services, video game rentals/sales, coffeehouse, bed & breakfast and youth-owned concession stand.
- Developed Educating Youth on Entrepreneurship (EYE) Program. This helps young adults learn all aspects of ownership and operation of a small business. The 13 EYE graduates selected a small business to own and presently operate a successful concession stand at the Barrow Roller Rink.
- Implemented Youth Revolving Loan Fund - any youth organizations in the North Slope Borough are eligible to apply for a loan. Funding ranges from \$1,000 to \$5,000. One loan approved to date - a concession stand.
- Established and presently operate a Native arts and crafts gift shop; marketing outlet for local artisans.
- Continue to operate a business incubator having 4 clients and 5 successful graduates.
- Established a business resource library in the ADC Small Business Support Center providing a centralized location for residents. The library has more than 600 business-related materials (cataloged into the local Tuzzy library system) along with 2 personal computers (including a variety of software and a funding database) for client use.
- Continue to operate Project Information Center (PIC) for North Slope contractors who may review and/or purchase upcoming construction projects for bid. This year 50 borough capital improvement project bid packets were made available in the PIC and 149 plans and specifications sold. Also, available in the PIC are procurements for state and federal government construction projects.

## 3 Top Economic/Business Needs

- Privatization of borough services to private industry to increase small business ownership opportunities and efficiency of operations.
- Develop cultural tourism to replace dwindling oil revenues.
- Increase circulation of dollars spent on the North Slope.

## FY 2000 Goals

- Privatization of North Slope Borough services designated for private sector operations.
- Expand Youth Entrepreneurship Program to at least 1 outlying village.
- Expand Business Resource Library to the 7 outlying villages.
- Establish business incubator in at least 1 village.
- Develop gift shop into an artisan's cooperative, if the community wants one. Otherwise develop gift shop into privately-owned business.

## FY 2000 Budget

\$ 47,692	State ARDOR grant
423,000	Locally generated match - North Slope Borough
0	Additional funds generated or leveraged by the ARDOR (may include State funds)
<b>\$470,692</b>	<b>Total (The State ARDOR grant funds 10% of the total.)</b>

## Board of Directors

### Executive Committee

Mayor Jim Vorderstrasse (Pres),  
City of Barrow  
Robert Harcharek (Vice-Pres),  
North Slope Borough  
Ron Panigeo (Treas), Ukpogvik  
Inupiat Corp  
Lucy Brown (Sec), Tagiugmiulla  
Nunumiullu Housing  
Authority

### Members

Vacant, Native Village of Barrow  
Ray Jakubczak, BP Exploration  
Dorcus Thompson, Cape  
Smythe Air Service  
Wes Osowski, National Bank of  
Alaska  
Forrest "Deano" Olemaun,  
Arctic Slope Regional  
Corporation  
Lisa Asplin, Ilisagvik College

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"I believe that ADC here in Barrow is a great asset to the people of the North Slope. When I was in need of services to put my business package together, they were of great assistance. They helped me with putting my business plan, budget and financial projections together."  
*Max Ahgeak, Egasak Electric Enterprises*



# Bering Strait Regional Development Organization

## 1999 Examples of Accomplishments

- Began implementation planning and activities in response to the Comprehensive/ Regional Economic Development Strategy (CEDS/REDS) for the region.
- Sponsored a regional freight symposium.
- Sponsored a regional village store managers workshop.
- Made application to USDA-NRCS for designation as a Resource Conservation and Development (RC&D) Area.
- Organized the Native Voices Theatre.
- Started a business incubator process to nurture development of construction trade skills and businesses in the region. Organized a Construction Technology Support Unity (CTSU) to assist communities with all aspects of force account construction projects.

Designation as the ARDOR has created a permanent, full time position, the Planning Development Specialist. With the support of Kawerak's CED program we expect to have a minimum of three new businesses going during 1999 and 30% increase in local construction activity.

## 3 Top Economic/Business Needs

- Education at all levels.
- Access to risk-subsidized capital.
- More participation by local residents in the construction trades.

These three elements will enhance job creation and business development and wealth creation by: (1) establishing a labor force that can take advantage of opportunities that presently, in many cases, requires importing skilled personnel with the concomitant outflow of income; (2) allowing small enterprises to start up and expand; and (3) increasing income from construction (architect, engineer, material supply, labor) which will add dramatically to the village and regional income flows and create additional wealth.

## 2000 Goals

- Continue implementing elements of the CEDS and REDS in the region.
- Develop and conduct workshops for the annual update the CEDS/REDS.
- Present a successful application for designation by USDA-NRCS as a RC&D.
- The Native Voices Theatre will have several performances and research opportunities for high school students.
- Help new businesses and growing businesses with feasibility analyses and business planning and management.
- Organize and conduct a follow-up village store manager's training workshop.
- Organize and conduct a regional economic development symposium to explore potential economic development opportunities in the region.
- Provide follow-up assistance and information in response to issues learned at the regional freight symposium.

## FY 2000 Budget

\$47,692	State ARDOR grant
15,896	Locally generated match
0	Additional funds generated or leveraged by the ARDOR (may include State funds)
<b>563,588</b>	<b>Total (The State ARDOR grant funds 39% of the total.)</b>

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## Board of Directors

### Executive Committee

Robert Keith (Chair), Kawerak, Inc.

Don Stiles (Vice-Chair), fisheries

Mary Darlene Charles (Sec.), Southcentral Sub-regional Villages

### Members

Fred Eningowuk, banking

Simon Bekoalok, Jr., Kawerak, Inc.

Mark Johnson, tourism

Jim Rowe, transportation

Tom Sparks, minerals

Kevin Zweifel, Norton Sound

Wayne Mundy, Bering Strait Housing

Not designated, City of Nome

Gilbert Toktoo, Northern Sub-regional Villages

Fritz Waghiiyi, St. Lawrence Island Villages

Steve Longley, Nome Sub-region

---

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# Copper Valley Economic Development Council, Inc.

## 1999 Examples of Accomplishments

- Consolidated Area Strategic Plan.
- Community profile updated.
- Computerized Small Business Resource Center.
- Small Business Training Consortium with University of Alaska.
- IRS 501C 3 Designation obtained.
- Community needs assessment conducted.
- USDA RC&D applicant designation.
- Eastern Alaska Interior Forum.
- Small business development and training.

## Top Economic/Business Needs

- Natural gas pipeline
- Railroad expansion
- Wrangell St. Elias National Park Visitor Center
- McCarthy Highway improvements
- Local control/management of critical issues
- Physical Infrastructure/services to support growth
- Preservation/enhancement of rural lifestyle

The CVEDC has created an integrated plan of work that includes four major areas:

- Organizational development
- Community development
- Economic development
- Natural resource conservation and development

This plan will help guide the Copper Valley into the next century.

The CVEDC is guided by the principles that:

- The Copper Valley region and its residents will manage and control the future of the area through local participation and decision making.
- Local citizens, businesses, and organizations will be the beneficiaries of the economic opportunities that arise in the Copper Valley.
- The rural lifestyle of the area will be preserved and enhanced, maintaining the Copper Valley as a quality place to live, work and play.

## Board of Directors

### Members

Theresa Absher, (Pres)  
business  
Vickie Snitzler, (Vice-Pres)  
government  
Thelma Schrank, (Sec)  
employment  
Daryl Lowe, (Treas) banking  
Phil Baur  
Earl Bell, labor (retired)  
John Downes, business  
Carol Neeley, business  
Robert Wilkinson

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**"The Copper Valley Economic Development council is creating the Donna Tollman award to be presented to the person that most exemplifies service to the Copper Valley community. The first award will be presented this year."**

## FY 2000 Budget

\$47,692	State ARDOR grant
20,354	Locally generated match
0	Additional funds generated or leveraged by the ARDOR
<b>\$ 68,046</b>	<b>Total (The State ARDOR grant funds 42% of the total.)</b>



# Interior Rivers RC&D Council

## History

The Interior Rivers Resource Conservation and Development (RC&D) Council, formed in 1997, completed its Area Plan in September of that year. The Council members articulated the following vision and mission:

## Vision

The Interior Rivers R C & D area is at 20th century standards (no Third World conditions) with local control that guides strong economic development while protecting the environment, subsistence resources, and the cultural heritage of all people.

## Mission

The mission of the Interior Rivers R C & D Council is to create long-term jobs and improve village living standards on behalf of all residents of the region.

The Council has provided assistance to a number of local projects, such as helping Chuathbaluk obtain funds for utility planning and assisting in the preparation of an Overall Economic Development Plan for Russian Mission. A project to develop community profile maps for four villages is nearing completion. The Council obtained designation as an ARDOR in 1999, and is beginning its first year of activity under this program.

## Plan for 1999/2000 Goals

The Council's first year ARDOR workplan focuses on the development of a regional economic development strategy. Using ARDOR funds and a Magnuson-Stevens grant, the Council will conduct research and surveys, host village meetings on economic issues, and develop a strategy for economic diversification. This strategy will be consistent with the Council's vision and mission, and will demonstrate respect for local values.

In response to a regional meeting held in Aniak in March 1999, the Council is also working on plans for a regional training center. A steering committee has been meeting to guide plans for a training center that will meet local needs for job skills and life skills training.

The Council's community mapping project is expected to continue into 2000 with the completion of maps for all villages in the region.

## Board of Directors

### Executive Committee

Arnold Hamilton, (Pres)

Shageluk

Carl Morgan, Jr., (Vice-Pres)

Kuskokwim Native Assoc.

Lovey Duffy, (Sec)

Russian Mission

Robert Walker, (Treas) Anvik

Jeff Nelson, Aniak

### Members

Brian Soosuk, Chuathbaluk

Gabe Alexie, Crooked Creek

Gabe Nicholi, Grayling

Alfred Demientieff, Holy Cross

Liza Phillips, Lower Kalskag

Theodore Gordon, Red Devil

Andrew Gusty, Stony River

Evan Bobby, Jr., Lime Village

Angela Morgan, The

Kuskokwim Corporation

Phillip Demientieff, Tanana

Chiefs Conference

Kenny Morgan, Kuspuk School

District

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## FY 2000 Budget

\$47,692	State ARDOR grant
3,417	Locally generated match
33,585	Additional funds generated or leveraged by the ARDOR
<b>\$ 84,694</b>	<b>Total FY00 Budget (The State ARDOR grant funds 57% of the total.)</b>



# Kenai Peninsula Borough Economic Development District

## 1999 Examples of Accomplishments

- The new Kenai Peninsula Borough industrial prospectus was designed and written.
- Implemented electronic commerce training for small businesses through the Northwest Economic Development Network Project. Trained over 103 participants in Basic and Advanced Internet, Business and Marketing, and Web Page Design. Electronic commerce training opens the doors to global markets for small businesses, providing them with the tools to compete in the new electronic marketplace.
- Provided business consultation and training to over 220 clients, resulting in 41 jobs created and 37 jobs retained, and leveraged over \$2 million in loans. Business counseling and training help new and existing businesses solve a variety of business problems.

## 3 Top Economic/Business Needs

- Expansion of the Revolving Loan Fund pool and investigation of other financing alternatives. Recapitalization of the Revolving Loan Fund would allow EDD to partner with local banks to finance more businesses considered unlikely candidates for conventional financing in a conservative lending environment.
- Assessment of infrastructure needs for value added and communications technology. Infrastructure and skilled workers are critical elements for industrial growth.
- Diversification and development of existing business. Development of existing industry strengthens the industrial base and creates jobs.

## 2000 Goals

- Establish organizations leadership role in electronic commerce, work to strengthen information technology access across economic sectors. Assist small businesses in overcoming the "rural penalty" that can result from geographic isolation by using and developing telecommunications resources.
- Target recruitment activities towards industries that can take advantage of the Kenai Peninsula's infrastructure and resource assets. Identifying assets and targeting marketing efforts towards these assets will help bring new industries to the Kenai Peninsula Borough.
- Continue to strengthen relationships with municipal/community groups to promote locally driven economic development activities. Local participation in the development of goals will ensure community support.
- Continue the creation of new jobs through business assistance.
- Expand the Business Innovation Center activities to target technology and value-added businesses. The BIC and other business assistance activities promote economic growth.

## FY 2000 Budget

\$47,692	State ARDOR grant
47,692	Locally generated match
461,402	Other operating funds leveraged by the ARDOR (may include State funds)
<hr/>	
\$556,786	Total Operating Funds
50,000	Pass-thru and project specific funds
<hr/>	
\$606,786	Total FY00 Budget (The State ARDOR grant funds 7% of the total.)

## Board of Directors

### Executive Committee

Tom Boedecker, (Pres) city manager/City of Soldotna  
 Jim Chambers, (Vice Pres) organized labor  
 Pat Norman, (Sec) minority representative/Village of Port Graham  
 Jeff Sinz, (Treas) finance/Kenai Peninsula Borough

### Members

John Crawford, minority representative, City of Seldovia  
 Philemon Morris, transportation, City of Kachemak  
 Bill Popp, non-profit, borough assembly  
 Bob Satin, recreation, City of Seward  
 Diana Spann, telecommunications, City of Soldotna  
 Mary Tougas, retail, City of Soldotna  
 Luke Welles, retail, City of Homer  
 John Williams, real estate, City of Kenai

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**If this ARDOR had more resources we could increase our outreach to provide better services to the remote villages; spend more time cultivating new industries; and concentrate on more in-depth market research in order to keep abreast of economic trends, thus enabling the organization to become more responsive to business opportunities.**



# Lower Kuskokwim Economic Development Council, Inc.

## 1999 Examples of Accomplishments

- Three tourism product development tours for travel industry representatives to our region completed.
- Provided capacity building to village organizations to establish and grow local small businesses.
- Completed 2 business workshops for potential business operators.
- Promoted school-to-work activities for high school students, in partnership with the school district.
- Helped two communities seek and obtain funding to develop and implement a local economic development plan where none previously existed.
- Completed the second year of our salmon quality enhancement project, providing 75 local commercial fishermen a pay incentive for icing their catch.

The above supports job creation by providing information on business opportunities; how to access financing and technical assistance; how to operate a business successfully; educating those doing business in the region about the communities and services currently available; and giving communities a vision of how they want to improve their economy.

## 3 Top Economic/Business Needs

- Develop new markets for value-added fish products from our commercial salmon fisheries.
- Provide technical assistance to potential businesses, including assistance with preparing a business plan, securing financing, and managing a business successfully.
- Access to capital for business development.

The commercial salmon fishery is currently the economic mainstay of the region. Improving product marketability and new product development will increase the return to fishermen and allow for new jobs in the region.

## 2000 Goals

- Maintain the salmon quality enhancement project for the region's commercial salmon fishery.
- Complete economic development plans in two villages.
- Continue promoting local tourism through product development tours to our region for travel industry representatives.

The above will revitalize the region's fishery, the current leading industry, and lay the groundwork for new business development (tourism, food and lodging facilities).

## FY 2000 Budget

\$47,692	State ARDOR grant
25,000	Locally generated match
0	Additional funds generated or leveraged by the ARDOR
<b>\$72,692</b>	<b>Total (The State ARDOR grant funds 65% of the total.)</b>

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## Board of Directors

### Executive Committee

Andrew Guy, (Chair) Calista Native Corporation, Inc.  
Myron Naneng, (Vice-Chair) President AVCP, Inc.  
Max Angellan, (Treas) IRA Council  
Peter Julius, (Sec) IRA Council Administrator, business

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### Members

Willard Church, business, Native Village of Kwinhagak  
Mary Kapsner, State Rep.  
Richard Foster, State Rep.  
Sam George, business, Yupiit School District  
Lyman Hoffman, State Senator  
Alexie Jimmie, business, United Villages Inc. President  
Jackson Lomack, IRA Council  
Fred Phillip, IRA Council, Coastal Villages (CDQ) President  
Les Daenzer, Lower Kuskokwim School District

---

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**"Starting a new business is like caring for a baby. The baby is helpless and you must do whatever has to be done to meet its needs and keep it healthy so it will grow and prosper." Alexie Jimmie, LKEDC Board Member**



# Lower Yukon Economic Development Council

## 1999 Examples of Accomplishments

- With DCRA and VISTA from the region, held a "Champion Community" meeting in Marshall.
- Assisted Emmonak Tribal Council's with value added fish plant sales to sample Lower Yukon School District school sites.
- Assisted the Native Village of Chuloonawick with a "Small and Needy Tribes" grant.
- Assisted Kotlik and Sheldon Point with fishery related planning.

The USDA Champion Community project brings together local, State and federal resources to address economic development in Marshall. In-region sales of fish helps circulate dollars in the region, thereby improving the local economy. The "Small and Needy Tribes" grant will further economic opportunities of individuals in the region. Fishery related planning is addressing fish buying and value added production opportunities.

## 3 Top Economic/Business Needs

- Business training for residents.
- Career guidance.
- Collateral for business loans.

These are on-going needs that, with long term intervention, can achieve economic growth in the region. The Champion Community project, if pursued in additional villages, may be a forum to address business training needs and opportunities. The LYEDC, in cooperation with the Lower Yukon School District, intends to hold a meeting to discuss agency cooperation for career guidance for the area's youth. Collateral for business loans is still an obstacle for many. To their credit, the Yukon Delta Fish Development Association and Association of Village Council Presidents, Inc. have tailored loans for region residents with collateral problems.

## 2000 Goals

- Assuming LYEDC and LYSD partner to do career guidance, will prepare and implement work plan for the same.
- Establish administrative capabilities, develop a five year economic strategy, and provide career guidance for young tribal members for the Native Village of Chuloonawick.
- Expand marketing for the Emmonak value added fish plant.
- Continue developing Kotlik and Sheldon Point fish economy.
- Achieve a federal/State/community partnership in Marshall to better coordinate economic development efforts in the community.

Career guidance is an effort to ensure that future jobs in the region will be held by area residents. Should the pilot sites in the school district do well, sales to the entire school district will be the goal. Individual community work is helping build the local economic base.

## FY 2000 Budget

\$47,692	State ARDOR grant
15,738	Locally generated match
0	Other funds generated or leveraged by the ARDOR (may include State funds)
<b>\$63,430</b>	<b>Total (The State ARDOR grant funds 75% of the total.)</b>

## Board of Directors

### Executive Committee

George Owletuck (Pres), tribal council  
Andrew Brown (Vice-Pres), education  
Bay Johnson (Sec/Treas), banking

### Members

Edward Adams, Sr., tribal council  
Nick Andrews, Jr., tribal council  
Andrew Kelly, Sr., business  
Dan Kirby, transportation  
Benny Okitkun, Native corporation  
Alvin Owletuck, city  
Laura Peterson, city  
Doug Redfox, city  
Anthony Ulak, city  
Richard Weaver, Sr., city

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"The Lower Yukon Economic Development Council has worked with me in our pursuit of value added fish plant."  
**Bill Akers, Chalunawik Native Corporation**



# Matanuska-Susitna Resource Conservation & Development Council

Our purpose is to enhance the employment and tax base of the Mat-Su Borough while maintaining a high quality of life for residents.

## 1999 Examples of Accomplishments

- Assisted Mat-Su Port Commission in obtaining funding.
- Hosted the 1st Annual Valley Economic Development Conference.
- Drafted Overall Economic Development Plan.
- Completed & distributed Timber Utilization Plan for the Mat-Su.
- Completed construction of the Houston Educational Park.
- Completed Houston Homesteaders Community Center.
- Completed Big Lake's 100 Junker Rally (clean-up project).
- Completed economic recovery grants for Wasilla, Houston, and Big Lake.
- Provided continuing assistance to: Wasilla Wonderland, Palmer Children's Playground, Houston Homesteaders, Skateboard Park, Goldrush Centennial, Palmer Hockey Association, Wasilla Soil and Water Conservation District.
- Completed portable dry kiln project.

## 3 Top Economic/Business Needs

- Lack of a port: A bulk commodity port is needed to facilitate mineral development in interior Alaska.
- Investment in infrastructure: Improved road and/or rail access is needed to develop Port MacKenzie and Hatcher Pass.
- Increased private ownership of land: Only 3% of the Mat-Su Borough is in private hands. State land (60%) is not managed for economic growth.

## 2000 Goals

- Market Port MacKenzie as an industrial site.
- Development of Hatcher Pass ski area.
- Continue work on Chijik Road access project.
- Complete the Overall Economic Development Plan.
- Complete Timber Bridge commercialization project.
- Assist the City of Houston with feasibility study of a septic treatment site.
- Apply for Economic Development District designation.
- Big Lake Fish Hatchery: Acquire land and market property.
- Host 2nd Annual Valley Economic Development Conference.

## FY 2000 Budget

\$47,692	State ARDOR grant
25,500	Locally generated match
111,800	Additional funds generated or leveraged by the ARDOR (may include State funds)
<b>\$184,992</b>	<b>Total (The State ARDOR grant funds 26% of the total.)</b>

## Board of Directors

### Executive Committee

Bruce Borup, (Pres) Palmer EDA  
 Jim Ericksen, (Vice Pres) AK  
 Farmers & Stock Growers  
 Al Jorgenson, (Sec) Mat-Su Native  
 Federation  
 "Tiny" DePriest, (Treas) Greater  
 Palmer Chamber  
 Ted Smith, Willow Chamber Past  
 Pres.

### Members

Ed Brittingham, Wasilla Chamber  
 Dan Deedy, Enstar Gas  
 Steve Levine, MSB School District  
 Edna DeVries, City of Palmer  
 Janet Kincaid, Mat-Su Convention &  
 Visitors Bureau  
 Clarence Trubush, Palmer SWCD  
 Donna Totten, Houston Chamber  
 Mayor Sarah Palin, City of Wasilla  
 Jackson Parry, Upper Su SWCD  
 Anna Von Reitz, Big Lake Chamber  
 Wayne Carmony, Mat-Su Electric  
 Assoc.  
 Darcie Salmon, Valley Board of  
 Realtors  
 Tim Sullivan, Small Bus Dev Cntr  
 Steve Totten, City of Houston  
 Dick Zobel, Alaska Soil & Water  
 Conservation District  
 Chris Holmes, MTA  
 Meg Burgett, Wasilla SWCD  
 Debby Retherford, NBA  
 Michael Scott, Mat-Su Borough  
 Manager  
 Bill Stearns, Talkeetna Chamber

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# Northwest Arctic Borough Economic Development Commission

## 1999 Examples of Accomplishments

- Established Small Business Grant Program and awarded grants to 5 small business entrepreneurs.
- Designated as a Champion Community through the Empowerment Zone application process.
- Was awarded Community Development Block Grant to design a clinic in our region.
- Provided matching grants for a Foam Panel Manufacturer, Value Added Processor and a Burnbox Construction Project.

## 3 Top Economic/Business Needs

- Tourism expansion.
- Fisheries development.
- Technology-based businesses.

## 2000 Goals

- Establish a tourism marketing council.
- Provide grant writing training to City and IRA governments.
- Establish a youth loan program.
- Organize and hold an "Arctic Business Gathering" conference.

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## Board of Directors

Levi Cleveland, (Chair)  
Bert Adams, business  
Jo Oxentenko, banking  
Guy Adams, non-profit  
Frank Greene, NAB Planning Commission  
Garth Elson, (Vice Chair) business  
Martha Whiting, NANA Regional Corp  
Brad Reeve, utilities  
Jeff Hadley, for-profit

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## Ex Officio

Andy Baker, Assembly President  
Chuck Greene, Borough Mayor

---

## Contact

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If this ARDOR had more resources- the ARDOR would address some of the more costly infrastructure needs (such as water and sewer, better or new roads) that are required to develop and maintain a new business, tourism, or industry.

## FY 2000 Budget

\$47,692	State ARDOR grant
60,000	Locally generated match
0	Other funds generated or leveraged by the ARDOR (may include State funds).
<hr/>	
\$107,692	Total (The State ARDOR grant funds 44% of the total.)



# Prince William Sound Economic Development Council

## 1999 Examples of Accomplishments

- Assessment of spot shrimp in Prince William Sound - Valdez Native Tribe and NOAA.
- Approval of Comprehensive Economic Development Strategy (CEDS) by U.S. Department of Commerce, Economic Development Administration.
- Provided small business seminars and services with University of Alaska Small Business Development Center - Rural Outreach Program in Prince William Sound.
- Completed strategy to establish Maritime Response Center - Valdez.
- Provided assistance to Valdez Museum and Lord Cultural Resources/Toronto on expansion plan for museum.
- Hosted Regional Development meeting with Valdez Visitor and Convention Bureau.
- Completed project management for Tattilek Coho Salmon release, funded by the Exxon Valdez Oil Spill Trustees.

The Spot Shrimp Population Study is a five year study to estimate the abundance of the spot shrimp population in western Prince William Sound. The project has the potential to provide useful information on a resource important to subsistence users and potentially to commercial fishers.

## 3 Top Economic/Business Needs

- Diversity in economic base for region.
- Work Force Development
- Natural gas line from the North Slope to Valdez.

## 2000 Goals

- Complete application to become P.C&D.
- Become Federal Economic Development District.
- Obtain funding to build environmentally approved sewage pump-out stations in Chenega Bay, Cordova, Tattilek and Whittier.
- Establish maritime response center in Valdez, with training satellites in other Prince William Sound communities.

A Maritime Response Center in Prince William Sound will provide a broader economic base by offering more education and technical training in oil spill response and prevention. Programs will be offered through Prince William Sound Community College. Conferences and seminars will be held throughout the year with other response and prevention specialists. The proposed Maritime Response Center - Valdez will offer technical skills necessary to train highly capable response teams for Alaska. As the program expands, these teams will be able to mobilize anywhere needed.

## FY 2000 Budget

\$47,692	State ARDOR grant
15,896	Locally generated match
29,926	Additional funds generated or leveraged by the ARDOR (may include State funds)
<b>\$ 93,514</b>	<b>Total (The State ARDOR grant funds 51% of the total.)</b>

## Board of Directors

Dave Dengal (Pres), Valdez  
Dave Cobb, (Vice Pres), Valdez Mayor, fisheries  
Jim Roberts (Treas), Cordova  
Betty Miller (Sec), oil industry  
John Christensen, Chenega Bay IRA Council  
Larry Hancock, Cordova  
Gary Kompkoff, Tattilek IRA Council  
Robin Moore, Whittier  
Chuck Totemoff, Chenega Corp.

## Membership

BP Exploration, Alaska  
Alaska Tanker Company  
Alyeska Pipeline Service Company  
ARCO Alaska, Inc.  
Cities of Cordova, Valdez and Whittier  
Cooper Valley Telephone Coop.  
Copper Valley Cellular  
Chenega Corporation  
Cordova Air Service  
Carr Gottstein Foods  
First National Bank of Anchorage  
National Bank of Alaska  
Tattilek IRA Council  
Village Inn  
Pat Day  
Steph Engineers  
Valdez Chamber of Commerce  
Valdez Convention Visitors Bureau

## Contact

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Prince William Sound Economic Development Council has sponsored over \$5,367,000 in projects since 1991, leveraged by approximately \$486,426 in State ARDOR funds.



# Southeast Conference

## 1999 Examples of Accomplishments

- Publication of the Southeast Alaska Transportation Plan, bringing together the communities of the region and insuring their needs were included in the plan.
- Creation of the Southeast Electrical Intertie Committee to work toward implementation of the the Southeast Alaska Electrical Intertie System Plan.
- Provided technical and financial assistance for tourism development, fisheries enhancement, community development, and business infrastructure projects.
- Undertook major economic development planning/research project to seek federal designation as an Economic Development District (EDD) under the US Dept. of Commerce, Economic Development Agency.

This EDD designation will complement the State designation of the Southeast Conference as an Alaska Regional Development Organization and the US Dept. of Agriculture designation as a Resource Conservation and Development Council.

## 3 Top Economic/Business Needs

- Implement the Southeast Alaska Transportation Plan to improve transportation connections, reduce operating costs, increase capacity and provide more frequent and convenient service.
- Strengthen economic opportunities through an improved electrical intertie system of sharing energy resources, lowering cost and providing for environmental conservation.
- Stimulate economic recovery and stabilization in communities adversely affected by downturns in the natural resource based economy.

Continuation and improvement to the Alaska Marine Highway System (AMHS) is critical to the future economic and social life of the region. The AMHS ties the communities of the region together.

## 2000 Goals

- Develop regional infrastructure through implementation of the Southeast Alaska Transportation Plan and the Southeast Electrical Intertie System Plan.
- Support and assist communities in planning and executing local and regional economic development efforts and projects.
- Encourage and assist communities and organizations in responsible and balanced regional development and conservation efforts, as demonstrated by the MendeHall Watershed Management Project and the investigation of a Green Star program for marine vessels in Southeast Alaska.
- Strengthen partnerships with other organizations for the protection and improvement of the quality of life for all residents.

Southeast Conference will strive to achieve two major objectives in support of its mission to build strong economies, healthy communities and quality environment for Southeast Alaska: (1) Build upon those regional infrastructure projects that bring the communities of the region closer together and (2) Enhance the opportunity of community development through support and assistance at the individual project level.

## FY 2000 Budget

\$47,692	State ARDOR grant
47,692	Locally generated match
268,500	Additional funds generated or leveraged by the ARDOR (may include State funds)
<b>\$363,884</b>	<b>Total (The State ARDOR grant funds 13% of the total.)</b>

## Board of Directors

### Executive Committee

Bob Ward (Pres), public  
Rosemary Hagevig (1st VP), private  
John "JC" Conley (2nd VP), private  
Tom Briggs (Sec), public  
Lonnie Anderson (Treas), Mayor of Kake  
Linda Snow (Past Pres), at large

### Members

John Pearson, private  
Maxine Thompson, Mayor of Angoon  
Cheryl Lowden, public  
Rob Allen, private  
Murray Walsh, private

### Ex Officio

Frank Homan, Executive Director

### Contact

Frank Homan, Exec. Director  
Southeast Conference  
213 Third Street, Suite 124  
Juneau, Alaska: 99801  
Phone: 463-3445  
Fax: 463-5670  
E-mail: seconf@ptialaska.net

**If this ARDOR had more resources- the Southeast Conference would play a more aggressive role in providing direct technical assistance to individuals and groups seeking creation and retention of new wealth in the region. Opportunities exist in all sectors of Southeast Alaska's economy. Resource enhancement and value-added manufacturing are possibilities.**



# Southwest Alaska Municipal Conference

## 1999 Examples of Accomplishments

- Conducted two regional conferences.
- Through SWAMC's resolutions and legislative policy process, developed united positions on numerous issues, including transportation funding, increased fishery and marine ecosystem research, fishery disaster aid and State university funding.
- Completed Southwest Alaska brochure which highlights various community tourism products. The brochure will assist in educating existing audiences and attracting new visitor target markets.

The regional conferences provided a variety of training opportunities including tourism business development, marketing, infrastructure development, and electronic commerce opportunities that assist in business development and job creation. A united front on public policy issues is essential to create more stable local economies, improve infrastructure, and provide a better economic climate.

## 3 Top Economic/Business Needs

- Education and training.
- Diversification of local economies.
- Infrastructure development.

The local economies and availability of jobs in many Southwest Alaska communities has been adversely impacted by changes associated with the commercial fishing industry, including world market conditions, technology, and climate. Infrastructure development is essential for economic diversification. Education and training is critical for work force development to meet the challenges of diversification.

## 2000 Goals

- Conduct successful regional conferences.
- Produce Comprehensive Economic Development Strategy (CEDS) for Southwest Alaska.
- Improve visibility and utilization of regional tourism services and facilities.
- Be a strong voice for businesses and people in regard to public policy issues affecting the Southwest region.

Public policy that is favorable to rural communities can improve the climate for economic diversification, business development, and job creation. Promoting available tourism services will assist in strengthening and diversifying local economies, as well as attracting new interest in rural business. An annual economic development plan can be an important resource for Southwest communities by providing up-to-date demographic and economic information. Regional conferences are critical communication and networking situations for Southwest community representatives.

## FY 2000 Budget

\$47,692	State ARDOR grant
47,692	Locally generated match
126,108	Other funds generated or leveraged by the ARDOR (may include State funds)
<b>\$221,492</b>	<b>Total (The State ARDOR grant funds 21% of the total.)</b>

## Board of Directors

### Executive Board

Mayor Frank Kelty (Pres), City of Unalaska  
Wayne Stevens (Vice-Pres), Chamber  
Carvel Zimin (Sec/Treas), Bristol Bay Borough  
Alice Ruby, Choggiung Ltd.  
Kara Sandvik, Key Bank of Alaska

### Members

Mayor Glen Alsworth, Lake Clark Air/The Farm, Lodge  
Steven Hakala, Aleutians East Borough  
Stephanie Madsen, Aleutian Seafood Processors Assoc.  
Jack McFarland, Kodiak Island Borough  
Mary Monroe, Kodiak Island Borough  
Joe Sullivan, (At-Large) At-Sea Processors Association

### Contact

Mark Earnest  
3300 Arctic Blvd., Suite 203  
Anchorage, Alaska 99503  
Phone: 562-7380  
Fax: 562-0438  
E-mail: mark\_earnest@swamc.org

**The Southwest Alaska Municipal Conference is indeed an important advocacy group that represents a dynamic region of our state. Pointing out the inter-relationships of economic, social, and cultural issues of southwestern villages with all other rural and urban communities is an important mission and a vital service to the future of Alaska." Lt. Governor Fran Ulmer**



## Frequently Asked Questions

**What is an ARDOR?** A non-profit organization of local volunteers, representing numerous public and private interests, working together to achieve economic development in their region. An ARDOR is organized in accordance with Alaska Statute 44.33.026 and the Alaska Administrative Code (3 AAC 57).

**Why have a regional organization do economic development?** The Legislature established the ARDOR Program in 1988, and again in 1997, in support of the widely held belief that a locally driven initiative, in partnership with the State and other entities, can most effectively stimulate economic development and produce healthy, sustainable local economies.

**How does an ARDOR get established?** DCED approves an ARDOR designation. To be approved, the ARDOR must (1) be large enough and contain adequate resources to support a regional economic development program, and (2) be an economically viable unit with shared interests, resources, traditions, and goals. Currently, there are 13 ARDORs in all regions of Alaska, except for most of the Doyon region.

**How does an ARDOR work?** Each ARDOR is guided by a Board comprised of the economic development interests in the region. Board members are usually appointed by organizations in the region; however, some are elected. The Board hires an Executive Director to work with the Board to ensure an annual work plan is implemented. The Board oversees and directs the activities of the ARDOR.

**What are the ARDOR Program goals?** Encourage a healthier economic climate to increase the number of jobs; strengthen existing businesses; attract new businesses; and encourage economic diversification.

**What does an ARDOR actually do?** Each ARDOR is different with regard to existing economic development; infrastructure; a marketable natural resource; an educated work force; and a cohesive leadership organization—factors in achieving economic development. Thus, what each ARDOR does, is unique to that ARDOR. Generally, however, ARDOR's:

- ✓ conduct economic development related research and planning, including develop and implement a regional economic development strategy;
- ✓ respond to information requests;
- ✓ coordinate ARDOR's activities with other economic development activities;
- ✓ provide services designed to encourage economic development;
- ✓ collect and distribute economic information;
- ✓ develop and maintain community and village economic profiles;
- ✓ coordinate State economic or business development efforts; and
- ✓ serve as a liaison between State government and the region.

**How is an ARDOR funded?** DCED awards annually, a State grant to each ARDOR that satisfies the statutory and regulatory requirements of the ARDOR Program, including the requirement that each ARDOR provide a local, non-State match. In FY00, each ARDOR received \$47,692. The State grant and required match is usually not the ARDOR's only source of funding. ARDOR's can and do receive funding from a variety of sources.

**How much money does the State contribute to the ARDORs?**

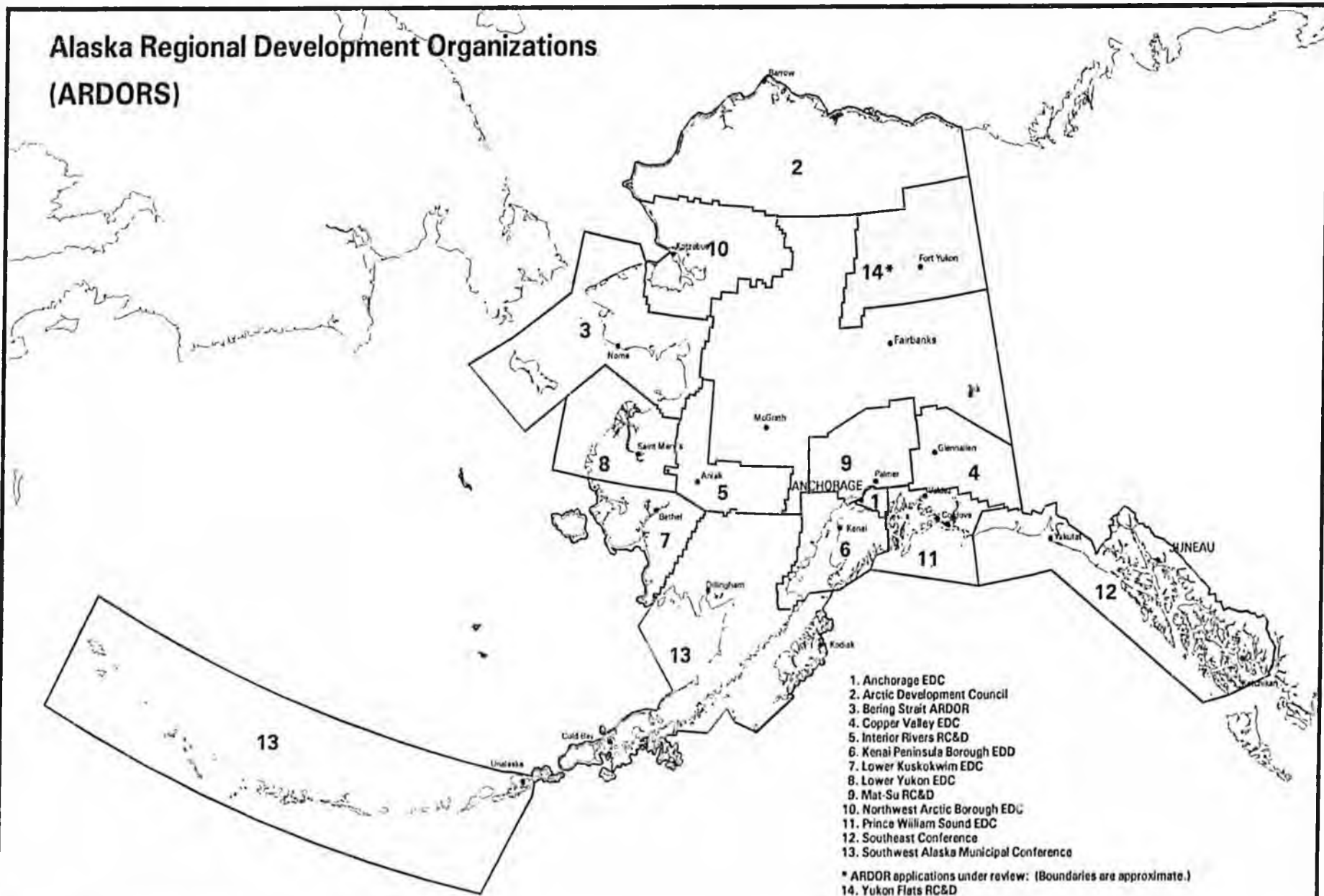
	FY97	FY98	FY99	FY00
Total	\$620.0	\$620.0	\$620.0	\$620.0
Each Grant	\$54.5	\$51.7	\$51.7	47.7
# of ARDORs	11 <sup>1</sup>	12	12	13

<sup>1</sup>Plus, one organizing ARDOR received \$20.0.

NOTE: Amounts are \$1,000



# Alaska Regional Development Organizations (ARDORS)



- 1. Anchorage EDC
- 2. Arctic Development Council
- 3. Bering Strait ARDOR
- 4. Copper Valley EDC
- 5. Interior Rivers RC&D
- 6. Kenai Peninsula Borough EDC
- 7. Lower Kuskokwim EDC
- 8. Lower Yukon EDC
- 9. Mat-Su RC&D
- 10. Northwest Arctic Borough EDC
- 11. Prince William Sound EDC
- 12. Southeast Conference
- 13. Southwest Alaska Municipal Conference

\* ARDOR applications under review: (Boundaries are approximate.)  
14. Yukon Flats RC&D

NOTES: DCED anticipates the Fairbanks North Star Borough will seek ARDOR designation in FY00.  
\* Russian Mission is in both Interior Rivers RC&D and Lower Yukon EDC.

EDC/EDO: Economic Development Commission, Corporation, Council or District  
RC&D: Federally designated Resource Conservation & Development District

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Produced, in cooperation with the 13 ARDORs, by the State Department of Community and Economic Development, Municipal and Regional Assistance Division, 550 W. 7th Avenue, Suite 1770, Anchorage, AK 99501.

For additional copies, contact Sharon Harris (1-907-269-4580). For more information on the ARDOR program, call Nelda Warkentin (1-907-269-4568).

DCED complies with Title II of the Americans with Disabilities Act of 1990. Upon request, this report will be made available in large print or other accessible formats. Request for such should be directed to DCED at 1-907-269-4580 or TDD 1-800-930-4555.

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# FISCAL NOTE

STATE OF ALASKA  
2000 LEGISLATIVE SESSION

BILL NO. HB 265

Revision Date/Time (Note li correction) 2/23/00 Dept. Affected DCED  
 Title \_\_\_\_\_ BRU Community and Econ Dev  
 An Act extending the termination date of the Alaska Regional ... Component Community and Econ Dev  
 Sponsor Representative Austerman  
 Requester HOUSE Special Comm. on Econ. Dev./Tourism Component No. 2243

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	30.0	30.0	30.0	30.0	30.0	30.0
Travel						
Contractual						
Supplies						
Equipn.ent						
Land & Structures						
Grants & Claims	620.0	620.0	620.0	620.0	620.0	620.0
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>650.0</b>	<b>650.0</b>	<b>650.0</b>	<b>650.0</b>	<b>650.0</b>	<b>650.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (RSA from AIDEA)	650.0	650.0	650.0	650.0	650.0	650.0
<b>TOTAL</b>	<b>650.0</b>	<b>650.0</b>	<b>650.0</b>	<b>650.0</b>	<b>650.0</b>	<b>650.0</b>

Estimate of any current year (FY2000) cost: 650.0

**POSITIONS**

Full-time	0	0	0	0	0	0
Part-time	1	1	1	1	1	1
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This is an existing program that is scheduled to sunset 6/30/00. Reauthorization will continue the program for 3 years (until 6/30/03). The \$650.0 comes to DCED via a Reimbursable Services Agreement (RSA) from the Alaska Industrial Development and Export Authority (AIDEA) Enterprise Development Fund (AS 44.88.155) DCED awards \$620.0 in grants equally to 13 existing Alaska Regional Development Organizations (ARDOR) (\$47.7 each). \$30.0 in personal services pays for a portion of DCED staff time associated with administering the grants and the ARDOR program in general. This funding is included in the current fiscal year budget and is included in the Governor's proposed FY 2001 budget.

Prepared by: Nelda Warkentin Phone 269-4568  
 Division Municipal and Regional Assistance Division  
 Approved by Commissioner Deborah B. Sedwick Date 02/23/00  
 Agency Department of Community and Economic Development

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**REPRESENTATIVE ALAN AUSTERMAN** Alaska State Legislature

P.O. Box 2368, Kodiak, Alaska 99615 (907) 486-5930 • Session: State Capitol, Juneau, Alaska 99801 465-2487

MEMORANDUM

**DATE:** February 9, 2000

**TO:** Representative John Harris, Co-Chair  
Representative Carl Morgan, Co-Chair  
House Community and Regional Affairs Committee

**FROM:** Representative Alan Austerman 

**SUBJ:** Request for Scheduling - House Bill 265

I respectfully request the House Community and Regional Affairs Committee schedule a hearing for HB 265 (pending referral) at your earliest convenience.

This bill would extend the termination date of the Alaska Regional Economic Assistance Program to July 1, 2003.

The referral packet is attached for your information.

Please contact Cliff Stone of my staff at 6588 as needed.

Thank you for your consideration.



## **REPRESENTATIVE ALAN AUSTERMAN** Alaska State Legislature

P.O. Box 2368, Kodiak, Alaska 99615 (907) 486-5930 • Session: State Capitol, Juneau, Alaska 99801 465-2487

### **SPONSOR STATEMENT - HB 265**

In 1988 the Alaska Regional Development Organizations program was created in statute. Commonly referred to as ARDOR's, they are private, nonprofit corporations formed by local initiative to promote private sector economic development within their designated regions.

The statutory authority for the Alaska Regional Economic Assistance Program is found in AS 44.33.895. Formerly AS 44.47.900, this statute change was the result of Chapter 58 SLA 1999 which merged and changed the name of certain departments in the executive branch of state government. This program is currently under the administrative oversight of the Division of Municipal & Regional Assistance within the Department of Community and Economic Development.

The ARDOR program has led to the formation of 13 regional development organizations such as the Anchorage Economic Development Corporation, the Southwest Alaska Municipal Conference, the Southeast Conference, and the Lower Kuskokwim Economic Development Council. Nearly two hundred representatives of local political, social and economic interests, who serve on ARDOR boards of directors, are working together to lead their regions to greater economic self-sufficiency.

The ARDOR grants, while not particularly large, are not tied to specific projects and so may be used for operating expenses and to leverage dollars from other sources. These are the hardest kind of dollars to find and are, therefore, extremely valuable to the organizations. Millions of additional dollars have been leveraged from federal, private and other funding sources.

ARDOR's are achieving significant success in sustainable development through the establishment of production and marketing cooperatives, improved access to capital, development and marketing of tourism destinations, technical assistance and training for local businesses and entrepreneurs, support to value added production and proactive involvement in locally initiated economic development projects.

Another important benefit afforded ARDOR's by statute is the ability of state agencies to enter into contracts, with them being exempt from a competitive procurement process. This has proven beneficial to ARDOR's, who are able to provide greater local expertise in service delivery or project implementation, and to state agencies who through the ARDOR's, are able to deliver services or projects more efficiently and with less administrative burden.

Representative Alan Austerman

SPONSOR STATEMENT - HB 265

Page 2

Sound economic development relies heavily on solid partnerships between the public and private sectors. The ARDOR's were conceived to facilitate this kind of partnering and to bring a regional perspective to the discussion of economic development issues.

The original legislation had a sunset clause ending the program in 1993. This bill extends that date to July 1, 2003. I believe it is in the best interest of the State of Alaska to continue the ARDOR program to insure the ongoing economic viability of Alaska's various regions.

# FISCAL NOTE

STATE OF ALASKA  
2000 LEGISLATIVE SESSION

BILL NO. HB 265

Revision Date/Time (Note if correction) \_\_\_\_\_ Dept. Affected DCED  
 Title \_\_\_\_\_ BRU Community and Econ Dev  
 An Act extending the termination date of the Alaska Regional ... Component Community and Econ Dev  
 Sponsor Representative Austerman  
 Requester HOUSE Special Comm. on Econ. Dev./Tourism Component No. 2243

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (specify type)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2000) cost: 650.0

**POSITIONS**

Full-time	0	0	0	0	0	0
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This is an existing program that sunsets 6/30/00. Reauthorization will continue the program for 3 years (until 6/30/03). The \$650.0 comes to DCED via a Reimbursable Services Agreement (RSA) from the Alaska Industrial Development and Export Authority (AIDEA) Enterprise Development Fund (AS 44.88.155) DCED awards \$620.0 in grants equally to 13 existing Alaska Regional Development Organizations (ARDOR) (\$47.7 each). \$30.0 in personal services pays for a portion of DCED staff time associated with administering the grants and the ARDOR program in general.

Prepared by: Nelda Warkentln Phone 269-4568  
 Division Municipal and Regional Assistance Division  
 Approved by Commissioner Deborah B. Sedwick Date 02/07/00  
 Agency Department of Community and Economic Development

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Alaska State Statute

Article 8C. Alaska Regional Economic Assistance Program.

Sec. 44.33.895. Alaska regional economic assistance program. (a) The department shall

(1) encourage the formation of regional development organizations by providing assistance in forming organizations to interested individuals, including information on how to qualify and apply for regional development grants and federal funding under 42 U.S.C. 3121 - 3246 (Public Works and Economic Development Act of 1965), as amended;

(2) assist an interested individual in establishing boundaries for a proposed organization to ensure that the region

(A) is of sufficient geographic size and contains a large enough population to form an economically viable unit with shared interests, resources, traditions, and goals;

(B) contains at least one municipality that serves as a regional center; and

(C) contains the entire area of each municipality included in the region;

(3) gather information about regional economic issues, international trade, and tourism from organizations;

(4) serve as liaison between organizations and other state agencies and encourage other agencies to make resources available to help accomplish goals of the organizations;

(5) assist each organization to

(A) provide services designed to encourage economic development to local communities and businesses;

(B) collect and distribute economic information relevant to the region;

(C) participate in state marketing campaigns and join state trade missions that are relevant to the region; and

(D) develop and implement strategies to attract new industry, expand international trade opportunities, and encourage tourism within the region.

(b) Subject to (c) of this section, the department may make regional development grants to organizations for projects the department determines will be of value in encouraging economic development. During a fiscal year, the department may make no more than 15 grants and may only make grants to one organization from a particular region. An organization that is designated an economic development district under 42 U.S.C. 3171 qualifies for grants under this subsection. The department shall by regulation adopt procedures for applying for regional development grants, including application deadlines. The department may by regulation establish additional grant eligibility requirements.

(c) To qualify for a grant, a regional development organization must match the grant by providing an amount of money from nonstate sources. The department shall establish by regulation a formula that determines the amount of the match required under this subsection based on the capability of each organization to generate money from nonstate sources. The amount of match required may not exceed the amount of grant money and may not be less than 20 percent of the grant. The total amount of grant money provided to an organization during a fiscal year may not exceed \$100,000.

(d) There is established in the department the regional development fund consisting of appropriations to the fund. Money from the fund may be used only for regional development grants.

(e) In this section,

(1) "department" means the Department of Community and Economic Development;

(2) "regional development organization" or "organization" means a nonprofit organization or nonprofit corporation formed to encourage economic development within a particular region of the state that includes the entire area of each municipality within that region and that has a board of directors that represents the region's economic, political, and social interests. (64 ch 58 SLA 1999)

Alaska Administrative Code

CHAPTER 057

ALASKA REGIONAL ECONOMIC ASSISTANCE PROGRAM

3 AAC 57.010

PURPOSE.

This chapter is intended to implement, interpret, and make specific the Alaska regional economic assistance program under AS 44.33.026 .

History -

Eff. 2/22/89, Register 109

Authority -

AS 44.33.020

AS 44.33.026

3 AAC 57.020

DUTIES AND RESPONSIBILITIES OF THE DEPARTMENT.

(a) The department will provide assistance to organizations and individuals interested in the formation of an Alaska regional development organization by providing the following:

(1) information, procedures, forms, and other material as required, on how to apply and qualify for an Alaska regional development grant;

(2) counseling and technical assistance to the regional economic organization in establishing and operating an Alaska regional development organization program; and

(3) available data and information on the region's economy in support of the regional organizational efforts.

(b) The department will:

(1) receive and process Alaska regional development organization designation, and grant, applications;

(2) disburse and receive regional development fund money;

(3) supervise and service grants;

(4) provide a written determination of compliance for each application for designation, and funding, of an Alaska regional development organization.

(c) Upon designation of an Alaska regional development organization, the department will assist in coordinating the organization's plans, programs, activities, and projects with other local, state, and federal agency efforts.

History -

Eff. 2/22/89, Register 109

Authority -

AS 44.33.020

AS 44.33.026

3 AAC 57.030

#### ELIGIBILITY.

(a) The department will accept applications from an applicant seeking designation and funding as an Alaska regional development organization, if the applicant is one of the following: a nonprofit corporation incorporated under the laws of Alaska, including a regional Native nonprofit corporation; an association of municipal governments; a public/private association such as an association of municipal governments and chambers of commerce; an association of local chambers of commerce; an association of local economic development councils or private economic development councils; a body formed by an organized municipality; or any other entity that meets the criteria of AS 44.33.026(e)(2).

(b) An economic development district, as designated by the Economic Development Administration, United States Department of Commerce, is, under AS 44.33.026 (b), automatically designated as an Alaska regional development organization. If a federally funded economic development district includes more than one designated Alaska regional development organization, the preexisting Alaska regional development organizations may not receive more than two grant awards after the date of the first federal grant award to that economic development district. Thereafter, that economic development district will be the sole designated Alaska regional development organization and the sole eligible grant applicant for that region.

(c) It is the responsibility of the applicant to show that the proposed regional development organization complies with the criteria in 3 AAC 57.040 and 3 AAC 57.050 , and AS 44.33.026 (a).

History -

Eff. 2/22/89, Register 109; am 11/26/93, Register 128

Authority -

AS 44.33.020

AS 44.33.026

*Note: This is a selected excerpt from the regulations. Please see 3AAC Chapter 57 for the entire text.*



[Alaska State Home Page](#)  
[Department Home Page](#)  
[Division Home Page](#)

## Alaska Regional Development Organizations -- ARDORS

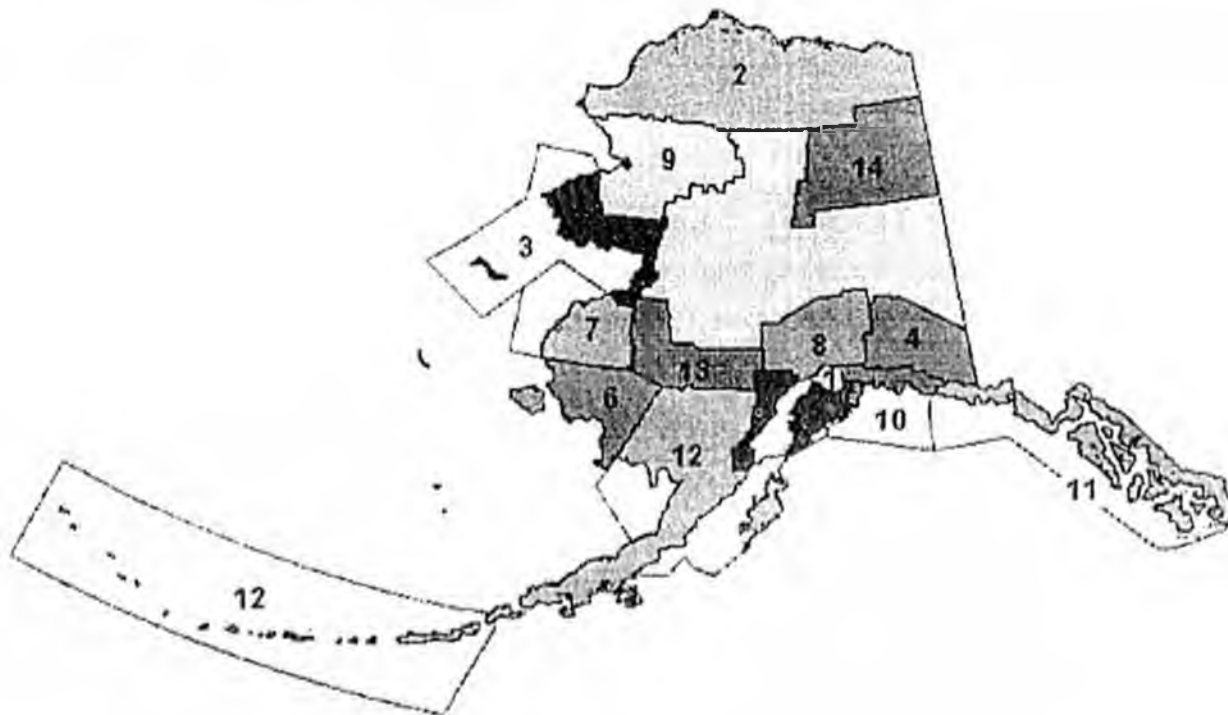
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The ARDOR program is based on the notion that locally driven initiatives, in partnership with the State, can most effectively stimulate economic development and produce healthy, sustainable local economies. The ARDORS are intended to:

- enable communities to pool their limited resources, and work together on economic development issues;
  - develop partnerships among public, private and other organizations,
  - offer a technical, nonpartisan capacity to develop and implement an economic development strategy,
  - often have extensive experience with federal/State programs, and
  - provide needed technical assistance via direct links with local citizens.
- 

### ARDOR Organizations

There are currently 12 ARDORS that cover all parts of Alaska with the exception of a portion of the interior. Two additional ARDOR applications are under review.



(ARDORS with Web Sites are "linked")


- |                                                       |                                                     |
|-------------------------------------------------------|-----------------------------------------------------|
| 1. <u>Anchorage Econ. Dev. Corporation</u>            | 7. Lower Yukon Econ. Dev. Council                   |
| 2. <u>Arctic Development Council</u>                  | 8. Mat-Su Resource Conservation & Development, Inc. |
| 3. Bering Straits ARDOR Program                       | 9. Northwest Arctic Borough Econ. Dev. Commission   |
| 4. Copper Valley Econ. Dev. Council                   | 10. Prince William Sound Econ. Dev. Council         |
| 5. <u>Kenai Peninsula Borough Econ. Dev. District</u> | 11. Southeast Conference                            |
| 6. Lower Kuskokwim Econ. Dev. Council                 | 12. <u>Southwest Alaska Municipal Conference</u>    |
- 

Applications under review:

- |                                           |                                       |
|-------------------------------------------|---------------------------------------|
| 13. Interior Rivers Resource Cons. & Dev. | 14. Yukon Flats Resource Cons. & Dev. |
|-------------------------------------------|---------------------------------------|
- 

### ARDOR TOPICS

Note: documents followed by  must be viewed and printed with *Adobe Acrobat*. You can download a copy of this application free at: Adobe Acrobat READER

- Frequently Asked Questions about ARDORS
  - ARDOR Statutes and Regulations
  - Contacting the ARDORS
  - Related Web Sites
  - 1997 ARDOR Annual Reports
  - 1998 ARDOR Annual Reports
  - 1999 ARDOR Annual Reports 
  - 2000 ARDOR Application Documents
- 

**For more information about the ARDOR Program, contact:**

Nelda Warkentin  
 Department of Community and Economic Development  
 Municipal and Regional Assistance Division  
 550 West 7th Ave., Suite 1790  
 Anchorage, AK 99501  
 Phone: 269-4580 FAX: 269-4539  
 e-mail: [Nelda.Warkentin@dced.state.ak.us](mailto:Nelda.Warkentin@dced.state.ak.us)

---

 Please go to the ARDOR's website for more info-

[http://www.dced.state.ak.us/mra/Mrad\\_ARD.htm](http://www.dced.state.ak.us/mra/Mrad_ARD.htm)

(Note: Case sensitive)

# Alaska Regional Development Organizations (ARDORS)



**NOTE:** DCRA anticipates the Fairbanks North Star Borough & Tanana Chiefs Conference, Inc. will seek ARDOR designation in FY 99.

## Contact List

### **Anchorage Economic Development Corporation (4/11/89)<sup>1</sup>**

Patricia DeMarco, President  
900 West 5th Avenue, Suite 300  
Anchorage, AK 99501  
Phone: 258-3700 Fax: 258-6646  
aedc@alaska.net

### **Arctic Development Council (3/1/91)<sup>1</sup>**

Deborah Punton, Director  
PO Box 1353  
Barrow, AK 99723  
Phone: 852-4146 Fax: 852-4147  
dpunton\_adc@barrow.com

### **Bering Straits Economic Development Corporation (1/15/97)<sup>1</sup>**

Norm Stadem, Director  
c/o Kawerak, Inc.  
PO Box 948  
Nome, AK 99762  
Phone: 443-4379 Fax: 443-2591  
stadem@kawerak.org

### **Copper Valley Economic Development Council (11/1/90)<sup>1</sup>**

Larry Dickerson, Executive Director  
PO Box 9  
Glennallen, AK 99588  
Phone: 822-5001 Fax: 822-5009  
cvedc@alaska.net

### **Kenai Peninsula Borough Economic Development District (2/22/89)<sup>1</sup>**

Tess Whalen, Director  
PO Box 3029  
Kenai, AK 99611  
Phone: 283-3335 Fax: 283-3913  
twhalen@kpedd.org

### **Lower Huskokwim Economic Development Council (9/17/91)<sup>1</sup>**

Carl Berger, Executive Director  
PO Box 2021  
Bethel, AK 99559  
Phone: 543-4967 Fax: 543-4171  
carl\_berger@ddc-alaska.org

### **Lower Yukon Economic Development Council (11/1/91)<sup>1</sup>**

Scott Wagner, Executive Director  
825 Mulchatna Dr.  
Wasilla, AK 99654  
Phone: 745-2262 Fax: 745-7984  
lyedc@mtaonline.net

### **Mat-Su Resource Conservation & Development District (11/1/93)<sup>1</sup>**

Douglas Smith, Executive Director  
351 West Parks, Highway, Suite 100  
Wasilla, AK 99654  
Phone: 373-1062 Fax: 373-1064  
matsurcd@mtaonline.net

### **Northwest Arctic Borough Economic Development Commission (6/28/89)<sup>1</sup>**

Andy Concepcion, Executive Director  
PO Box 1110  
Kotzebue, AK 99752  
Phone: 442-2500 Fax: 442-2930  
nabedc@ptialaska.net

### **Prince William Sound Economic Development Council (11/1/91)<sup>1</sup>**

Sue Cogswell, Executive Director  
PO Box 2353  
Valdez, AK 99686  
Phone: 835-3775 Fax: 835-3265  
pwsedc@alaska.net

### **Southeast Conference (4/14/89)<sup>1</sup>**

Berne Miller, Executive Director  
124 West Fifth Street  
Juneau, AK 99801  
Phone: 463-3445 Fax: 463-4425  
seconf@ptialaska.net

### **Southwest Alaska Municipal Conference (4/6/89)<sup>1</sup>**

Glen Vernon, Executive Director  
3300 Arctic Blvd., Suite 203  
Anchorage, AK 99503  
Phone: 562-7380 Fax: 562-0438  
swamc@alaska.net

## Frequently Asked Questions

**What is an ARDOR?** A non-profit organization of local volunteers, representing numerous public and private interests, working together to achieve economic development in their region. An ARDOR is organized in accordance with Alaska Statute 44.47.830 and the Alaska Administrative Code (3 AAC 54).

**Why have a regional organization do economic development?** The Legislature established the ARDOR Program in 1988, and again in 1997, in support of the widely held belief that a locally driven initiative, in partnership with the State and other entities, can most effectively stimulate economic development and produce healthy, sustainable local economies.

**How does an ARDOR get established?** DCRA approves an ARDOR designation. To be approved, the ARDOR must (1) be large enough and contain adequate resources to support a regional economic development program, and (2) be an economically viable unit with shared interests, resources, traditions, and goals. Currently, there are 12 ARDORs in all regions of Alaska, except the Interior. The Aniak region has submitted an application for ARDOR designation. Three other interior regions are considering ARDOR designation.

**How does an ARDOR work?** Each ARDOR is guided by a Board comprised of the economic development interests in the region. Board members are usually appointed by organizations in the region; however, some are elected. The Board hires an Executive Director to work with the Board to ensure an annual work plan is implemented. The Board oversees and directs the activities of the ARDOR.

**What are the ARDOR Program goals?** Encourage a healthier economic climate to increase the number of jobs; strengthen existing businesses; attract new businesses; and encourage economic diversification.

**What does an ARDOR actually do?** Each ARDOR is different with regard to existing economic development; infrastructure; a marketable natural resource; an educated work force; and a cohesive leadership organization—factors in achieving economic development. Thus, what each ARDOR does, is unique to that ARDOR. Generally, however, ARDOR's:

- ✓ conduct economic development related research and planning, including develop and implement a regional economic development strategy;
- ✓ respond to information requests;
- ✓ coordinate ARDOR's activities with other economic development activities;
- ✓ provide services designed to encourage economic development;
- ✓ collect and distribute economic information;
- ✓ develop and maintain community and village economic profiles;
- ✓ coordinate State economic or business development efforts; and
- ✓ serve as a liaison between State government and the region.

**How is an ARDOR funded?** DCRA awards annually, a State grant to each ARDOR that satisfies the statutory and regulatory requirements of the ARDOR Program, including the requirement that each ARDOR provide a local, non-State match. In FY98, each ARDOR received \$51,666. The State grant and required match is usually not the ARDOR's only source of funding. ARDOR's can and do receive funding from a variety of sources.

**How much money does the State contribute to the ARDORs?**

	FY97	FY98	FY99
Total	\$620.0	\$620.0	\$620.0
Each Grant	\$54.5	\$51.7	\$51.7
# of ARDORs	11 <sup>1</sup>	12	12

<sup>1</sup>Plus, one organizing ARDOR received \$20.0.  
NOTE: Amounts are \$1,000.



# SOUTHEAST CONFERENCE

*Working for strong economies, healthy communities, and a quality environment in Southeast Alaska*

## **A RESOLUTION URGING REAUTHORIZATION OF THE ALASKA REGIONAL DEVELOPMENT ORGANIZATION (ARDOR) PROGRAM (Resolution 00-12)**

- WHEREAS** one of the most serious challenges facing Alaskans today is expansion, diversification, and stabilization of the State's economy; and,
- WHEREAS** among the most successful approaches to economic expansion, diversification, and stabilization is one that encourages and facilitates a high level of participation at local and community levels; and,
- WHEREAS** the Alaska Regional Development Organization (ARDOR) Program was established to create and sustain regional development capacity by fostering effective public-private partnerships to implement locally conceived and executed economic and community development projects; and,
- WHEREAS** the ARDOR Program will "sunset" unless reauthorized by the Legislature, and
- WHEREAS** ARDORs statewide have laid a solid foundation for greater responsibility and leadership in economic and community development at the regional level; and,
- WHEREAS** Southeast Conference has assisted the people and communities of Southeast Alaska by: 1) supporting and helping improve and expand marine and land transportation infra-structure; 2) helping communities address solid waste management, household hazardous waste disposal, and other environmental needs; and, 3) helping communities plan and execute development efforts responsive to local needs and priorities.

### **NOW THEREFORE BE IT RESOLVED THAT:**

Southeast Conference urges the Administration and Legislature to fully support the ARDOR Program through appropriate administrative policies and appropriation of funds adequate to sustain the ARDOR mission of "building local capacity" and developing sustainable economies.

Southeast Conference urges the Administration and Legislature to reauthorize the ARDOR Program during the next legislative session.

This Resolution be sent to the Governor, the Legislature, the Department of Community and Economic Development and Alaska Industrial Development and Export Authority.

**ADOPTED BY: SOUTHEAST CONFERENCE ON SEPTEMBER 30, 1999**

Witness:

  
Robert W. Ward, Jr. - President Southeast Conference

Attest:

  
Frank Homan - Executive Director

**Jim & Diane Ericksen**

PO Box 877294  
Wasilla, Alaska 99687-7294

Phone 907-745-7467  
Fax 907-357-3805  
Home Phone 907-373-3805  
Email [jde@mtaonline.net](mailto:jde@mtaonline.net)

JAN 31 2000

January 29, 2000

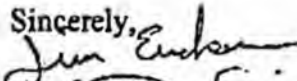

The Honorable Alaska Representative Alan Austerman  
Alaska State Legislature  
State Capitol (MS3100)  
Juneau, Alaska 99801

A  
file

Dear Representative Austerman,

Thank you for sponsoring HB265. The ARDOR program is very important for economic development throughout the State of Alaska. One project that the ARDOR program and the Mat-Su RC&D were very involved with was the port project out at Point MacKenzie. This is only one of the numerous expertize contributions we need towards economic development for our State. Hopefully, the two committees will take a long look at all of the good brought forth by the use of the ARDOR program and the Mat-Su RC&D for our State.

Again, thank you. Please add our names to your support list of HB265. If you have any questions, please contact us at the above address. Thank you for your time, cooperation, and consideration.

Sincerely,  
  
  
Jim and Diane Ericksen

cc: The Honorable Alaska Senator Lyda Green  
The Honorable Alaska Representative Beverly Masek

**CORRESPONDENCE STUDY SCHOOL**  
MAT SU BOROUGH SCHOOL DISTRICT  
600 EAST RAILROAD AVE., SUITE #6  
WASILLA, ALASKA 99654 (907) 373-3570  
FAX (907) 373-3573  
STEVE LEVINE, PRINCIPAL



January 31, 2000

FEB 6 9 2000

Dear Representative Austerman,

I am writing this letter to voice my strong support for the reauthorization of the ARDOR Program through the year 2003.

I have been a volunteer on the Board of Directors of the Mat-Su Resource Conservation and Development Council for the past five years. I have served over two years as Treasurer on the Executive Board. My seat on the Board allows me to represent the largest employer in the Matanuska-Susitna Borough, that of the Mat-Su Borough School District. I have always viewed my involvement in this organization as being good for Mat-Su Schools. A strong economy and greater assessed evaluations make building a better educational system easier to accomplish because more local revenue is available.

I know that Mat-Su RC&D is the only local entity able to leverage it's broad-based political and business advocacy with local knowledge and expertise to make big dreams come true. We have made excellent progress on the Hatcher Pass Project, the dispensation of the Big Lake Hatchery, as well as moving the Port McKenzie Project forward. In addition to these headliner projects, we have a long list of individual businessmen and budding entrepreneurs that we have provided technical assistance to. Similarly, we have provided guidance and insight to many non-profit organizations related to community development and resources conservation such as, Wasilla Wonderland Park, Houston Homesteaders Community Center, Goldrush Centennial, Palmer Children's Playground, and Wasilla Skate Park. We have paved the way to make their dreams, albeit smaller than a port, come true as well.

Again, I urge you to do all that you can in support of House Bill 265, Extending the ARDOR Program, happen.

Sincerely,

A handwritten signature in black ink that reads 'Steven L. Levine'. The signature is written in a cursive style.

Steven L. Levine



## MATANUSKA-SUSITNA BOROUGH

Borough Manager

350 E. Dahlia Avenue, Palmer, Alaska 99645-6488  
Phone (907) 745-9689 FAX (907) 745-9669

January 31, 2000

The Honorable Alan Austerman  
Alaska State Legislature  
State Capitol (MS3100)  
Juneau, AK 99801

A  
File  
FEB 05 2000

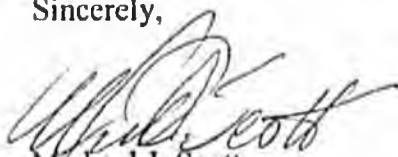
Dear Representative Austerman:

The Matanuska-Susitna Resource Conservation and Development Council (Mat-Su RC&D) has received funding for many years from the ARDOR program to enhance the employment and tax base of the Mat-Su Borough while maintaining a high quality of life for residents. Among its many exemplary accomplishments in 1999, Mat-Su RC&D has:

- Assisted Mat-Su Borough and Port Commission in obtaining funding for construction of Port MacKenzie.
- Hosted the 1<sup>st</sup> Annual Valley Economic Development Conference.
- Drafted Overall Economic Development Plan.
- Completed & distributed Timber Utilization Plan for the Mat-Su.
- Completed construction of the Houston Educational Park.
- Completed Houston Homesteaders Community Center.
- Completed Big Lake's 100 Junker Rally (clean-up project).
- Completed economic recovery grants for Wasilla, Houston, and Big Lake.
- Provided continuing assistance to: Wasilla Wonderland, Palmer Children's Playground, Houston Homesteaders, Skateboard Park, Goldruff Centennial, Palmer Hockey Association, Wasilla Soil and Water Conservation District.
- Completed portable dry kiln project.

Extending the ARDOR program through HB 265 will benefit future development projects of the Mat-Su Resource Conservation & Development Council and the residents of the Mat-Su Borough.

Sincerely,

  
Michael J. Scott  
Borough Manager

/sk  
013100.1

**ELEANOR F. OAKLEY**  
P. O. BOX 4072  
PALMER, AK 99645  
907-745-1745  
907-745-1749 (FAX)  
email - eoakley@mtaonline.net

FEB 02 2000

**FAX COVER PAGE**

**DATE: February 1, 2000**

**TO: Rep. Alan Austerman**  
**Attn: Cliff Stone, Chief of Staff**

**RE: Reauthorization, ARDOR Program**

**TELEPHONE: 907-465-4956**

**Number of Page: two (2)**

As a former Mat-Su Borough Assembly member, I have worked closely with our local RC&D and realize the importance of the organization regarding economic development not only for our area but also for the benefit of the economic well-being of the State of Alaska. Also I worked with other RC&Ds on a state-wide basis as a founding member of the Alaska Center for Appropriate Technology and realize the importance of the organizations for economic development in the rural areas of the state.

I fully support the continued funding of the state-wide organization through H.B. 265. As you may be aware, the program leverages each \$1 invested to more than \$5 in private and federal dollars.

Sincerely,

*Eleanor F. Oakley*

Eleanor F. Oakley

cc: Mat-Su RC&D



prince william sound  
**ECONOMIC  
DEVELOPMENT  
COUNCIL**

February 8, 2000

Representative Alan Austerman  
State Capitol  
Juneau, AK 99801-1182

REF: House Bill 265

Dear Representative Austerman:

Prince William Sound Economic Development Council, an ARDOR since 1991, has been instrumental in over \$5.5 million for our region. These projects have been extremely beneficial to the quality of life and economic growth of the area.

As president of PWSEDC board of directors, I would like to express my support for the ARDOR organizations and HB 265.

Thank you for providing leadership in this matter.

Sincerely,

David A. Dengel  
President



February 9, 2000

The Honorable Alan Austerman  
Alaska State House of Representatives]  
House Finance Committee  
State Capitol, Room 434  
Juneau, Alaska 99801-1182

Dear Representative Austerman:

We at the Southwest Alaska Municipal Conference, appreciate your leadership and interest in identifying methods of funding for the reauthorization of the Alaska Regional Development Organizations (ARDOR). As one of the twelve approved ARDORs in Alaska, Southwest Alaska Municipal Conference is working to improve economic conditions in our region.

Our current ARDOR activity has resulted in preparation of promotional material for individual business in our region, training of specific operators in copyright protection technique, and consultancy in business planning for communities. Our role is one of advocate, counselor and technician. We work on multiple levels to match our service in a very tailored manner with requirements of our clients. We believe that tangible improvements in business practice are among the direct results of our efforts within the region we represent. Our clients through their call for continuing service document their need. We look forward to hearing more from your office as debate on reauthorization proceeds. Thank you for consideration of our situation.

Sincerely,

A handwritten signature in dark ink, appearing to read 'William Theuer', written in a cursive style.

William Theuer  
Economic Development Specialist  
Southwest Alaska Municipal Conference

lt/email/aust1.doc/wrt



415 E. Railroad Avenue \* Wasilla, AK 99654  
Email: chamber@wasilla.net

Telephone (907) 376-1299 \* Fax (907) 373-2560  
Home Page: www.chamber.wasilla.net

Voted "Alaska's Outstanding Local Chamber of Commerce ~ 1998"

February 4, 2000

Representative Alan Austerman  
Alaska State Legislature  
State Capitol (MS 3100)  
Juneau, Alaska 98801

FEB 10 2000

A  
Feb

Dear Representative Austerman,

Please accept this letter of support for HB265. The State funding of the ARDOR program is critical to the Mat-Su Resource Conservation & Development Council. This agency has a strong performance record in our Borough, and has consistently worked to improve the local economy.

During 1998/99 our Chamber benefited from Mat-Su RC&D's efforts on the following projects:

- Established Annual Economic Development Summit for the Mat-Su Valley
- Helped secure U.S. Forest Service community economic development grants for Wasilla, Big Lake and Houston
- Provide annual assistance to Greater Wasilla and Palmer Chambers of Commerce to conduct joint-chamber economic development luncheon
- Assisted Greater Wasilla Chamber of Commerce with production of an aerial FAM-Tour of the major economic development projects in the Mat-Su Valley.

At a time when Alaska is seeking new investment opportunities which will stimulate economic diversification, it is critical that funding of the ARDOR program, which provides \$5 in private and federal funds per every \$1 the State invests, be extended.

Thank you for your efforts and sponsorship of HB265.

Sincerely,

Ed Brittingham  
Executive Director

CC: Charles Parker, Mat-Su RC&D

LB/sp

**HB**

**272**



# Alaska State Legislature

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## HOUSE COMMITTEE ON COMMUNITY AND REGIONAL AFFAIRS

---

Representative John Harris, Representative Carl Morgan, Co-Chairmen  
State Capitol, Room 110, Juneau, Alaska 99801-1182  
(907) 465-3882

### AGENDA

February 1, 2000

1. Call meeting to order
  
2. Roll call      Rep. Dyson  
                     Rep. Kookesh  
                     Rep. Halcro  
                     Rep. Murkowski  
                     Rep. Joule  
                     Rep. Morgan  
                     Rep. Harris
  
3. Consideration of bills on agenda  
  
                     HB 272 – Rep. Halcro, prime sponsor  
  
                     HB 233 – Rep. Halcro, prime sponsor
  
4. Announcements or other business  
  
                     Next meeting: Thursday, Feb. 3 – HB 137 Municipal Dividend
  
5. Motion to adjourn



# Teleconference Participants

TCN: 10251

### Participant Lists

View List for

ALL

Both

Go >>>

Close Window

### Participants

Unidentified Testifiers: 0

Unidentified Observers: 0

#### ANCHORAGE (ANC)

1

Name: Mr. Jan Sieberts ✓

Phone:

Address:

Affiliation: Bank of AK

City /St /Zip:

Type: Testifier

Bill: HB 272: MUNICIPAL TAX: LOW INCOME HOUSING

#### KODIAK (KOD)

1

Name: Mr. Pat Carlson

Phone:

Address:

Affiliation:

City /St /Zip:

Type: Testifier

Bill: HB 272: MUNICIPAL TAX: LOW INCOME HOUSING



# Alaska State Legislature

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## HOUSE COMMITTEE ON COMMUNITY AND REGIONAL AFFAIRS

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Representative John Harris, Representative Carl Morgan, Co-Chairmen  
State Capitol, Room 110, Juneau, Alaska 99801-1182  
(907) 465-3882

### AGENDA

February 1, 2000

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                      HB 233 – Rep. Halcro, prime sponsor
  
4. Announcements or other business  
  
                      Next meeting: Thursday, Feb. 3 – HB 137 Municipal Dividend
  
5. Motion to adjourn

PO Box 100600

**Alaska Bankers Association**  
Anchorage, Alaska 99510-0600

(907) 265-2920

January 26, 2000

Representative Andrew Halcro  
House of Representatives  
State Capital, room 418  
Juneau, AK 99801-1182

Dear Representative Halcro:

On behalf of the Alaska Bankers Association, I wish to thank you for your sponsorship of HB272. As you are well aware, the Municipality of Anchorage's insistence, despite repeated reversals by the Board of Equalization, upon assessing the rent restricted housing projects as if these restrictions did not exist, will bring about the demise of these projects.

The financial structure of these projects varies somewhat from situation to situation. In general terms, Alaskan banks (NBA, First National, Key) became the limited partner in partnership with a non-profit (locally, Anchorage Neighborhood Housing). The banks, in return for federal tax credits, invest the equity capital, AHFC provides the mortgage, and ANHS the management of the project. The financial partner's only return on investment is from the tax credits. In fact, in a time certain, set forth in the partnership agreement, the bank gives its interest in the project to ANHS.

It is indeed a tragedy that, by almost any measure, the most successful housing program for low to moderate- income families will flourish everywhere across the nation except Alaska. Alaska was the only state that did not fully utilize its federal tax credit allocation. This can be blamed on nothing but the actions of the Municipality. Many states completely exempt projects such as these from taxation altogether. Your bill, with which we highly concur, requires that the assessment be based upon the economic value of the project, not its construction cost or imagined value. This approach is very similar to the existing State statute that requires assessors take into consideration any diminishment of value based upon a conservation easement. (AS 29.45.062)

Again, our thanks to you for your leadership on this issue, and if there is any additional information that either the Alaska Bankers Association or its members can provide you, please give me a call at (907) 777-3028.

Sincerely,



David A. Lawer  
President



Michael J. Burns  
District President

Key Bank  
P.O. Box 100420  
Anchorage, AK 99510

Tel: 907-564-0250  
Fax: 907-563-1764

VIA FACSIMILE: 907-465-2418

January 28, 2000

Representative Andrew Halcro  
House of Representatives  
State Capitol, Room 418  
Juneau, Alaska 9801-1182

Re: HB272

Dear Representative Halcro:

Your commitment to understanding the unique partnership of the Federal government, the non-profit developers, Alaska Housing Finance Corporation, and the financial institutions of the state that are (jointly) developing low and moderate-income housing, is to be saluted. This is not a simple structure and the time that you have spent in discerning how the program works is most appreciated.

I have been in the banking business for 27 years and have seen many housing programs come and go, and collapse of their own weight. This tax credit-based private development is, by far, the most successful. It is a tragedy that last year Alaska was the only state to not fully utilize its Federal allocation. These programs cannot work when taxed under the unique theory of the Municipality of Anchorage.

Your legislation will allow all of us to change the quality of the housing stock in Alaska. Thank you for your support and the time you have taken to understand this complex issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael J. Burns".

Michael J. Burns

January 27, 2000

Representative Andrew Halcro  
Alaska State Legislature  
State Capitol, Suite 418  
Juneau, Alaska 99801-1182

Anchorage  
Neighborhood  
Housing  
Services, Inc.  
3700 Woodland Drive  
Suite 500  
Anchorage, AK 99517  
(907) 243-1558  
FAX (907) 243-3214



Dear Representative Halcro,

I am writing to express my support of House Bill 272, legislation that would require local governments to assess housing which qualifies for a low-income housing credit under 26 USC 42 on the actual income derived from the property and not the value that would result from a "market", or unrestricted property.

For the past two years, a number of non-profit agencies providing low-income affordable housing for individuals and families, many of whom are elderly, disabled, or previously homeless have been subjected to radically inflated property taxes by the Municipality of Anchorage Tax Assessor. In some cases, as much as a 180% increase in one year. These organizations have repeatedly filed appeals and spent thousands of dollars on attorney fees.

Clearly the mission of these organizations is to increase the quality of living in our communities for those less fortunate. They have contributed to solving the problem of homelessness in our community; revitalized neighborhoods through the renovation of previously deteriorated properties; and destigmatized "low income" properties by creating quality, affordable housing throughout a diversity of neighborhoods.

Nationally, 60% of all multi-family affordable housing in the United States is created through Federal Low Income Housing Tax Credits. Without consideration given to the actual income derived from these properties when assessing them, no future development will occur. Further, these properties left to meet the higher property taxes, will overtime deteriorate or face foreclosure.

Thank you Representative Halcro, for introducing House Bill 272. Your efforts will help guide the Municipality towards not only a more permanent solution, but one that will contribute to the overall health and development of our citizens and our community.

Sincerely,

  
Mary Jane Michael  
Executive Director

Anchorage  
Neighborhood  
Housing  
Services, Inc.  
3700 Woodland Drive  
Suite 500  
Anchorage, AK 99517  
(907) 243-1558  
FAX (907) 243-3214



January 27, 2000

Representative Andrew Halcro  
Alaska State Legislature  
State Capitol, Suite 418  
Juneau, Alaska 99801-1182

Dear Representative Halcro,

Thank you for introducing House Bill 272. This is very important legislation and I applaud your efforts. I would like to offer one recommendation to your bill. As you know, we have been working locally with Assemblyman Alan Tesche and Melissa Taylor to introduce an ordinance addressing the same issue. I have attached a copy.

I would recommend that you include "other financing that requires legally binding rental restrictions through long-term deed restrictions".

Not all of the properties involved in the tax appeal are low income tax credit properties, but do have legally binding rental restrictions through long-term deed restrictions, such as AHFC Tax Exempt Program and HOME Program.

If you would like more information or if I can be of any assistance in your efforts regarding this bill, please do not hesitate to contact myself or Jeff Judd, Executive Director of Alaska Mutual Housing Association at 243-1558.

Sincerely,

Mary Jane Michael  
Executive Director



**First National Bank**  
of Anchorage

---

January 26, 2000

Representative Andrew Halcro  
House of Representatives  
State Capital, room 418  
Juneau, AK 99801-1182

Dear Representative Halcro:

On behalf of The First National Bank of Anchorage, I wish to thank you for your sponsorship of HB272. The Municipality of Anchorage's insistence upon assessing rent restricted housing projects as if such restrictions did not exist, and the uncertainty about whether the same treatment of them might occur elsewhere in the State of Alaska, will prevent further development of such projects.

We have participated in two such projects that are presently in jeopardy by reason of the intransigence of the Municipality of Anchorage, and we will not participate in any other such project unless we can be certain that it will not suffer the same fate.

By all accounts the Low Income Housing Tax Credit program is the most successful housing program in the nation for low to moderate - income families. And until the Municipality of Anchorage brought an end to further such development in Anchorage, it was the most successful program for that purpose in the State of Alaska. Now, Alaska is the only state that does not fully utilize its federal tax credit allocation.

Particularly in the western portion of the US, state legislatures are choosing to completely exempt such projects from ad valorem taxation. Your bill, which we enthusiastically support, would require only that the assessment of each such project for ad valorem tax purposes be based upon the economic value of the project, not its cost or its imagined value free of rent restrictions.

We commend your leadership in this matter, and if I can personally be of assistance by providing additional information that may be necessary or desirable to bring about passage of this legislation, please let me know.

Very truly yours,

David A. Lawer  
Senior Vice President & General Counsel



**AMHA**  
*Anchorage Mutual  
Housing Association*

*Extra's*

January 27, 2000

Representative Andrew Halcro  
Alaska State Legislature  
State Capitol, Suite 418  
Juneau, Alaska 99801-1182

Dear Representative Halcro,

Thank you very much for your sponsorship of House Bill No.272 regarding the tax assessment of quality, affordable housing properties funded in part with federal tax credits through the Low Income Housing Tax Credit (LIHTC) Program. This program and other affordable housing programs available through the Alaska Housing Finance Corporation, provide critical funding that is necessary for the development and rehabilitation of multi-family properties that serve low-income families.

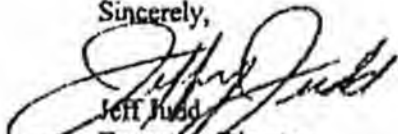
In return for these federal sources of funding, the owner must agree to legally binding long term deed restrictions (15 - 30 years) restricting the use of the property to lower income families at restricted rent levels. Generally, these restricted rent levels are below the "market" rents in the area. This "affordable" rent enables the lower income family to have the same basic opportunities of life, food and clothing for instance, that higher income families perhaps take for granted. In doing so, we create a healthier community for all Alaskans.

Due to the restricted revenue generated by these affordable housing properties, the market value of the restricted property is less than it would be if the project were at "market rate" or unrestricted property. And that is the very crux of why HB 272 is needed. HB 272 would specify more clearly that local governments must consider the deed restrictions that apply to such properties when determining the "full and true" value.

Failure to pass HB 272 jeopardizes future investment in affordable housing in our communities; may likely cause at least some existing owners to default on obligations secured by existing affordable housing properties; and will lead to the deterioration of our neighborhoods. It is due to these concerns that I strongly support your effort to pass HB 272.

Thank you again for your efforts in this regard.

Sincerely,



Jeff Hudd  
Executive Director

# HOUSING FIRST

**Affordable Housing for Individuals and Families**

e-mail [bstreet@alaska.com](mailto:bstreet@alaska.com)

(907)364-3573

FAX: (907)364-2674

1801 Douglas Highway, No. 16, Douglas, AK 99824

Rep. Andrew Halcro  
Via fax: 465-2418

Jan. 27, 2000

Dear Rep. Halcro,

Thank you for sponsoring House Bill 272. We are very appreciative of any effort to resolve the on-going property tax problem we've encountered with our apartments for low-income tenants.

Housing First, Inc., is one of the non-profit housing organizations that has used tax credits to build affordable rental apartments in Alaska. Using this source of funding, along with funds from a number of other sources, including conventional loans, we have built two buildings, with 21 units total, in Juneau and Douglas.

Each year since construction of each property, we have appealed our property taxes to the City and Borough of Juneau. Each year, we are glad to say, we have received some relief from these taxes. Some years, the appeal has gone to the Board of Equalization; in other years, our appeal has been settled administratively. We have tried to persuade our city assessor to take an income-based approach to assessing the buildings, but have been unsuccessful. Generally, we reach a tax agreement that is between our request, based on an income-based approach, and the full market-based assessment we receive from the city.

It is clear to us that without a legislative solution to this problem, we will have to commit resources, time and energy to each year's appeal, and each year accept something less than what we believe is a fair assessment.

For us, property tax relief has made the difference between owning buildings that are operating in the black or in the red. As a non-profit organization that has one part-time staff person and an active board of volunteers, it is vitally important that our buildings are able to pay for themselves. We have no other source of operating funds, since 100 percent of our units have rent ceilings attached.

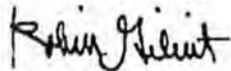
These rent ceilings are in place for 30 years from construction of the building; our oldest building has 24 years remaining on these ceilings. As a non-profit organization, even after the 30 years are up, we are obligated (and feel it our duty) to continue operating these buildings for low-income tenants for the remaining life of the structures.

These rent ceilings are attached via deed restrictions, therefore, any owner of the building would face the same financial crunch we have faced. These lengthy restrictions are another excellent reason to grant property tax relief. The value of our buildings is affected by these ceilings.

We have taken the risk and responsibility of building these apartments for the public good. In return, we would like a fair assessment of the value of our properties.

Again, we thank you for sponsoring this important legislation.

Sincerely,



Robin Gilcrist  
President, Housing First, Inc.

# **ANCHORAGE HOUSING INITIATIVES, INC**

Post Office Box 202222 - Anchorage, Alaska 99520-2222

January 31, 2000

Representative Andrew Halcro  
Alaska State Capitol  
Juneau, AK 99801

Dear Representative Halcro:

Subject: HB 272 - Low Income Housing Tax Assessments

On behalf of Anchorage Housing Initiatives, Inc. I pledge our wholehearted support to the passage of HB 272. This legislation is critical to the continuation of the development of safe, decent, and affordable housing in Anchorage and throughout Alaska. Anchorage Housing Initiative is a designated Community Housing Development Organization in Anchorage that provides community integrated housing to persons who experience disabilities.

One major means of providing such housing is through the development of new, accessible multifamily housing through the Low Income Housing Tax Credit (LIHTC) program. This program has been the source for the development of 66 units of multifamily housing by Anchorage Housing Initiatives that are accessible, affordable and would not have been possible had it not been for the LIHTC program. These units are currently at imminent risk of default due to the excessively high and unwarranted property tax assessments imposed by the Municipality of Anchorage. The property tax assessment policy of the Municipality of Anchorage will not only result in the loss of current affordable housing units such as Hillpoint Park and Access, it has resulted in the suspension of development in Anchorage of any new LIHTC projects.

While our units are located in Anchorage, this is a statewide issue in that LIHTC are available statewide and a consistent, fair and equitable tax assessment policy is required to promote development in areas most at need of affordable housing. The passage of HB 272 will be landmark legislation for Alaska in recognizing the need for safe, decent and affordable housing for all communities. You have our complete support for this legislation.

Sincerely,



Shannon Wilks

President, Board of Directors

**COMMUNITY INTEGRATED HOUSING FOR PERSONS WHO EXPERIENCE DISABILITIES**



# Southcentral Counseling Center

a division of Anchorage Community Mental Health Services, Inc.

4020 Folker Street • Anchorage, Alaska 99508 • (907) 563-1000 • Fax (907) 563-2045 • e-mail: sccdir@alaska.net

January 31, 2000

Representative Andrew Halcro  
Alaska State Capitol  
Juneau, AK 99801

Dear Representative Halcro:

Subject: HB 272 - Low Income Housing Tax Assessments

On behalf of Anchorage Community Mental health Services, Inc. I lend our wholehearted support to the passage of HB 272. This legislation is critical to the continuation of the development of safe, decent, and affordable housing in Anchorage and throughout Alaska. The individuals and families we serve are primarily low and moderate income and may are people who experience disabilities. Safe, decent and affordable housing is critical to their stability in the community and their quality of life. The development of new, accessible multifamily housing through the Low Income Housing Tax Credit (LIHTC) program is a major means of providing such housing.

This program has been the source for the development of 1,235 units of multifamily housing in Anchorage through rehabilitation of existing housing and new that would not have been possible had it not been for the LIHTC program. These units are currently at imminent risk of default due to the excessively high and unwarranted property tax assessments imposed by the Municipality of Anchorage. The property tax assessment policy of the Municipality of Anchorage will not only result in the loss of current affordable housing units, it has resulted in the suspension of development in Anchorage of any new LIHTC projects.

The need for safe, decent and affordable housing in Anchorage and throughout Alaska is critical and it can only be developed if there is a consistent and equitable means of assessing these properties. The passage of HB 272 will accomplish this and clear the way for additional development that can only have positive effects for those who will benefit from safe and affordable housing for themselves and their families. You have our complete support for this legislation.

Sincerely,

Ken Taylor  
Executive Director

Administrative  
2025 Folker St  
Anchorage, AK 99508

Support Services  
1000 Hillside  
99508 Anchorage, AK  
907.563.1000

Therapeutic Services  
1001 Hillside  
211 Hillside

Community Services  
4020 Folker Street  
Anchorage, AK 99508

Adult Services  
4020 Folker Street  
Anchorage, AK 99508

Developmental Services  
2025 Folker  
Anchorage, AK 99508



# Alaska Pacific Bank



January 31, 2000

The Honorable Representative Andrew Halcro  
Alaska House of Representatives  
State Capitol, Room 418  
Juneau AK 99801 1182

Via Facsimile to (907) 465-2418

RE: HB 272

Dear Representative Halcro:

I am writing to express my thanks for your sponsorship of HB272 and to lend my endorsement to this important legislation, which will allow financial institutions to continue supporting new low income housing projects in partnership with non-profit housing groups.

Since federal tax credits are the only incentive financial institutions currently receive for their participation in this type of partnership, it is imperative that municipalities base tax assessments solely on the income derived from the property, without consideration of the value of any subsidy. The illogical tax treatment of these subsidies by the Municipality of Anchorage is a major factor in distinguishing Alaska as the only state that has not fully utilized its federal income tax credit allocation. It is a shame that, in a vast state with a desperate need for more low- and moderate-income housing for its residents, a municipality would act to discourage investment by willing partners.

Your efforts to support affordable housing for Alaskans are appreciated by the banking industry, to which I add my personal thanks.

Sincerely,

LISA C. BELL  
SVP & Chief Operating Officer  
Alaska Pacific Bank

*Serving Southeast Alaska Since 1935*

Member  
FDIC

ADMINISTRATIVE OFFICES • 2094 JORDAN AVENUE • JUNEAU, ALASKA 99801-8046  
(907) 789-4844 • FAX: (907) 790-5110 • WEBSITE: [www.alaskapacificbank.com](http://www.alaskapacificbank.com)



CORDES DEVELOPMENT, INC.  
P. O. Box 1197  
16421 25th Street  
Sunset Beach, California 90742  
(562) 592-1518 Fax: (562) 592-2049  
teamcordes@earthlink.net  
January 31, 2000

Representative Andrew Halcro  
State Capitol Building – M/S 3100  
Juneau, Alaska 99801-1182

Re: House Bill 272

Dear Representative Halcro:

We have participated in the development of affordable housing in rural Alaska using low income housing tax credits for several years. Affordable housing is a much-needed commodity throughout Alaska, particularly the rural areas where much of the existing housing is substandard, without indoor plumbing and/or overcrowded. Affordable housing not only benefits the families that are fortunate enough to live there, but also provides a secondary economic benefit to the local economy where the housing is located in that the tenants will have more disposable income to spend on goods and services other than housing.

However, the cost of construction and the cost of living is so high in Alaska that it is cost prohibitive to construct housing that is decent, safe and affordable without subsidies from public and private institutions – including reductions or waivers of property taxes. There are two solid grounds that warrant property tax allowances for affordable housing properties. One is economic: the real value of such a property is, truly, less than that of a “market rate” (unrestricted income) property. The other is social: a restricted income (affordable) housing project cannot be financially feasible without subsidies or concessions at several levels, and lowered property taxes is the most reasonable and beneficial means for a subsidy or concession to be given at the local community level – which is the level that is benefiting the most from the housing.

The definition of “affordable housing” is housing in which the rents are restricted to amounts that are affordable to those citizens whose income is below the median income level in the area in which they live (called Area Median Income, or “AMI”). In order to be eligible to participate in the low income housing tax credit program, (1) the housing units must only be rented to families with incomes that are at or below 60% (or, in most cases, lower than 60%) of the median income for the area in which they live, and (2) the rents must be restricted to 30% of the income of the targeted income level.

What this means is that there is a very precise, defined, and enforced (by the government agencies that provide the funding) limit on the amount of income that can be generated by an affordable housing property. However, the general costs of operating and maintaining an affordable housing

Representative Andrew Halcro

January 31, 2000

Page 2

project are identical to those of unrestricted, "market" rate housing. Without any subsidies or government concessions, these projects are not financially feasible. With subsidies and/or government concessions – that have the effect of lowering the debt service and the property taxes – such restricted income properties are financially feasible (but only minimally, by design) but they are not profitable. The value of such a property is, therefore, obviously substantially less than its unrestricted-income neighbor. If offered for sale, the restricted income property would never sell for the same price as the unrestricted-income property, all other things being equal. This reality is reflected in appraisals of restricted income properties – which always have a much lower value when using an "income approach" as compared to a "market approach."

As noted above, affordable housing projects are not possible without government assistance or concessions. Income-based property tax assessments for affordable housing properties provide the most logical means for the local level community and government – which are the ones most benefiting from the presence of affordable housing in their community – to participate and do its share to assure the financial feasibility of the project. In order for a restricted income, affordable housing project to be financially feasible it must have means to reduce its costs of operation. The two means that are available are (1) reduced debt service (as compared to market rate housing), and (2) some sort of reduction of property taxes.

There seems to have been some confusion in the discussions of this proposed House Bill concerning what "low income housing tax credits" are and how they enable a housing project to be affordable. The Low Income Housing Tax Credit program is a federal program and it only applies to federal taxes – not state taxes. Tax credits enable a project to reduce its debt service to an amount – hopefully – that the project can afford. If a project is awarded tax credits, the tax credits allow it to be able to generate large sums of equity from investors (generally large corporations) that are used to build the project (the equity investment generally finances anywhere from 30% to 50% of the total development cost), and the project then has less that it has to borrow as a permanent loan and pay debt service on. However, there is a pre-determined limit on how much tax credit a project can be awarded, and therefore a limit on how much of the cost of the project can be financed in this manner.

The tax credit program has been an excellent tool to facilitate private investment funds in affordable housing, thereby reducing the reliance on government – but that program, and those equity funds, alone are not sufficient to make such properties financially feasible. In exchange for the equity money that the investors put into the project to build it (or, in the case of older, existing properties, to rehabilitate it), the investors get to take a pre-determined amount of tax credit on an annual basis against the investors' ordinary income for a period of ten years. It is very important to note that the motivation for the investors to contribute the equity into the project is not for any "project income" they might receive; in most cases there is no income that ever flows to the investors, or if there is any, it is quite small. They make the investment so that they can take a credit against their federal (not state) taxes due on their primary income. For Alaska based taxpayers who purchase these credits, this means more money stays in Alaska, and more tax

Representative Andrew Halcro  
January 31, 2000  
Page 3

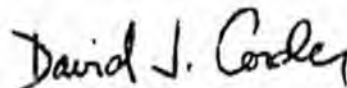
revenues go to Alaska. For out of state investors, they are contributing large upfront sums to receive tax credits over ten years and their investment funds effectively reduce the project's debt service and its interest, which in turn is passed on to tenants as lower rent. Lower rents mean larger amounts of disposable income to spend locally, since those families who are at or below 60% of the Area Median Income rarely spend outside of Alaska. This increase in local expenditures not only generates more local taxes, but also circulates money locally rather than paying banks higher mortgage payments. Thus tax credits do, indeed, generate money locally and these affordable housing complexes deserve to be taxed no higher than what their restricted rents generate in income and definitely not as if they were market units.

Moreover, it is the investor, not the developer that receives the tax credits. These tax credits are against federal income tax (i.e.,

The budget for any affordable housing project is a delicate one. There are limits to the subsidies and the equity it can generate to reduce its debt service. It has a very real limitation on the amount of income it can receive while it is operating under the income restrictions of the funding programs (most of the programs require that the income restrictions remain in place for at least 30 years - some are as long as 50 years). It is hyper-sensitive to ever-increasing costs. It is dependent upon the goodwill of others to be financially feasible.

A property tax assessment based upon an "income approach" valuation is the correct approach economically for a restricted income property. It is also the socially correct approach for a property whose purpose is to promote the welfare of the less advantaged citizens of Alaska.

Sincerely,



---

David J. Cordes  
President



K O O N C E P F E F F E R B E T T I S

Representative Andrew Halcro  
716 W. 4<sup>th</sup> Avenue  
Anchorage AK 99501

January 31, 2000

VIA FAX 907-465-2418

Dear Representative Halcro,

Thank you for focusing attention on the issue of taxation for affordable housing.

Since 1995 I have been involved in Anchorage as a participant in providing affordable housing. These properties serve a significant need in our community.

Architecture  
Development  
Interior Design  
Planning

Today's methods of providing for this need calls on private sector, for profit, entities to partner with non-profits and local public sector housing agencies. We do this to achieve higher quality living environments than have been possible in the past under 100% government subsidized housing programs.

This privatization/partnership results in housing which is available only to qualifying low-income tenants. The rents that can be charged to these tenants are restricted by the deeds on the property.

Regardless of these restrictions the Anchorage tax assessor has insisted on taxation without consideration for the amount of rent that can be collected based on the restrictions choosing instead to tax these properties as though they could collect market rate rents.

The effect of this policy has had a devastating impact on these properties, which threatens their immediate survival. We are not asking to forego property taxes as is done for similar properties in other states. We are simply asking for fair taxation based on actual rents received.

Once again, thank you for giving this issue your attention. I am in full support of your House Bill 272.

Sincerely,

Mark Pfeffer, AIA  
President

incorporated

425 G Street

Suite 800

Anchorage

Alaska 99501

Tel: 907.274.7403

Fax: 907.274.7407

E-mail: kpb@kpbna.nc



K O O N C E P F E F F E R B E T T I S

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716 W. 4<sup>th</sup> Avenue  
Anchorage AK 99501

January 31, 2000  
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Once again, thank you for giving this issue your attention. I am in full support of your House Bill 272.

Sincerely,

Jeffrey A. Koonce, AIA

Incorporated  
425 E Street  
Suite 800  
Anchorage  
Alaska 99501  
907.274.7407  
907.274.7407  
kpb@alaska.net



K O O N C E P F E F F E R B E T T I S

Representative Andrew Halcro  
716 W. 4<sup>th</sup> Avenue  
Anchorage AK 99501

January 31, 2000

VIA FAX 907-465-2418

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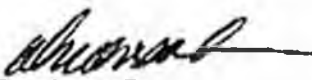
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Once again, thank you for giving this issue your attention. I am in full support of your House Bill 272.

Sincerely,

  
Desiree Ovsak  
Director of Operations

incorporated  
425 C Street  
Suite 800  
Anchorage  
Alaska 99501  
907.274.7493  
907.274.7407  
K P O O N C E P F E F F E R B E T T I S

# ALASKA STATE LEGISLATURE

## House of Representatives

### COMMITTEE ASSIGNMENTS

LABOR & COMMERCE COMMITTEE, CHAIRMAN  
JUDICIARY COMMITTEE, MEMBER  
LEGISLATIVE COUNCIL, MEMBER  
SPECIAL COMMITTEE ON UTILITY RESTRUCTURING, MEMBER  
SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT &  
TOURISM, MEMBER

e-mail: Representative\_Norman\_Rokeberg@legis.state.ak.us




INTERIM  
716 WEST 3TH AVENUE, SUITE 640  
ANCHORAGE, AK 99501  
PHONE: (907) 269-0117  
FAX: (907) 269-0119

SESSION  
ALASKA STATE CAPITOL  
JUNEAU, AK 99801-1182  
PHONE: (907) 465-4968  
FAX: (907) 465-2040

## Representative Norman Rokeberg

### MEMORANDUM

**TO:** House Community & Regional Affairs Members

**FROM:** Rep. Norman Rokeberg 

**DATE:** January 31, 2000

**RE:** HB 272 - Municipal Tax Credit: Low Income Housing

I would encourage your support for this legislation, which arises from a situation we are facing within the Municipality of Anchorage.

As you know, the construction and operation of low-income housing units is important as such units provide residential space for low-income Alaskans. Certain guidelines have to be met in the construction and operation of these facilities.

While federal law (26 U.S.C. 42) provides for a low-income housing credit as described in the legislation, the Municipality of Anchorage been basing real property taxes due on the full and true value of the property without applying the actual income standard which has been customary. This means that these properties must pay more in real property taxes with revenues that are based on lower rentals than similar units and similar property pay. This is not a way to encourage these projects, which Alaska's banking community and developers have been supporting with the understand that the rental income standard would be used. In fact, financial institutions have been encouraged by local governments to become involved in financing these projects and using the Low Income Housing Tax Credit. The tax credit is the incentive to invest not the rental income stream.

In 1998, low-income housing properties' assessed value for taxation went up as much as 100%. These properties were designed to show little profit and the financial future of some of these projects is at stake. Increase in local taxes cannot be a cause for a rental increase under the program guidelines (which limit the amount of rent charged to 30% of the tenant's income).

Discussions with my local government have indicated that unless state law is changed, the Municipality will continue with its current practice (since 1998) of not considering rental income when working with low-income housing units' real property tax assessments. While the Municipality of Anchorage is apparently the only local government current involved in this matter, the potential is there, without this law, for other local governments to use the same full and true value taxing policy.

As a result of the MOA's policy, Alaska is the only state in the Union to not use its allotted tax credits for this program. Therefore, we have irretrievably lost some benefits from this successful private-public program.

Thank you for your consideration of this legislation.

## MUNICIPALITY OF ANCHORAGE ASSESSMENT POLICY AFFORDABLE HOUSING ISSUE PAPER

**HISTORY:** For the past three years, a number of private non-profit providers of low-income affordable housing have successfully challenged the Assessor's assessment methodology before the Board of Equalization under the premise that such properties must be assessed using the restricted net operating income that they earn as a result of the legally binding long term deed restrictions that are recorded against the title to the property. The Assessor has not, however, conformed his assessment practices to those decisions, resulting in costly and needless annual appeals to the Board of Equalization and the prospect of litigation in Superior Court.

**REQUEST:** An appropriate and consistent property assessment policy for affordable, deed restricted multi-family housing serving lower-income families that is based on the actual net operating income generated by these properties, NOT an inflated value that represents income from a market rate rental property that our affordable, deed restricted properties can not legally charge.

We are NOT asking for a "tax break" - only to be assessed based on the actual income that is generated by these properties.

### FACTS SUPPORTING THIS APPROACH:

1. Considering the deed restrictions that apply to affordable housing properties is consistent with other western states practice. In fact, in **California, Montana, Hawaii and Washington the legislature has exempted completely such properties** from paying property tax due to the public purpose and substantial benefits that such properties bring to the community.
2. The Municipality's own task force identified affordable housing as an unmet need. This need was incorporated into the Municipality's Housing and Community Development Plan and housing policy as a critical priority. **The Assembly and City Administration has executed certifications attesting to their support for affordable housing, yet at least one branch of the City Administration is effectively violating these certifications by literally assessing them into default.**
3. The Assessor's policy is not consistent with Assembly and Administration certifications and in fact is 180 degrees from the original intent. **The Assessor's current assessment policy jeopardizes approximately \$3 million dollars in Federal funds** annually directly received by the Municipality under the HOME, CDBG, and Emergency Shelter Grant (ESG) programs.
4. **These properties are legally bound by long term deed restrictions that can not be removed even in the event the property was sold (something that has never taken place in Alaska).** These restrictions place income and rent limits on the property, and are audited annually by state officials.

5. Most of these properties represented initial efforts by affordable housing providers, supported by the City Administration, to revitalize targeted, older neighborhoods. **Efforts to continue revitalizing the City's older neighborhoods will not likely occur without the ability to create viable public/private partnerships and a consistent tax policy.**
6. **The Federal Low Income Housing Tax Credit (LIHTC) program has accounted for approximately 60% of all new multi-family development (construction and rehabilitation) in the United States since 1986. AHFC multi-family loan programs support the LIHTC program, and are generally loans without special "subsidies." These properties serve local persons and families that are most in need of affordable, safe housing.**
7. **The local properties developed under these programs contribute over \$27 million to the local tax base using the methodology purported by affordable housing providers. Over half of the properties being appealed were acquired and substantially renovated by the affordable housing providers, turning older dilapidated properties into some of the best affordable rental housing available in our community. These properties meet code requirements and offer safe, sound, quality housing for local families.**
8. **The Assessor's assessment policy effectively has eliminated any development investment in affordable housing in our community. Not only does it diminish the economic benefits of affordable housing development, it also erodes the quality of the existing property tax base. Banks who have historically participated in these programs have stated that no further investment in such affordable housing will be made until a consistent and appropriate assessment methodology is reached.**
9. The Assessor's statement that these properties are making a great deal of money (otherwise why would the banks invest in them) is simply untrue. In fact, the majority of the properties being appealed have actually lost money – even before depreciation. **These properties simply do not generate the revenue to pay for the higher taxes that are being charged by the Assessor and can not survive without immediate correction to the current Assessor's methodology.**
10. The Assessor's statement that these properties are less risky than market rate properties is simple untrue. The populations served are generally the most transient resulting in higher turnover, vacancy, maintenance and operating costs. In fact, in many cases we serve persons/families that private "market-rate" landlords will not accept.
11. The Assessor's current methodology if not corrected may likely cause at least some owners to default on mortgage obligations to AHFC and risks the substantial investment made by local community minded affordable housing partners. **These properties would then become tax-exempt burdens to the public (state owned housing public housing) and the city would not receive any property taxes from these properties.**

**PARTIES AFFECTED (in Anchorage):**

**Anchorage Housing Initiatives**

Access Apartments (42 Units)

Hillpoint Apartments (24 Units)

**Anchorage Mutual Housing Association**

Boniface Plaza (32 Units)

Merrill Crossing Apartments (83 Units)

The Mallary Apartments (111 Units)

Panoramic View Apartments (268 Units)

Stephens Park Apartments (160 Units)

Turnagain Circle Apartments (16 Units)

Garden Villa Apartments (76 Units)

**Adelaide Limited Partnership** (Adelaide SRO – 73 Units)

**Loussac-Sogn Limited Partnership** (Loussac-Sogn SRO – 52 Units)

**Brighton Park Limited Partnership** (Brighton Park Apartments – 80 Units)

**Hampstead Heath Limited Partnership** (Hampstead Heath Apartments - 88 Units)

**Spruce View Limited Partnership** (Spruce View Apartments – 82 Units)

**Southside Seniors Limited Partnership** (Southside Seniors Apartments – 48 Units)



MUNICIPALITY OF ANCHORAGE  
OFFICE OF THE MUNICIPAL ATTORNEY

MEMORANDUM

---

**DATE:** January 24, 2000

**TO:** Kevin Meyer, Chair of the Assembly  
Assembly Members

**THRU:** Mary K. Hughes, Municipal Attorney

**FROM:** William A. Greene, Deputy Municipal Attorney

**SUBJECT:** January 25, 2000 Work Session On Proposed AO No. 2000-32;  
Assessment of Low-Income Housing Tax Credit and Other Rent  
Restricted Properties.

---

This memorandum is provided to inform the Assembly of twenty-five assessment appeals presently before the Assembly-appointed Board of Equalization ("BOE") in which the subject of the ordinance is *the* issue to be decided. With this information the Assembly may avoid potential conflicts and the appearance of conflicts with the BOE's quasi-judicial proceedings while conducting its legislative business. In addition this memorandum advises the Assembly of a very similar House Bill pending before the State Legislature.

**Subject of Work Session.** The referenced ordinance addresses how rental properties which are either 1) granted federal low-income housing tax credits ("LIHTC") and/or 2) financed with deed rent restrictions in exchange for low interest loans should be valued (assessed) for real property taxation by the Municipality.

**Quasi-judicial Proceedings on the Work Session Subject.** All properties with appeals before the BOE have been financed by Alaska Housing Finance Corporation loans with below-market interest rates, some of which have also received LIHTCs. How LIHTCs and other rent restricted properties should be valued for real property taxation is *the* issue presently pending decision before the BOE. Attachment A. The aggregate dollar amount of difference between the Assessor's and the owners' valuation is approximately \$14,484,524 and \$252,000 in taxes. The BOE has held hearings, the parties to the appeal (the property owners and the Assessor) have filed briefs and the BOE has hired private counsel to advise the BOE in its deliberations and decision on the issue.

not  
have

Kevin Meyer  
Assembly Members  
Work Session On-AO No. 2000-32;  
Assessment of LIHTC and Other Rent Restricted Properties.  
January 24, 2000

Page 2.

*Ex parte* Contacts. Members of the BOE hearing the appeals on this issue and other members of the BOE are listed on Attachment B. BOE members are required to be impartial *both in fact and in appearance*. *Ex parte* contacts by anyone with BOE members regarding the work session issue, including attendance by BOE members at the Assembly work session, present a clear potential of influencing the BOE in its quasi-judicial decision-making on the pending appeals. *Ex parte* contacts are prohibited by AMC 3.60.065 (Attachment C.) and should be avoided. Given the potential for news and publicity on the proposed ordinance, BOE members should also avoid those communications on the subject as well.

**State Law.** State law mandates that property tax assessments (valuations) be at full and true (market) value. AS 29.45.110, Attachment D The proposed ordinance is substantially the same as State House Bill 272 (Attachment E.) sponsored by Representatives Halcro, Rokeberg, Croft and Porter now before the House Committee on Community and Regional Affairs. Unlike the House Bill, however, the ordinance also covers rent restricted properties other than properties with LIHTCs. Accordingly, the ordinance raises the issue whether, under mandatory State law, the Assembly has the legislative authority to enact the ordinance, especially given the pending State legislation.

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## HB 272

### SPONSOR STATEMENT

The federal government (HUD) has established a program offering tax credits to developers to build and maintain low and moderate income housing units. Developers receive tax credits in exchange for limiting rental prices to 30% of a tenant's income. These properties are restricted to individuals who earn less than 60% of median income and are targeted toward a population who previously did not have housing.

In 1998, the Municipality of Anchorage changed the way in which they assess these projects. Prior to 1998, the Municipality of Anchorage assessed low-income housing based on the capped rental rates. They now are assessing these properties at their estimated market value - the amount of rent these properties would receive if the rental rates were not deed-restricted.

This change in assessment has created a severe problem for the non-profit agencies and others who are developing these types of properties. Banks are now refusing to finance these properties because they are not financially viable under the market assessment approach.

Providing affordable housing to those otherwise priced out of the market is an important goal. The federal government is providing tax credits to encourage development of low-income housing to meet the need for basic housing for families. The Municipality of Anchorage has indicated their assessment practice is a function of state law. However, the approach taken by the Municipality of Anchorage has negated the federal incentive to develop low-income housing.

HB 272 would require local governments assess low-income housing at its rental value instead of its estimated market value. It is appropriate that the state law be changed to encourage the development of needed affordable housing for low-income families.

# LEGAL SERVICES

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## MEMORANDUM

October 12, 1999

**SUBJECT:** Adding a limitation or restriction on municipal determination of the full and true value of property for which a low-income housing credit is allowable under 26 U.S.C. 42 (Work Order No. 1-LS1148\A)

**TO:** Representative Andrew Halcro, Co-Chair  
House Community & Regional Affairs Committee  
Attn: Jonathon Lack

**FROM:** Jack Chenoweth  
Assistant Revisor of Statutes

The division director, Tam Cook, to whom this amendment of material in Title 29 would usually be assigned, is on leave through the date on which you have set a meeting on this matter. In her absence, I have prepared the accompanying draft.

Though you mentioned the recent example of Washington State, your instruction expressly indicated that I should not prepare a tax *exemption*, as had recently been done by that state's legislature. Accordingly, I have prepared this as a limitation on the manner in which the municipal assessor determines the full and true value of certain property.

This matter affects the valuation of certain low-income housing, sometimes also called "affordable housing." The immediate difficulty, as I understand from the copies of the several pieces of correspondence that accompany the work order request, is that the Municipality of Anchorage is changing from determining a full and true value of the affordable housing property based on "rental" or "income" considerations to one predicated on "market" conditions.

The ability to select among recognized valuation methods to appraise property is today committed to the discretion of the municipal assessor. Twentieth Century Investment Co. v. City of Juneau, 359 P.2d 783, 788 (Alaska 1961); North Star Alaska Housing Corp. v. Fairbanks North Star Borough Bd. of Equalization, 778 P.2d 1140, 1143-1144 (Alaska 1989).

The approach set out in the accompanying draft would circumscribe the municipal assessor's authority to the relatively limited extent necessary to require that the assessor determine value taking into account the limitations and restrictions that operate to qualify the property for the federal income tax credit allowable under 26 U.S.C. 42 (Internal Revenue Code). The measure, involving an addition of a new subsection to AS 29.45.110, directs the