

State of Alaska FY2002 Governor's Operating Budget

Department of Community & Economic Development
Community and Business Development
Component

Component: Community and Business Development

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Component Mission

The mission of the Division of Community and Business Development 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.

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.
- 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.

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.

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.

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.

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.

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.

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.

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.

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 FY2001 – 2002

Integration and Streamlining of Three Existing Divisions into One - In line with the recent consolidation and realignment of several state agencies, two divisions and elements of a third in the department were combined into one division, effective July 1, 2000. This consolidated division will provide a clearer focus for community and economic development in communities throughout Alaska and provides opportunities for new efficiencies in service delivery. This integration of purposes and programs represents significant challenges for management to maximize the opportunities created.

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 very limited tax bases. 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:

- Dissolution of City governments and a movement towards tribal governments is increasing. Many communities (particularly in the Yukon/Kuskokwim Delta) are choosing to recognize their tribal organizations as their local governments. This movement continues to raise a number of questions concerning the distribution of municipal property and the extent of tribal powers.
- City governments in seven western Alaskan communities have entered into or are contemplating agreements with tribal entities wherein the tribal entities assume responsibility for certain municipal services. This effort is done to save administrative costs, develop local staff capacity, and reduce staff turnover. The division's regional office staff advise and assist city governments and tribal entities in these matters.
- Division staff are processing two petitions to the Local Boundary Commission for consolidation of major city and borough governments; a third city/borough consolidation proposal is contemplated.

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.
- 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 July the Governor declared a fisheries disaster for the Yukon River, Kuskokwim River and Norton Sound salmon fisheries. In response to this disaster, the Governor created Operation Renew Hope 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 substantial new responsibilities for division staff, particularly within the regional office structure.

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 Community Development Quota (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 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 great promise, tourism development in rural Alaska faces significant problems and will require development assistance sensitive to these issues. Rural communities lack the staff and resources necessary to prepare for and monitor tourism growth in their communities. They may also lack

basic information about the effects of tourism development, both positive and negative, that would allow community residents to make informed choices about development.

Major Component Accomplishments for FY2000

Community Development Quota (CDQ) Program No Longer Relies on General Fund. Legislation was signed into law creating a CDQ fee and removing the CDQ program from all general fund support. Beginning July 1, 2000, CDQ groups began paying the department for the full amount of the administrative cost of overseeing the CDQ program. The department facilitated a working relationship with the groups to jointly create the formula where groups would pay a pro rated share of the fee, based primarily on individual quota allocations.

CDQ Multi-Species Program Moves Forward. The department, in conjunction with the Department of Fish & Game, conducted the first ever multi-species allocation hearing. All species including groundfish, halibut and crab were allocated among the six groups for the two-year CDQ allocation period of 2001 and 2002. The North Pacific Fishery Management Council passed a motion in support of the state's recommendation.

Streamlining CDQ Process. The department worked with the National Marine Fisheries Service and the CDQ groups to streamline the CDQ regulatory process. In recognition of the growing maturity of the CDQ groups, it is recognized that state and federal requirements need to be scaled back to create more flexibility for the groups concerning business decisions in the seafood industry.

Successful Steps Towards Obtaining Organic Labeling for Alaska Seafood. The Division's Seafood Development Specialist helped facilitate private certification of coho salmon and halibut for a processor in Cordova. The Governor and Senator Stevens weighed in to ensure that the USDA rulemaking process continues for organic labeling of seafood. A seafood specific survey of organic consumers was conducted.

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. Staff also arranged for a USDA taste testing opportunity for salmon burgers which could lead to government purchases for the school lunch program.

Assisted in Securing 'Sustainable Fishing' Label for Alaska Salmon. The Marine Stewardship Council, which is a third party science-based organization, recently certified Alaska's salmon as sustainable. This ecology-friendly label is perceived to be a valuable marketing tool for domestic market and for exports to United Kingdom and Germany.

Assisted Gulf Coastal Communities in Advancing a Community Trust Quota Proposal. Under this novel concept, coastal communities would be able to purchase halibut and black cod quotas and hold them in a community trust for local fishermen.

Transitioned the Division of Tourism to a section within the new Division. Integrating the Division of Tourism functions into the new Division of Community and Business Development was a major element in creating a division that is responsive to the development and planning needs of Alaska communities, organizations, businesses and individuals.

Tourism Section Leads Statewide Planning and Development Efforts. Tourism planning positions take the lead on interagency coordination of land use planning issues and projects, relative to tourism use. Direct community and regional support includes workshops and consultations statewide. Examples of the section's efforts include:

- Conducted a review of the state's tourism marketing programs to ensure that state dollars are used most effectively and efficiently to promote Alaska.
- As part of a larger effort to promote consistent management of state and federal lands and waters in Southeast Alaska, a survey was prepared and conducted of all commercial guides, outfitters, transporters and remote lodge owners in Southeast Alaska.

- Assumed chairmanship of the Alaska Public Land Information Centers interagency committee providing state leadership for this state/federal partnership.
- Organized the initial meeting for SEATrails, an ad-hoc organization that promotes the concept of viewing Southeast Alaska's trails as a unified system linked by ferry and connected to community and business economic development opportunities.
- Assisted the Alaska Department of Transportation to design, set-up and conduct the Chitina Valley McCarthy Road Roundtables project, including editing of the initial Phase I report.
- Initiated 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.
- Participated in a series of community meetings in five Southeast Alaska Communities to identify community issues related to the use of public lands for tourism purposes.
- 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 to the communities of Thorne Bay, Haines, Petersburg and Hoonah for tourism planning, product development, marketing, community and infrastructure planning.
- In the spring of 2000, held rural tourism workshops in Wrangell, Glenallen, and Bettles. Additional workshops for the winter of 2000/2001 are planned for Petersburg, Nome and Haines, Bethel to provide training in community planning, business and product development and marketing.

Initiated the Alaska Visitor Statistics Program. This research is designed to provide comprehensive economic and opinion information on travel and tourism by visitors to Alaska. To ensure that the information meets the needs of communities and agencies that manage the resources on which tourism depends, the division created and led a steering committee of tourism representatives, communities and state and federal natural resources agencies to revise this year's survey.

Community Tourism Development Handbook. The state's Community Development Handbook designed to assist communities with their tourism planning and development efforts was rewritten, distributed, and also made available on the Web.

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.

Assisted in Securing Funding for Critical Geologic Mapping of Alaska's Mineral Resources. The division's minerals development specialists worked with other agencies to secure 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 successfully attracted 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 annexation to city governments in Ketchikan, Palmer, Aleknagik, and Homer. Proposals for incorporation of city governments in Adak and Talkeetna were processed or are under consideration. Two petitions for consolidation of local governments are underway. The first involves the City of Fairbanks and the Fairbanks North Star Borough. The second concerns the City of Ketchikan and the Ketchikan Gateway Borough. Lastly, a comprehensive revision of Local Boundary Commission regulations is underway.

Rural Utility Business Advisor Program. Conducted a survey of the financial and management practices of 168 rural sanitation systems to identify issues that the program should address in its training efforts. The survey included the majority of utilities operating in rural Alaska.

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 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 six 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. Shishmaref, Alakanuk, Selawik, Kaltag, Chalkyitsik and Chevak have received this service.

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 Levelock, Circle, Georgetown and Port Lions with the settlement and surveying of local land claims. 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 a water treatment and storage facility in Nelson Lagoon, new landfills in Chenega and Circle, a post office in Perryville, housing and a community hall in Pedro Bay, and a tele-medicine facility in Kokhanok.

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.

Inter-Agency Mini-Grant Program Gains Major Funding Partner. 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 Forum Held. Division staff helped the Copper Valley region hold their first funding summit. USDA Rural Development and the Denali Commission also participated in the event. Funding issues and opportunities for community infrastructure and regional economic development were highlighted. Similar funding forums were also held in Bethel, Nome, Kodiak and Juneau.

Alaska Regional Development Organization (ARDOR) Program Activity. The Fairbanks North Star Borough was designated as the fourteenth ARDOR in the state. Division staff awarded and managed \$630,000 in grant funds, and organized 4 regional development organization workshops. The Anchorage ARDOR used their funding to support the BuyAlaska Program and negotiate an agreement with the Mat-Su Borough to conduct joint marketing and action on transportation and tourism development. The Arctic ARDOR, utilizing the North Slope Borough's Revolving Loan Fund, assisted three new small business start-ups. The Kenai ARDOR used their funds to complete a new Kenai Peninsula Borough industrial prospectus and provide business consultation and training to over 200 clients.

Alaska Coastal Management Program Grants. Program staff awarded and managed more than \$1 million in grant funds. The Aleutians East Borough used their funding to address conflicts between subsistence and sport hunting and fishing around Nelson Lagoon. Anchorage prepared its new comprehensive plan, including updated information on development opportunities. Kenai Peninsula Borough developed information on public access to the Kenai River.

Subsistence Restoration Grant Program. Staff administered these Exxon Valdez oil spill-related funds to help four communities enhance and manage salmon returns. Seven grants were used to enhance cultural and subsistence awareness and skills. Three grants supported oyster projects in two communities.

Commissioned and oversaw production of a 'Survey of International Market Opportunities for Alaska Softwood Producers.' The survey focused on new opportunities for Alaska value-added forest products and serves as a guide to potential foreign markets. Funding for the 100 page report resulted from division's membership in the Softwood Export Council with assistance from the USDA Foreign Market Assistance program. The Division leveraged \$5,000 in state funds to pay for the \$44,000 report. 200 hard copies were distributed across the state and the report is available on the DCED web site.

National Flood Insurance Program (NFIP). The NFIP funded a comprehensive flood and erosion mitigation plan for Galena. Efforts to restore the historic Don Sheldon Hangar Building in Talkeetna, for use as a community theater, were initiated. Eight new High Water Markers were placed in a new Aniak subdivision to ensure that buildings are elevated, thereby lowering insurance costs and potential flood damage. The Port Graham School Multipurpose Building and propane tank farm were protected against imminent coastal flood and erosion loss.

Statutory and Regulatory Authority

AS 29.04-06- Classification, Alteration of Municipalities;
AS 39.05.060 - Appointment, Qualification and Terms of Local Boundary Commission
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

Key Performance Measures for FY2002

Measure: The number of communities successfully managing new sewer and water systems.

(Developed jointly with Legislature in FY2001.)

Current Status:

Completed or virtually completed systems amount to 97 rural systems since efforts began to build such systems. No data was provided that identified how many of these were completed in FY 00.

26 communities are not considered to be successful. These communities have been identified as chronic violators of environmental regulations related to the operation of water and wastewater systems.

Benchmark:

Not applicable.

Background and Strategies:

Time frame for measurement is FY 00

New water and sewer systems - defined as a sanitation project completed. The project as envisioned in the original project design has been achieved and the project substantially adds customers or upgrades facilities. It would exclude refurbishment or replacement of existing systems. Source of data: Alaska Native Tribal Health Consortium, DEC's Facility Construction and Operation Division

Successfully manages - defined as operating without major interruption of service and without substantial violations of water quality, waste discharge and environmental regulations. Source of data: Substantial Noncompliance List in DEC, community data.

Measure: The number of Alaskans employed year-round in the visitor industry.

(Developed jointly with Legislature in FY2001.)

Current Status:

Data will be available in Fall 2001.

Benchmark:

Not applicable.

Background and Strategies:

Data is being gathered through the Alaska Visitors Statistics Program administered by the Division of Community and Business Development. Tourism industry employment data is not easily discernable through the Standard Industrial Classification (SIC) system utilized by the Department of Labor and Workforce Development.

Measure: The number of CDQ-related (community development quota related) jobs in Western Alaska

(Developed jointly with Legislature in FY2001.)

Current Status:

There were 1348 CDQ related jobs created in 1999. These jobs included positions on offshore factory trawlers, onshore processing plants, CDQ halibut plants & halibut fisheries, and various management positions within the six CDQ groups.

Benchmark:

Not applicable.

Background and Strategies:

The data for this Measure was taken from the 1999 CDQ Quarterly Reports.

Measure: The number of communities that are insolvent.
(Developed jointly with Legislature in FY2001.)

Current Status:

There are a total of 47 municipalities that are insolvent as of 11/02/00.

Benchmark:

Not applicable.

Background and Strategies:

Insolvent is defined as "a community that is unable to pay its debts as they fall due in the usual course of business."

Measure: How much, expressed as a percentage, local governments rely on revenue sharing in their general operating budgets.

(Developed jointly with Legislature in FY2001.)

Current Status:

The average percentage calculated is 10.2%. There were 161 local governments with a range from 71.29% to .27%.

Benchmark:

Not applicable.

Background and Strategies:

The percentages were calculated by Bill Rolfzen, DCED/DCBD. A listing of the governments and the percentages and figures used in the calculations is available upon request.

Measure: The number of coordinated regional efforts resulting in the creation of new business opportunities.

(Developed jointly with Legislature in FY2001.)

Current Status:

There are 31 coordinated regional efforts resulting in creation of new business opportunities.

Benchmark:

Not applicable.

Background and Strategies:

The legislature intends to measure the success of the ARDOR program in achieving its mission by considering this Performance Measure. The information in this Performance Measure was taken from the ARDOR grant applications.

Measure: The percentage of goals identified through regional processes that are achieved.

(Developed jointly with Legislature in FY2001.)

Current Status:

The percentage of goals identified through regional processes that are achieved is an average of 53%.

Benchmark:

Not applicable.

Background and Strategies:

The legislature intends to measure the success of the ARDOR program in achieving its mission by considering this Performance Measure. The information in this Performance Measure was taken from the ARDOR grant applications. The goals used in the calculation are the grantees' goals.

Measure: The amount of nonstate funds leveraged by ARDOR grants.
(Developed jointly with Legislature in FY2001.)

Current Status:

The amount of nonstate funds leveraged by the ARDOR grants is \$3,333,264.

Benchmark:

Not applicable.

Background and Strategies:

The legislature intends to measure the success of the ARDOR program in achieving its mission by considering this Performance Measure. The information in this Performance Measure was taken from the ARDOR FY02 grant applications.

Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> • The number of communities successfully managing new sewer and water systems. • The number of Alaskans employed year-round in the visitor industry. • The number of CDQ-related (community development quota related) jobs in Western Alaska. • The number of communities that are insolvent. • How much, expressed as a percentage, local governments rely on revenue sharing in their general operating budgets. • The number of coordinated regional efforts resulting in the creation of new business opportunities. • The percentage of goals identified through regional processes that are achieved. • The amount of nonstate funds leveraged by ARDOR grants. 		X	X		

Community and Business Development
Component Financial Summary

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	4,509.7	4,572.8
72000 Travel	0.0	358.7	358.7
73000 Contractual	0.0	1,972.1	1,664.7
74000 Supplies	0.0	76.6	76.6
75000 Equipment	0.0	7.5	7.5
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	2,234.6	2,149.6
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	0.0	9,159.2	8,829.9
Funding Sources:			
1002 Federal Receipts	0.0	1,161.0	1,372.7
1003 General Fund Match	0.0	608.2	708.0
1004 General Fund Receipts	0.0	3,543.2	3,740.2
1005 General Fund/Program Receipts	0.0	20.0	75.3
1007 Inter-Agency Receipts	0.0	3,010.8	2,260.1
1051 Rural Development Initiative Fund	0.0	99.8	0.0
1053 Investment Loss Trust Fund	0.0	63.6	0.0
1061 Capital Improvement Project Receipts	0.0	302.6	307.9
1111 Fishermans Fund Income	0.0	100.0	115.0
1156 Receipt Supported Services	0.0	250.0	250.7
Funding Totals	0.0	9,159.2	8,829.9

Estimated Revenue Collections

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 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	0.0	1,161.0	1,161.0	1,372.7	1,372.7
Interagency Receipts	51015	0.0	3,010.8	3,010.8	2,260.1	2,260.1
General Fund Program Receipts	51060	0.0	20.0	20.0	75.3	75.3
Receipt Supported Services	51073	0.0	250.0	250.0	250.7	250.7
Capital Improvement Project Receipts	51200	0.0	302.6	302.6	307.9	307.9
Rural Development Initiative Fund	51387	0.0	99.8	99.8	0.0	0.0
Investment Loss Trust Fund	51393	0.0	63.6	63.6	0.0	0.0
Fishermans Fund Income	51420	0.0	100.0	100.0	115.0	115.0

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
Restricted Total		0.0	5,007.8	5,007.8	4,381.7	4,381.7
Total Estimated Revenues		0.0	5,007.8	5,007.8	4,381.7	4,381.7

Community and Business Development

Proposed Changes in Levels of Service for FY2002

- Regional Office Staff Funding Source Change from RDIF to GF -- AIDEA will no longer provide the formerly titled Rural Development Initiative Fund (RDIF) financial support to CBD for the 2002 budget year because the program is inactive. The monies funded 2 CBD rural positions (Bethel & Nome) who provided technical assistance on the RDIF but also performed numerous other functions. AIDEA has created a new program and the Division of Investments will generate and service the new loans. To maintain the level of service provided by the regional offices, general funds are sought to replace RDIF funds.
- EDA General Fund Match Increment --The division annually receives a grant from the U.S. Economic Development Administration to conduct Economic Development planning and implementation at the state level. The grant generally requires a 1:1 match. The match has traditionally been requested in the capital budget but was not funded the last 2 years in part because of criticism that it should be in the operating budget where the EDA grant federal receipts authorization is located. As a result, a general fund match increment is requested this year in the operating budget.
- Increased General Fund Program Receipts - Additional authorization is requested to receive and expend general fund program receipts from the Made in Alaska permits and miscellaneous receipts such as the sale of publications and advertising, and conference registration fees.
- Additional Federal Funding from the U.S. Dept. of Agriculture, the Denali Commission and the U.S. Forest Service. These grants will be for block grants to communities through-out the state for economic development and community assistance.
- Delete duplicate ARDOR funding -- Ch. 43 SLA 00 extended the Alaska Regional Development Organizations (ARDOR) program. When the fiscal note was approved, it inadvertently duplicated the existing funding authorization. A decrement removes the duplicate authorization.

Summary of Component Budget Changes

From FY2001 Authorized to FY2002 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	4,235.0	1,161.0	3,763.2	9,159.2
Adjustments which get you to start of year:				
-Update Executive Administration and Support Cost Allocation Plan	13.3	3.5	7.2	24.0
Adjustments which will continue current level of service:				
-Fund Source Reallocation from RDIF to GF	99.8	0.0	-99.8	0.0
-Year 2 Labor Costs - Net Change from Fy 2001	20.4	8.2	8.6	37.2
Proposed budget decreases:				
-SLA 00 Ch 43 ARDOR Duplicate Authorization	0.0	0.0	-650.0	-650.0
-Reduce Unneeded IA	0.0	0.0	-110.5	-110.5
Proposed budget increases:				
-EDA Planning Grant	100.0	0.0	0.0	100.0
-Made in Alaska and other misc GF/PR Increase	35.0	0.0	0.0	35.0
-Increase for Additional Federal	0.0	200.0	0.0	200.0

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
Grants -USDA, Denali Commiss. & USFS				
-Official State Highway Map Increment	20.0	0.0	0.0	20.0
-Alaska Marine Safety Education Assn	0.0	0.0	15.0	15.0
FY2002 Governor	4,523.5	1,372.7	2,933.7	8,829.9

Community and Business Development**Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	68	68	Annual Salaries	3,677,373
Part-time	3	3	COLA	54,462
Nonpermanent	1	1	Premium Pay	0
			Annual Benefits	1,183,163
			<i>Less 6.96% Vacancy Factor</i>	<i>(342,198)</i>
			Lump Sum Premium Pay	0
Totals	72	72	Total Personal Services	4,572,800

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Assistant	1	0	1	1	3
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
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	0	2	2
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
Grants Administrator I	0	0	1	0	1
Grants Administrator II	0	1	3	0	4
Grants Administrator III	0	0	1	0	1
Local Govt Spec III	5	1	1	7	14
Local Govt Spec IV	2	0	1	0	3
Local Govt Spec V	4	1	1	0	6
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 I	1	0	0	0	1
Publications Tech II	1	0	0	0	1
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	26	6	26	14	72