

HOUSE/SENATE FINANCE COMMITTEE MINUTES - 1967-1982 2461

CSSB 3  
Amendment

It was moved and unanimous consent was asked that the Finance Committee adopt the following amendment to CSSB 3:

Line 12, delete "\$1,200,000" and insert in lieu thereof "\$1,276,000"

Line 27, delete "\$49,000" and insert in lieu thereof "\$99,000"

Insert new line 28: "City of Nenana . . . . . \$26,000"

There being no objection, the amendment was adopted.

It was moved and unanimous consent was asked that the Local Government Committee adopt the above amendment to CSSB 3.

There being no objection it was so ordered.

CSSB 3  
am H  
Vote

It was moved and unanimous consent was asked that CSSB 3 am by H be reported out of Finance Committee with unanimous "do pass."

There being no objection it was so ordered.

It was moved and unanimous consent was asked that CSSB 3 am by H be reported out of Local Government Committee with unanimous "do pass." There being no objection it was so ordered.

Mr. Strandberg appointed a committee consisting of Mr. Haugen, Chairman, and Messrs. Borer, Sassara, Ray, Smith, Getman and Powell to draft a letter of legislative intent to accompany CSSB 3 am by H, and CSSB 4 am by H. 15/

CSSB 14 am COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 14 am (granting emergency urban renewal and redevelopment authority to certain municipal entities) was the next bill to be considered by the Finance and Local Government Committees.

Mr. Kubley, testifying for the Governor's office, said that it had come to the attention of the administration that HUD had met with SBA after Fairbanks had been declared a disaster area and

16/ See appendix, page 27, Exhibit 8.

HUD made the offer under urban renewal that they would buy the totally destroyed homes from the owner at pre-flood value, then sell the property back to the owner (if he so desires) at post-flood value.

It was noted at this point that the North Star Borough is a second-class borough and does not have the right to enter into a contract, so this type of permissive legislation is necessary. It would last for one year; however, Mr. Kubley pointed out that the one year could be extended if the borough finds this necessary, but in any event this legislation is needed before HUD can go in and pick up these houses. He said this was not a "clean-sweep" type of urban renewal where every house in the area is taken -- they will only take the houses that were destroyed. Thirty-five homes, according to Mr. Kubley, fit into this category, ones that SBA would not loan the owners any money on, so the plan is to help them through urban renewal.

CSSB14 am  
vote

It was moved and unanimous consent was asked that the Finance Committee report out CSSB14 am with unanimous "do pass." There being no objection it was so ordered.

It was moved and unanimous consent was asked that the Local Government Committee report out CSSB14 am with unanimous "do pass." Objection was heard, and CSSB 14 am was reported out with the majority signing "do pass", and Mr. Harris signing "do not pass."

SB 12

SENATE BILL NO. 12 (authorizing the expenditure of \$5,000,000 from the Disaster Relief Fund to match federal funds made available to adjust or retire private mortgages) was discussed at some length by the Finance and Commerce Committees.

Mr. Balone pointed out that he did not like the idea of assisting on mortgages on four-family dwellings, he felt this was more a commercial venture than an actual home. Mr. Strandberg said this bill was identical to the earthquake bill and they had haggled over this same point at that time.

SB 12  
Vote

It was moved and unanimous consent was asked that SENATE BILL NO. 12 be reported out of Finance Committee with unanimous "do pass." There being no objection it was so ordered.

It was moved and unanimous consent was asked that SB 12 be reported out of Commerce Committee with unanimous "do pass."

Objection was heard, so the majority of the committee recommended "do pass;" Mr. Fink signed "no recommendation;" and Mr. Balone signed "do not pass unless amended."

At this time Mr. Balone attempted to offer an amendment, but was ruled out of order by the Chairman on the grounds that the bill had already been voted out of the committees.

Recess: Meeting recessed until 3:15 p.m.

3:15 p.m.

SB 9

SENATE BILL NO. 9 (providing for loans and grants to municipalities damaged by natural disaster) was before the Finance and Local Government Committees. Mr. Kubley, testifying for the administration, said that when the HUD people met with the administration, they asked what they could do to help. Mr. Kubley felt that SB 9 represented an area in which HUD could assist the local government. He said this was strictly an authorization bill for HUD to go ahead on this phase of the reconstruction.

SB 9  
Vote

After a brief discussion by the two committees, it was moved and unanimous consent was asked that the Finance Committee report SB 9 out with a unanimous "do pass." There being no objection

it was so ordered.

It was moved and unanimous consent was asked that the Local Government Committee report out SB 9 with a unanimous "do pass." Objection was heard, so the majority of the committee recommended "do pass;" Mr. Harris signed "do not pass;" and Mr. Powell signed "no recommendation."

CSSB 15 CSSB 15 (providing for a loan to the City of Fairbanks and promoting the long term operation of the Fairbanks Centennial site) was discussed in detail by the Finance and Local Government Committees.<sup>17/</sup>

Mr. Scott McDonald, Deputy Commissioner for the Department of Administration, had spent a great deal of time on this problem, even prior to the flood, and testified to the need for this legislation.

At one point, none of the Fairbanks witnesses would commit themselves to this bill, which the Chairman duly noted. He said he was very surprised that exception had not been taken to this bill earlier by the Fairbanks group, since the bill had been available to them for a number of days. Mr. Drohs, City Manager of Fairbanks, said he could not speak officially for the city as he was only an employee, but speaking for himself, he was in favor of this legislation. Mr. Barry Jackson, attorney for A-67, and Mr. Ed Stroeker, President of A-67, commented on the desirability and need for CSSB 15. Mr. Porter, City Councilman from Fairbanks, also gave testimony on behalf of A-67.

CSSB 15  
Vote It was moved and unanimous consent was asked that the Finance Committee report out CSSB 15 with unanimous "do pass." There being no objection it was so ordered.

<sup>17/</sup>See Appendix, pages 50-52, Exhibit 18.

It was moved and unanimous consent was asked that the Local Government Committee report out CSSB 15 with "do pass." Objection was heard, so the majority of the committee recommended "do pass," with Messrs. Hohman and Smith signing "no recommendation."

CSSB16  
vote

CSSB 16 (appropriating funds to the State Bond Committee for a loan to the City of Fairbanks), as the companion bill to appropriate for CSSB15 was passed out of both committees with the same recommendations as recorded on CSSB15.

Mr. Strandberg said a letter of legislative intent would accompany this bill and appointed Mr. Borer chairman, and Messrs. Haugen, Ray, Smith and Getman, to draft the letter.<sup>18/</sup>

Recess: Meeting recessed until 7:30 p.m.

7:30 p.m.

Mr. Strandberg called the meeting to order with all members of the Finance Committee present.

SB 17 SENATE BILL NO. 17 (appropriating \$51,000 for additional legislative and other expenses occasioned by the special session) was considered by the Finance Committee, with John Elliott, Executive Director, present to testify on the bill. Mr. Elliott told the committee he had been instructed to draft this bill by the Legislative Council.<sup>19/</sup> Following a brief explanation by Mr. Elliott of the purpose of the bill, it was

SB 17  
Vote

moved and unanimous consent was asked that SB17 be reported out of Finance Committee with "do pass." There being no objection, so ordered

SB 10

SENATE BILL NO. 10 (appropriating to the Department of Public Works for the sum of \$65,000 for design studies and architects' and engineers' fees for necessary repairs and construction at the

18/ See Appendix, page 53, Exhibit 19.

19/ See Appendix, page 54, Exhibit 20.

Fairbanks International Airport) was next considered by the Finance and State Affairs Committees.

Mr. Kubley, representing the administration, said this bill was introduced to do the design and architectural work at the Fairbanks International Airport. He was questioned as to the purpose of introducing this legislation during the special session. Mr. Kubley said the urgency was due to Pan American applying for the over-the-Pole route, and the administration felt they should be ready in case the request was granted.

SB 10  
Vote

It was moved and unanimous consent was asked that the Finance Committee report out SB 10 with unanimous "do pass." Objection was heard, so the majority of the committee recommended "do pass," and Mr. Ray signed "no recommendation."

It was moved and unanimous consent was asked that the State Affairs Committee report out SB 10 with unanimous "do pass." There being no objection it was so ordered.

Recess: Committees recessed at 9:00 p.m.

11:45 p.m.

Mr. Strandberg called the meeting to order with members of the Finance and Local Government Committees present.

CSSB 15  
letter of  
intent

The letter of legislative intent to accompany CSSB 15 (A-67) was presented to the two committees. Both committees unanimously adopted the letter of legislative intent.

CSSB 3 &  
CSSB 4  
letters of  
legislative  
intent

Mr. Miller moved and asked unanimous consent that the Senate letter of legislative intent, on page 2, paragraph (7) be deleted.<sup>20/</sup> Objection was heard, and the motion was defeated 1-6.

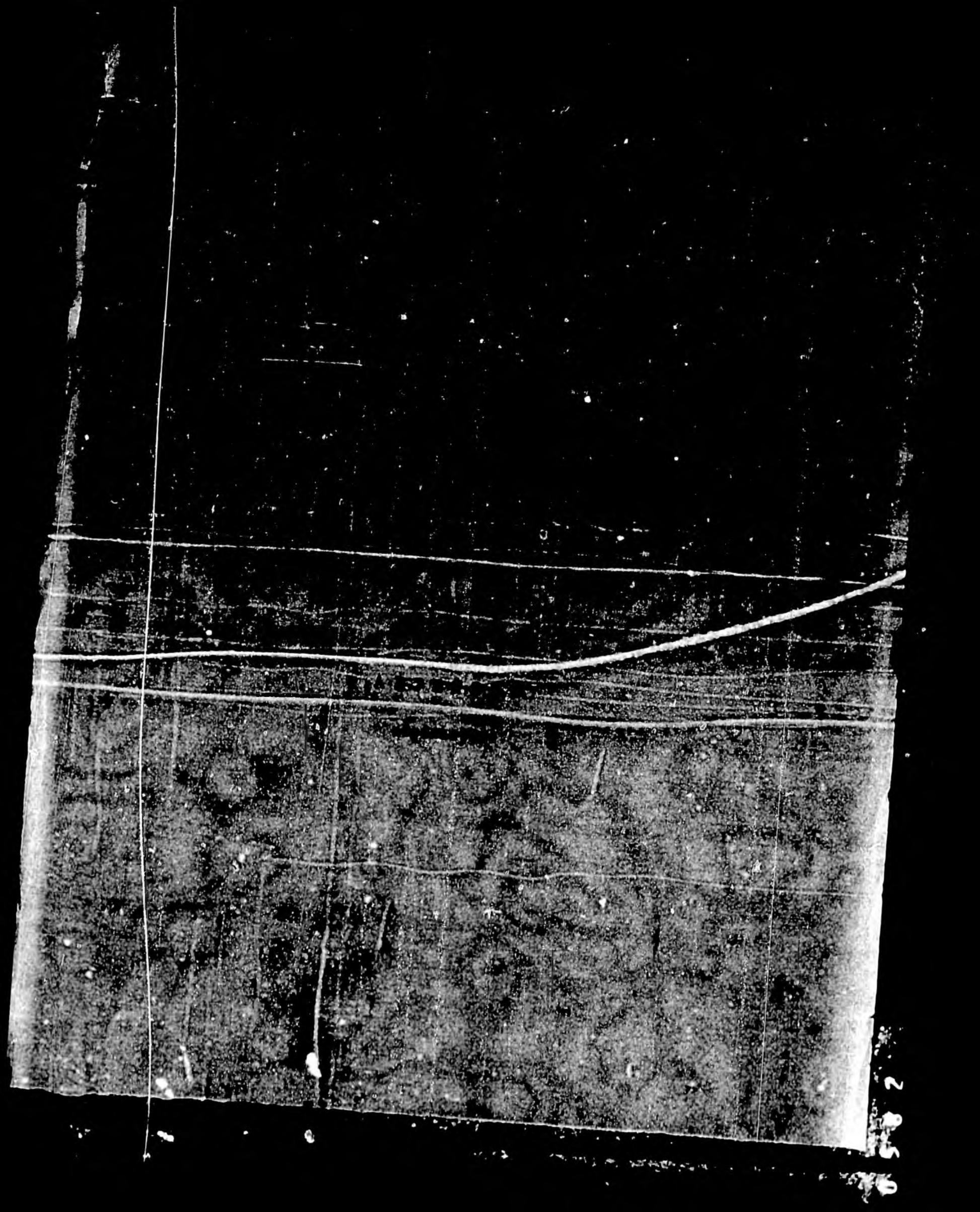
It was then moved and unanimous consent was asked that the Finance

20/ See appendix, pages 28-29, Exhibit 9.

Committee accept the Senate's letter of legislative intent, along with the letter drafted by the House. There being no objection it was so ordered.

It was moved and unanimous consent was asked that the Local Government Committee accept both the Senate and House letters of legislative intent. There being no objection it was so ordered.

Adjournment: Meeting adjourned at midnight.



A P P E N D I X

<u>EXHIBIT NO.</u>	<u>PAGE NO.</u>
1 - Memo Military Affairs (HB8) . . . . .	1
2 - Contingency Fund - Office of Gov. (HB8) . . .	2-6
3 - General Fund, Prel. Analysis 9/30 (HB12-15) .	7-10
4 - General Fund, Prel. Analysis 10/1 (HB12-15) .	11-13
5 - SBA Disaster Activity Report 9/29 . . . . .	14-15
6 - VA Fairbanks flood damage estimates SB5 & 6 .	16-21
7 - Justification Statewide TEUC Prgrm SB 13. . .	22-26
8 - House letter Leg. Intent SB3 & 4. . . . .	27
9 - Senate letter Leg. Intent SB 3 & 4. . . . .	28-29
10 - Administration Guidelines SB's 1-4. . . . .	30
11 - Estimated Shortfalls & Extraordinary Exp. . .	31-32
12 - Materials, etc., lost in Fairbanks flood. . .	33-34
13 - Municipal Utilities System Statement. . . . .	35-38
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15 - Citizens' Coordinating Committee Report . . .	40-47
16 - Shortfalls Borough, Fairbanks & Nenana. . . .	48
17 - Newspaper article Fairbanks sewage problem. .	49
18 - Alaska A-67 Report (CSSB15) . . . . .	50-52
19 - House letter Leg. Intent A-67 (CSSB15). . . .	53
20 - Legislative appropriation breakdown (SB17). .	54

*Eni*

**MEMORANDUM**

**State of Alaska**

TO:

The Honorable Vance Phillips  
Chairman, Senate Finance Committee

DATE : October 2, 1967

FROM:

Major General C. F. Necrason  
The Adjutant General  
Department of Military Affairs

SUBJECT: *et al*

Breakdown of Costs  
Nenana and Fairbanks  
Floods

Listed below are the expenses which were incurred by the National Guard during the initial flood in Nenana and the natural disaster in Fairbanks and Nenana. These expenses are not reimbursable by Federal monies as set forth by Public Law Number 875.

SALARIES		\$28,898.00
Man Days	2547	
RATIONS FOR EM		3,004.00
TRANSPORTATION		81.00
FUEL		1,157.00
MINOR REPAIRS		3.00
DRY GOODS		600.00
Clothes and hipboots		
BOATS AND OUTBOARD MOTORS		5,207.00
RADIO BATTERIES		655.00
		<hr/>
	TOTAL	\$39,600.00

EXPENDITURES BY OBJECT AND SOURCE OF FUNDS  
 For the Fiscal Year Ending June 30, 1969

Department Office of Governor  
 Division Contingency Fund  
 Program \_\_\_\_\_

Exp. Code	EXPENDITURES BY OBJECT	1966-1967 Actual	1967-1968 Authorized	1968-69 ESTIMATED			
				Department Request (5)	Increase (Decrease) (6)	Governor's Allowance (7)	Legislative Allowance (8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
100	Personal Services			24,700	24,700		
200	Travel			-	-		
300	Contractual Services			1,200	1,200		
400	Commodities			8,200	8,200		
500	Equipment			5,500	5,500		
600	Lands & Structures						
700	Grants, Claims & Shared Revenue						
800	Miscellaneous						
900	Inter-Agency Charges						
	Total Expenditures						
	Outstanding Encumbrances (Col. 3) #						
	Amount Lapsed						
	Total						
Rec. Code	SOURCE OF FUNDS						
	Federal Receipts (See SA-15)						
	Program Receipts (See SA-15)						
	Inter-Agency Receipts						
	Special Fund						
	UNRESTRICTED GENERAL FUND						
	TOTAL			39,600	39,600		

612

SA-13  
 State of Alaska  
 Dept. of Administration  
 Budget & Management Div.  
 (Rev. 7-67)

DETAIL OF PERSONAL SERVICES

For the Fiscal Year Ending June 30, 1969

Department: Office of Governor Cat: 01  
 Division: \_\_\_\_\_  
 Program: \_\_\_\_\_

CLASSIFICATION TITLE (1)	PCN (2)	Pay Rge (3)	Mo. Sal. (4)	66-67		67-68 Actn.		1968-1969 ESTIMATED				Gov. Allowance			Legis. Allow.		
				Annual Amount (5)	No. Pos (6)	No. Mo. (7)	Annual Amount (8)	Dept. Request			Increase (Decrease) (12)	No. Pos. (13)	No. Mo. (14)	Annual Amount (15)	No. Pos. (16)	No. Mo. (17)	Annual Amount (18)
								No. Pos. (9)	No. Mo. (10)	Annual Amount (11)							
1										22,000	22,000						
2																	
3																	
4 Employee Benefits										2,700	2,700						
5																	
6																	
7																	
8																	
9																	
10																	
11																	
12																	
13																	
14																	
15																	
16																	
17																	
18																	
19																	
20																	
21																	
22																	
23 TOTAL										24,700	24,700						
24																	
25																	
26																	
SUNDRIES																	
Permanent-Full-time Positions																	
Permanent-Part-time Positions																	
Temporary (Full Time Equivalent)																	
No. Man Months																	
TOTAL ANNUAL AMOUNT																	

-3-

# = Non-Add



SA-148  
 State of Alaska  
 Dept. of Administration  
 Budget & Management Div.  
 (Rev. 7-67)

DETAIL OF EXPENDITURES--300  
 CONTRACTUAL SERVICES  
 For the Fiscal Year ending June 30, 1969

Department	Office of Governor	Code	
Division			
Program			

Code (1)	CONTRACTUAL SERVICES CLASSIFICATION (2)	1966-1967 Actual (3)	1967-1968 Authorized (4)	1968-1969 ESTIMATED			
				Dept. Request (5)	Increase (Decrease) (6)	Governor's Allowance (7)	Legislative Allowance (8)
310	Communications			550	550		
320	Printing & Advertising			-	-		
330	Rents & Utilities						
340	Repairs, Services & Alterations			400	400		
350	Transportation of Things			250	250		
360	Equipment Rental						
370	Insurance & Bonding						
380	Professional Fees & Services						
390	Other Contractual Services						
	Outstanding Encumbrances #						
	TOTAL			1,200	1,200		

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DETAIL OF EXPENDITURES---400 COMMODITIES

For the Fiscal Year Ending June 30, 1969

Office of Governor 01

Department \_\_\_\_\_

Division \_\_\_\_\_

Program \_\_\_\_\_

Code (1)	COMMODITY CLASSIFICATION (2)	1966-67 Actual (3)	1967-68 Authorized (4)	1968-1969 ESTIMATED			
				Department Request (5)	Increase (Decrease) (6)	Governor's Allowance (7)	Legislative Allowance (8)
410	Clothing			1,600	1,600		
430	Food for Human Consumption			3,400	3,400		
440	Fuel (Other than for Mtr. Vehicles)			3,100	3,100		
450	Maintenance & Construction Materials						
460	Mtr. Veh. Parts, Supplies & Access.						
470	Professional & Scientific Supplies			100	100		
480	Stationery & Office Supplies						
490	Other Supplies, Materials & Parts						
	Outstanding Encumbrances (Col. 3) #						
	<b>TOTAL</b>			<b>8,200</b>	<b>8,200</b>		

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STATE OF ALASKA

GENERAL FUND

PRELIMINARY ANALYSIS OF FUND BALANCES, REVENUES AND EXPENDITURES  
FISCAL YEARS 1968 to 1972 INCLUSIVE

FISCAL YEAR	Legislative Analysis 4/5/67	Executive Analysis 9/30/67	(\$000 OMITTED)			
	1968	1968	1969	1970	1971	1972
Balance forward from prior Year	\$23,208	\$ 23,502	\$ 16,268	\$ 9,562	\$ (1,133)	\$ (15,663)
<u>ESTIMATED TOTAL UNRESTRICTED REVENUES</u>	96,819	100,322	103,579	107,790	114,407	118,885
Disaster Revenues*		1,735	2,548	2,703	2,558	2,297
<u>TOTAL AVAILABLE FOR APPROPRIATION</u>	\$120,026	\$ 125,559	\$ 122,395	\$ 119,995	\$ 115,832	\$ 105,519
<u>ESTIMATED EXPENDITURES</u>						
Debt Service	} \$100,087	\$ 4,685	\$ 6,425	\$ 8,017	\$ 9,027	\$ 9,822
Operating Expenses		92,069	99,710	107,986	116,948	126,652
Disaster Appropriations*		7,405				
Shared Revenues	2,573	2,573	2,817	3,042	3,225	3,548
Capital Improvements	1,810	2,559	1,941	2,083	2,225	2,398
<u>TOTAL ESTIMATED EXPENDITURES</u>	\$104,469	\$ 109,291	\$ 112,893	\$ 121,128	\$ 131,495	\$ 137,420
<u>ESTIMATED FUND BALANCE</u>	\$ 15,557	\$ 16,268	\$ 9,502	\$ (1,133)	\$ (15,663)	\$ (31,901)
Plus Disaster Balance						(4,435)
						(36,336)

ASSUMPTIONS:

- (1) Estimated fund balance forward to F.Y. 1968 is based on budget forecast.
- (2) The estimated debt service is based on actual debt service for the bond sales to date, and assumes new issues as follows: 1968, \$24M; 1969, \$24M; 1970, \$12M; and 1971, \$12M.
- (3) Estimated Operating Expenses for Fiscal Year 1968 based on appropriations less estimated lapse of 3% and for fiscal years 1969 through 1972 on an average annual increase of 8.3% (11.3 less 3).
- (4) Estimated Shared Revenues based on actual appropriation for fiscal year 1968 and the subsequent fiscal years are computed on same assumed growth factor as used for Total Unrestricted Revenues.
- (5) Estimated Capital Improvements based on actual appropriation for fiscal year 1968, and an average annual increase of 7.3% for subsequent fiscal years using a base figure of \$1,809,000 to compute F.Y. 1969.

\* Net Balance of Disaster Revenue Account 1968-72, \$4,435,400\*\*

\*\*This balance could be an additional \$3,000,000 based on current discussions with oil industry representatives.

APPROPRIATION BILLS

SB #16	Fairbanks Loan - Centennial	\$1,500,000
SB #12	Disaster Relief Fund? Account?	-0-
SB #10	Fairbanks International Airport	65,000
SB #9	Urban Renewal	-0-
HB #8	Governor's Contingency	39,600
SB #9 and HB #10	Repair Incentive	1,400,000
HB #14	Office of Governor, Disaster Relief	500,000
SB #1	Revenue Shortfall	1,500,230
SB #3	Extraordinary Operating Expenses	950,000
SB #6	Veterans Fund Loan	750,000
SB #7 & 8	Nenana School Bonds	300,000
HB #3	Fairbanks Hospital	<u>400,000</u>
		<u>\$7,404,830</u>



GENERAL FUND

ANALYSIS OF TOTAL UNRESTRICTED REVENUE CHANGES  
USED IN FUND BALANCE PROJECTIONS OF SEPTEMBER 30, 1967

FISCAL YEAR:	1968		1969		1970		1971		1972	
	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
ORIGINAL BUDGET ESTI- MATE		\$ 96,819		\$106,086		\$113,057		\$118,799		\$123,377
ADD										
Additional Oil Bonus	\$ 9,500									
Flood Induced Revenues	1,520		\$ 1,860							
Second Oil Sale Bonus	2,000									
SUB-TOTAL	<u>\$13,020</u>		<u>\$ 1,860</u>							
Deduct										
Reduced Ferry Revenues	500		500		\$ 1,500		\$ 500		\$ 500	
Federal Oil & Gas Rentals	2,517		3,367		3,767		3,892		3,992	
Raw Fish Taxes	1,000		500							
Flood Loss Income Taxes	4,000									
Flood Loss Other Taxes	500									
Centennial Loan Payments	1,000									
SUB-TOTAL	<u>\$ 9,517</u>		<u>\$ 4,367</u>		<u>\$ 5,267</u>		<u>\$ 4,392</u>		<u>\$ 4,492</u>	
NET CHANGE		\$ 3,503		(\$ 2,507)		(\$ 5,267)		(\$ 4,392)		(\$ 4,492)
TOTAL*		<u>\$100,322</u>		<u>\$103,579</u>		<u>\$107,790</u>		<u>\$114,407</u>		<u>\$118,885</u>

\*Totals used in 9/30/67 Analysis of General Fund Balance.

to reflect Senate  
 Appropriation  
 10/1/67

STATE OF ALASKA  
 GENERAL FUND  
 PRELIMINARY ANALYSIS OF FUND BALANCES, REVENUES AND EXPENDITURES  
 FISCAL YEARS 1968 to 1972 INCLUSIVE

*File*

Fiscal Year	Legislative Analysis 4/5/67	Executive Analysis 10/1/67	(\$000 omitted)			
	1968	1968	1969	1970	1971	1972
Balance forward from prior year	\$ 23,208	\$ 23,502	\$ 14,769	\$ 8,003	\$ (2,623)	\$ (17,153)
<u>ESTIMATED TOTAL UNRESTRICTED REVENUES</u>	96,819	100,322	103,579	107,790	114,407	118,885
Disaster Revenues*		1,735	2,548	2,703	2,558	2,297
<u>TOTAL AVAILABLE FOR APPROPRIATION</u>	\$120,027	\$125,559	\$120,896	\$118,496	\$114,342	\$104,029
<u>ESTIMATED EXPENDITURES</u>						
Debt Service	} 100,087	4,685	6,425	8,017	9,027	9,822
Operating Expenses		92,069	99,710	107,986	116,948	126,652
Disaster Appropriations*		8,904				
Shared Revenues	2,573	2,573	2,817	3,042	3,285	3,548
Capital Improvements	1,810	2,559	1,941	2,083	2,235	2,398
<u>TOTAL ESTIMATED EXPENDITURES</u>	\$104,470	\$110,799	\$112,893	\$121,128	\$131,495	\$142,420
<u>ESTIMATED FUND BALANCE</u>	\$ 15,557	\$ 14,769	\$ 8,003	\$ (2,623)	\$ (17,153)	\$ (38,391)
Disaster Balance						\$ (3,436)
						\$ (41,827)

ASSUMPTIONS:

- (1) Estimated fund balance forward to F.Y. 1968 is based on budget forecast.
- (2) The estimated debt service is based on actual debt service for the bond sales to date, and assumes new issues as follows: 1968, \$24M; 1969, \$24M; 1970, \$12M; and 1971, \$12M.
- (3) Estimated Operating Expenses for Fiscal Year 1968 based on appropriations less estimated lapse of 3% and for fiscal years 1969 through 1972 on an average annual increase of 8.3% (11.3 less 3).
- (4) Estimated Shared Revenues based on actual appropriation for fiscal year 1968 and the subsequent fiscal years are computed on same assumed growth factor as used for Total Unrestricted Revenues.
- (5) Estimated Capital Improvements based on actual appropriation for fiscal year 1968, and an average annual increase of 7.3% for subsequent fiscal years using a base figure of \$1,809,000 to compute F.Y. 1969.

\* Net Balance of Disaster Revenue Account 1968-72, \$3,436,400\*\*

\*\* This balance could be an additional \$3,000,000 based on current discussions with oil industry representatives.

STATE OF ALASKA  
GENERAL FUND  
PRELIMINARY ANALYSIS OF FUND BALANCES, REVENUES AND EXPENDITURES  
FISCAL YEARS 1968 to 1972 INCLUSIVE

FISCAL YEAR	Legislative Analysis 4/5/67	Executive Analysis 10/1/67	(\$000 OMITTED)			
	1968	1968	1969	1970	1971	1972
Balance forward from prior year	\$ 23,208	\$ 23,502	\$ 15,268	\$ 8,562	\$ 2,072	\$ (16,603)
<u>ESTIMATED TOTAL UNRESTRICTED REVENUES</u>	96,819	100,322	103,579	107,790	114,407	118,885
Disaster Revenues*		1,735	2,548	2,703	2,558	2,297
<u>TOTAL AVAILABLE FOR APPROPRIATION</u>	\$120,027	\$125,559	\$121,395	\$119,055	\$114,892	\$104,579
<u>ESTIMATED EXPENDITURES</u>						
Debt Service	} \$100,087	\$ 4,685	\$ 6,425	\$ 8,017	\$ 9,027	\$ 9,812
Operating Expenses		92,069	99,710	107,986	116,948	126,652
Disaster Appropriations*		8,405				
Shared Revenues	2,573	2,573	2,817	3,042	3,285	3,548
Capital Improvements	1,810	2,559	1,941	2,083	2,235	2,398
<u>TOTAL ESTIMATED EXPENDITURES</u>	\$104,470	\$110,291	\$112,893	\$121,128	\$131,495	\$142,420
<u>ESTIMATED FUND BALANCE</u>	\$ 15,557	\$ 15,268	\$ 8,502	\$ (2,073)	\$ (16,603)	\$ (37,841)
Disaster Balance						\$ (3,436)
						\$ (41,277)

ASSUMPTIONS:

- (1) Estimated fund balance forward to F.Y. 1968 is based on budget forecast.
- (2) The estimated debt service is based on actual debt service for the bond sales to date, and assumes new issues as follows: 1968, \$24M; 1969, \$24M; 1970, \$12M; and 1971, \$12M.
- (3) Estimated Operating Expenses for Fiscal Year 1968 based on appropriations less estimated lapse of 3% and for fiscal years 1969 through 1972 on an average annual increase of 8.3% (11.3 less 3).
- (4) Estimated Shared Revenues based on actual appropriation for fiscal year 1968 and the subsequent fiscal years are computed on same assumed growth factor as used for Total Unrestricted Revenues.
- (5) Estimated Capital Improvements based on actual appropriation for fiscal year 1968, and an average annual increase of 7.3% for subsequent fiscal years using a base figure of \$1,809,000 to compute F.Y. 1969.

\* Net Balance of Disaster Revenue Account 1968-72, \$3,436,400\*\*

\*\*This balance could be an additional \$3,000,000 based on current discussions with oil industry representatives.

APPROPRIATION BILLS

		<u>Proposed</u>	<u>New Amendment</u>
SB #16	Fairbanks Loan - Centennial	\$1,500,000	
SB #12	Disaster Relief Fund? Account?	-0-	
SB #10	Fairbanks International Airport	65,000	
SB #9	Urban Renewal	-0-	
HB #8	Governor's Contingency	39,600	
SB #9 and HB #10	Repair Incentive	1,400,000	
HB #14	Office of the Governor, Disaster Relief	500,000	
SB #1	Revenue Shortfall	2,500,230	(3,000,000)
SB #3	Extraordinary Operating Expenses	950,000	
SB #6	Veterans Fund Loan	750,000	
SB #7 & 8	Nenana School Bonds	300,000	
HB #3	Fairbanks Hospital	<u>400,000</u>	<u>                    </u>
		<u>\$8,404,830</u>	<u>\$8,904,600</u>

875

<b>DISASTER ACTIVITY REPORT</b>			Report Date COB 9-29-67
Date of Declaration of Disaster August 14, 1967	Type Flood	Location Fairbanks, Alaska	Office 1284

Instructions: This form to be prepared daily or weekly, at discretion of Manager of Disaster Branch Office or Regional Director, and forwarded to Regional Director with copies to Area Administrator and Director, Office of Disaster Loans, Washington. If Weekly Report is made, lines labeled "Today" are understood to mean this week.

Unsecured and secured information need not be provided except upon special request by Washington office or when volume is expected to exceed 500 applications.

		<u>Number</u>	<u>Amount</u>
1. Inquiries and interviews	Today	<u>57</u>	
	To Date	<u>4,625</u>	1419 428 <u>1847</u>
2. Application sets handed out	Today	<u>22</u>	15.5
	To Date	<u>2,819</u>	27.3 <u>4.8</u> AM.
<b>Notes: Items 3 through 10 to be completed on "DL's" only.</b>			
3. Applications accepted for processing	Homes today	<u>29</u>	\$ <u>166,100</u>
	Homes to date *	<u>1,419</u>	* <u>15,538,663</u>
	Businesses today	<u>5</u>	<u>495,800</u>
	Businesses to date *	<u>415</u>	* <u>26,114,859</u>
	Secured	<u>1,294</u>	<u>40,290,053</u>
	Unsecured	<u>540</u>	<u>1,363,469</u>
4. Processed applications received from field offices for further action by office preparing this report	Homes today		
	Homes to date		
	Businesses today		
	Businesses to date		
	Secured		
5. Applications processed and sent other offices for action (Per amount requested)	Homes today		
	Homes to date		
	Businesses today		
	Businesses to date	<u>2</u>	<u>123,000</u>
	Secured	<u>2</u>	<u>123,000</u>
6. Loans approved by office preparing this report	Homes today	<u>35</u>	<u>203,300</u>
	Homes to date ***	<u>1,057</u>	*** <u>8,472,837</u>
	Businesses today	<u>11</u>	<u>339,720</u>
	Businesses to date ***	<u>229</u>	*** <u>6,103,633</u>
	Secured	<u>833</u>	<u>13,548,485</u>
	Unsecured	<u>453</u>	<u>1,027,985</u>
7. Difference in amounts requested and amounts approved by office preparing this report Indicate plus or minus	Homes today	H. 1057	8.4
	Homes to date	B. 732	6.2
	Businesses today	1289	14.6
	Businesses to date		
	Secured	(54) 4.4%	<u>5,665,246</u>
	Unsecured		<u>352,060</u>
8. Loans declined by office preparing this report	Homes today	<u>1</u>	<u>2,000</u>
	Homes to date	<u>50</u>	<u>599,454</u>
	Businesses today	<u>1</u>	<u>6,000</u>
	Businesses to date	<u>9</u>	<u>149,700</u>
	Secured	<u>39</u>	<u>699,120</u>
	Unsecured	<u>20</u>	<u>50,034</u>
9. Applications withdrawn by office preparing this report	Homes today	<u>1</u>	<u>5,000</u>
	Homes to date	<u>18</u>	<u>210,670</u>
	Businesses today		
	Businesses to date	<u>16</u>	<u>544,020</u>
	Secured	<u>22</u>	<u>726,340</u>
	Unsecured	<u>12</u>	<u>28,350</u>
10. Applications pending in office preparing this report	Homes to date	<u>294</u>	19.4 <u>2,542,233</u>
	Businesses to date	<u>159</u>	<u>16,890,664</u>
	Secured	<u>393</u>	<u>19,337,942</u>
	Unsecured	<u>55</u>	<u>94,960</u>

EIDL'S

		<u>Number</u>	<u>Amount</u>
1. Applications accepted for processing	Today	_____	\$ _____
	To Date	13	1,206,900
2. Loans approved	Today	_____	_____
	To Date	3	59,490
3. Applications declined and withdrawn	Today	_____	_____
	To Date	1	24,500
4. Applications pending		9	1,122,910

DPA'S

Loans approved	Homes to date	_____	_____
	Businesses to date	_____	_____

DISBURSEMENTS

1. Disbursements (Only first disbursement shown under "number" but all disbursements shown under "amount")	(To date)	Homes today	65	300,300.00
	(To date)	Homes to date	781	3,458,138.69
		Businesses today	9	38,500.00
	(To date)	Businesses to date	84	545,487.65
		Secured	598	3,137,091.34
		Unsecured	267	866,535.00
2. Pending Disbursement (Fully undisbursed)		Secured	235	10,411,393.66
		Unsecured	186	161,450.00

Comments:

No. OF CHECKS  
1,397 - \$ 6.5

59  
1324  
1348

2  
1348  
5400  
6000  
5392  
6080

4.4

Signature

Title

EXC

# MEMORANDUM

# State of Alaska

TO:  W. L. Kubley  
 Deputy Commissioner  
 Department of Commerce

DATE : September 28, 1967

FROM: Thomas O. Givan  
 Director  
 Division of Veterans' Affairs

SUBJECT: Disaster Loan Request  
Schedule

Estimated flood damage in the Fairbanks area per appraisals by Division of Veterans' Affairs	High	\$563,400
	Low	<u>\$438,300</u>
84 appraisals-repairable damages	Average	\$500,850
18 appraisals-total loss		<u>144,463</u>

Total Appraised Damages Per Schedule	\$645,313
Payments due Public Employees Retirement Fund and Teachers Retirement Fund September 1, 1967 to September 1, 1968 - from relief granted by moratorium - Section 2(3)	<u>\$ 92,820</u>

Unrecoverable Administrative Costs	<u>\$ 11,867</u>
------------------------------------	------------------

\$750,000

LEGISLATIVE AFFAIRS AGENCY

RECEIVED  
OCT 9 1967

TOG:mh

MEMORANDUM

State of Alaska

TO:

W. L. Kubley  
Deputy Commissioner  
Department of Commerce

DATE : September 28, 1967

FROM: Thomas O. Givan  
Director  
Division of Veterans' Affairs

SUBJECT: Fairbanks Flood Damage  
Property Estimates

ANDERSON, Grath T.	\$ 4,000 - \$ 5,000	
ANDERSON, Robert	2,000	3,000
ANDERSON, Whitten H.	6,000	8,000
AYERS, Dean M.	1,500	2,000
BAKER, Ted	8,000	10,000
BANFILL, Bill L.	1,000	1,500
BARBER, Archie	2,000	3,000
BEATTY, Lawrence A.	13,000	15,000
BECKER, William	6,000	8,000
BENSON, Thurman		Total Loss - \$ 8,009.88
BERG, Albin (Home)	6,000	8,000
BERG, Albin (Rentals)	2,500	3,000
BIGOVICH, Blazo N.	4,000	5,000
BOATNER, Aultman	5,000	7,000
BRONSON, Harry E.	4,000	5,000
BURGESS, George W.		Total Loss - \$ 5,000.00
BURNETT, Donald	7,000	9,000
CALHOON, James F.	12,000	15,000
CARTER, Wallace		Total Loss - \$11,687.00
CATHCART, Wallace Jr.	8,000	9,000

CHAMBERS, Kelly			Total Loss - \$ 1,627.11
CHANDLER, Orval K.	\$ 7,000	- \$ 8,000	
COTTRELL/OSTLAND	12,000	14,000	
DAVIS, Carl E.	8,000	9,000	
DRISCOLL, Cecil Jr. (Burned)			Total Loss - \$10,510.47
DUNN, Robert H.	6,000	8,000	
DWORKIN, Lazar			Total Loss - \$ 8,300.00
ELLIS, Charles W.	4,000	6,000	
ESTOREFFE, William J.	2,500	3,000	
FANTAZZI, Frank J.	7,000	9,000	
FLIGEL, Charles	300	400	
FOSTER, Donald	12,000	14,000	
FUSER, Robert C.	6,000	8,000	
FOLZ, Joseph A.	3,000	5,000	
GRAY, Charles T.	3,000	5,000	
HAFFLE, David J.			Total Loss - \$11,658.06
HARKOVITCH, Peter	1,500	2,000	
HASSEL, Gerald L.	3,000	5,000	
HAYFORD, Robert J.	7,000	9,000	
HAYNES, Albert L.			Total Loss - \$ 6,000.00
HAWES, Walter M.	3,000	5,000	
HELSTROM, Morris P.	1,000	2,000	
HERING, Thomas A.	8,000	10,000	
HILL, Henley H.	1,500	2,500	
HILL, Raymond			Total Loss - \$11,782.31

HOYER, William F.	\$ 4,000	- \$ 5,000	
HUBBS, Charles	15,000	18,000	
HUPPRICH, George	1,500	2,000	
COREY, William	3,000	4,000	
JENKINS, Donald R.			Total Loss - \$ 855.00
JURGENS, Loren A.	5,000	8,000	
JOHNSON, Vennoy	6,000	7,000	
JOHNSON, Chris			Total Loss - \$ 5,000.00
KELLY, Robert H. (Home)	2,000	3,000	
KELLY, Robert H. (Eqpmt. Chattels)	5,000	6,000	
KILLEEN, Frank E.			Total Loss - \$ 660.02
KING, Galen F.	2,000	2,500	
KNUUTILA, George J.	4,000	6,000	
LARGEN, Nobel E.	3,000	5,000	
LARSEN, Clifford H.			Total Loss - \$ 5,691.38
LEE, Paul			Total Loss - \$ 6,202.01
LEGERAT, Frank M.	2,000	3,000	
LUGAILLO, Alex	1,000	2,000	
McMAHAN, Ronald S.			Total Loss - \$ 9,553.54
McQUINN, Robert J.	9,000	12,000	
MAJOR, William L.	5,000	8,000	
MAIN, Karl			Total Loss - \$18,500.00
MARSHALL, James T.	4,000	5,000	
MATTSON, John L.	1,000	1,500	
MELAVIC, Arthur P.	13,000	16,000	

MERDES, Edward A.	6,000	7,000	
MORTENSON, Loren L.	5,000	6,000	
MURPHY, John			Total Loss - \$11,184.
MRAZ, Joseph	4,000	5,000	
NEARING, Robert E.	2,500	3,500	
NERLAND, Andrew R.	10,000	13,000	
OTT, Martin	2,500	3,000	
PERKOWSKI, Edward	13,000	15,000	
RAFTERY, Joseph	5,000	6,000	
RAUSCH, Robert A.	10,000	13,000	
RICHY, Dale G.	5,000	7,000	
ROBINSON, Bruce	1,500	2,000	
ROSENBLUTH, Irving	2,000	3,000	
ROWE, Richard W.	12,000	14,000	
RUNNION, Donald			Total Loss - \$ 8,234.53
PERDUE, Ralph W.	5,000	6,000	
SAMUELSON, Harold	6,000	8,000	
SETZER, Quentin D.	6,000	7,000	
SEXTON, William	4,000	5,000	
STACK, Charles F.	5,000	6,000	
STEIN, Donald R.	5,000	7,000	
STROUD, Rayford R.	5,000	6,000	
TERREL, Fred	5,000	6,000	
THIES, Donald W.	5,000	6,000	
THOMAS, Donald	4,000	5,000	

W. L. Kubley

-5-

September 28, 1967

THOMAS, Lester	\$ 2,500	- \$ 3,500
THOMAS, Merl F.	6,000	7,000
TYLER, Ernest D.	5,000	6,000
WEILER, Theodore E.	3,000	8,000
WELTY, Lloyd E.	8,000	10,000
WILSON, Harry A.	12,000	14,000

YANKOWSKI, Robert

Total Loss - \$ 4,006.61

TOTAL	<u>\$438,300</u>	<u>\$563,400</u>
-------	------------------	------------------

\$144,462.75

PLUS \$500,850.00

AVERAGE	<u><u>\$500,850.00</u></u>
---------	----------------------------

\$645,312.75

TOG: mh

E-17

**JUSTIFICATION FOR A  
STATEWIDE TEUC PROGRAM**

The underlying theory of the unemployment insurance program assumes that short-term unemployment is to a degree controllable by employers and is the primary responsibility of state government. The State of Alaska has established a maximum of 28 weeks as "non-recessional" protection.

A State program of Extended Benefits would have as one of its primary objectives the extension of unemployment benefits as a responsibility to workers whose unemployment continues beyond 28 weeks, and is deemed to be longer-term or recession unemployment, resulting from displacement of workers by factors over which employers have little or no control.

The recent trend has been to an increased unemployment rate, which in conjunction with the Fairbanks flood and the poor fishing season in many areas of Alaska has placed additional burdens on the job seeker.

Thus, as a result of facts over which neither employers nor employees have had control, there exists a great possibility that a larger percentage of UI claimants will have unemployment continuing beyond the 28 weeks now established as a maximum.

The source of funds for payment of extended benefits would be the regular State employer tax ranging from 1.5% to 4.0% of taxable (\$7,200) payroll (plus .3% - .9% employee tax); the source for administrative funds would be the Federal .3% tax on employers of four or more.

Although the fund level has not reached the recommended level, payments under the temporary extended unemployment compensation act would not have a detrimental effect upon the fund.

If this bill should become law, the Federal government has advised that claimants receiving benefits based on Federal wages would be covered for extended benefits in the same manner as State UI claimants.

ESTIMATED ACTUARIAL DATA 1967-1970

(Assuming 10.5% CUR)

<u>FY</u>	<u>Total Wages (000)</u>	<u>Taxable Wages (000)</u>	<u>Receipts from UI Tax (000)</u>	<u>Regular Benefits Paid (000)</u>	<u>Extended Benefits</u>	<u>Fund Balance 1/(000)</u>	<u>Ratio Fund/ Total Wages</u>	<u>Recommended Ratio</u>
1970	\$507,000	\$384,000	\$13,400	\$11,900	--	\$19,000	3.7	4.47
1969	478,000	361,000	12,600	11,400	--	17,900	3.7	4.47
1968	429,000	338,000	12,000	10,900	\$1,545	16,200 <sup>2/</sup>	3.8	6.27
1967	390,000	310,000	10,643	6,710	--	19,910 <sup>3/</sup>	5.1	6.27

1/ Includes estimated interest @ 3.5% of fund balance - June 30 estimated balance

2/ Repayment of \$3,712,355 made effective September 25, 1967

3/ Fund balance August 31, 1967 - \$22,685,465

September 30, 1967

**COMPARISON OF UNEMPLOYMENT COMPENSATION  
ACTUARIAL DATA FY 1957 - 1968**

<u>Fiscal Year</u>	<u>Benefits Paid (1957)</u>	<u>Un. Deposits (1957) 1/</u>	<u>Loans From F.U.A. 2/</u>	<u>Loan Balance (June 30)</u>	<u>Fund Balance 3/</u>	<u>Total Wages</u>	<u>Ratio Fund/Total Wages</u>	<u>Recommended Ratio</u>	<u>C.U.R.</u>	<u>First Payees (F)</u>	<u>Exhaustees (E)</u>	<u>Ratio E/F</u>
1968 est.								6.27 <sup>6/</sup>				
1967	\$6,709,857	\$10,643,355	--	\$7,474,334 <sup>5/</sup>	\$19,910,459 <sup>5/</sup>	\$390,000,000 <sup>7/</sup>	5.17 <sup>7/</sup>	6.27	8.57 <sup>7/</sup>	10,381	2,317	.223
1966	6,515,073	10,272,171	--	7,710,288	15,524,393	\$363,937,587	4.27	6.27	9.13	10,961	2,317	.211
1965	5,002,500	9,477,245	--	8,084,385	11,530,053	339,694,823	3.39	7.11	8.15	9,271	1,945	.209
1964	5,949,431	7,997,502	--	8,104,214	7,001,086	282,304,690	2.48	7.11	10.50	10,278	2,696	.262
1963	5,989,610	7,528,010	--	8,328,335	4,946,173	265,204,426	1.86	7.11	10.57	10,131	2,604	.257
1962	7,214,819	7,564,379	--	8,607,596	3,407,774	253,490,945	1.34	7.11	12.78	10,640	3,780	.355
1961	6,726,125	8,253,671	--	8,765,000	3,058,214	271,077,517	1.13	7.11	11.52	11,185	2,506	.224
1960	5,830,851	5,321,527	\$ 500,000	8,765,000	1,530,668	227,831,422	.67	7.11	10.86	9,117	2,756	.302
1959	6,497,619	4,837,082	3,000,000	8,265,000	1,539,992	211,878,181	.73	7.11	12.45	9,588	3,317	.346
1958	8,323,578	5,042,044	2,635,000	5,265,000	140,528	195,853,000	.07	7.11	13.93	11,468	3,260	.284
1957	5,298,137	4,934,608	2,630,000	2,630,000	787,063	219,564,000	.35	7.11	9.71	9,367	1,501	.160

1/ Includes Penalties, Interest and other income but excludes loans received

2/ F.U.A. - Federal Unemployment Account

3/ Fund balance as of June 30, including loan

4/ C.U.R. - Covered Unemployment Rate

5/ Fund balance has not been reduced by repayment of \$3,712,355 on F.U.A. loan effective 9/25/67

6/ Recommended ratio will be 4.47 effective October 1968

7/ Partially estimated

**APPROXIMATE COSTS OF A  
STATEWIDE TEUC PROGRAM**

Assuming in Fiscal Year 1968  
Total Wages of \$400,000,000  
Taxable Wages of \$300,000,000

CUR - 13% (Covered unemployment rate)

Estimated cost of current program for Fiscal Year 1968	\$11,840,000
Estimated cost of extended benefit program	<u>1,776,000</u>
	\$13,616,000
Cost of extended benefits estimated at 15% of regular program	

**ADDITIONAL BACKGROUND DATA**

1. Wages, calendar year 1966

Total	\$380,421,531
Taxable	\$296,094,115
(\$7,200 base)	
2. Net taxes, calendar year 1966  
\$ 10,249,991
3. Average rate paid on taxable wages

2.9% employer tax
.6% employee tax
4. Ratio of average weekly benefit amount to average weekly total wage is approximately 25%.
5. Average benefit payment - \$45.00

ALASKA DEPARTMENT OF LABOR

FAIRBANKS DISASTER RELIEF - U. I. EXTENDED DURATION

FIRST ESTIMATE OF CLAIMANTS AND COST\*

FAIRBANKS AREA ONLY \*\*

Estimated number of first payees	930	
Estimated weeks claimed	10,000	
Estimated average payment		\$ 45.00
Estimated total cost:		\$450,000.00

\*Based on following conditions:

- (1) Available only to U.I. eligible claimants who were residing in Fairbanks at time of flood and file each week from Fairbanks, and
- (2) Have exhausted all benefits or have completed their benefits year and are not eligible for a new benefits year, all subsequent to August 14, 1967

\*\*75-mile radius of Fairbanks

September 30, 1967



The Honorable Walter J. Hickel  
Governor of Alaska  
Juneau, Alaska

Dear Governor Hickel:

It is the intent of the Senate Finance Committee that the contents of this letter constitute the committee's intent in relation to the administration and disbursement of appropriations for revenue shortfalls and extraordinary operating expenses of local governments in a disaster area. The intent is that the guidelines set forth below are applicable to the implementations of Senate Bills 1 - 4, Fifth Legislature, First Special Session, and shall serve as guidelines for the disbursement of funds following any future disaster. The committee intent is:

- (1) Disaster Related - All revenue shortfalls and extraordinary operating expenses paid for from state funds must be as a direct result of the disaster or disaster damage.
- (2) Regular Employees - The salary expense of employees on the payroll at the time of the disaster is excluded, except where such expense is funded by bond or other external funds, the use of which is restricted.
- (3) P.L. 875 - Expenses eligible for reimbursement under this law shall be within the limits of items of expense which are eligible for reimbursement under P.L. 875, or in the case of items which are eligible for reimbursement from state funds.
- (4) Capital Improvements - New capital improvements are excluded, except repair or replacement of existing capital improvements included under P.L. 875 will be allowed.
- (5) Urban Renewal - The local share of urban renewal projects are excluded.

The Honorable Walter J. Hickel

-2-

- (6) Nonrecurring Revenues - Nonrecurring revenue items, i.e., interest on bond or special funds, sales of property, sales of equipment, and similar items of nonrecurring revenue, are excluded.
- (7) Special Assessments; Delinquent Taxes - Revenues from these or similar secured sources are not eligible unless the property was lost or destroyed to the extent its value is insufficient to satisfy the assessment or tax lien.
- (8) Revenue Net - Revenue shortfalls shall be on a net basis for the period covered by the appropriation.
- (9) Equipment - Equipment not replaced by OEP and not repairable may be replaced under this program.

Respectfully,

Vance Phillips  
Chairman  
Senate Finance Committee

GENERAL GUIDELINES FOR ADMINISTERING THE  
DISBURSEMENT OF APPROPRIATIONS FOR REVENUE  
SHORTFALLS AND EXTRAORDINARY OPERATING  
EXPENSES OF LOCAL GOVERNMENTS IN FLOOD  
DISASTER AREA

---

1. FLOOD RELATED

All revenue shortfalls and extraordinary operating expenses paid for from State funds must be as a direct result of the flood or flood damage.

2. REGULAR EMPLOYEES

The salary expense of employees on the payroll at the time of the flood is excluded, except where such expense was funded by bond or other special funds, the use of which is restricted.

3. PUBLIC LAW 875

Expenses eligible for reimbursement under this law shall be excluded; however, items of expense which are ineligible for reimbursement under P.L. 875, or in excess of what is allowable under this law are eligible for reimbursement from State funds.

4. CAPITAL IMPROVEMENTS

New capital improvements are excluded. This does not exclude repair or replacement of existing capital improvements ineligible under P. L. 875 to their pre-flood standard and size. Any repair or replacement of existing capital improvement in excess of 25 per cent of its original cost shall be considered a new capital improvement.

5. URBAN RENEWAL

The local share of urban renewal projects are excluded.

6. NON-RECURRING REVENUES

Non-recurring revenue items, i.e., interest on bond or special funds, sales of property, sales of equipment, and similar items of non-recurring revenue, are excluded.

7. SPECIAL ASSESSMENTS; DELINQUENT TAXES

Revenues from these or similar secured sources are not eligible unless the property was lost or destroyed to the extent its value is insufficient to satisfy the assessment or tax lien.

8. REVENUE NET

Revenue shortfalls shall be on a net basis for the period covered by the appropriation.

Exp 11

ESTIMATED SHORT-FALL OF REVENUE  
AND REQUIREMENT FOR FINANCIAL  
ASSISTANCE THRU JUNE 30, 1968

	<u>Short-fall</u>	<u>Funds required</u>
Real Property Taxes, Fiscal 1967	\$ 300,000	
January thru June 30, 1968	200,000	
Sales Tax, Fiscal 1967	152,000	
January thru June 30, 1968	100,000	
Special Assessments, Fiscal 1967	36,000	
January thru June 30, 1968	100,000	
Parking Meter Revenue, Fiscal 1967	12,000	
January thru June 30, 1968	<u>10,000</u>	
	\$ 910,000	\$ 910,000

Extraordinary Expense, Fiscal 1967  
thru June 30, 1968:

Heating System - City Hall	(1)	23,100
Replace office equipment - City Hall	(2)	8,750
Replace Blue Print Machine - Engineering	(3)	4,400
New Hot Water Heater - City Hall	(5)	300
Replace burned-out conduit and wiring - City Hall	(7)	3,000
Repaint entire basement - City Hall	(8)	2,500
Office supplies destroyed - City Hall	(9)	7,000
Janitorial supplies destroyed - City Hall	(10)	2,200
Reproduction Division equipment & supplies	(11)	15,000
Gasoline pump rehabilitation - Safety Building	(1)	4,200
Replace headbolt heater outlets - Safety Building	(4)	5,000
Floor for alarm room - Safety Building	(5)	7,900
Police & Fire Department supplies & equipment	(6)	12,000
Emergency equipment vehicle replacement	(7)	16,400
Equipment & supplies - Health Department	(2)	3,500
Repair damaged equipment - Public Works	(1)	139,000
Hand tool replacement - Public Works	(7)	6,000
Lumber - Public Works	(6)	10,000
Fuel oil - Public Works	(9)	1,200
Replace intersection Gillam Way & Airport Rd	(10)	21,000
Reinforce graveled roads with D-1 base	(12)	38,000
Reoil all graveled streets	(13)	220,000
Clean drainage ditches of silt and repair	(14)	18,000
Replace guard rails	(18)	46,000
Overhaul pumps	(19)	8,900
Clean and repair sewer system	(21)	76,000
Replace gear and rehab sewer lift stations	(22)	96,000

Funds required

Rip-rap river bank	(23)	\$ 200,000
Clean buildings and areas	(25)	16,000
Continue clean-up	(26)	24,000
Equipment & supplies - Library	(1)	8,500
Election equipment	(2)	3,000
Purchases to date - Miscellaneous	(1)	22,440
Food purchased	(2)	<u>1,800</u>
		\$ 1,981,090

Edz

**MATERIALS, SUPPLIES & EQUIPMENT CONSUMED AND/OR  
LOST IN FLOOD WHICH MUST BE REPLACED**

**COAL**

1. Coal Stockpile 4,000 Tons (\$6.49 + \$3.30 + \$1.25) = \$44,040		
Less: Promised Reimbursement from O. E. P.,		
475 Tons @ \$11.04	=	<u>5,244</u>
Net M. U. S. Coal Cost for its Stockpile		38,796
Replacement of Fort Wainwright Coal		
1,090 Tons @ \$11.04		<u>12,034</u>
		\$ 50,830

**TELEPHONE POLES**

2. Pole Yard Loss of 76 poles - Replacement of 60 poles @ average cost in Fairbanks of \$70.00 each		4,200
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**TELEPHONE EQUIPMENT**

3. 3 types of Telephone Instruments declared ineligible for O. E. P. assistance utilized by our subscribers and substantial revenue producers (per attached)		19,860
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**OFFICE SUPPLIES & EQUIPMENT**

4. Utility Billing Office supplies, bills, envelopes and other miscellaneous stationery		2,000
Alternate Accounting Machine destroyed by water and falling materials		<u>8,200</u>
		10,200

**MOTOR VEHICLES**

Replacement for - 6 - flooded motor vehicles:		
Steam and Water Dept. - 1-1/2 Ton Pickup		
Telephone Dept. - 2-Econolines		
" " - 1-1/2 Ton Pickup		
Power House - 1- 1/2 Ton Pickup		
Electric Distribution - 1 - 3/4 Ton Pickup		
		<u>6 @ \$2,500 each</u>
		= <u>15,000</u>

Total		<u>\$100,030</u>
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# INTER-OFFICE MEMORANDUM


**TO:** C. J. Miller, Comptroller  
**FROM:** Harry Reimer, Telephone Superintendent  
**SUBJECT:** Flood Damaged Miscellaneous Telephone Equipment

MUNICIPAL UTILITIES SYSTEM  
FAIRBANKS, ALASKA

**DATE:** September 26, 1967

The following items were marked as "Not Eligible" for replacement in kind on our memorandum dated August 25th by the Corps of Engineers. I would request that they be reconsidered for replacement since it is equipment that is desperately needed by our subscribers and cannot be replaced by normal Type 80 telephones.

1. 6 each AO3 Electronic Secretaries @ \$275.00 ea.	\$ 1,650.00
2. 9 each Sentry Electronic Secretaries @ 250.00 ea.	2,250.00
3. 13 each SP2 Electronic Secretaries @ 220.00 ea.	2,860.00
4. 11 each LP-TD-C Electronic Secretaries @ 550.00 ea.	6,050.00
5. 30 each Type 880 Speaker Phones @ 160.00 ea.	4,800.00
6. 10 each Magi-calls @ 225.00 ea.	<u>2,250.00</u>
TOTAL	<u>\$19,860.00</u>

  
\_\_\_\_\_  
Harry Reimer, Telephone Superintendent

HR/lf

CHAIRMAN  
RON NERLAND

SECRETARY  
WILBUR WALKER

CITY OF FAIRBANKS  
MUNICIPAL UTILITIES SYSTEM

*Operated By The Public Utilities Board*

645 FIFTH AVENUE

FAIRBANKS, ALASKA

P.O. BOX 2215 - 99701

MEMBERS

DON C. CHANDLER  
RAY KOHLER  
CONRAD G. B. FRANK

8413

September 19, 1967

STATEMENT REGARDING FAIRBANKS  
MUNICIPAL UTILITIES SYSTEM

The City of Fairbanks entered the Utility business with the acquisition of electric, steam, water and telephone properties from a private operator in 1948 and 1950.

Prior to the city's entrance into this field, the quality of utility service left much to be desired and the inadequate service was creating problems in the growing community.

With the acquisition of the utility properties, the city commenced a program of improvement and expansion to meet existing and future needs for utility services.

Through successive expansions the city built a new electric generating station with three steam electric turbines having a total capacity of 8,500 kilowatts, and one gas turbine with a capacity of 7,500 kilowatts. A diesel electric generator of 2,750 kilowatts is in process of installation. Electric distribution lines have been rebuilt and extended and now total approximately 60 miles in length.

The steam heat system was rehabilitated and looped to improve reliability of service and extended to meet requests for such service from users in the business district. It now includes more than three miles of mains.

Steam is supplied to the heating system through extraction from all three steam turbines in the power plant.

The water system was entirely rebuilt. It now comprises three deep wells with a capacity of over 8,000 gallons per minute, a water softening and iron removal plant with a capacity of approximately 2,300 gallons per minute under normal operating conditions, chlorination and fluoridation equipment, and fifty six miles of circulating high pressure water distribution mains including about 350 fire hydrants. There are also three special fire wells.

The telephone plant has been rebuilt and now consists of a modern dial system housed in two exchange buildings. Outside plant includes a substantial amount of underground as well as aerial cable. At the close of June, 1967, the system included 7, 148 main subscriber stations with a total of 11, 028 telephones installed. In addition, the system had a number of P. A. B. X. switchboards in service.

At June 30, 1967, the investment in utility plant totaled almost \$26, 000, 000.

The acquisition, rehabilitation and expansion of the Utilities system has been carried out principally with funds derived from the sale of revenue bonds, retained earnings and grants, and to a lesser extent with funds derived from the sale of General Obligation Bonds.

At July 1, 1967, there were outstanding \$11, 910, 000 of Revenue Bonds and \$225, 000 of General Obligation bonds. Sinking fund and other debt service requirements totaling nearly \$932, 000 for the year were being met currently.

There are no short term borrowings.

At July 31, 1967, payables to vendors and taxes payable totaled \$494, 314 which is generally consistent with prior periods.

At July 31, 1967, receivables for utility services, including miscellaneous receivables of \$22, 000, totaled \$607, 037. Because of cycle billing it is reasonable to assume receivables at the close of business on August 14, 1967, were approximately at this level

The following tabulation sets forth the system's customers by utility at June 30, 1967, and billings for the period January - June 30, 1967.

<u>Utility</u>	<u>Customers at June 30, 1967</u>	<u>Billings January - June, 1967</u>
Electric	4, 845	\$ 1, 180, 545
Water	2, 423	321, 921
Steam	168	285, 344
Telephone (Main Subscriber Stations)	7, 148	1, 277, 582
Telephone - Total Telephones	11, 028	-
Miscellaneous	-	<u>24, 891</u>
Total		\$ 3, 000, 553

PROJECTED UTILITY REVENUES AND RECEIPTS - JULY - DECEMBER, 1967  
PRIOR TO AND SUBSEQUENT TO THE FLOOD OF AUGUST 14, 1967

PRIOR TO FLOOD

SUBSEQUENT TO FLOOD

Month	PRIOR TO FLOOD		SUBSEQUENT TO FLOOD		
	<u>Projected Billings</u>	<u>Projected Receipts</u>	<u>Projected Billings</u>	<u>Projected Receipts</u>	<u>Short-bills Receipts - Under prior to Flood</u>
July, 1967 (1)	\$ 551,961 (1)	\$ 498,180			
August "	500,000	500,000	\$ 236,000	\$ 349,000 (1)	\$ 151,000 (1)
September "	505,000	490,000	275,000	310,000	180,000
October "	510,000	500,000	291,000	406,000	94,000
November "	560,000	490,000	348,000	400,000	90,000
December "	595,000	540,000	400,000	420,000	120,000
Total	\$3,221,961	\$3,018,180	\$1,550,000	\$1,885,000	\$ 635,000
Jan., 1968	570,000	520,000	430,000	430,000	90,000
Feb. "	525,000	485,000	430,000	420,000	65,000
March "	520,000	540,000	445,000	460,000	80,000
April "	500,000	500,000	440,000	445,000	55,000
May "	500,000	490,000	450,000	450,000	40,000
June, 1968	500,000	500,000	475,000	470,000	30,000
Subtotal	\$3,115,000	\$3,035,000	\$2,670,000	\$2,675,000	\$ 350,000
Total Fiscal Year End 6/30/68	\$6,336,961	\$6,053,180	\$4,220,000	\$4,560,000	\$ 995,000

Estimated Revenue Shortfall Fiscal Year 1969

July, 1969	
December, 1969	\$ 120,000
January, 1970	
June, 1970	70,000
Total	\$ 190,000

Estimated Revenue Shortfall 1970

Total	\$ 100,000
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Note (1) Actual

The floods impact on the system's financial condition is likely to be more adverse than appears from a perusal of the above statistics.

It's doubtful whether substantial collection will be made of outstanding receivables totaling about \$607,000 at the start of the flood. Such receivables would ordinarily be collected in the 30 to 60 days following the flood. We have estimated about 55% collectible but the exact amount of such collection is presently undeterminable.

Practically no utility services were sold during the period August 15 - August 20 and after that date sales were at a much reduced rate. Sales in the near future will reflect the loss of a substantial number of customers and the non availability of service to customers because of temporarily flooded equipment such as P. A. B. X. systems. As a result receivables and collections will inevitably be reduced.

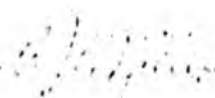
We expect a sharp rise in bad debt losses from subscribers who need and are using utility services but simply have not the means to pay for them because of their urgent need to refit themselves and their homes for winter and have limited financial resources.

Utilities has suffered an estimated loss of \$100,000 in materials, supplies and equipment required for the operation of the system which must be replaced and cannot be funded under existing Federal assistance laws.

A substantial maintenance program is required to overhaul water logged and silt laden motor vehicles, pumps and motors, telephone exchange equipment and other work presently unforeseeable but will become apparent during the severe winter weather which lies ahead.

The above is a brief summary of the situation confronting the Fairbanks Municipal Utilities System at the start of the winter 1967.

Respectfully,

  
C. J. Miller  
Comptroller and  
Assistant General Manager

CJM:mh

FAIRBANKS NORTH STAR BOROUGH

SEPTEMBER 21, 1967

SHORTFALL OF FUNDS (Extraordinary Expenses)

EQUIPMENT LOSS

Engineering	\$ 3,500.00
Accounting	46,000.00
Assessing	12,800.00
Planning & Zoning	1,200.00
Library	10,000.00
Forms and Paper	9,500.00
Reconstruct Files	<u>17,000.00</u>
	<u>\$100,000.00</u>

It is estimated that 50% of this will be replaced by OEP. \$50,000

Fairbanks North Star Borough School District

The OEP are only authorized to replace supplies for 30 day supply. The following estimates do not include the eligible items of replacement but only those that were lost and not replaced by the OEP.

Instructand & custodial supplies	30,000
Equipment	5,000
Pupil Personnel records & additional clerical help to replace	10,000
Sub Total	<u>45,000</u>

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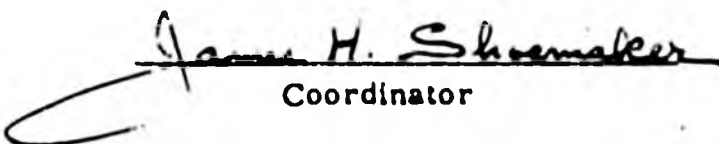
**SUMMARY OF LEGISLATIVE RECOMMENDATIONS**

- I - Underlying Considerations**
- II - Needs of the Public Sector**
- III - Needs of the Private Sector**
- IV - Measures to Stimulate Recovery**
- V - Recapitulation - Seven areas of needed action**

**Attachments and Supplementary Information**

**Citizens Coordinating Committee**

**Fairbanks  
September 23, 1967**

  
**Coordinator**

**RECOMMENDATIONS FOR LEGISLATIVE  
ACTION FOR REHABILITATION AND RECOVERY  
FOLLOWING THE FLOOD DISASTER IN THE TANANA VALLEY AREA**

**A SUMMARY**

**Some Underlying Considerations**

Six broad considerations should be kept in mind in assessing the need for remedial legislation:

1. With very few exceptions, the flood seriously damaged every home and business. In addition to direct damage to houses and buildings, there was an enormous loss of personal property and of business inventories.
2. The resultant situation has made it extremely difficult to engender assistance within the flooded communities, since virtually every family and every business is itself in need of rehabilitation.
3. As will be shown, this condition applies with equal force to the various local governmental agencies. The needs of the public sector of the Fairbanks area are thus just as immediate and urgent as those of the private sector.
4. Underlying the physical damage (which is being, and will be, repaired) are the more deep-seated economic and financial losses. In many cases (in fact, in the majority of cases) families and businesses will require years to recover from these losses.

## THE PUBLIC SECTOR

### BACKGROUND - what is being done to restore public buildings and services

The Office of Emergency Planning (the central agency for directing the flow of Federal assistance in the public sector) estimates that, by the time of the freeze-up in October, over \$7.5 million will have been spent in the emergency restoration of public buildings, streets and highways, and public services - as well as in the replacement of lost or damaged equipment.

Other Federal agencies also can supply certain types of assistance including (a) the Department of Defense (military aid to prevent suffering or loss of life) (b) the Bureau of Public Roads (restoration of those highways and bridges that comprise part of the Federal Highway System) (c) the Department of Health, Education and Welfare (emergency health and sanitation measures and other possible, but not clearly defined, emergency education and welfare measures) and (d) the Department of Housing and Urban Development.

The bulk of O. E. P. expenditures represents contracts let to private concerns through the Army Corps of Engineers. Most of it is completed or is now in progress.

It includes such items as removal of debris, emergency repair of sidewalks, roads and bridges, the restoring of public buildings (schools and government offices), the restoring of public services (water, sewage, electric power, telephone services, etc.) and in general, the physical restoration of the buildings and equipment that are public in nature.

It should be noted, however, that this is emergency work based on "hurry-up contracts" designed to get all public services back into full operation as promptly as possible. It does not contemplate any improvements. As a maximum the O. E. P. restores a building, or equipment to pre-flood conditions, and as a minimum it makes enough emergency repairs to restore service.

IT DOES NOT DEAL WITH THE UNDERLYING DAMAGE TO THE FINANCIAL POSITION OF LOCAL GOVERNMENT - DUE TO A DECLINE IN REVENUES ACCOMPANIED BY A SUBSTANTIAL RISE IN NECESSARY LOCAL EXPENDITURES.

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

8-15

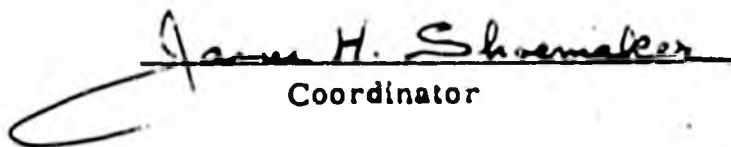
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**Attachments and Supplementary Information**

**Citizens Coordinating Committee**

**Fairbanks  
September 23, 1967**

  
**Coordinator**

PATRICKS NORTH STAR BOROUGH

SEPTEMBER 21, 1967

SHORTFALL OF FUNDS

~~1967~~

State Foundation Program \$ 437,730.00

Public Law 874 105,500.00

Ad Valorem Tax 582,000.00

Sales Tax 120,000.00

\$1,245,230.00

1968

Ad Valorem Tax \$ 500,000.00

1969

Ad Valorem Tax \$ 250,000.00

**RECOMMENDATIONS FOR LEGISLATIVE  
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3. As will be shown, this condition applies with equal force to the various local governmental agencies. The needs of the public sector of the Fairbanks area are thus just as immediate and urgent as those of the private sector.
4. Underlying the physical damage (which is being, and will be, repaired) are the more deep-seated economic and financial losses. In many cases (in fact, in the majority of cases) families and businesses will require years to recover from these losses.

5. In some cases (not a majority, but a substantial number) businesses will fail unless they are accorded more liberal financing than is now available to them. Every such failure will, in turn, constitute an impediment to economic recovery.
6. There also is another hard core problem - - one of finding a financial solution for the home owner whose future mortgage payments plus the cost of rehabilitating his house will amount to substantially more than the house will ever be worth. Faced with this prospect, some families, already have left Alaska. This, too, retards economic recovery.

These conditions provide a background for assessing the legislative recommendations which follow. These recommendations are classified under three headings - (1) emergency legislation relative to the public sector; (2) emergency legislation relative to the private sector, and (3) emergency legislation designed to accelerate recovery.

## THE PUBLIC SECTOR

### BACKGROUND - what is being done to restore public buildings and services

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IT DOES NOT DEAL WITH THE UNDERLYING DAMAGE TO THE FINANCIAL POSITION OF LOCAL GOVERNMENT - DUE TO A DECLINE IN REVENUES ACCOMPANIED BY A SUBSTANTIAL RISE IN NECESSARY LOCAL EXPENDITURES.

Note revision of City and MUS estimated shortfalls  
for August 1967 thru June 30, 1968 period below

Federal disaster assistance is "supplementary" to State and Local assistance - and is given only when State and Local resources are inadequate to meet emergency requirements.

The City of Fairbanks (and the Municipal Utilities System)

\* The City of Fairbanks anticipates a total shortfall of funds for the period of August through December 1967 of \$1,390,000.

Of this \$655,000 is due to a decline in revenues plus replacement costs (not eligible for Federal assistance).

The Municipal Utilities System (owned and operated by the City) expects an even greater shortfall of \$735,000 during the August through December 1967 period.

These estimates (including breakdowns) are explained in the attached report of the City.

The North Star Borough

The North Star Borough anticipates a total shortfall of funds for the period of August through June 1968 of \$1,245,230.

MEETING THE NEEDS OF THE CITY AND BOROUGH

\* It should be again emphasized that the estimated shortfall of the City of Fairbanks (\$1,390,000) refers to the period of August through December 1967 only - and that of the North Star Borough (\$1,245,230) for August 1967 through June 1968 only.

The extent to which there may be additional later shortfalls will, of course, depend on the rate of economic recovery and the extent to which the freeze-up and spring thaw may reveal additional damage.

The City and Borough need and expect only the resources that are essential to maintain basic public services until they are again in a position to finance them. The state will, of course, desire to allocate only as much as is absolutely necessary for this purpose.

But following a flood and in the midst of an emergency period, the best available estimates are necessarily rough approximations. The problem is thus to deal with uncertainty in respect to the magnitudes involved (1) by providing the City and Borough with sufficient funds

\* For City of Fairbanks the shortfall (Aug 1967 thru June 30 1968) = 910,000  
For MUS " " " " " " " " = 995,000

to continue to meet their operational needs and (2) at the same time to provide full assurance to the State that funds are spent for the purposes designated and that expenditures do not exceed actual emergency requirements.

The formula to accomplish this would appear to be (1) appropriations for the City and Borough sufficiently large to meet all emergency needs (2) a State administrative unit (committee or department) to watch over the expenditures (3) on presentation (to this state agency) of specific evidence of emergency needs, a lump sum would be granted covering them (4) when these funds were exhausted, on presentation of (a) a statement of expenditures covering the previous allocation of funds and (b) specific evidence of further emergency needs, an additional lump sum to cover those needs would be made available.

This procedure would provide the flexibility that is needed in view of the present inability to come up with exact estimates. At the same time it would make certain that funds would not be made available unless and until the need for them was demonstrated.

## ALASKA 67

The most complex post-flood problem in the public sector is that of A-67.

While it is true that A-67 faced financial difficulties prior to the flood; it also is true that (1) the flood aggravated problems and (2) A-67 should be a significant factor in stimulating post-disaster recovery.

If some \$5.8 million of public property is to be conserved for the purposes for which the money was invested, it is essential that the State and the City of Fairbanks jointly and frankly face the realities of the present situation and cooperatively work out a viable solution.

Nothing is to be gained by postponing the development of a workable plan. On the contrary, postponement will result in legal action against A-67 causing the eventual cost to be increased by as much as 20 to 25 per cent. This in turn would bring into question, commitments made by the State to the Federal Government.

Two attachments relate to this problem: (1) a statement by the City Manager of the City of Fairbanks indicating the City's willingness to accept a long-range responsibility to pay the State a sum of \$1.5 million for A-67 and defining the terms of repayment.

(2) a statement by the A-67 Board indicating the financial obligations of A-67.

The details of a workable plan will require a full review and careful formulation. Its broad outline, however, would appear to be (1) an acceptance by the State of the obligations of A-67 and (2) a long-term payment of \$1.5 million by the City for A-67.

## THE PRIVATE SECTOR

### BACKGROUND - what is being done to aid homeowners and business concerns suffering from flood damage.

#### 1. Disaster Loans

As of September 20, 1967, the Disaster Loan Office of S. B. A. had accepted-for-processing 1,461 loan applications totaling \$32,988,799.

Of these, \$62 loans were approved for a total actual commitment of \$9,905,517 (539 applications were still pending on that date and 101 new applications were received during the day).

#### 2. Direct Assistance Payments

As of September 20, 1967, the Red Cross had made relief commitments totaling \$1,366,123.\* There were 211 cases still pending, with approximately 12 new cases coming in daily.

### Finding a Solution for the Problem of the Heavy-Loss Homeowner

As already noted, a continuing hard core problem is the householder whose prospective mortgage payments plus the cost of repairing flood damages totals substantially more than his house will ever be worth.

Mr. Donald Hammel, Assistant Secretary of the Department of Housing and Urban Development was consulted on this by phone. Tentatively he suggested a possible formula to meet this problem by which the Federal government would cover two-thirds of the cost and the State one-third.

Three representatives of that Department will arrive in Juneau on September 25, bringing with them the necessary information to explore this possibility prior to the Special Session.

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\*Of this, the largest category (\$547,560) was for "clothing, food and maintenance" - largely in the form of purchase orders and rental payments. Mass care during the flood totaled \$168,970. Furniture alone totaled \$415,934. Repairs to homes amounted to \$123,237, occupational tools \$9,011 and medical care \$6,956.

Finding a Solution for the Problems of the Heavy-Loss Business Concern.

No rule-of-thumb formula appears possible in dealing with problems of very seriously damaged businesses. Each will require a special evaluation.

In some instances the loss is due to direct damage to buildings, equipment or inventories. In others, with no physical damage, whatsoever, there are still heavy losses (for example, in the present and prospective volume of business and earnings, or in accounts receivable that cannot be collected). Often a business faces both types of losses.

No solution has, as yet, been found for those firms whose available financing arrangements leave them with monthly commitments which exceed earnings.

A possible approach would be (1) more liberal terms for S. B. A. Disaster Loans in such cases and (2) supplemental State loans based on a thorough evaluation of each case.

## MEASURES TO STIMULATE RECOVERY

The "cash-flow" in the Fairbanks area was halted by the flood. The acquisitions of food and shelter was based on emergency operations of disaster relief organizations, a sharing of aid, or generous extensions of store credit.

As soon as the flood receded, however, the need for manpower rose sharply - not only to drain, dry and repair homes and business<sup>es</sup> but also to man the rehabilitation projects designed to restore public facilities (based on O. E. P. funds for contracts allocated through the Army Corps of Engineers).

There has thus been a temporary sharp rise in total wage payments. Because of the need for replacing necessities destroyed by the flood, there has been a parallel rise in consumer spending.

But the "hurry-up" rehabilitation jobs already are nearing completion. Moreover there has been some outmigration from Fairbanks (estimated at 10 to 15 per cent of the population). Some levelling off of the "cash-flow" will thus follow the freeze-up.

### Construction to Stimulate Recovery

Emergency action is therefore needed to make certain that the necessary preliminary plans are activated now in order that construction projects in the Fairbanks area can be initiated promptly in the spring.

At the State level this includes highway construction, buildings for the University of Alaska and a few less important projects.

Federal action should be urged to initiate plans for flood control. A preliminary review of those plans was presented to a Sub-Committee of the House Committee on Public Works (in Fairbanks early in September). A full-fledged presentation is to be made by the Army Corps of Engineers in Fairbanks on October 20.

Urban redevelopment is another area in which Federal construction could be undertaken.

### Tourism as a Recovery Measure

Tourism is becoming an increasingly important growth-factor in Fairbanks.

The stimulation of 1968 tourism will require (1) correction of the false impression that the flood has made Fairbanks inoperative as a tourist center and (2) direct advertising and cooperation with airlines and tour agencies to attract 1968 visitors.

Directly related to tourism and trade is Pan America's application for a route via Fairbanks. This is of both immediate and long-range significance - hence every effort should be made to support this action.

#### Basic Resource Development

In view of the flood and the need for recovery - the Secretary of the Interior should be urged to activate recommendations in the June 15, 1967 report of the Department of the Interior relative to the development of Alaska's resources and the extension of the Alaska Railroad.

From the point of view of Fairbanks and the Tanana Valley, the recommendations (1) for power development (2) for a \$36 million appropriation for a geological survey (3) for a \$6 million appropriation for the Bureau of Mines (to point up potentials for mining) and (4) for an \$8 million appropriation to create an Institute of Mining and Metallurgy at the University of Alaska, as well as the proposed extension of the Railroad, are the most important.

## RECAPITULATION - LEGISLATIVE RECOMMENDATIONS

On the basis of this summary review and the supporting attachments, seven areas of legislative action are suggested for the Special Session which begins on September 27, 1967.

1. Action to enable the City of Fairbanks (and its Municipal Utilities System) to continue to provide essential governmental and public utility services until the present emergency is overcome.

2. Action to enable the North Star Borough to maintain its essential public functions (including the continued functioning of the public school system) until the present emergency is overcome.

3. Agreement between the State and the City of Fairbanks on practical solutions (a) for the immediate problems facing A-67 and (b) for a long-range plan to assure sound future control and management.

4. Assistance for those homeowners whose flood losses are so heavy that their mortgage debt plus their rehabilitation costs substantially exceeded the total value of the home. If possible, such assistance should be accompanied (a) by liberal refinancing policies by the Disaster Loan Office of S. B. A and (b) by an agreement

with the Department of Housing and Urban Development on a formula (for dealing with hard-core cases) in which both the State and the H. U. D. would participate.

5. Assistance for business enterprises that cannot, (on the basis of the financing presently available to them) meet added interest charges from earnings - such aid to be based on a careful assessment of each case on its own merits.

6. The activation of as many construction projects in the Fairbanks area as promptly as possible, to provide full employment and to stimulate recovery, (such construction, for example, as that scheduled for the University of Alaska, for public highways, or for public buildings).

7. A joint resolution addressed to the Secretary of the Interior expressing appreciation and commendation for the Department's Report of June 15, 1967 on "Alaska - Natural Resources" and strongly urging that (in view of the flood disaster and the need for recovery) the recommendations in that report relative to the development of Alaska's resources and the extension of the Alaska Railroad be promptly implemented.

TANANA VALLEY AREA  
ESTIMATED SHORTFALL OF REVENUES

August 1967 through June 30, 1968

Note: As originally presented, the shortfall of funds for the \*City of Fairbanks was for the period August through December 31, 1967, but for North Star Borough for August 1967 through June 1968.

The figures below extend the coverage for the City through June 30, 1968, and include, as well, figures for Nenana and North Pole.

City of Fairbanks	\$ 910,000
Municipal Utilities System	995,000
North Star Borough	1,245,000
Nenana	35,000
North Pole	<u>5,000</u>
TOTAL (for August thru June period)	\$3,190,000

September 29, 1967

\* And its Municipal Utilities System

ESTIMATED SHORTFALL OF FUNDS FOR THE CITY OF FAIRBANKS, THE NORTH STAR BOROUGH, AND THE CITY OF NENANA

Estimated shortfall of funds between August and December 31, 1967, for the City of Fairbanks, from report prepared by the Citizens Coordinating Committee:

Real Property Taxes Shortfall .....	\$ 300,000	
Sales Tax Shortfall .....	152,000	
Admission Tax Shortfall .....	5,000	
Special Assessments Shortfall .....	36,000	
Parking Meter Revenue Shortfall .....	12,000	
Municipal Utilities Shortfall .....	635,000	
<b>Total for City of Fairbanks</b>		<b>\$1,140,000</b>

Estimated shortfall of funds between August, 1967, and June 30, 1968, for the North Star Borough, from report prepared by the Citizens Coordinating Committee:

State Foundation Program Shortfall .....	437,730	
Public Law 875 Shortfall .....	105,500	
Ad Valorem Estimated Prior Years Taxes Shortfall .....	25,000	
Ad Valorem Current Years Taxes Shortfall .....	582,000	
Sales Tax Shortfall .....	120,000	
<b>Total for North Star Borough</b>		<b>1,270,230</b>

Estimated shortfall of funds for City of Nenana as provided by Mayor Norman W. Suckling. Approximately 60% (\$18,000) is property tax shortfall and approximately 40% (\$12,000) is sales tax shortfall

30,000

**TOTAL ESTIMATED SHORTFALL OF FUNDS FOR THE CITY OF FAIRBANKS, THE NORTH STAR BOROUGH, AND THE CITY OF NENANA**

**\$2,440,230**

A total of \$250,000 under the heading "non-eligible replacement shortfall" in the Citizens Coordinating Committee Report for the City of Fairbanks was deemed by the Legislative Council to be an extraordinary expenditure rather than a shortfall and is included in the bill appropriating for extraordinary expenditures.

CA17

# Westgate Sewage Backs Up

Residents of Westgate collected an unwelcome dividend from the flood this morning. Their basements, bathrooms, and kitchens were suddenly filled up with raw sewage about 8 a.m. today.

Either the lift station broke down or somehow an air bubble got into the sewer lines. Public Works employes were not sure what had happened. The public works people have been working on the sewer lines in the subdivision for the past few days.

"This is quite discouraging," said Mrs. James E. Martindale of 1158 Sunset Drive. Mrs. Martindale was working trying to refinish her flood damaged basement apartment in her home when the phone rang upstairs. She went to answer the phone and heard a muffled gurgling noise throughout the house. The phone call was from her next door neighbor who wanted to know if her sewer was backing up.

"I came downstairs to check and there it all was," Mrs. Martindale said. "The odor was terrific. Everything was spattered all over the walls; it was pretty sudden."

Mrs. Martindale was not alone in her noxious dilemma. The police said they have been receiving calls all morning from Westgate residents — most of them on Coppet Street and Sunset Drive — complaining that their sewers were backing up.

"We aren't taking names any more; we're just keeping score of how many calls we get," a police official said.

Most of the people living in the subdivision had just gotten their homes in shape for winter. They planned to spend this weekend to put in the final finishing touches.



## Wammack Home On Sunset Burns

The home of William O. Wammack at 1147 Sunset in Westgate burned late yesterday afternoon and damage was estimated at between \$15,000 and \$20,000.

The blaze started in the garage, spread to the main building and upstairs.

The Wammack family escaped unharmed and a neighbor called the city Fire Department to the scene.

Cause of the fire has not been determined but there are reports that a car exploded in the garage. The vehicle was destroyed.

3. Ent 48

REPORT TO THE LEGISLATURE

ALASKA 67

I. Present condition of the Site and cost to restore.

- A. Damages. Conduit damaged, sidewalks need to be levelled, floors need repair, Native Village buildings need to be re-positioned, log cabins need to be jacked up and fill levelled underneath.
- B. Cost. Based upon bid received by the Department of Public Works to winterize Alaska 67, a guess as to repairs - \$200,000.
- C. Cost Offset. Community Action groups possibly will provide sufficient labor to offset \$100,000 of the \$200,000 repair cost.

II. Measures that have been taken for closing down Alaska 67.

- A. Winterizing consisting of:
  - 1. Repair heating systems w/a guarantee of one year service.
  - 2. Drainage of water lines and fill commodes with antifreeze.
  - 3. Replacement of circuit breakers that were submerged.
  - 4. Removal of boat ramp from water.
  - 5. Winterization of the Nenana. This was carried out by Public Works.
- B. Fence that was washed away by the flood is being replaced by Alaska 67 through monies loaned to Alaska 67 and contracted by the State.
- C. Fire Insurance has been paid through August, 1967 from the controlled account. Another premium is necessary in the next fifteen days.
- D. One cabin on the site has been made habitable for one security maintenance man who is to live on the site.

III. Current Liquid Cash held by Alaska 67

A. Over and above \$10,358.48 deposited September 19, 1967 to offset all payroll checks issued through 9/14/67, \$4955.00 was deposited to take care of the last half of September payroll and the following payroll cost for October, 1967.

1. Maintenance and Security Men	\$800
2. Part time Manager	350
3. Part time Secretary	200
4. Accountant - part time	500
	<u>\$1,850</u>

B. No other liquid cash is available except for approximately \$10,000 which will be used to pay insurance, etc.

IV. Overdrafts -

A. None

B. Checks drawn against Alaska 67 general checking account which were not released \$6,257.87.

V. Administrative and Operational needs through May, 1968

A. Staff One Administrator \$15,000, One Security and Maintenance Man \$ 800. One Secretary \$ 500, and Accounting Service \$500 Plus payroll burden 20% = \$3960 Mo. X 7 months	\$27,720
B. Insurance	35,000
C. Fuel, Electricity and Snow Removal, Telephone etc.	25,000
D. Delinquent Payroll Taxes	<u>45,000</u>
	\$132,720

VI. Indebtedness

A. State Loans	\$922,240.28
Interest to 6/30/68	<u>56,652.14</u>
Total	\$978,892.42

B. Others

1. General Contractors	\$ 818,194.64
(Taken from Peat, Marwick, & Mitchell Co. records)	
2. Vendors, Material men, and suppliers	554,000.00
(Taken from Alaska 67 records)	
	<u>\$1,372,194.64</u>
Contingency	100,000.00
	<u>\$1,472,194.64</u>

C. Offset against indebtedness

1. BOR Project No. 50-00010	\$ 88,000.00
2. EDA Grant No. 07-1-00056	<u>128,901.43</u>
	\$* <u>216,901.43</u>

\* Offset against Promissory Note #6 dated April 18, 1967.

VII. 1968 Season Operating Cost.

A. Opening Costs	\$20,000
B. Closing Costs	35,000
C. Insurance	45,000
D. Equipment Cost and Repairs	10,000
E. Operating Cost 14 Weeks	<u>168,000</u>
Total	<u>\$278,000</u>

Alaska 67 at the peak of the operating season was incurring an operating cost of \$22,370 per week, and received a revenue income of approximately \$17,000 per week. As a result they incurred a loss of over \$5,000 per week. The above operating projection of \$168,000 assumes operating costs could be cut to \$12,000 per week for 14 weeks.

VIII. Income from future operations

A. Half of 1967 projected income which would include gate receipts.	\$ 129,000
B. Without gate receipts, Parks and Recreation have estimated a revenue forecast of	75,000
(\$50,000 concessions and \$25,000 programs, Big Stampede, Native Store, etc.)	

IX Obligation to the Successor of Alaska 67

1. Payment on Note	\$ 195,000 year
@ 4% interest (10 year payback period)	
2. Operating Loss	203,000
(1st Year only)	
	<u>\$ 398,000 Annual</u>

Ex. 19

October 3, 1967

The Hon. Walter J. Hickel  
Governor of the State of Alaska  
State Capitol  
Juneau, Alaska

Dear Governor Hickel:

Recognizing the approximate \$200,000 flood damage to the Alaska 67 site and the possibility that one or more of the community action groups in Fairbanks may provide labor to help restore the site, it is the intent of the House Finance and House Local Government Committee that approximately \$500,000 additional advance to Alaska 67 be utilized to return A-67 to pre-flood condition. It is further intended, that an additional \$150,000 may be advanced to A-67 for administrative and operational costs deemed necessary for maintenance of the site. Such expenditures may be incurred during this winter season until such time as the City of Fairbanks can legally acquire the Alaska 67 site.

It is the intent of the committee that no more than \$150,000 be advanced for all the above purposes.

The House Finance and House Local Government Committee has authorized the expenditure of the above amount to the Alaska 67 site. It is the intent of the committee that the amount be advanced to the City of Fairbanks for the non-operating expenses of the site. The City of Fairbanks takes over the site.

Sincerely yours,

Walter J. Hickel  
Governor

Paul Smith, Chairman  
House Finance and Local Government Committee

Ex 2

September 30, 1967

**MEMORANDUM**

**SUBJECT: Legislative Affairs Agency request for supplemental appropriation**

**TO: Senator Vance Phillips, Chairman  
Senate Finance Committee**

As per your oral request this date, the following figures make up the estimated expenses incurred and to be incurred by the Agency as a result of the Fairbanks flood and the calling of the special session.

(1)	Fairbanks trips		
	Governor's briefing, September 1,	}	\$ 2,240
	Council & legislative leaders		
	Council meeting, September 15-16		
(2)	Charter Flights - Nenana, Minto		512
(3)	Telephone		800
(4)	Postage		100
(5)	Supplies		1,000
(6)	Travel - Legislators		7,250
(7)	Per diem - 10-days estimate		21,000
(8)	Travel time - to and from session		5,100
(9)	Temporary employees - salaries		12,020
	employee benefits		722
			<u>\$50,627</u>

I wish to emphasize that some of the above figures are only estimates at the present time. Depending on the length of the special session the figures relating to telephone, postage, supplies, per diem, and temporary employees will increase or decrease. The estimates relating to per diem and temporary employee costs are based upon the session lasting for a 10-day period.

John M. Elliott  
Executive Director