

State of Alaska FY2003 Governor's Operating Budget

Department of Community & Economic Development Community and Business Development Component Budget Summary

Component: Community and Business Development

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Component Mission

The mission of the Division of Community and Business Development (CBD) is to promote independent local governments and job growth.

Component Services Provided

1. General Local Government Assistance. Advice and assistance related to public service delivery, financial management, elections, ordinance development, and newly elected officials training.
2. Rural Utility Business Advisor (RUBA). Business, finance, personnel and general management assistance to governments and local organizations responsible for operating sewer and water utilities in rural Alaska.
3. Community Development Quota (CDQ). Assist western Alaska communities with their participation in the CDQ Program, a fisheries development initiative.
4. Coordinated Response Projects. Assistance to communities experiencing sudden economic dislocation as a result of major economic disruptions.
5. Land Management Assistance. Site control, Municipal Lands Trust program and mapping services
6. Community Planning. The Alaska Coastal Management Program and the National Flood Insurance Program.
7. State Assessor's Office. Advice and assistance for municipalities on assessment and taxation issues, local property full and true value determinations and monitoring of local assessment practices for compliance with state law.
8. Local Boundary Commission. Analysis and recommendations regarding municipal boundary changes and incorporations, administrative and technical support for the Commission's activities.
9. Business Development. Assist Alaska's developing businesses to grow and diversify.
10. Resource Use Policy. Work with public and private sectors on development of natural resource allocation policies
11. Resource Products. Provide technical assistance, resources support and value-added products.
12. Community Economic Development. Promote economic development at the community level through technical assistance.
13. Tourism Marketing. Continue to manage the state's statewide tourism marketing contract with a qualified trade association. For the second year of the contract, identify components of a statewide tourism marketing plan, approve the plan and oversee its implementation.
14. Tourism Development. Foster tourism business development through improved land use planning and permitting, and better transportation access to developing visitor attractions and destinations.
15. Tourism Information. Provide tourism and trip planning information services to travelers at the Alaska Public Lands Information Center (APLIC) located in Tok.

Component Goals and Strategies

INCREASE THE CAPACITY OF LOCAL GOVERNMENT TO EFFECTIVELY PROVIDE ESSENTIAL PUBLIC SERVICES

Provide communities training and on-site technical assistance.

- Help local governments implement new National Flood Insurance Program requirements.
- Develop handbooks, technical publications and Internet resources.
- Provide direct service to the division's clients through the division's network of regional offices.
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HELP RURAL COMMUNITIES MEET THE CHALLENGE OF MANAGING AND OPERATING EFFECTIVE AND EFFICIENT SANITATION FACILITIES

Assist local governments in their analysis of the ability to pay issues prior to the selection of sanitation system designs.

- Help local governments develop appropriate fee structures and collection procedures to promote self-sufficiency for local utilities.
- Develop debt reduction plans for local governments faced with substantial debts.
- Provide payroll, bookkeeping and accounting training for city staff.
- Provide management advice on structuring local organizations to operate and manage sanitation utility services.
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- Provide training on planning, personnel management, public relations and general administration of sanitation utilities.

ENSURE THAT RESIDENTS OF SMALL RURAL COMMUNITIES IN WESTERN ALASKA GET THE MAXIMUM BENEFITS FROM THEIR PARTICIPATION IN THE CDQ PROGRAM
Work with CDQ groups to equitably allocate the multi-species quotas.

- Work with CDQ groups to maximize local opportunities arising from passage of the American Fisheries Act. Several large investments are expected and will involve extensive CDQ staff analysis and CDQ Team participation.
- Respond to specific recommendations of a National Academy of Sciences Report on the implementation of the CDQ Program.

FACILITATE COORDINATED RESPONSES TO MAJOR ECONOMIC DISLOCATIONS AS THEY OCCUR

- Participate in the development and maintenance of a computer-based database of the efforts and results of previous responses; a series of regional economic profiles; and an inventory of available response resources.

ENSURE THAT THE LOCAL BOUNDARY COMMISSION HAS THE SUPPORT NEEDED TO OPERATE IN AN EFFECTIVE AND TIMELY MANNER

Provide feasibility and policy analysis as required.

- Review and investigate proposals.
- Prepare reports and recommendations.
- Implement decisions of the Commission.
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PROVIDE TECHNICAL ASSISTANCE TO MUNICIPALITIES AND OTHERS REGARDING LOCAL BOUNDARY COMMISSION MATTERS

Provide petition forms, sample petitions, other sample materials, and publications to aid those interested in

- prospective & pending proposals.
- Conduct public informational meetings.
- Offer technical and policy advice to interested organizations.
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PROVIDE COMPREHENSIVE AND ACCURATE INFORMATION FOR ALL ALASKA COMMUNITIES

Expand current community database/web site to include additional community data elements.

- Develop new "Alaskan Economic Information System" database/web site focusing on regional economies and industrial sectors.
- Develop new "Alaska Tourism Visitors Survey" database/web site.
- Support the Denali Commission by expanding the Rural Projects database and online Economic Development Resource Guide to meet the Commission's rural development needs.
- Provide technical and analytical support for the state's Western Alaska fisheries disaster response.
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IMPROVE THE DELIVERY AND COORDINATION OF STATE SERVICES TO ALASKA SMALL BUSINESSES

Simplify access for Alaska businesses to small business assistance and resources.

- Organize and deliver procurement opportunities conference.
- Increase coordination among state-funded small business programs.
- Provide advocacy and support for Alaska's existing businesses.
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ASSIST THE SEAFOOD INDUSTRY IN IDENTIFYING AND PURSUING OPPORTUNITIES

Monitor current trends and conditions in domestic and foreign markets.

- Assist in the research and development of value-added and niche markets.
- Provide timely and easily accessible information (business leads, reports, names of contacts, etc.) in a variety of formats (fax or email newsletters and updates, web site) about opportunities for Alaska products.

SUPPORT CONTINUED EXPANSION OF THE MINERALS INDUSTRY

Participate in at least three minerals trade shows in North America to provide international mining companies with information about opportunities for exploration and investment in Alaska.

- Publish an annual report, containing details on all mineral industry activities within the state, and use it as a marketing tool to generate more interest in Alaska's mining industry.
- Provide staff support for the Alaska Minerals Commission and publish the commission's annual report, as required by statute, with recommendations on solving industry problems and improving conditions.
- Update and distribute timely information about mineral industry activities in Alaska.

SERVE AS THE PRIMARY AGENCY FOR AND COORDINATION OF THE STATE'S TOURISM PLANNING AND DEVELOPMENT EFFORTS

- Provide planning assistance to individuals, communities, organizations, and businesses interested in tourism development or management.
- Facilitate cooperative planning and land management processes statewide between state and federal land managers.
- Actively participate in other agency planning processes to ensure that tourism related issues are considered and addressed, and encourage coordinated planning by adjacent land management agencies.
- Be the lead agency for the coordination of the Public Lands Forum.
- Develop online (and hardcopy) guidelines for communities, organizations and business tourism development.
- Maintain a repository of state documents, books and other reference materials for tourism development.
- Compile and distribute visitor research.
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PROMOTE COMMUNITY ECONOMIC DEVELOPMENT

- Provide technical support for community infrastructure development (or improvement) critical to economic development.
- Provide technical and financial support for community infrastructure critical to economic development and for small business startup.
- Provide information regarding potential funding sources (inclusive of grant and loan programs) for tourism development.

ASSIST COMMUNITIES STATEWIDE WITH THE PLANNING AND DEVELOPMENT OF PUBLIC TOURISM PROJECTS

- Coordinate with local, state, federal agencies and Native corporations regarding permitting of businesses on state and federal lands.
- Increase wildlife viewing opportunities on public lands, including South Denali and Wrangell National Parks.
- Coordinate the Alaska Public Lands Forum with other state and federal agencies as partners.
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ASSIST COMMUNITIES WITH THE PLANNING AND DEVELOPMENT OF TOURISM-RELATED TRANSPORTATION

- Work with state and federal transportation agencies to review, analyze and evaluate potential and planned transportation and transportation enhancement projects that improve access and visitor opportunities in Alaska.
- Provide technical assistance to communities and state and federal transportation agencies regarding use of TEA-21 enhancement funds for tourism related projects, visitor centers and visitor information systems, rest stops, trails and other access enhancements.

DEVELOP TOUR PRODUCT AND TOUR SERVICES NECESSARY TO INCREASE ALASKA VISITATION ON A YEAR-ROUND BASIS

- Secure year-round, non-stop air service between Japan and Alaska, as well as with other potential markets such as the United Kingdom.
- Conduct consultations, face-to-face as well as via e-mail and phone, to assist individuals, companies and corporations with their efforts to develop (or enhance) Alaska tour product.
- Develop inventory of Alaska tour product; assist with packaging through tour operators/wholesalers (worldwide).
- Assist individuals, communities, organizations and businesses with showcasing special events and activities such as the Iditarod, Yukon Quest and skiing/snowmobile tours, by helping to develop complimentary tour product.
- Provide highway travelers with information about opportunities along the road system through the official state map and other materials.
- Continue staffing of and improvements to the Alaska Public Lands Information Center (APLIC) in Tok.
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INCREASE RURAL AND CULTURAL TOUR PRODUCT

- Conduct rural tourism development workshops to provide technical assistance to individuals, communities, organizations and businesses to assist them in developing tour product, as well as understanding distribution systems for it.
- Develop the Alaska Cultural Tourism Trail, modules of cultural heritage or arts-related tour product for inclusion in tour operator/wholesaler programs.
- Coordinate the Governor's Conference on Cultural Tourism.
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INCREASE BENEFITS FOR VISITORS COMING TO OR TRAVELING WITHIN THE STATE

- Contract with a qualified trade association for marketing services to increase awareness of Alaska as a visitor destination.

- With the qualified trade association, respond to visitor requests for adequate trip planning information.
- Maintain the Tok APLIC to provide statewide visitor information to visitors already in the state.

Key Component Issues for FY2002 – 2003

Functional Capacity of Many Local Governments Threatened - Many cities in Alaska are struggling to maintain basic services. This is especially true for some of the smaller municipalities that may have only several hundred residents and a very limited tax base. This situation threatens the state's investment in essential community facilities and poses a threat to the health and well being of Alaska's residents. The division is addressing this issue on a number of fronts:

- Significant decline in state financial assistance to communities - There are more than 40 smaller municipalities in Alaska that rely on state shared revenue for over 30% of their operating budget. Over the last 15 years, the state's two major revenue sharing programs have been cut by more than 85%. The division works closely with cities to maximize the effectiveness of these funds. Division staff have also been working with the Legislature to explore modified revenue sharing programs that could limit the impact of cuts on the most financially vulnerable cities.
- Lack of financial management and local government skills - The division works with city staff and elected officials to develop the skills they need to perform their responsibilities. The division helps cities establish and maintain sound financial practices, thereby preventing the loss of hundreds of thousands of dollars each year.
- Limited local tax base or economy - The division's Local Government Specialists work with cities to identify sources of local revenue and provide advice on how to most effectively use these limited resources.
- Frequent city staff turnover - Low wages, part-time work, no training, and lack of consistent policies and procedures are a few of the reasons for staff turnover. Staff turnover reduces efficiency, interrupts services, and leads to ineffective use of available revenues. The division addresses this issue with on-site and regional training and with advice and assistance to cities on essential policies and procedures.

Maintaining Sanitation Systems Essential to Rural Health - Adequate and affordable sanitation systems are critical for the health of rural residents and critical for the development of rural communities. State and federal sanitation task forces have concluded that capital investments alone will not achieve long-term improvements in sanitation. Many communities currently lack the resources and training to successfully operate and maintain their utilities. The division's Rural Utility Business Advisor (RUBA) program addresses this issue in four ways:

- Needs Assessments: Division staff complete an assessment of a community's management of its water and sewer utility. Corrective action is recommended and assistance is provided.
- Training: Staff provides on-site training specific to the utility management needs of a community and provides general regional training that benefits all the communities attending utility management workshops.
- Rates studies: Staff work with cities to set utility rates sufficient to cover operational costs as well as future operation and maintenance expenses.
- Financial management systems: Staff helps cities establish sound financial management systems and practices for the operation of water and sewer utilities.

Local Governments Struggle to Adapt to Changing Fiscal Conditions - Alaskans are considering various ways to make their local governments more efficient and effective to better suit local needs. Indicators of this situation include:

- Interest in city/borough consolidation. Division staff processed two petitions to the Local Boundary Commission for consolidation of major city and borough governments (Fairbanks and Ketchikan). A third city/borough consolidation proposal is pending (Haines).
- Interest in detachment of Eagle River from the Municipality of Anchorage persists.
- Residents of the Hoonah/Gustavus area have expressed interest in borough incorporation.
- A petition for dissolution of the City of Skagway and formation of a Skagway Borough is pending.
- Interest in dissolution of City governments and a movement towards transfer of City assets to tribal governments continues. This continues to raise a number of questions concerning the distribution of municipal property and the extent of tribal powers.

State Policies Concerning Local Government - There are a number of issues about state policy concerning local government in Alaska. Indicators of this situation include:

- A call by the Alaska Municipal League for a review of municipal government involving the state, the municipalities, and the public to determine if state policies are consistent with the intent of the Alaska Constitution mandating maximum local self-government with a minimum of local government units.
- Support by the Alaska Municipal League for state policies that remove disincentives and encourage the formation and annexation to boroughs in the unorganized areas of the state and urge the legislature to take a more active role as the Assembly of the Unorganized Borough as mandated by the Constitution.

- Support by the Alaska Municipal League for voluntary contracting of State services to appropriate local governments when such action is cost effective and appropriate and accepted by the local government body.
- Despite a recognized constitutional policy of encouraging borough incorporation, in the past forty years organized boroughs have formed voluntarily in regions encompassing only 4% of Alaskans. This is contrasted with boroughs formed under the 1963 Mandatory Borough Act in which 83% of Alaskans live. The remaining 13% of Alaskans live in the unorganized borough.
- Due in part to disincentives from certain state policies, the prospects for new borough incorporations under current law seem to be quite limited. Since 1990, only one borough has formed.

Need for Coordinated Agency Response to Community and Regional Assistance - The traditional model for community assistance, where agencies respond separately within their areas of expertise, has undergone considerable evolution as the state has lead efforts to respond to severe economic dislocations. To increase response effectiveness agencies at the state and federal level are taking steps to work cooperatively and coordinate the provision of services. From this may emerge a new approach to community assistance work, where the resources of several agencies are leveraged and/or coordinated to improve efficiency and quality in service delivery. A significant issue for this division will be to determine a programmatic role within this coordinated approach that is appropriate for our mission and achievable with available division resources.

Operation Renew Hope - In August, the Governor declared an economic disaster in the commercial salmon fisheries of the Yukon, Kuskokwim, Norton Sound, Bristol Bay, and Alaska Peninsula regions. In response to this disaster, the Operation Renew Hope will continue to pull together all the various state and federal programs that could respond to the short and long term disaster impacts under this organizational umbrella. The department's participation in this effort will result in continued responsibilities for division staff.

Implementation of Federal Fisheries Programs Will Impact Alaskans - The implementation of the federal American Fisheries Act (AFA) has economic and market repercussions for all of Alaska's ground fisheries, coastal communities and CDQ groups. Tracking and developing policy considerations to protect Alaska's fishing and processing interests has become a major focus for the State of Alaska, and, as such, involved the expertise of the Division's Fisheries Development Specialist. At the same time, many proposals to rationalize other fisheries are emerging, and for reasons similar to implementing the AFA, community and market concerns need to be integrated into the analysis and discussion.

Land Management Issues Affect Development - Public policy regarding the use of public and private lands can play a significant role in the success or failure of economic development initiatives. Examples include:

- Inconsistent management of public lands and tidelands in Southeast Alaska hinders commercial activities.
- Coordinated tourism planning efforts are hindered by a lack of information about commercial and private use of public lands.

Tourism Development in Rural Alaska - While offering promise, tourism development in rural Alaska faces significant problems and will require development assistance. Rural communities lack the staff and resources necessary to prepare for and attract tourism development in their communities. They are requesting information about the effects of tourism development, both positive and negative, that would allow community residents to make informed choices about development.

Alaska Economic Information System - Currently, information about Alaska's economy, labor force and industrial sectors is widely scattered among various agencies and organizations. The Alaska Economic Information System (AEIS) has been developed and is designed to provide user-friendly access to all this information at a one-stop portal on the Web. The initial AEIS development was funded with a one time grant but additional funds are necessary to keep the system current.

State Assessor's Office - As a result of an increasing work load, the State Assessor is not able to review the property assessment practices used by municipalities on a timely basis. The State Assessor's review of local assessment practices is critical to assuring the integrity of the Full and True Value Determination (FTVD) that is made for property in each municipality. The State Assessor's Full and True Value Determination serves as the State's independent assessment of the full and true value of all taxable property within a given locality.

- The FTVD is an important factor in determining a locality's entitlement under several State financial assistance programs. Financial assistance for municipal school districts is probably the most significant program that uses the FTVD to determine a municipality's entitlement. The inaccurate FTVDs result in incorrect and inequitable payments to municipalities.

- Because of continuing fiscal pressures, many municipalities feel a need to maximize their efforts to obtain state financial assistance. One of the results of these local fiscal pressures has been an increase in localities “pushing the envelope” of acceptable assessment practices. This new position will provide support to the State Assessor, which will enable thorough and timely review of local assessment practices and property value determinations. This in turn will insure that all municipal school districts receive the amount of funding to which they are entitled.

Fisheries Development - The Division currently has one full-time development specialist working on fisheries issues. Projects such as salmon industry revitalization, new fisheries development, groundfish industry issues and implementation of seafood in USDA programs are a portion of the projects that need staff attention. Current duties run the spectrum of economic issues, projects and crisis with Alaska's fisheries and another development specialist is needed to keep up with those duties.

Major Component Accomplishments in 2001

The CDQ Program no longer relies on General Fund monies. During the 2000 session, legislation was signed into law creating a CDQ fee and authorizing program receipt authority to pay for the \$250,000 associated with administering the program. On July 1, 2000, CDQ groups began paying the department a pro rata share of the cost.

CDQ Multi-Species Program. The department, in conjunction with the Department of Fish & Game, conducted the first ever multi-species allocation process during the fall of 2000. All quota including groundfish, halibut and crab species were allocated during the two-year Community Development Plan (CDP) cycle of 2001-2002. The North Pacific Fishery Management Council passed a motion in support of the state's recommendation, which were approved by the National Marine Fisheries Service (NMFS) in February of 2001.

Streamlining CDQ Process. The department worked with the National Marine Fisheries Service and CDQ groups to streamline the CDQ regulatory process. In recognition of the increasing maturity of the groups and the need for flexibility in making business decisions, the State and NMFS agreed to work with the CDQ groups to explore ways to reduce state and federal regulations required for CDP plan amendments.

Working Towards Obtaining Organic Labeling for Alaska Seafood. The Division continues to work with industry, federal agencies, and the state to promote the development of organic certification standards for aquatic species.

Targeted Additional Funds for Seafood Quality and Technology. Staff worked with the Fisheries Industrial Technology Center in Kodiak to identify ten projects qualified for a special federal appropriation. These projects provide new opportunities for improving the quality and product mix of Alaska seafood.

Promoted Value Added Processing of Alaska Salmon. Division staff helped secure funding for a value-added salmon marketing grant. These funds were provided through a special congressional appropriation that will provide grants for direct marketing by fishermen and processors who have a market-accepted value-added salmon product.

Alaska Economic Information System. Researched and prepared economic sector profiles for the Alaska Economic Information System. The profiles are a compilation and analysis of data and information that identify resource and development opportunities and issues in the state's 27 census areas.

Tourism Planning and Development Efforts. Direct community and regional support includes workshops and consultations statewide. Participated in the numerous state and federal land planning processes to ensure that issues, concerns and development objectives of businesses and nearby communities are addressed. Provided technical assistance for tourism planning, product development, marketing, community and infrastructure planning and held tourism workshops in several communities throughout the State.

Tourism Marketing Review. Review of the Alaska Travel Industry Association's (ATIA) marketing plans, budgets and contracts and participated in regular ATIA board and marketing meetings to ensure that state dollars are used most effectively and efficiently to promote Alaska.

Coordinated Federal-State Land Management. Prepared, conducted, analyzed and presented a survey of all commercial guides, outfitters, transporters and remote lodge owners in Southeast Alaska as part of a larger effort to promote consistent management of state and federal lands and waters in Southeast Alaska. Conducted joint meetings by the Forest Service, Alaska Department of Natural Resources and Alaska Department of Fish and Game to identify ways to coordinate planning and land management of federal uplands and state tidelands in Southeast Alaska.

Mining Industry and Commission Reports. Mineral development specialists completed the legislatively required annual report of the Alaska Minerals Commission, and the annual report compiling facts and figures about Alaska's mineral industry.

Promotion of Alaska's Mineral Potential. Promotion continued at trade shows in the financial centers of North America and through business and trade magazine articles and interviews. The mining specialists are participating in the permitting of two potential mines (True North and Pogo), and are providing a mining business perspective in interagency planning teams.

Funding for Critical Geologic Mapping of Alaska's Mineral Resources. The division's minerals development specialists worked with other agencies to secure federal funds for geologic mapping, airborne geophysical surveys, and baseline water quality surveys. This information is essential to attracting exploration activity.

New Mineral Company to Invest Exploration and Development Dollars in Alaska. Despite low gold prices the division helped attract new mineral exploration to Alaska. Alaska is seen to have a favorable mineral investment climate because of incentives, stable government and geologic pedigree, when compared with other countries.

Contractor Conferences Identified Opportunities. Division staff facilitated conferences to identify opportunities for construction contractors, including information about what to expect in the contracting year. These conferences followed successful procurement conferences that provided Alaska businesses information about how to do business with state agencies.

Active Year for Local Boundary Commission. Petitions were processed or are pending for consolidation of the City of Ketchikan and the Ketchikan Gateway Borough, consolidation of the City of Fairbanks and the Fairbanks North Star Borough, consolidation of the City of Haines and the Haines Borough, annexation to city governments in Homer and Wasilla, incorporation of a city governments in Talkeetna. A petition for concurrent dissolution of the City of Skagway and incorporation of the Skagway Borough was also received and is under review. Lastly, a comprehensive revision of Local Boundary Commission regulations was completed in 2001.

Alaska Regional Development Organization (ARDOR) Program Activity. Division staff awarded and managed \$620,000 in grant funds. The Kenai ARDOR placed three new businesses in their Business Incubator Center and assisted them in marketing and networking with other local businesses to create and expand market share. The Mat-Su ARDOR participated in business development for Port McKenzie which are now actively using the port. The Northwest Arctic Borough ARDOR, with funding from NANA corporation, set up a small business revolving loan program. The 30 current loans resulted in new or expanded business opportunities to Borough residents. The Southeast ARDOR partnered with other regional organizations to build an endowment fund with the University of Alaska, Southeast for scholarships for residents.

Improved Local Capacity for Financial Management. Significant improvements in the financial and management abilities of rural communities to operate, manage and finance services were observed in Shishmaref, Tanana, Chalkyitsik, Deering, Goodnews Bay, Hooper Bay, Kwethluk, Nunapitchuk, and Shaktoolik. These communities have been receiving direct assistance from the Division's Rural Utility Business Advisor (RUBA) Program. There are many aspects to improving a community's management and finance. These communities appear to be taking advantage of the resources provided through RUBA and other programs.

Upgraded Accounting Systems. In five communities, the division used private contractors to update financial accounting software and conduct training on the use of the accounting programs. These upgrades have provided an opportunity for the communities to produce accurate and timely financial reports in much less time and effort than their former manual accounting systems. Alakanuk, Selawik, Kaltag, Chalkyitsik and Chevak have received this service. In additions, program staff worked directly with the communities of Chalkyitsik, Deering, Diomede, Gambell, Hooper Bay, Mekoryuk, Stebbins, and White Mountain on implementing, upgrading or maintaining their use of a computerized accounting system.

Alakanuk Housing Relocated to Safety. The RUBA program facilitated the coordination of numerous state and federal agencies and local entities to relocate 22 houses from eroding riverbanks to a safe location provided with piped water and sewer. This year the houses have been placed on the prepared lots and are currently being connected to the city's utility system.

Land Claims Settled and Community Development Encouraged. Staff assisted the communities of Koliganek, Allakaket, Alatna, and Togiak with the settlement of local land claims. These land settlements will result in the Bureau of Land Management's surveying and platting of parcels of land that will be conveyed for primary places of residences, businesses, non-profits and land for community use. Staff also provided communities, agencies, contractors and the public with site control assistance and community mapping for sanitation facility planning, community infrastructure development and emergency and disaster response.

Land Made Available for Water, Sewer and other Community Projects. Real property acquisition was completed and long term leases of municipal trust land were issued for sanitation facilities and other community infrastructure. Types of projects include roads and a new landfill and sewage lagoon in Chignik Lagoon, a new landfill and bulk fuel storage in Chignik Lake, water treatment and storage facility in Nelson Lagoon, an access road in Igiugig, a new clinic and school in Pedro Bay and housing land in Takotna.

Public/Private Partnership Ventures Produce Community Maps. Division staff worked successfully to coordinate efforts with agencies and rural groups to produce standardized community profile maps for the public. Federally funded partnerships have been underway this year with the Interior Rivers Resource Conservation and Development Council, the Northwest Arctic Borough and the state's Village Safe Water Program.

Federal Block Grant Programs. Implemented a new Community Services Block Grant (CSBG) Program state plan without delay in receipt of funds. Successfully implemented new Federal reporting requirements for CSBG Program. Successfully distributed over \$3 million in Community Development Block Grant (CDBG) funds to 20 rural communities.

Mini-Grant Program Continues Major Funding Partnership. Received Denali Commission funding to compliment U.S. Forest Service Mini-Grant funds bringing the total available in grants to over \$600,000. Received and reviewed 100 Mini-Grant Applications. This year, this multi-agency partnership will fund approximately 20-30 new economic and community development projects.

Annual Clerks' Institute. Division staff worked with the Alaska Association of Municipal Clerks (AAMC) and their Institute director to provide training for a 4 1/2 day Institute. Approximately 80 clerks attended. The Institute helps municipal clerks satisfy the requirements of the International Institute of Municipal Clerks who offer internationally recognized certification as a municipal clerk.

Regional Funding Summit Held. Division staff helped facilitate several regional funding summits. USDA Rural Development and the Denali Commission also participated in these events. Funding issues and opportunities for community infrastructure and regional economic development were highlighted.

Community Priority Projects Program Established. The Division received a \$5 million grant from the Denali Commission to set up a new grant program. The program focuses on projects that are identified as priorities in local community plans and that are not, in general, funded by other grant programs. The program is to be considered a funding source of last resort.

Alaska Coastal Management Program Grants. Program staff awarded and managed more than \$1 million in grants funds. The Aleutians West CRSA, Cenaliulriit CRSA, and Ketchikan Gateway Borough were awarded funds to continue work on the updating of their coastal management plans and the City of Haines completed Phase 1 of a Waterfront Public Use Management Plan. The Municipality of Anchorage, Bristol Bay CRSA, Cenaliulriit CRSA, Kenai Peninsula Borough, North Slope Borough, and the City of Pelican completed public outreach projects that included developing coastal management web pages and a coastal awareness program for the students of the Pelican school.

Subsistence Restoration Grant Program. Staff administered these Exxon Valdez oil spill-related funds which are awarded to the nine unincorporated communities located within the spill area. Grants have been awarded for the purpose of enhancing and managing salmon runs, enhancing cultural and subsistence awareness and skills, and in support of oyster mariculture projects.

National Flood Insurance Program (NFIP). Assisted in reducing public and private sector losses and damage from flooding and erosion by providing technical assistance on floodplain development requirements and managing pass through grants to Fairbanks North Star Borough, Nome, Kotzebue, and Galena. Responded to the specific detailed need requests of Shishmaref, Newtok, Kotlik, Nome, Kenai Peninsula Borough, Mat-Su Borough, Anchorage, and to a lesser extent 10 other community assistance requests. Provided training at two statewide conferences - the Alaska Surveying & Mapping Conference, Alaska Coastal Management Conference, and regional workshops in Wasilla, Fairbanks and

Soldotna.

Statutory and Regulatory Authority

AS 29.04-06	Classification, Alteration of Municipalities;	
AS 39.05.060	Appointment, Qualification and Terms of LBC	
AS 44.33.810 - AS 44.33.828	Local Boundary Commission	
3 AAC 110.010 - 110.900	Local Boundary Commission Standards and General	Provisions
AS 44.47.150	Village land conveyed into trust.	
19 AAC 90.010 - 19 AAC 90.990	Municipal Trust Land	
AS 44.33.781	Alaska Coastal Management Program	
AS 44.33.026 - AS 44.33.895	Alaska Regional Development Organizations Program:	
AS 44.33.755	Municipal Lands Trust	
AS 44.33.115	Subsistence Grants:	
AS 44.33.020	Block Grants	
AS 44.33.020	National Flood Insurance Program	
AS 36.30.332-338	Alaska Product Preference	
AS 44.33	Economic Development	
AS 44.33.119	Division of Tourism	
AS 44.33.431	Alaska Minerals Commission	
AS 44.33.900	Alaska Forest Products Research and Marketing Program	
AS 44.99.100	Economic Development Policy	
AS 45.65.010-070	Made in Alaska Program	
5 AAC 39.198	Internal Waters Permits	

Community and Business Development
Component Financial Summary

All dollars in thousands

	FY2001 Actuals	FY2002 Authorized	FY2003 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	4,400.4	4,473.0	5,267.0
72000 Travel	425.4	358.7	418.0
73000 Contractual	1,044.4	1,548.8	1,293.8
74000 Supplies	98.6	76.6	83.0
75000 Equipment	162.8	7.5	38.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	2,753.1	2,149.6	2,065.8
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	8,884.7	8,614.2	9,165.6
Funding Sources:			
1002 Federal Receipts	1,773.2	1,372.6	1,405.4
1003 General Fund Match	608.2	607.9	617.2
1004 General Fund Receipts	3,233.7	3,639.9	4,200.8
1005 General Fund/Program Receipts	429.5	20.3	20.3
1007 Inter-Agency Receipts	2,232.3	2,259.9	2,118.6
1036 Commercial Fishing Loan Fund	0.0	0.0	75.0
1051 Rural Economic Development Loan Fund	99.8	0.0	0.0
1053 Investment Loss Trust Fund	63.6	0.0	0.0
1061 Capital Improvement Project Receipts	194.4	307.9	317.1
1108 Statutory Designated Program Receipts	0.0	40.0	40.0
1111 Fishermans Fund Income	0.0	115.0	115.0
1156 Receipt Supported Services	250.0	250.7	256.2
Funding Totals	8,884.7	8,614.2	9,165.6

Estimated Revenue Collections

Description	Master Revenue Account	FY2001 Actuals	FY2002 Authorized	FY2002 Cash Estimate	FY2003 Governor	FY2004 Forecast
Unrestricted Revenues						
None.		0.0	0.0	0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0	0.0	0.0
Restricted Revenues						
Federal Receipts	51010	1,773.2	1,372.6	1,372.6	1,405.4	1,405.4
Interagency Receipts	51015	2,232.3	2,362.9	2,259.9	2,118.6	2,118.6
General Fund Program Receipts	51060	429.5	20.3	20.3	20.3	20.3
Statutory Designated Program Receipts	51063	0.0	40.0	40.0	40.0	40.0
Receipt Supported Services	51073	250.0	250.7	250.7	256.2	256.2
Commercial Fishing Loan Fund	51100	0.0	0.0	0.0	75.0	75.0

Description	Master Revenue Account	FY2001 Actuals	FY2002 Authorized	FY2002 Cash Estimate	FY2003 Governor	FY2004 Forecast
Capital Improvement Project Receipts	51200	194.4	307.9	307.9	317.1	317.1
Rural Development Initiative Fund	51387	99.8	0.0	0.0	0.0	0.0
Investment Loss Trust Fund	51393	63.6	0.0	0.0	0.0	0.0
Fishermans Fund Income	51420	0.0	115.0	115.0	115.0	115.0
Restricted Total		5,042.8	4,469.4	4,366.4	4,347.6	4,347.6
Total Estimated Revenues		5,042.8	4,469.4	4,366.4	4,347.6	4,347.6

Community and Business Development

Proposed Changes in Levels of Service for FY2003

A general fund increment is requested to establish four new positions and related expenses for the Alaska Economic Information System (AEIS). The AEIS is designed to provide user-friendly access to all this information at a one-stop portal on the Web. This system will be a tremendous development resource for businesses, communities and individuals - saving them significant time and effort in collecting the information on which to base development plans. Users will be able to view a map of Alaska on line, click on a census area, and quickly get the picture of that area's basic economic industries such as tourism, oil and gas, mining, and seafood. Comprehensive information will also be provided for the critical infrastructure elements of transportation, energy, and utility sectors that support long-term viable economic development. Users will be able to "drill down" through the Web site to get to greater levels of detail about their specific areas of interest, including graphs and working spreadsheets that users can download to their own computers for further analysis. As a portal, the AEIS will also contain a host of links to other Web sites relevant to an understanding of the Alaska economy. The positions would be responsible for working with other state, federal and regional organizations to develop data and protocols to ensure that the information in the AEIS database is as up-to-date, accurate and comprehensive as possible, and to continually expand the information resources contained in the AEIS. Positions will also be responsible for developing detailed, sub-regional economic analyses of specific public policies or development projects.

A general fund increment for an assistant state assessor position and related expenses is requested to review the property assessment practices used by municipalities on a timely basis. The State Assessor's review of local assessment practices is critical to assuring the integrity of the Full and True Value Determination (FTVD) that is made for property in each municipality. The State Assessor's Full and True Value Determination serves as the State's independent assessment of the full and true value of all taxable property within a given locality.

An increment for a second fisheries development position and related expenses is requested to work on projects such as salmon industry revitalization, new fisheries development, groundfish industry issues and implementation of seafood in USDA programs. Funding would come from the Commercial Fishing Revolving Loan Fund.

When the Department of Community & Regional affairs merged with the Department of Community and Economic Development, DCRA brought with it a grant to Alaska Legal Services for low income client services. This was in the Commissioner's Office in DCRA and transferred to the new department in the same component. Since this grant is administered by the grants section in Community and Business Development Division, the authorization is being transferred to this component.

Summary of Component Budget Changes

From FY2002 Authorized to FY2003 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2002 Authorized	4,268.1	1,372.6	2,973.5	8,614.2
Adjustments which will continue current level of service:				
-Fisheries Landing Tax to Fisheries Business Tax Component	0.0	0.0	-150.0	-150.0
-Alaska Legal Services Grant to Community and Business Development Component	125.0	0.0	0.0	125.0
-Year 3 Labor Costs - Net Change from FY2002	95.2	32.8	23.4	151.4
Proposed budget increases:				
-New Assistant State Assessor	75.0	0.0	0.0	75.0

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
position				
-Fisheries Development Position	0.0	0.0	75.0	75.0
-Alaska Economic Information System	275.0	0.0	0.0	275.0
FY2003 Governor	4,838.3	1,405.4	2,921.9	9,165.6

Community and Business Development

Personal Services Information

	Authorized Positions		Personal Services Costs	
	<u>FY2002</u> <u>Authorized</u>	<u>FY2003</u> <u>Governor</u>		
Full-time	66	77	Annual Salaries	4,131,525
Part-time	3	3	COLA	96,265
Nonpermanent	1	0	Premium Pay	0
			Annual Benefits	1,408,091
			<i>Less 6.55% Vacancy Factor</i>	<i>(368,881)</i>
			Lump Sum Premium Pay	0
Totals	70	80	Total Personal Services	5,267,000

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Assistant	1	0	1	0	2
Administrative Clerk I	0	0	0	3	3
Administrative Clerk II	1	0	2	0	3
Administrative Clerk III	1	1	2	1	5
Administrative Manager III	1	0	0	0	1
Asst State Assessor	1	0	0	0	1
Cartographer II	1	0	0	0	1
CDQ Manager	0	0	1	0	1
CDQ Specialist	0	0	1	0	1
Deputy Director	0	0	1	0	1
Dev Spec I, Option A	0	0	1	2	3
Dev Spec I, Option B	0	0	1	0	1
Dev Spec II, Option A	0	0	1	0	1
Dev Spec II, Option B	0	1	2	0	3
Division Director	1	0	0	0	1
Economist II	0	0	1	0	1
Economist III	0	0	1	0	1
Fishery Biologist III	0	0	1	0	1
Grants Administrator I	0	1	0	0	1
Grants Administrator II	0	1	4	0	5
Grants Administrator III	0	0	1	0	1
Lead Development Specialist	0	0	1	0	1
Local Govt Spec III	4	1	1	7	13
Local Govt Spec IV	4	0	1	0	5
Local Govt Spec V	3	1	1	0	5
Natural Resource Off II	1	0	0	0	1
Planner III	2	0	3	0	5
Prog Coordinator	0	1	0	0	1
Project Asst	0	0	1	0	1
Publications Tech II	2	0	0	0	2
Research Analyst II	0	0	2	0	2
Research Analyst III	1	0	1	0	2
Research Analyst IV	0	0	1	0	1
Small Business Specialist II	1	0	0	0	1
State Assessor	1	0	0	0	1
Sustainable Development Spec	1	0	0	0	1
Totals	27	7	33	13	80