

# **State of Alaska FY2005 Governor's Operating Budget**

## **Department of Community & Economic Development Community Advocacy Component Budget Summary**

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**Component: Community Advocacy**

**Contribution to Department's Mission**

The mission of the Division of Community Advocacy (DCA) is to achieve realization of maximum local self-government as contemplated by Article X of the *Alaska Constitution*, and promote strong communities and healthy economies by

coordinating and focusing resources of State of Alaska agencies and commissions, federal agencies and commissions, regional non-profit organizations, municipal governments, and tribal governing bodies in the context of development of public service facilities and efficient public service delivery; and

delivery of technical assistance, financial assistance, statistical information, and other capacity-building and economic development resources to public and private clientele.

**Core Services**

To advise and assist local governments (executive agency mandate per Alaska State Constitution, Article X, Section 14.) Boroughs, cities and village local governments provide 39,000 jobs to Alaskans (2003).

To review activities, collect and publish information on local governments (executive agency mandate per Alaska State Constitution, Article X, Section 14.) Information is published on 356 communities (cities, villages and other unincorporated communities) and 16 organized boroughs.

To directly support the Commissioner's Office in Access to the Future initiatives.

End Results	Strategies to Achieve Results
<p><b>(1) Empower local governments to provide essential public services and accurate information.</b></p> <p><u>Target:</u> Municipal fiscal accountability, compliance with State and local laws, and responsiveness to citizens and grantor agencies.</p> <p><u>Measure:</u> Number of Interventions by State to Avoid Catastrophic Disruptions of local services (as result of municipal management)</p> <p><b>(2) Empower communities and regions to achieve local economic goals.</b></p> <p><u>Target:</u> Self-sufficient local economies that are not dependent on State revenues to provide local services.</p> <p><u>Measure:</u> % of municipal budgets derived from locally generated revenues.</p>	<p><b>(1) Train local government officials and staff in management of financial, human and information resources, local government operations and grant procedures.</b></p> <p><u>Target:</u> Increase training opportunities.</p> <p><u>Measure:</u> Number of people completing workshops and training.</p> <p><b>(2) Promote borough formation in those regions of the unorganized borough where incorporation is deemed feasible.</b></p> <p><u>Target:</u> Increase formation of boroughs in the unorganized borough.</p> <p><u>Measure:</u> Number of public presentations by LBC and division staff regarding borough formation</p> <p><b>(3) Provide grants to local governments to improve public services.</b></p> <p><u>Target:</u> Increase grants successfully administered and completed by local governments in the current fiscal year.</p> <p><u>Measure:</u> % of grant dollars successfully administered and completed by local governments in the current fiscal year.</p> <p><b>(4) Provide information and technical assistance on</b></p>

End Results	Strategies to Achieve Results
	<p><b>relevant local government issues.</b></p> <p><u>Target:</u> Timely and relevant information is provided to interested parties.  <u>Measure:</u> Number of web hits</p> <p><b>(5) Participate in the Governor's "Access to the Future" plan by documenting local economic development initiatives, facilitating local comprehensive planning, and serving as a liaison between communities and agencies.</b></p> <p><u>Target:</u> Community involvement in the Donlin Creek Mine project, Pogo Mine/Missile Defense project, Bristol Bay/Alaska Peninsula oil and gas project, and the Nelson Island road/port project.  <u>Measure:</u> Number of community meetings</p>

Major Activities to Advance Strategies	
<ul style="list-style-type: none"> <li>• Train community officials and skilled government workers in election procedures.</li> <li>• Train community officials and skilled workers in the operation and management of utility facilities that are essential to households</li> <li>• On-site training, workshop training and technical information made available on-line. Increase installation and proper use of financial record keeping</li> <li>• Work with the Denali Commission to ensure infrastructures are properly managed &amp; implemented.</li> <li>• Assist communities in developing a business plan &amp; criteria</li> <li>• Provide environment that boroughs can form by reducing disincentives. Increase incentives such as land transfers to new boroughs like the federal government did for Alaska at statehood. Doing so provides a revenue base.</li> </ul>	<ul style="list-style-type: none"> <li>• Avoid additional IRS tax liens on local government assets in light of reduced operating funds reduction in Revenue Sharing (@ \$20 million) will predictably result in financial problems for communities.</li> <li>• Bulk fuel issues - intervene when necessary with community, vendors and other government agencies. DCA is the liaison.</li> <li>• Promote participation of local residents in construction because Administrative Order 199 involves DCA as facilitator.</li> <li>• Over 1000 economic and community development grants are on the books which are a powerful impetus for improved quality of life and employment in Alaska.</li> </ul>

FY2005 Resources Allocated to Achieve Results							
<p><b>FY2005 Component Budget: \$7,814,800</b></p>	<p><b>Personnel:</b></p> <table> <tr> <td>Full time</td> <td>53</td> </tr> <tr> <td>Part time</td> <td>0</td> </tr> <tr> <td><b>Total</b></td> <td><b>53</b></td> </tr> </table>	Full time	53	Part time	0	<b>Total</b>	<b>53</b>
Full time	53						
Part time	0						
<b>Total</b>	<b>53</b>						

**Performance Measure Detail**

**(1) Result: Empower local governments to provide essential public services and accurate information.**

**Target:** Municipal fiscal accountability, compliance with State and local laws, and responsiveness to citizens and grantor agencies.

**Measure:** Number of Interventions by State to Avoid Catastrophic Disruptions of local services (as result of municipal management)

**Analysis of results and challenges:** DCA is the agency established in the Alaska Constitution (Article X, Section 14) "to advise and assist local governments... and review their activities."

**(2) Result: Empower communities and regions to achieve local economic goals.**

**Target:** Self-sufficient local economies that are not dependent on State revenues to provide local services.

**Measure:** % of municipal budgets derived from locally generated revenues.

Percentage of Municipal Operating Revenues Locally Generated

Year				%Op Revenues	YTD Total
2001				64.9%	64.9%

**Analysis of results and challenges:** Measures increase in municipal ability to be financially self-sufficient.

**(1) Strategy: Train local government officials and staff in management of financial, human and information resources, local government operations and grant procedures.**

**Target:** Increase training opportunities.

**Measure:** Number of people completing workshops and training.

**Analysis of results and challenges:** Indicative of the public interest in the service DCA provides. DCA is the agency established in the Alaska Constitution (Article X, Section 14) "to advise and assist local governments... and review their activities."

**(2) Strategy: Promote borough formation in those regions of the unorganized borough where incorporation is deemed feasible.**

**Target:** Increase formation of boroughs in the unorganized borough.

**Measure:** Number of public presentations by LBC and division staff regarding borough formation

**Analysis of results and challenges:** Measures progress toward maximum local self- government with a minimum of local government units, as established in the State Constitution (Article X, Section 1).

**(3) Strategy: Provide grants to local governments to improve public services.**

**Target:** Increase grants successfully administered and completed by local governments in the current fiscal year.

**Measure:** % of grant dollars successfully administered and completed by local governments in the current fiscal year.

Percentage of Grant Dollars Successfully Administered & Completed in Current Fiscal Year

Year				% Completed	YTD Total
2003				38.3%	38.3%

**Analysis of results and challenges:** Measures the ability of grantees to be financially accountable, responsive and provide public services in a timely manner.

**(4) Strategy: Provide information and technical assistance on relevant local government issues.**

**Target:** Timely and relevant information is provided to interested parties.

**Measure:** Number of web hits

**Analysis of results and challenges:** Indicative of the public interest in the service DCA provides. DCA is the agency established in the Alaska Constitution (Article X, Section 14) to "advise and assist local governments and collect and publish local government information."

**(5) Strategy: Participate in the Governor's "Access to the Future" plan by documenting local economic development initiatives, facilitating local comprehensive planning, and serving as a liaison between communities and agencies.**

**Target:** Community involvement in the Donlin Creek Mine project, Pogo Mine/Missile Defense project, Bristol Bay/Alaska Peninsula oil and gas project, and the Nelson Island road/port project.

**Measure:** Number of community meetings

Number of Comprehensive Community Plans & Number of Communities with Current Base Maps

Year				#Meetings	YTD Total
0					

**Analysis of results and challenges:** Indicates community involvement in economic development.

### Key Component Challenges

The Division expects an increase in requests for technical assistance given the declining state and federal fiscal support for community services for local governments. 80 – 90% of community employment is public. In addition, DCA will need to facilitate tribal organizations and municipal governments to cooperate to maximize use of dwindling resources. Sustainability of communities is also an issue.

Efficiencies in providing services is a challenge. Local government funds that are available need to be maximized i.e. an electric plant for 50 users costs the same to operate as a plant for 250 users.

Regional governments are needed that can efficiently provide service and maximize economic opportunities. Voluntary borough formation is problematic. The boroughs need to maintain the infrastructure.

### Significant Changes in Results to be Delivered in FY2005

**Economic Development Reorganization.** To meet Governor Murkowski's objectives of streamlining government and budget reduction, the economic development functions of the department have been reorganized through the elimination of the Division of Trade and Development and the establishment of an Office of Economic Development in the Commissioner's Office. An executive order will transfer the international trade and protocol functions to the Office of the Governor. The department's trade services will no longer be provided. The economic development function of the former Division of Trade and Development is transferred to the new Office of Economic Development. The fisheries development function and other economic development staff from the Division of Community Advocacy are transferred to the Office of Economic Development. The primary function of the Office of Economic Development is to implement the Governor's Access to the Future initiative.

**Community Quota Development (CDQ) program Transfer.** The CDQ program has had enormous success and rapid growth. The administrative demands of the program have become fiscally complex to the extent that the highly specialized financial analytical skills of professional staff in the Division of Banking, Securities, and Corporations are needed for the effective oversight of the CDQ program. Consequently the CDQ program is transferred from the Division of Community Advocacy to the Division of Banking, Securities, and Corporations.

### Major Component Accomplishments in 2003

Provided extensive staff support (including research and analysis) to the Local Boundary Commission in the development

of its report to the 2003 Legislature entitled "Unorganized Areas of Alaska that Meet Borough Incorporation Standards."

Provided technical assistance regarding several Local Boundary Commission matters including (1) consolidation of the City of Ketchikan and Ketchikan Gateway Borough, (2) Ketchikan Gateway Borough annexation, (3) Naukati Bay city incorporation; (4) King Cove city annexation; (5) Kivalina city dissolution; (6) Holy Cross dissolution; (7) Hydaburg annexation; (8) Crooked Creek city incorporation; (9) Fairbanks city annexation; (10) Eagle River detachment; and (11) Girdwood detachment.

Addressed the pending proposal for incorporation of the City of Gustavus, including preparation of preliminary report to the Local Boundary Commission regarding Gustavus city incorporation proposal and conduct of public informational meeting on incorporation in Gustavus.

Completed proceedings for annexation of 861.44 acres to the City of Palmer.  
Provided training and orientation for newly appointed members of the Local Boundary Commission.

Assisted the Department of Law with appeals pending in Superior Court regarding Local Boundary decisions re annexation to the City of Homer and incorporation of a Skagway borough.

Assessed and filed a report with Governor Murkowski on the "Work and Effectiveness of the Local Boundary Commission."

Developed materials in response to the request from the 2003 Legislature that the Local Boundary Commission address, in concert with the Department of Education and Early Development, matters relating to school consolidation.

At the request of the Anchorage Municipal Assembly, conducted an extensive audit of the Anchorage Municipal Assessor's office. The scope of the audit included reviewing current staffing levels, determining the quality of assessments and commenting on how the Municipality can expend its tax base within the confines of the existing revenue cap. Comments and suggestions were also made regarding the Board of Equalization and the exemption process.

Completed full value determinations for 44 municipal governments (16 boroughs and 28 cities). This effort included value estimation in consultation with assessors for the 12 boroughs and 13 cities that levy a property tax and value modeling for the 4 boroughs and 15 cities that have no assessment staff, existing values, or property records.

Provided two week-long training courses to property assessment staff throughout Alaska.

Distributed \$15 million in one-time payments to communities under the Temporary Fiscal Relief Payment program in lieu of State Revenue Sharing, Safe Communities funding, and State Capital Matching grants.

Distributed more than \$6 million in federal funds (Payment in Lieu of Taxes (PILT)) to 97 cities located within the unorganized borough.

Distributed approximately \$1.5 million in FY 03 Shared Fisheries Business Tax payments.

Provided technical assistance to Beaver, City of Cold Bay, City of False Pass, City of Deering, City of Hooper Bay, City of Huslia, Minto, City of Stebbins and the City of Upper Kalskag regarding utility financial management.

Coordinated with the Regulatory Commission of Alaska (RCA) and the Alaska Energy Authority (AEA) to develop standardized charts of accounts.

Developed a standardized business plan to be completed by utilities prior to award of capital construction funds.

Real property acquisition was completed and long-term leases of municipal trust land were issued for sanitation facilities, consolidated bulk fuel storage, power generation, new roads, housing and other community infrastructure.

Worked with various agencies and rural groups to produce standardized community profile maps for the public. Efforts are underway to map 33 communities extending from Togiak to Akutan.

More than 625 map and site control products were provided for a range of projects including bulk fuel facilities, sanitation

facilities, electrification projects, health clinic projects, road and airport projects, school development and housing.

Awarded \$3.1 million in new Coastal Impact Assistance grants to 56 communities.

Awarded \$1.2 million in Alaska Coastal Management grants for planning, research, and training.

Awarded \$25 million in National Petroleum Reserve Alaska grant funds.

Awarded \$3.5 million in Community Development Block Grants and \$2.6 million in Community Services Block Grants.

Worked extensively with the Denali Commission on several issues (sustainability policy, review of "Alaska Native Self-Governance and Service Delivery: What Works?"; Multi-Use Facility Grant Program; community planning efforts).

Prepared and distributed \$18.3 million in Missile Defense Funds grants to Delta Junction.

Negotiated and released approximately 50 new Legislative Grants.

Awarded \$8.7 million in National Forest Receipts (25 percent of the income earned from U.S. Forest Service activities within the Chugach and Tongass National Forest is distributed to 9 boroughs, 17 cities, 4 Regional Educational Attendance Areas (REAs), and the Metlakatla Reservation.

Updated the "Alaska Community Database" and web site to provide current information on Alaska communities.

Updated the "Rural Alaska Project Identification System" (RAPIDS) and web-site.

Updated the "Alaska Economic Information System" (AEIS) general overview and transportation sector data.

Updated and published the *Economic Development Resource Guide* (EDRG) and web page to make available information on funding and technical assistance for community and business development.

Surveyed all municipalities for their election results and published the 2003 *Municipal Officials Directory*.

Developed a functional Economic Impact Planning (IMPLAN) Model for Alaska. IMPLAN is an input/output model for all the State's industries that compares the contribution towards Gross State Product by each industry sector.

Drafted the "Salmon Baseline Study" which compares the personal income earned by residents from salmon to total income earned.

Provide technical support for the "Access to the Future" project.

Provide technical support for the Local Government Online ("LOGON") project.

The National Marine Fisheries Service (NMFS) approved the State's 2003 – 2005 allocation recommendations for the CDQ Multi-Species program.

With the NMFS, wrote draft CDQ regulations to be presented to the NPFMC.

Developed grant program to administer \$25 million in Fisheries Revitalization Strategy Funds.

Contributed to regional plans to improve quality standards throughout the Alaska salmon industry that included the use of \$3 million from the Fisheries Revitalization Strategy.

The Prince William Sound and the North Slope Borough funding summits were held in February 2003.

Conducted small business workshops in Talkeetna, Chistochina, Glennallen, Kenny Lake, Soldotna, Homer, Ninilchik, Wasilla, Nome, McCarthy, King Cove and Cordova.

Printed and distributed statewide a new version of "Starting a Small business."

The Alaska Regional Development Organizations (ARDOR) grants provided funding to 13 ARDORs which provided financial services to local service and non-profit organizations, in addition to training and development.

Provided floodplain-management ordinance training at 3 conferences reaching over 350 people.

Completed Aniak Flood Mitigation Plan and assisted Tanana Chiefs Conference in preparing Koyukuk Flood Mitigation Plan.

Completed 8 community assistance visits to cities and boroughs participating in the National Flood Insurance Program.

Amended regulation (3 AAC 150.070) in the National Petroleum Reserve – Alaska (NPR-A) Impact Program changing from September 15 to November 15 the deadline by which NPR-A Impact Program grant applications must be postmarked.

Completed revising the instructions and application form for the NPR-A Impact Program and scheduling workshop in Barrow re NPR-A applications.

### Statutory and Regulatory Authority

AS 44.33.020	Assist Local Governments
AS 44.33.020 & AS 44.33.740	Rural Development
AS 44.33.020 (10,18 & 20)	Various Grant Programs
AS 44.33.740	Rural Utility Business Advisory Program
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
AS 44.33.020 (4)	Local Boundary Commission
3 AAC 110.010 - 110.900	Local Boundary Commission
AS 44.33.755	Municipal Lands Trust
19 AAC 90.010 - 19 AAC 90.990	Municipal Lands Trust
AS 44.33.781	Alaska Coastal Management Program
AS 44.33.895	Alaska Regional Development Organizations Program
AS 44.33.020	National Flood Insurance Program
AS 36.30.332-338	Alaska Product Preference
AS 45.65.010-070	Made in Alaska Program
5 AAC 39.198 & 44.33.020(39)	Internal Waters Permits
AS 37.06.010	Municipal Capital Project Matching Grant Program
AS 37.06.020	Unincorporated Capital Project Matching Grant Program
AS 37.05.315	Grants to Municipalities
AS 37.05.316	Grants to Named Recipients
AS 37.05.317	Grants to Unincorporated Communities

### Contact Information

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### Community Advocacy Component Financial Summary

*All dollars shown in thousands*

	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	0.0	4,515.4	3,980.1
72000 Travel	0.0	407.1	383.6
73000 Contractual	0.0	1,211.2	1,232.3
74000 Supplies	0.0	65.0	64.0
75000 Equipment	0.0	25.1	14.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	2,265.8	2,140.8
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>0.0</b>	<b>8,489.6</b>	<b>7,814.8</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	0.0	1,412.6	1,439.2
1003 General Fund Match	0.0	291.0	291.0
1004 General Fund Receipts	0.0	3,737.3	3,430.6
1005 General Fund/Program Receipts	0.0	18.7	18.7
1007 Inter-Agency Receipts	0.0	2,078.8	2,090.0
1036 Commercial Fishing Loan Fund	0.0	142.0	0.0
1061 Capital Improvement Project Receipts	0.0	324.9	370.3
1108 Statutory Designated Program Receipts	0.0	60.0	60.0
1111 Fishermans Fund Income	0.0	115.0	115.0
1156 Receipt Supported Services	0.0	309.3	0.0
<b>Funding Totals</b>	<b>0.0</b>	<b>8,489.6</b>	<b>7,814.8</b>

### Estimated Revenue Collections

Description	Master Revenue Account	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
<b>Unrestricted Revenues</b>				
General Fund Match	68510	0.0	291.0	291.0
Unrestricted Fund	68515	0.0	3,737.3	3,430.6
<b>Unrestricted Total</b>		<b>0.0</b>	<b>4,028.3</b>	<b>3,721.6</b>
<b>Restricted Revenues</b>				
Federal Receipts	51010	0.0	1,412.6	1,439.2
Interagency Receipts	51015	0.0	2,078.8	800.0
General Fund Program Receipts	51060	0.0	18.7	1,308.7
Statutory Designated Program Receipts	51063	0.0	60.0	60.0
Receipt Supported Services	51073	0.0	309.3	0.0
Commercial Fishing Loan Fund	51100	0.0	142.0	0.0
Capital Improvement Project Receipts	51200	0.0	324.9	370.3

Estimated Revenue Collections				
Description	Master Revenue Account	FY2003 Actuals	FY2004 Authorized	FY2005 Governor
Fishermans Fund Income	51420	0.0	115.0	115.0
<b>Restricted Total</b>		<b>0.0</b>	<b>4,461.3</b>	<b>4,093.2</b>
<b>Total Estimated Revenues</b>		<b>0.0</b>	<b>8,489.6</b>	<b>7,814.8</b>

**Summary of Component Budget Changes  
From FY2004 Authorized to FY2005 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2004 Authorized</b>	<b>4,047.0</b>	<b>1,412.6</b>	<b>3,030.0</b>	<b>8,489.6</b>
<b>Adjustments which will continue current level of service:</b>				
-Transfer Community Development Quota Program Positions from Community Advocacy to Banking, Securities, and Corporations	0.0	0.0	-313.2	-313.2
-Changes to Retirement and Other Personal Services Rates	0.0	26.6	26.2	52.8
-Transfer Fisheries Positions (PCN 08-1207, 08-5099, 08-9046) from Community Advocacy to Office of Economic Development	0.0	0.0	-143.8	-143.8
-Transfer Special Projects Manager and Economist from Community Advocacy to Office of Economic Development	-181.7	0.0	0.0	-181.7
<b>Proposed budget decreases:</b>				
-Delete Alaska Legal Services Grant	-125.0	0.0	0.0	-125.0
<b>Proposed budget increases:</b>				
-Increase for Support Provided by DCED's Commissioner's Office and Division of Administrative Services	0.0	0.0	36.1	36.1
<b>FY2005 Governor</b>	<b>3,740.3</b>	<b>1,439.2</b>	<b>2,635.3</b>	<b>7,814.8</b>

**Community Advocacy  
Personal Services Information**

Authorized Positions		Personal Services Costs		
	<u>FY2004</u> <u>Authorized</u>	<u>FY2005</u> <u>Governor</u>		
Full-time	63	53	Annual Salaries	3,054,503
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	1,161,793
			<i>Less 5.60% Vacancy Factor</i>	(236,196)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>63</b>	<b>53</b>	<b>Total Personal Services</b>	<b>3,980,100</b>

**Position Classification Summary**

<b>Job Class Title</b>	<b>Anchorage</b>	<b>Fairbanks</b>	<b>Juneau</b>	<b>Others</b>	<b>Total</b>
Administrative Assistant	1	0	0	0	1
Administrative Clerk II	1	0	0	0	1
Administrative Clerk III	1	1	1	0	3
Administrative Manager III	1	0	0	0	1
Business Development Spec II	1	0	0	0	1
Cartographer II	1	0	0	0	1
Dev Spec II, Option A	1	0	0	0	1
Division Director	1	0	0	0	1
Economist II	0	0	1	0	1
Grants Administrator I	0	0	1	0	1
Grants Administrator II	0	2	2	0	4
Grants Administrator III	0	1	2	0	3
Local Govt Spec II	0	0	1	0	1
Local Govt Spec III	4	1	1	8	14
Local Govt Spec IV	4	0	1	0	5
Local Govt Spec V	2	2	0	0	4
Natural Resource Spec III	1	0	0	0	1
Planner III	2	0	0	0	2
Planner IV	0	0	1	0	1
Publications Tech II	2	0	0	0	2
Research Analyst II	1	0	0	0	1
Research Analyst III	0	0	1	0	1
Research Analyst IV	1	0	0	0	1
State Assessor	1	0	0	0	1
<b>Totals</b>	<b>26</b>	<b>7</b>	<b>12</b>	<b>8</b>	<b>53</b>