

# **State of Alaska FY2018 Governor's Operating Budget**

## **Department of Commerce, Community, and Economic Development Community and Regional Affairs Results Delivery Unit Budget Summary**

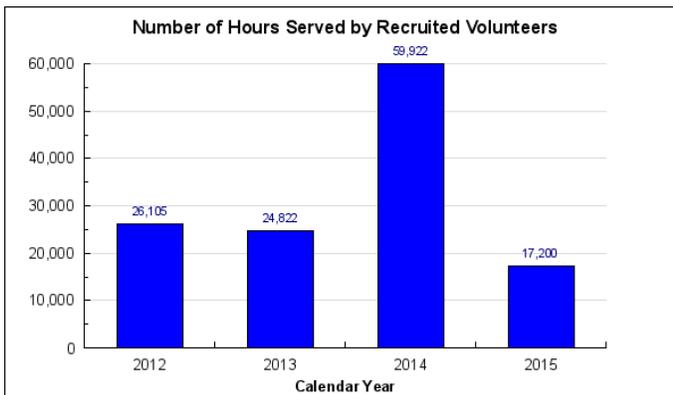
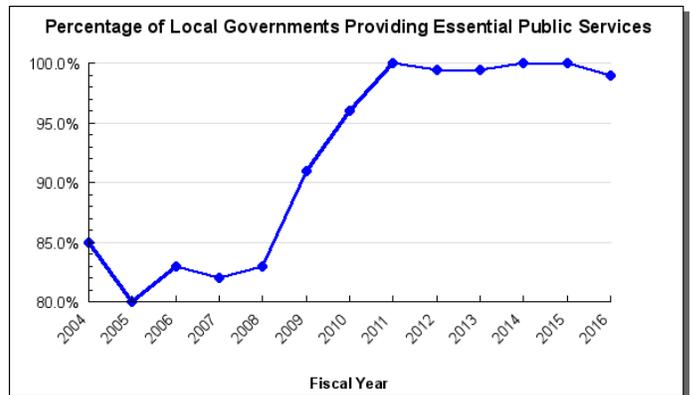
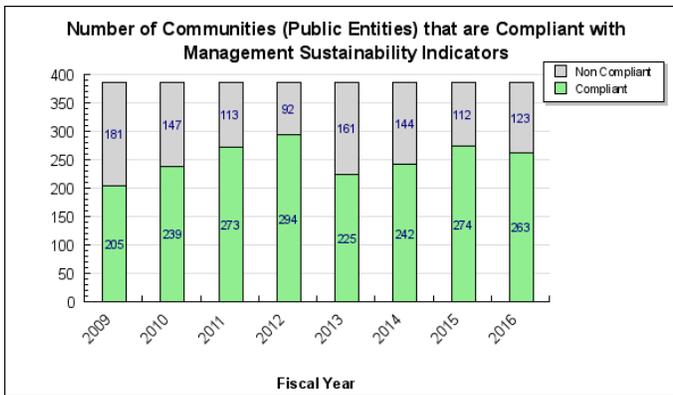
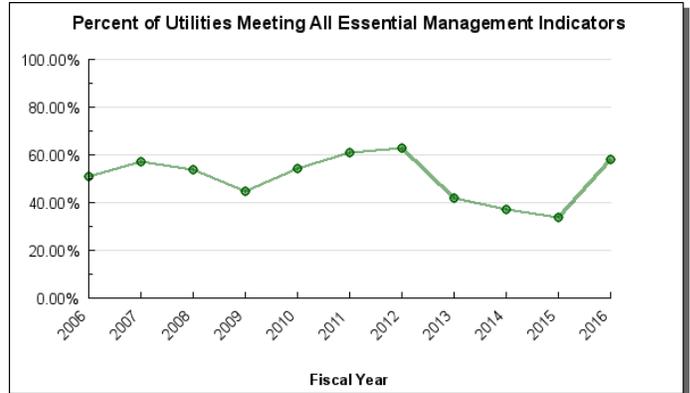
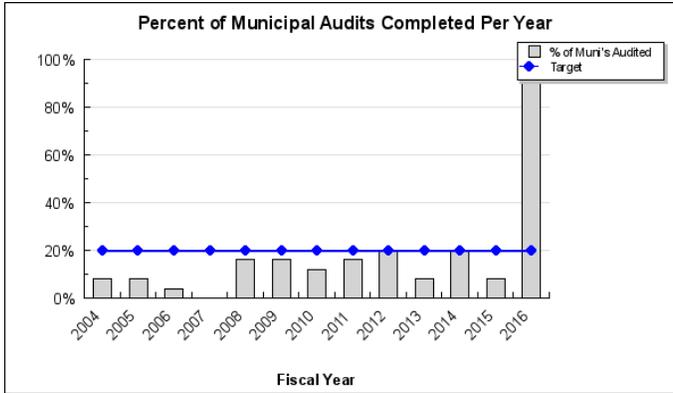
Community and Regional Affairs Results Delivery Unit

Contribution to Department's Mission

Promote strong communities and healthy economies.

Results

(Additional performance information is available on the web at <https://omb.alaska.gov/results>.)



Core Services

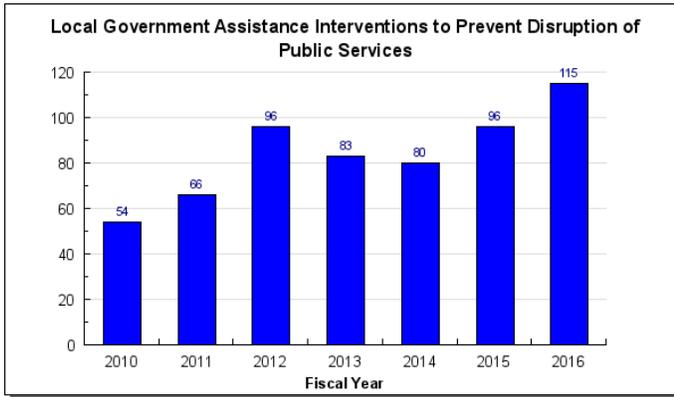
- Local Government Assistance - Training and technical assistance to develop and maintain local capacities for administering essential government services
- Rural Utility Business Advisor (RUBA) - Increase the managerial and financial capacities of rural water and

- wastewater utilities
- Land Management Assistance - Assist and train communities on regional and local basis to address and resolve land and planning issues
- Financial Assistance - Administer multiple grant and funding distribution programs
- Information Resources - Collect, analyze and publish local government and economic development information
- Local Boundary Commission staff - Prepare and distribute information and reports on incorporation, dissolution, annexation, or consolidation
- State Assessor - Technical assistance to municipal assessors on property value assessments to promote equity in the distribution of education funding and other shared revenue programs
- Serve Alaska - Provide National Service and volunteerism opportunities within Alaska

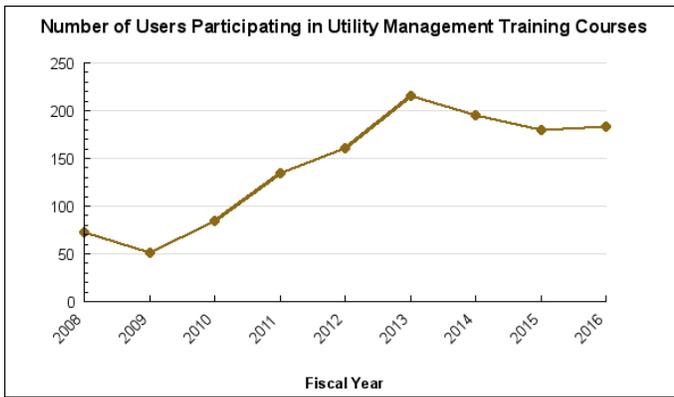
**Measures by Core Service**

(Additional performance information is available on the web at <https://omb.alaska.gov/results>.)

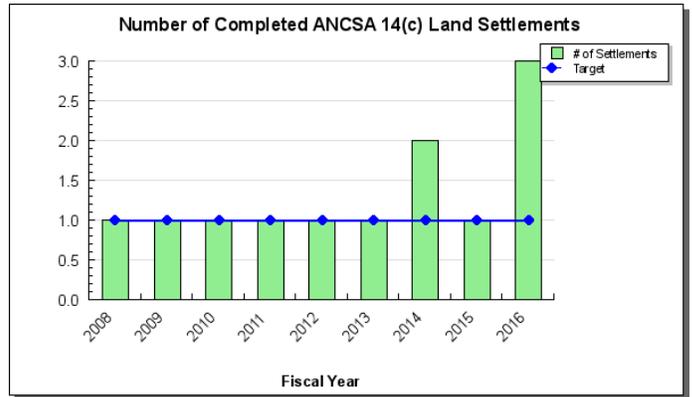
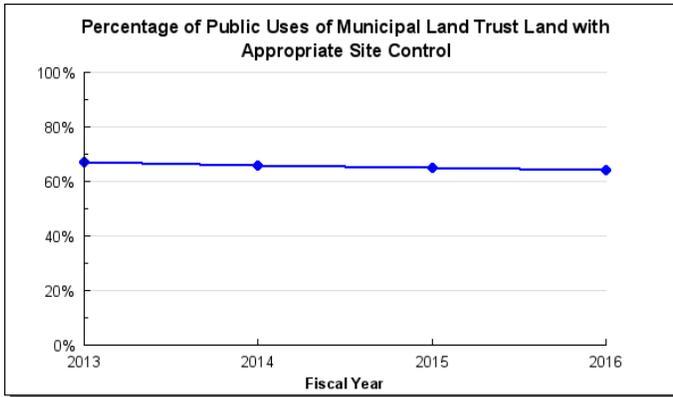
**1. Local Government Assistance - Training and technical assistance to develop and maintain local capacities for administering essential government services**



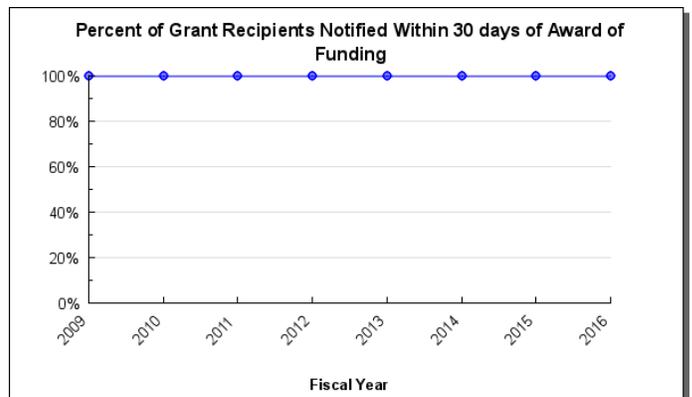
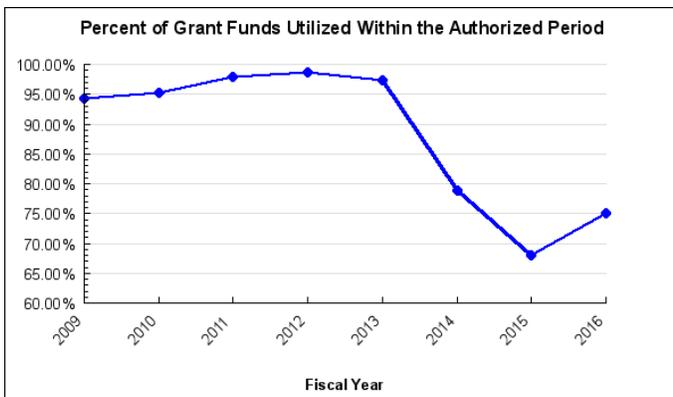
**2. Rural Utility Business Advisor (RUBA) - Increase the managerial and financial capacities of rural water and wastewater utilities**



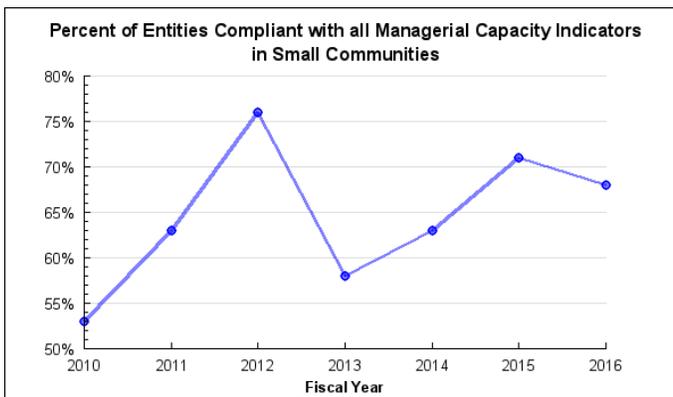
**3. Land Management Assistance - Assist and train communities on regional and local basis to address and resolve land and planning issues**



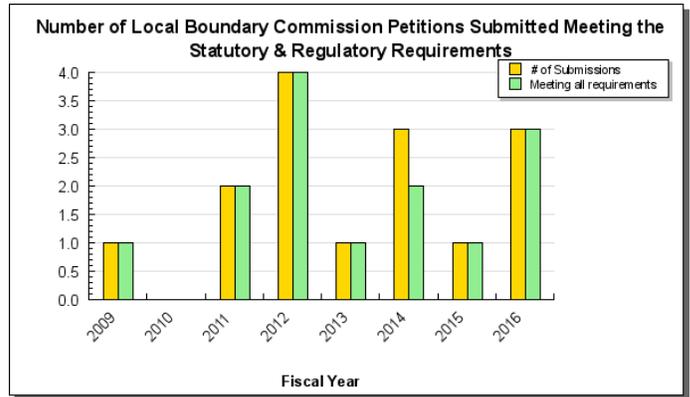
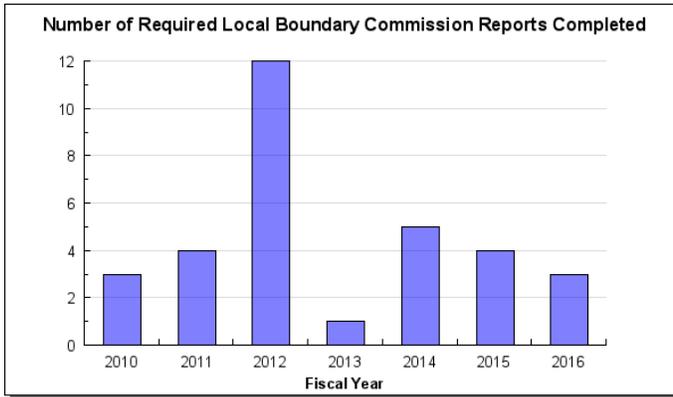
**4. Financial Assistance - Administer multiple grant and funding distribution programs**



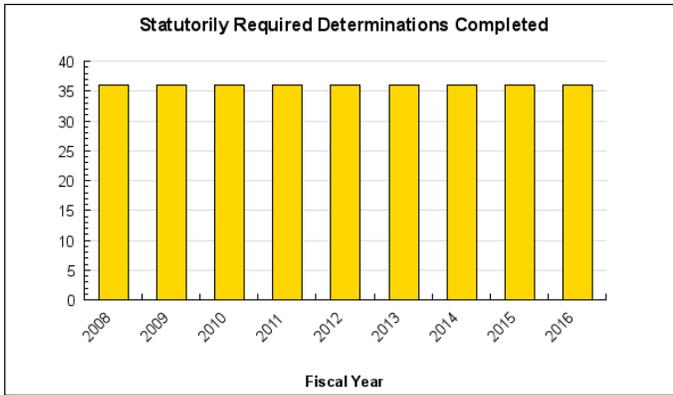
**5. Information Resources - Collect, analyze and publish local government and economic development information**



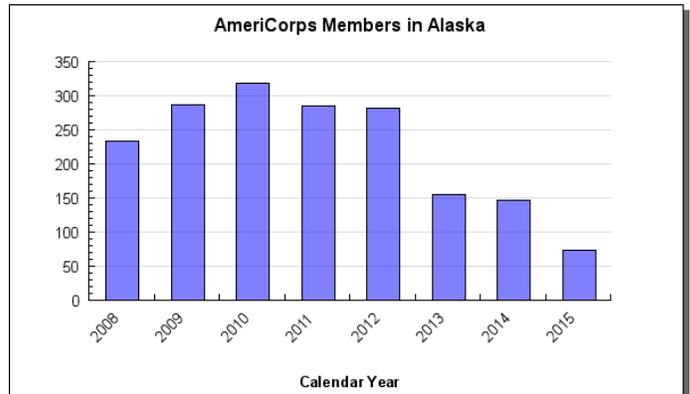
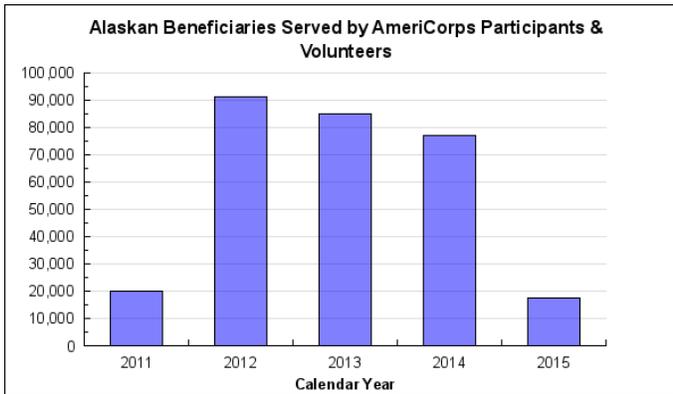
**6. Local Boundary Commission staff - Prepare and distribute information and reports on incorporation, dissolution, annexation, or consolidation**



**7. State Assessor - Technical assistance to municipal assessors on property value assessments to promote equity in the distribution of education funding and other shared revenue programs**



**8. Serve Alaska - Provide National Service and volunteerism opportunities within Alaska**



**Major RDU Accomplishments in 2016**

**Local Government Assistance**

- Assistance was provided to 256 communities. There were 115 interventions which prevented disruption to essential public services. These interventions included: providing fuel loans to communities ineligible for bank loans and coordination of fuel deliveries to avoid critical shortages; Power Cost Equalization (PCE) on-site training and assistance to communities to file and receive payments that would have expired; assistance with filing for Community Revenue Sharing before the application deadline; assistance with critical financial issues involving the Internal Revenue Service; reinstatement of insurance coverage and a suspended gaming license.

Under the *Fuel Watch* initiative, staff in FY2016 made 598 calls to 297 different entities to verify that there were adequate financial resources and fuel supplies in place for winter.

**Rural Utility Business Advisor (RUBA)**

- Assisted 196 communities, including 174 on-site trips to 115 different communities.
- RUBA staff presented ten 32-hour courses on utility management in four different regional hubs. A total of 183 rural utility managers attended these courses. These courses are approved by the University of Alaska for credit and are presented in conjunction with regional health corporations and other regional entities.

**Land Management**

- The Municipal Land Trustee (MLT) staff conducted site visits of Municipal Trust lands in Nelson Lagoon, Tanacross, Dot Lake, Copper Center, Ninilchik, Twin Hills, and Manley Hot Springs to meet with local village councils to address land use and site control issues.
- Nine communities requested site control for Municipal Land Trust (MLT) land, such as leases for landfills and sewage lagoons.
- Land in Twin Hills was accepted into municipal trust status in satisfaction of the requirements of ANCSA Sec. 14(c)(3). The ninety acres include the sites of the sewage lagoon, a community road, two houses, and community expansion land.
- Municipal Land Trust staff has facilitated community planning meetings in Cantwell as a foundation for an offer of lands from Ahtna, Inc. to satisfy the requirements of ANCSA Sec. 14(c)(3).
- Conducted land management or community planning workshops in Scammon Bay and St. Mary's at the communities' request, with airfare and lodging paid for by the community. Requests for workshops were received from Nunapitchuk, Upper Kalskag, Kwethluk and Napakiak, but travel funds were not available from these communities. Provided ANCSA 14(c)(3) planning and expected land transfer to Tanana, Upper Kalskag and Shageluk. Shageluk completed their planning process and enacted a land ordinance using more traditionally based management practices. The other two communities are using consultants to help complete their process. A final map of boundaries is anticipated to be available in 2017 from all three communities.
- Provided planning or local government assistance to 12 organizations on issues ranging from updating or streamlining planning ordinances; making municipal planning decisions within the framework of state-granted powers and state planning efforts; hazard mitigation planning; platting and zoning procedures; and methods and strategies to update a comprehensive plan.
- Participated in statewide Federal Emergency Management Agency (FEMA) Climate Change workshop and assisted in getting rural sessions at the statewide American Planning Association (APA) municipal planning workshop.
- Obtained matching funds from U.S. Natural Resource Conservation Services, Native Village of Northway, and Alaska Power and Telephone to accomplish a community mapping project for Northway and a partial mapping project for Tok. A project for these two communities is expected in 2017
- Provided land management assistance for 14 communities on topics such as transferring land between a city and tribe, title research for historic residential properties needing site control, shoreline development on State tidelands, site control issues related to washeterias, state-owned property, landfill relocation, village roads, regional electrical facilities, and a public safety building.
- Completed Community Assistance Visits (CAV's) to the City of Kotzebue, the Matanuska-Susitna Borough, and the Haines Borough which included providing an interactive implementation of the flood risk reduction ordinance.
- The City of Nome Community Rating System (CRS) was reviewed with the Insurance Service Office (ISO) in August 2015. DCRA staff reviewed the outstanding CAV items and inspected the West Beach property where mining shacks have been removed. Some additional beach clean-up is needed for reclaiming the beach for community and family activities.
- Conducted FEMA Risk Mapping, Assessment, and Planning (Risk MAP) meetings with the communities of Aniak, Bethel, and Kwethluk.
- Conducted Risk MAP site visits for community meetings to the communities of Ketchikan, Juneau, Sitka, Aniak, Bethel and Kwethluk.
- Participated in community resilience workshops in Nome, Anchorage and Fairbanks, and conducted community resiliency planning meetings in the villages of Kivalina, Shaktoolik, and Shishmaref. Conducted twelve inter-agency working group meetings, and finalized three strategic management plans to increase community resilience to natural hazards in the three communities.
- Facilitated the implementation of grants and technical assistance, under the Alaska Climate Change Impact Mitigation Program (ACCIMP) in Kivalina, Kipnuk, and Atmautluak, which resulted a completed Hydrological

Analysis and Design Study for the village of Kipnuk, and a Hydrological Study and Drainage Plan for the village of Atmautluak.

- Managed a federal grant received through the federal Coastal Impact Assistance Program, and inducted and managed a contract to complete an Environmental Site Inventory and Assessment for the village of Newtok. The purpose of the project is to document and evaluate the impacts to the surrounding environment if the village structures and facilities are washed away as a result of erosion, and to develop a clean-up strategy to restore the village to wetland once the community has relocated.
- Updated the 2016 Alaska Mapping Business Plan, which describes the Alaska Risk MAP Program, documents Risk MAP studies in the Alaska over the past year, and identifies the state priorities for new Risk MAP studies in the coming year.
- Provided technical assistance and grant administration to support grantees in the development of 58 projects funded through the Community Coastal Impact Assistance Program (CCIAP).

#### **Financial Assistance**

- The Bulk Fuel Loan program issued 66 loans totaling \$12.6 million to 58 Alaska communities.
- The Grant Section administered 1,541 grants with an approximate value of \$1.8 billion. Of the 1,541 grants, 13 were new, totaling \$4.2 million.
- Grant staff provided four grant application/management workshops in the four regional hubs: Anchorage, Fairbanks, Bethel and Kotzebue. A total of 40 local government representatives from 26 communities attended.
- Approximately 80 million was distributed to 307 different communities under the Community Revenue Sharing (CRS), Payment in Lieu of Taxes (PILT), National Forest Receipts (NFR), Shared Fisheries Business Tax (SFBT), and the Fisheries Resource Landing Tax (FRLT) programs.

#### **Information Resources**

- Updated and added community information hosted on the Community Database Online (CDO), and updated other web-based products such as the Financial Document Delivery System, Community Photo Library, and Community Plans Library. The CDO hosts public entity data used by staff to conduct service assessments necessary to understand the existing level of governance and to provide any assistance necessary to them. The CDO also has datasets related to population, taxes, climate, history, culture, utilities, schools, healthcare, economy, transportation and contacts for 321 communities and several places of interest.
- Initiated the design and development of the workflows of Rural Utility Business Advisor (RUBA) and Office of State Assessor using ESRI (Environmental Systems Research Institute) tools. The tools provide an efficient medium to enter data and develop internal and external reports that assist internal and external users find answers to frequently asked questions
- Reviewed 17 population adjustment requests for determination of population used by the Community Revenue Sharing program.
- Published the bi-annual report on fuel prices across Alaska in January 2016 and July 2016.

#### **Local Boundary Commission (LBC)**

- On August 30, 2016, the LBC approved a petition to incorporate Whale Pass as a second class city.
- On March 3, 2016, the LBC approved a petition to detach .076 square miles from the City of Fairbanks.
- On December 4, 2015, the LBC accepted a petition from the City of Manokotak to annex 37 square miles of land and 118 square miles of water.
- On July 16, 2015, the LBC approved a petition to incorporate Big Lake as a second class city. However, Big Lake did not vote to incorporate.

#### **Office of the State Assessor**

- Completed eight trips to communities to provide on-site technical assistance or training.
- Began a statewide audit of assessment technology systems. The statewide audit provides an analysis of level of technology or lack thereof, for all jurisdictions in the State of Alaska. Specifically, a digital database of assessment records and the Geographic Information Systems (GIS) in place for progressive and efficient valuation.
- Conducted Board of Equalization training for eight communities. Three were held in-person, and five via teleconference.
- Conducted two International Association of Assessing Officers (IAAO) classes for local government staff. IAAO Course 300 - Fundamentals of Mass Appraisal, was provided in Palmer. IAAO Course 201 - Appraisal of Land, was provided in Fairbanks.

- Completed full value determinations for 85 municipal governments (19 boroughs and 17 cities in the unorganized borough).
- Prepared and published the 2015 Alaska Taxable, a document that presents a wide range of assessment and taxation information for Alaskan municipalities.

### **Serve Alaska**

- Serve Alaska ranked 8<sup>th</sup> in the nation for its volunteer rate of 34.4%, with 38.0 hours per capita – an increase in ranking by two places
- Serve Alaska held two summits engaging 50 Alaskan non-profits in the discussion of the future of non-profits, in Alaska.
- Twenty-six AmeriCorps members in 19 communities were trained how to open *Volunteer Reception Centers in Times of Disaster*.
- Serve Alaska hosted Wendy Spencer, CEO of the Corporation of National and Community Service. She visited members in Yakutat, Hooper Bay, Sitka, and Anchorage accompanied by Serve Alaska staff members. She met the Mayor of Anchorage and participated in a press conference; First Lady Donna Walker attended a disaster roundtable and a tribal roundtable.
- Held the first AmeriCorps three day Academy training for non-profit and faith based organizations, state government agencies, and the general public. Topics included: Theory of Change, Performance Measures, Collection of Evidence, Data Collection all components of a grant application for an AmeriCorps grant. Forty-two people participated in training. This class will be offered again in January of 2017.

### **Alaska Native Language Preservation & Advisory Council**

- Alaska Native Language Preservation and Advisory Council staff continues to work with the council and Stakeholders to pursue the preservation of Alaska Native Languages in Alaska.

### **Key RDU Challenges**

The Municipal Lands Trustee (MLT) Program holds more than 11,000 acres of land in 32 communities around Alaska in satisfaction of the requirement of Section 14(c)(3) of ANCSA that village corporations convey title to the State in trust for developed sites in the community as well as land for community expansion. The population has been declining in a number of these communities. In five communities, schools on land held in trust by the State of Alaska have closed and sit vacant. Another five schools on MLT land are at risk of closure. Few communities recover from the closure of a school. The ownership of land, particularly land with vacant buildings, in communities of few residents presents a liability to the State of Alaska.

Local Boundary Commission (LBC) staff consists of two positions who must respond to submitted petitions, which are primarily to form new cities, or to annex land or water to existing cities. The petition process takes about a year to complete because of the many opportunities provided for public comment and input. A great deal of staff's time is spent answering questions and providing information for the public. When several petitions are received at the same time, staff resources, as well as funding for travel of staff and commissioners to hold public hearings and decisional meetings, can be stressed. Many of the petitions received by the LBC are controversial. Sometime LBC decisions are appealed to the courts, and appeals can take years for the judicial system to resolve.

The number of petitions submitted to the LBC has increased recently because of expanded interest and inquiries from municipalities and the public. Since the start of FY2015, three petitions have been submitted. Several communities have indicated that they would be filing boundary change petitions shortly. The LBC and its staff do not have control as to when the petitions arrive, and cannot predict when they will arrive.

The Serve Alaska Commission's primary challenge is increasing public awareness about national service and the opportunities available to organizations. The Commission serves as the conduit for receiving the Corporation for National and Community Service formula and competitive funding, and Commission conducts a Request for Proposal to award funds to AmeriCorps programs in Alaska. Eligible applicants for AmeriCorps funding include local government agencies; Indian tribes; non-profit organizations including religious and labor unions; institutions of higher education; and state agencies. Areas of focus include: disaster services; environmental stewardship; veterans and families; economic opportunity; and education. Identifying programs that address each of the focus areas significantly impacts service provided to Alaskans.

## Significant Changes in Results to be Delivered in FY2018

Reductions to the division in FY2018 will impact services delivered to the public. Efforts to reduce travel have resulted in reduced ability to provide direct on-site assistance to communities; this impacts every level of their local government, from assistance with financial statements and required annual reporting to audits to operator training. The division has focused on providing as much remote assistance as possible, and will continue to explore innovative communication methods to ensure that local governments continue to receive the essential support to continue their operations.

Grant administration staff within the division has been reduced from 12 in FY2015 to 8 in the FY2018 budget. The grants portfolio managed by the staff is expected to decrease from 1,541 at the end of FY2016 to approximately 900 in FY2018, due to fewer legislative appropriations and the completion and closeout of existing grants. However, the remaining grants managed by the section are related to complicated grant programs that require significant staff assistance.

Overall distributions from the fund in FY2018 are anticipated to be half of the distribution in FY2015. While DCRA's primary function related to the Community Assistance Program (CAP) is the calculation and distribution of funds to communities, smaller distributions from the fund can significantly impact communities' ability to operate. Lower distributions, in turn, impact the workload for the division's Local Government Specialists, who work directly with communities to help ensure continuous local government operation.

Contact Information
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**Community and Regional Affairs  
RDU Financial Summary by Component**

*All dollars shown in thousands*

	FY2016 Actuals				FY2017 Management Plan				FY2018 Governor			
	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds
<b>Formula Expenditures</b> None.												
<b>Non-Formula Expenditures</b> Community & Regional Affairs	6,951.1	914.9	1,558.5	9,424.5	6,648.9	1,017.6	2,001.5	9,668.0	6,339.6	1,020.8	2,008.3	9,368.7
Serve Alaska	207.2	5.0	968.4	1,180.6	216.2	20.0	1,893.1	2,129.3	217.7	20.0	1,894.5	2,132.2
<b>Totals</b>	<b>7,158.3</b>	<b>919.9</b>	<b>2,526.9</b>	<b>10,605.1</b>	<b>6,865.1</b>	<b>1,037.6</b>	<b>3,894.6</b>	<b>11,797.3</b>	<b>6,557.3</b>	<b>1,040.8</b>	<b>3,902.8</b>	<b>11,500.9</b>

**Community and Regional Affairs  
Summary of RDU Budget Changes by Component  
From FY2017 Management Plan to FY2018 Governor**

*All dollars shown in thousands*

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
<b>FY2017 Management Plan</b>	6,855.1	10.0	1,037.6	3,894.6	11,797.3
<b>Adjustments which continue current level of service:</b>					
-Community & Regional Affairs	33.5	0.0	3.2	6.8	43.5
-Serve Alaska	1.5	0.0	0.0	1.4	2.9
<b>Proposed budget decreases:</b>					
-Community & Regional Affairs	-342.8	0.0	0.0	0.0	-342.8
<b>FY2018 Governor</b>	<b>6,547.3</b>	<b>10.0</b>	<b>1,040.8</b>	<b>3,902.8</b>	<b>11,500.9</b>