

Municipality of Anchorage

# 2016 State Legislative Program

(State Fiscal Year 2017)

Ethan Berkowitz, Mayor



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# Priority Capital Request

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**Note:** The Municipality of Anchorage is not submitting any State Capital Budget request in 2016. Instead, it asks the Legislature to include the Port of Anchorage Modernization Project as a 2016 State General Obligation (GO) Bond proposition.

## **Port of Anchorage Modernization Project bond request . . . . . \$290 million**

Funding is requested for design and modernization of facilities at Alaska’s largest port, which handles three-quarters of all Southcentral Alaska /Railbelt-bound, waterborne, non-fuel, freight and 95 percent of all refined petroleum products. The Port of Anchorage is Alaska’s port. It directly serves 85 percent of the state’s population living and working in more than 250 cities, villages and communities. The Port is critical infrastructure for individuals, families and businesses across the state and is necessary to ensure Alaska’s continued economic viability. The Port also serves the nation as one of 23 Department of Defense designated strategic seaports used to deploy U.S. warfighters’ equipment and supplies internationally. However, the Port is more than half a century old and much of its critical infrastructure has exceeded its economic and design life. The Port needs modernization to safely and efficiently meet current and projected statewide shipping needs and to restore its resiliency to survive Alaska’s harsh climate and seismic environment.

Terminal	Age (years)
Terminal 1 (general cargo)	54
Terminal 2 (cargo containers)	46
Terminal 3 (cargo containers)	40
POL Terminal 1 (petroleum, oil and lubricants)	50
POL Terminal 2 (cement, petroleum, oil and lubricants)	20

The Port of Anchorage opened shortly after statehood in 1961 with capacity to serve the biggest ships in Alaska. It was the only deep-water port in Southcentral Alaska to survive the 1964 Good Friday Earthquake. Today Anchorage spends more than \$5 million annually to maintain marginally adequate operational capacity of existing infrastructure and the docks are unlikely to survive another significant earthquake.

The Berkowitz administration is moving forward to modernize the Port to:

- Renovate aging facilities to enable safe, reliable and cost-effective operation
- Improve resiliency to enable facilities to survive seismic events and Cook Inlet’s harsh marine environment with minimal operation disruption and a 75-year lifecycle
- Update facilities to improve operational efficiency and sustainably accommodate modern shipping operations
- Optimize facilities to accommodate changing statewide economic and market needs
- Optimize project scope, schedule and budget to deliver a practical, timely and cost effective Port modernization project

### Port of Anchorage Modernization Project Phases and Fund Sources

Phase	Task	Cost	Funds Required	Proposed Fund Source	Construction
1	Northern extension stabilization and replace POL 1 fuel and cement berth	\$127 million	\$0	In hand	2017-2018
2	Replace terminal 2 and terminal 3	\$290 million	\$290 million	Statewide GO Bond	2018-2022
3	Replace POL berth 2	\$35 million	\$35 million	Various	2019 or later
<b>Sub total</b>		<b>\$452 million</b>	<b>\$325 million</b>		
4	Complete northern extension stabilization (remove additional 10 acres)	\$88 million	\$88 million	Expansion Project Settlement	2019 or later
5	Terminal 3 demolition	\$8 million	\$8 million	Expansion Project Settlement	2022 or later
<b>Total</b>		<b>\$547 million</b>	<b>\$421 million</b>		

# State Operating Budget Requests

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**Alaska Domestic Violence and Sexual Assault Intervention Program. . . . . \$1,200,000**

The Anchorage Department of Health and Human Services (DHHS) manages the Alaska Domestic Violence and Sexual Assault Intervention Program (ADVSAIP). The ADVSAIP is designed to increase victim safety and hold offenders accountable through a unique partnership between the DHHS, the Municipal Prosecutor’s Office, the Anchorage Police Department, the Abused Women’s Aid in Crisis (AWAIC), and two recently added partners: Standing Together Against Rape (STAR) and Victims for Justice (VFJ).

The ADVSAIP established and maintains the only database in the state that provides information on offender bail conditions, which are, through a flag in the Alaska Public Safety Information Network (APSIN), available to any peace officer across the state. In Anchorage, police officers investigate whether defendants are compliant with their court orders, and arrest them if they are not. ADVSAIP also provides emergency financial assistance to victims of DV/SA in the event they must relocate or need help to afford basic needs. Since 2007 the program has served more than 8,000 victims in 38 communities across Alaska.

**Human Services Community Matching Grant (HSCMG) . . . . . \$1,415,300**

The grant helps address critical needs within Anchorage, the unavailability of which would subject persons needing the service to serious mental or physical hardship and is supported by a Community Needs Assessment carried out by the Municipality. To ensure this, the Department of Health and Human Services (DHHS) has required that projects funded are in one of the following categories: basic provision of food, basic provision of temporary/emergency shelter and related services, health support services, or protective legal services for children and adults.

Based on population, Anchorage receives a sixty percent share of the HSCMG money with a thirty percent Municipal and Federal match. The MOA portion of HSCMG monies funded at this level would equal \$856,587.

# Requests for Legislation

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## Economic and Community Development

**Expand Incentives for Community Development:** State laws regarding taxation need to be revised to allow local jurisdictions like Anchorage the ability to develop their own tax-based incentive tools for community development and redevelopment. Across the country, states and local jurisdictions utilize tax-based incentives to achieve the goals of community and neighborhood plans. One example is the Multi-Unit Housing Tax Incentive laws in Washington state that give local jurisdictions the ability to encourage multiple-unit housing development and redevelopment in targeted areas, and at no cost to state government. As implemented in Tacoma, WA, this incentive program stimulates housing development in their downtown and other targeted neighborhoods by providing property tax exemptions on qualifying multi-family housing construction, conversion, or rehabilitation improvements. Anchorage respectfully requests state legislation that authorizes tax-based incentives for local jurisdictions similar to the example set in Washington.

## Finance

**Mandatory Sprinkler Exemption:** Alaska Statute 29.45.030(1) requires home-rule municipalities to provide a property-tax exemption for structures that include a fire-protection system, like sprinklers, even if the installation of system is required by local building code. The legislature imposed the condition on municipalities to create an incentive for property owners to voluntarily install sprinkler systems, but the incentive is unnecessary in settings where sprinklers are required by local ordinance: one does not usually receive a reward merely for complying with the law. In localities like Anchorage, the one-size-fits-all, state-mandated exemption distorts the tax base, inequitably benefiting a select few, at the expense of all other law-abiding taxpayers.

**Termination Studies:** This legislation would amend Alaska statute to provide more flexibility and fairness for municipalities termination cost for the State of Alaska unfunded pension liability. The bill would base the termination cost on the overall municipalities' salary base versus the deletion of positions.

**Alcohol Beverage Tax:** There is an unmet need for additional substance abuse treatment. Currently, 50% of the taxes collected under the Alcoholic Beverage Tax (AS 43.60.050) is allocated to treatment and prevention. The Municipality of Anchorage recommends 100% of the tax be devoted to funding additional treatment services.

**Senior Citizen/Disabled Veterans Property Tax Exemption Offset:** State law (AS 29.45.030(e) - (1)) requires local governments to exempt from taxation the first \$150,000 of assessed value of residential property for residents over age 65 and disabled veterans with a 50% or greater service-connected disability. Since 1997, the state has not reimbursed local governments for this statutory

requirement. In tax year 2015 this mandate exempted \$2.1 billion in Anchorage property from taxation that resulted in \$31 million in lost property tax revenue. The result is that others paid higher taxes to make up for the \$31 million.

The Municipality of Anchorage seeks an option by which if the assessed value for properties exempted under AS 29.45.030 (e) - (l) is greater than the community's Revenue Sharing payment, the community would receive the higher amount.