

Memorandum

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August 26, 2014

To: Haines Borough Assembly

Cc: Dave Sosa, Manager
Julie Cozzi, Clerk
Jila Stuart, Finance Director

From: Stephanie Scott, Mayor, Haines Borough

Subject: Report from the Alaska Conference of Mayors and the Summer Meeting of the Alaska Municipal League, Nome, Alaska August 13-15, Nome, Alaska

Thank you for supporting my attendance at the Alaska Conference of Mayors and the Summer Meeting of the Alaska Municipal League.

The Alaska Conference of Mayors (ACoM) is the parent organization for the Alaska Municipal League. As you might expect, the ACoM is “bullish” on local control and keen to keep an eye on state mandates that impose unfunded burdens on municipalities.

Perhaps to that end, the Alaska Conference of Mayors unanimously passed a resolution in opposition to Proposition #2 regarding the legalization of the sale and cultivation of marijuana. The ACoM heard testimony about the impact on small businesses re increases in insurance rates for drivers and equipment operators, as well as the cost of regulation. The resolution adopted is addressed in the Agenda Bill for 7A, local resolution 14-07-580.

The second resolution unanimously adopted recommends that “teeth” be added to the current Alaska Statute providing for review and approval by local planning authorities before DOT/PF commences construction of a public project (AS 35.30.010). The ACoM heard testimony from mayors whose planning authorities recommendations had been overlooked by DOT/PF. Testimony was also heard regarding the timing of presentations by DOT/PF to local authorities. Presentation after a project has been studied and engineered by the state; after the project plan is final, ready for construction, presents a huge hurdle for a locality to overcome in order to provide meaningful input to the project. Therefore, the ACoM resolved to recommend an amendment to Alaska Statute 35.30.010 providing for stronger

authority by local planning authorities by deleting “before commencing construction” and by inserting “before plans are approved by the department and an approved alternative is accepted by the department.”

I think it is fair to remind both ourselves and DOT/PF Planner Andy Hughes of AS 35.30.010. We need to continue to make our partnership with DOT/PF as meaningful as possible. Adhering to existing statute is the least that we should do!

The Summer Meeting of the Alaska Municipal League was dominated by state politics. Mayoral candidates Bryon Mallott and Bill Walker made presentations and took questions; Senator Mark Begich brought us US Secretary of Transportation Anthony Foxx and Commandant of the US Coast Guard Admiral Paul F. Zukunft. I was pleased to be able to meet the candidates (again) and to have personnel conversations with Senator Begich and Secretary Foxx about issues that impact Haines: funding for the Alaska Marine Highway and the Haines Highway Realignment project.

Both Senator Begich and Secretary Foxx publicly acknowledged when speaking to AML that the Alaska Marine Highway System is an integral and important part of the transportation system in Western and Southeast Alaska as well as in Washington state.

I asked Secretary Foxx to please look carefully at the revised EA for the Haines Highway Realignment project. I suggested that he may find the project exemplary for reconstructing a highway through sensitive fish and raptor habitat.

AML has not settled on its 2014 priorities. Priorities will be finalized at the Annual Meeting in Anchorage this November. The Executive Director, Kathy Wasserman, offered these recommendations:

1. Revenue Sharing: The Alaska Municipal League supports reinstating the deposit amount of \$60 million into the Revenue Sharing fund on a yearly basis. This amount is a small amount of the yearly state budget, yet helps to fund basic government services for 163 municipalities and approximately 50 unincorporated communities.

I have to defer to our Finance Director to tell you exactly how much state revenue sharing the Haines Borough receives. I can tell you that the area wide fund is estimated to receive \$507,000. This past session, the legislature appropriated \$52 million in the Revenue Sharing fund which will reduce the amount of revenue shared with the municipalities and unincorporated communities. AML has requested that the governor restore the \$8 million to the fund in his supplemental budget request for the January session. Reduction in state revenue sharing has to be addressed either by securing additional revenue (local sales tax, local property tax) that can be applied area wide or by reducing levels of service. I believe that the largest area wide

expenditure is expenditure for the school district that is above the required minimum.

2. PERS/TRS: The Alaska Municipal League remains committed to the promise by municipalities to partner with the State to pay the past service cost for the PERS/TRS liability. While agreeing through HB 385 to pick up a number of years' worth of extra payments, the League supports keeping PERS past service costs at 22% of salary.

Most likely, many legislators will think that municipalities should have had their rates increased from 22% to some higher level. By agreeing to the ending legislation that was introduced in regards to the \$3 billion infusion, municipalities agreed to pay for an additional number of years. That has already raised our contribution rate on the past liability to a new high. We don't need another increase!

3. Senior Citizen's/Veterans Property Tax Exemption: The Alaska Municipal League requests that the Legislature address the Senior Citizen's/Disabled Veteran's Property Tax Exemption by either:

1. Funding the exemption, as required in AS 29.45.030(g), or
2. Repealing AS 29.45.030 (g) legislatively giving control to local governments for those decisions.

This last year, municipalities exempted property which result in a loss of \$59,833,635. That is just \$166,365 less than the Total Revenue Sharing which we now DON'T get. Collectively, the municipal property tax exemption, for which we get no reimbursement, is \$9,833,635 more than the deposit now made into our Revenue Sharing fund.