

Municipality of Anchorage

2017 State Legislative Program

(State Fiscal Year 2018)

Ethan Berkowitz, Mayor

Assembly

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Priority Capital Request

Port of Anchorage Modernization Project request \$298 million
 Total project cost. \$556 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. 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	MOA	2017-2018
2	Replace terminal 2 and terminal 3	\$298 million	\$298 million	SOA	2018-2022
3	Replace POL berth 2	\$35 million	\$35 million	Various	2019 or later
Sub total		\$460 million	\$333 million		
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
Total		\$556 million	\$429 million		

2018 General Obligation Bond: Historically, much of the state spending on capital to build Alaska’s infrastructure comes from the state general fund. The state’s fiscal crisis has meant that there has been no significant general fund spending on capital for a number of years and there is not likely to be for a number of years in the future. If the State of Alaska does not have any significant capital spending for a period of five years or longer, we will do great damage to our construction industry and to our economy in general. It will also mean a continued decline in our capital infrastructure.

Therefore, the Municipality of Anchorage supports the development of a statewide General Obligation bond for capital spending to be placed on the 2018 General Election Ballot. The projects should be selected based on need, economic return, and geographic balance across areas of the state.

State Operating Budget Requests

Alaska Domestic Violence and Sexual Assault Intervention Program. \$549,000

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), 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 misdemeanor 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 bail conditions, and re-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 temporary assistance or security devices at their residence. During the last year the state fully funded the program, the program relocated 75 victims including 4 victims living in Alakanuk, Dillingham, Ketchikan and Noatak. The Municipality of Anchorage partially funds ADVSAIP and in the last 12 months the program relocated 18 victims but was unable to relocate victims living outside of the Municipality because the program operates without statewide funding.

In FY2017, the ADVSAIP will receive \$902,470 from the state for three years, through FY2019. The three year state funding of approximately \$300,000 per year partially funds the program. Total cost to operate the program on a statewide basis is \$1,849,000, with the Municipality of Anchorage contributing \$999,000 per year. \$549,000 per fiscal year is necessary to fully fund the program services that includes statewide relocation assistance for victims.

· Human Services Community Matching Grant (HSCMG) \$1,348,931

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 an approximate sixty percent share of the HSCMG grant money with a thirty percent Municipal match.

Requests for Legislation

Community Dividend Program

Create a Community Dividend: During this State Legislative Session, due consideration should be given to the historical role of municipal assistance and revenue sharing and the benefits it has brought to the Municipality of Anchorage and the rest of the state of Alaska. Even with declining revenues, a more certain future for local governments can be established.

Creating a long-term, sustainable community dividend by employing an endowment program, using Amerada Hess, oil revenue share, or a substitute management program would allow local governments to rely on funding amounts with regularity and stability. This is paramount when creating budgets and planning for necessary public services and facilities. As our state's oil wealth is to be shared with its residents, a community dividend program offers an avenue, outside of the direct individual benefit of the permanent fund dividend, for needs and improvements within the city of Anchorage.

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 and that of HB 370, which received a broad coalition of support from both public and private stakeholders and was introduced and passed by the Alaska House of Representatives during the 2016 State Legislative Session.

Finance

Localize 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. In 2015, property worth over \$55 million dollars was included in this category resulting in an \$815,000+ shift to other property taxpayers within Anchorage. Relocating the fire sprinkler exemption from AS 29.45.030 to AS 29.45.050 would allow communities that do not require fire protection systems by code to continue to offer this tax incentive, while removing the redundant requirement in communities like Anchorage

Localize Property Tax Exemptions: Alaska Statute 29.45.030 requires local governments to exempt property from taxation based on ownership or type of use. Collectively in 2015, exemptions ranging from charitable to cemetery, excluded almost \$2 billion dollars of \$35 billion dollars in property from consideration for taxation in the Municipality of Anchorage. This means the rest of Anchorage taxpayers are paying more taxes to accommodate all of these exemptions.

With more and more financial responsibility being shifted from the State of Alaska onto local governments, consideration should be given to allow property taxation decisions to be made within the municipalities that are being affected by the cost shift.

Raise the Residential Property Tax Exemption: Alaska has always had a standard residential property tax exemption for each individual residence, exempting a certain amount of the value from property tax. This exemption helps to make the property tax more progressive and protects middle class and poor homeowners. At statehood, this amount was set at a maximum of \$10,000. At that time, this was a significant portion of the average home price. As the decades have passed, the significance of this exemption has reduced as the average home price increased. In 2004, the Alaska Legislature raised the allowed exemption to \$20,000. In 2012, it was raised again to \$50,000. The Municipality of Anchorage is currently considering seeking a public vote to its exemption to the maximum but would like to consider a larger increase.

The Municipality of Anchorage supports raising the maximum allowable standard residential exemption to \$100,000.

SB91 Correction for Traffic Fines: Effective July 1, 2016, Section 113 of SB91 prohibits a municipality that has a criminal ordinance comparable to an offense under AS 11 or AS 28 from imposing a greater punishment than that authorized under the comparable state statute. The likely unintentional effect of this language has been a reduction of APD traffic fines issued under Anchorage Municipal Code to the comparable fine under State law, once the citation is presented to the Court for adjudication. The binding language in the bill needs to be clarified to allow for local governments to set traffic fines within their jurisdictions.

Statutory Interest Rate paid on Property Tax Refunds: AS 26.45.500(b) states that if, in payment of taxes legally imposed, a remittance by a taxpayer through error or otherwise exceeds the amount due, the municipality shall refund the excess with interest at 8% from the payment date. The MOA proposes that State law be changed to fall more in line with present-day market interest rates, due

to the current economy and lower interest rates nationwide. This change would save the MOA money each year on the hundreds of refunds that are processed due to overpayment of taxes owed.

Electronic Publication of Real Estate Foreclosure List: AS 29.45.330(2) states that a municipality shall publish the real estate foreclosure list for four consecutive weeks in a newspaper of general circulation distributed in the municipality. MOA proposes a State law change that would allow electronic publication. Doing so would save costs and still comply with the current law of publishing the list for four consecutive weeks. Additionally, edits to an electronic publication can be made as necessary, which is not possible with the current paper form of publication. Currently, the publication is printed only once and is then used for each of the four weeks in the newspaper. Having the reports posted on a website and accessible in one location will show a comprehensive list of up-to-date reports and documents, all on a convenient and user-friendly site.

Department of Revenue Information Sharing re: Marijuana Tax: The reciprocal information sharing agreement between SOA and MOA needs to be updated to include sharing marijuana tax information, which may also require a State law change. Currently, the agreement only covers sharing information on Tobacco and Rental Vehicle taxes. Sharing marijuana tax information will enhance the abilities of the MOA and SOA to enforce compliance with marijuana tax regulations, much the same as it has helped with the enforcement of the other tax regulations.

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.

Public Safety

Adjust Time Period Considered for Police Protection Service Fees: Currently AS 29.35.125 allows for municipalities to impose a fee on the owner of a property if there are excessive police call outs during a "calendar year." MOA requests that the time period used for consideration of excessive police calls be amended to a "consecutive 12-month period" to delete the artificial limit created by counting only the previous months of the calendar year.

Decrease Limitations on Enhanced 911 Surcharge: Currently AS 29.35.131(i) restricts municipalities from using E911 funds collected towards many aspects of running a comprehensive, effective E911 system. With an existing State cap on allowable charges (\$2 per user/per month) for E911 service, local governments should be afforded some latitude for leases, maintenance or improvements to buildings housing the E911 systems and to pay for full salaries and costs associated with E911 dispatchers.

Legal

Include Municipalities in Definition of Nonconsensual Liens: In 1998, the Legislature passed SB 195, to prevent individuals from filing spurious liens against public-office holders. It did so by prohibiting the filing of “nonconsensual common law liens,” as distinguished from liens “provided for by a specific state or federal statute.”

Unfortunately, the language the legislature used has called into doubt the validity of several *municipal* liens (which are authorized by local ordinance, and not directly by state or federal statute). MOA requests amendments to state law (AS 09.45.169, AS 11.46.560 and AS 34.35.950) to restore the traditional ability of municipalities to protect their law-abiding citizens and taxpayers by recording liens.

DRAFT

Municipal Clerk's Office

APPROVED

Date: 12-20-2016

Submitted by: Chair of the Assembly at the
Request of the Mayor

Prepared by: Office of the Mayor

For reading: December 6, 2016

**ANCHORAGE, ALASKA
AR No. 2016-324**

1 **A RESOLUTION ADOPTING THE 2017 LEGISLATIVE PROGRAM FOR THE**
2 **MUNICIPALITY OF ANCHORAGE.**
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4 **WHEREAS**, Anchorage is the business and transportation hub for Alaska, and
5 capital improvements in Anchorage benefit much of the rest of Alaska, including
6 modernization of the Port of Anchorage; and
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8 **WHEREAS**, Anchorage recognizes its central role in Alaska's well-being and our
9 residents have invested billions of dollars in our city through local taxes to improve it
10 for all Alaskans; and
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12 **WHEREAS**, Anchorage appreciates its State Legislative delegation for securing
13 millions of dollars for our community, including Municipal Revenue Sharing, which
14 we have leveraged to match local investments in transportation, commerce, public
15 buildings, roads, and parks and recreational facilities; and
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17 **WHEREAS**, as State Revenue Sharing has decreased dramatically in the last two
18 years, and there is likely to be no State Capital Program this year, Anchorage
19 supports the creation of a statewide Community Dividend endowment that allows for
20 a more predictable and stable fund source to address the public services and
21 infrastructure needs of the city; and
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23 **WHEREAS**, additional flexibility from the State would allow the Municipality the
24 ability to address critical issues, including domestic violence, fiscal issues, criminal
25 justice, housing and economic development; and
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27 **WHEREAS**, Anchorage's infrastructure needs remain considerable but the most
28 critical is the status of the Port of Anchorage, as it directly serves 85 percent of the
29 state's population living and working in more than 250 cities, villages and
30 communities. The Port is critical infrastructure for individuals, families and
31 businesses across the state and is necessary to ensure Alaska's continued
32 economic viability. The Port also serves the nation as one of 23 Department of
33 Defense designated strategic seaports used to deploy U.S. equipment and supplies
34 internationally; and
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36 **WHEREAS**, the Municipality of Anchorage has developed a Legislative Program
37 now, therefore,
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39 **THE ANCHORAGE ASSEMBLY RESOLVES:**

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Section 1. That the 2017 Municipality of Anchorage Legislative Program is adopted.

Section 2. This resolution shall be effective immediately upon passage and approval by the Anchorage Assembly.

PASSED AND APPROVED by the Anchorage Assembly this 20th day of December, 2016.


Chair of the Assembly

ATTEST:


Municipal Clerk

MUNICIPALITY OF ANCHORAGE
ASSEMBLY INFORMATION MEMORANDUM

No. AIM 173-2016

Meeting Date: December 20, 2016

1 **From: CHAIR**
2

3 **Subject: 2017 LEGISLATIVE PROGRAM FOR THE MUNICIPALITY OF**
4 **ANCHORAGE**
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6 Attached is the 2017 Legislative Program for the Municipality of Anchorage.
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8 Prepared by: Rose Foley, Assembly Budget Analyst

9 Respectfully submitted: Elvi Gray-Jackson, Chair
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