



ALASKA
CONFERENCE
OF MAYORS

Member Update

Nils Andreassen, Executive Director

August 5th, 2021

Organization

Member Services

- Remote Sales Tax Collection – collecting online sales tax
- Physical Sales Tax Collection – providing the collection of physical sales tax
- Financial Services – providing bookkeeping, financial management, payroll, etc.
- Municipal Health Trust – providing health insurance options to all public entities
- Nationwide – offering retirement solutions to members.
- Live Healthy – providing discounted prescription drugs to member residents.
- Cybersecurity – partnering with Waverider to deliver managed services
- Leadership – offering the High-Performance Leadership program to all members

Financials – balanced growth

ARPA

- All boroughs and the City of Fairbanks have had access to their distribution from Treasury for nearly two months – the majority have gone through the process. ID.me biggest concern/hurdle
 - Spending plans have generally tended to be developed patiently and conservatively
 - Interim report due by August 31, 2021, with expenditures by category; Anchorage also has a Recovery and Performance Report due by August 31, 2021
- The State has implemented its process for distributing funds to NEUs – cities – with a resolution followed by a funding agreement and distribution
 - Project and Expenditure Report due by October 31, 2021
- Treasury has not released funding or guidance for Census area funding, which should flow to cities within the Unorganized Borough
- DCRA has not announced a plan, yet, for distribution of the \$50 million meant for those local governments that have lost greater revenue than they'll receive in federal relief

CARES

- 52 municipalities have not finished spending about \$7 million
 - It's actually much more than this, but we're more assured of the capacity to spend for some than others.
- 8 municipalities have turned down their \$1 million
- Local governments that received more than \$750k from the CARES Act are in the process of completing their federal single audit
- Of \$568 million that went to local governments:
 - \$193 million was spent on payroll
 - \$73 million was spent on medical or public health
 - \$262 million was spent on economic assistance to individuals, businesses, schools, or nonprofits

Broadband

The Governor has named AML to the Broadband Task Force, as well as two mayors. The Task Force is working to:

- Identify and complete a needs assessment of the “gaps” in the current broadband network deployment. Identify communities most in need of upgraded or new infrastructure.
- Provide recommendations for a buildout plan to close remaining gaps and bring high-speed broadband to all Alaskans.
- Evaluate all technologies that are used to provision broadband, identify and assess the pros and cons of each as they pertain to connecting all Alaskans with high-speed connectivity.
- Assess the hurdles to broadband investment and deployment. Make recommendations on how the state can play a role to eliminate them.
- Provide recommendations for a state repository of broadband information and expertise that does not increase the state budget.
- Identify and lay out recommendations of policies and guidelines for state participation in broadband infrastructure development and ongoing operations.
- Recommend program based guidelines or rules for equitable use of state funding in broadband infrastructure development.
- Provide a report and summary of findings and recommendations.

DOT

- Local Collaboration
 - It is the intent of the legislature that the Department of Transportation and Public Facilities increase consultation and collaboration with local municipalities, including by establishing Regional Transportation Planning Organizations, to advance the identification and planning for locally driven projects where there is both interest and capacity. The Department should outline in the State's agreements with the Federal Highway Administration criteria for determining local municipal capacity, and the process for local administration of federally funded transportation projects.
- Statewide Long-Range Transportation Plan Advisory Committee
 - DOT&FP's Long-Range Transportation Plan (LRTP) provides the long-term vision, policies, and decision-making framework that will guide the transportation system over the coming years. It does not identify individual projects to build. The LRTP is the state transportation plan and is required to meet both state and federal mandates.

Opioids and PFAS

Opioids

- The three biggest U.S. drug distribution companies and the drugmaker Johnson & Johnson are on the verge of a \$26 billion settlement covering thousands of government lawsuits over the toll of opioids across the U.S.. The national settlement is expected to be the biggest single settlement in the complicated universe of litigation over the opioid epidemic in the U.S. It won't end the cases, but it would change them.
- Settlement may direct funds to the State, for the Department of Law to determine how they may be spent, and the Legislature to appropriate them to

PFAS

- This will likely be the next opioids-type class action litigation to be aware of or thinking about
- For right now, testing is critical so that there is data available. Reach out to DOT first.
- Consult with your counsel and have them reach out to Law to discuss liability re: airports; fit into State's case or not.

PCE and Community Assistance

PCE will not be paid until 1) litigation requires it to be, or 2) the Legislature act. The PCE endowment was swept based on this Administration's interpretation of their obligations, contrary to that of all prior administrations. It was able to be swept because the Legislature failed to get a $\frac{3}{4}$ vote on the CBR draw and reverse sweep. Put another way, 11 House members stood in the way of 29 other House members.

- AML has been vocal in our support of the PCE program and for the Governor and Legislature to fix this. We also connected members with legal counsel in a position to litigate. AML is not party to the litigation, but are akin to the Governor in hoping for its swift resolution.
- The Legislature and Governor can come to agreement that ensures the votes fix this.

Community Assistance will be paid this year, at about the same levels as last year. While full funding – recapitalization – was passed by a majority of the Legislature, again 11 votes stood in the way for it to be fully funded. The Governor vetoed the rest.

- AML has reacted strongly to this outcome, arguing that on the heels of a pandemic and economic crisis, these were unnecessary cuts.
- If the Legislature is not able to find the votes to override the vetoes, and/or get the CBR/reverse sweep vote, then communities will receive even less next year.

School Bond Debt Reimbursement / School Construction and Major Maintenance

- School bond debt reimbursement is funded at 37% of the State's obligation, because of the failed CBR/sweep vote.
- The Governor also vetoed school construction and major maintenance funding.
- At this point, the State is funding \$0 or 0% of school construction and major maintenance that will occur this year.
- The school bond debt reimbursement moratorium is in place until 2025.
- The State has on average funded 8% of school construction and major maintenance needs.

Fiscal Policy

- AML has advocated for a comprehensive fiscal plan, a package that we anticipate needing to include further/new revenues, a spending cap, changes to the PFD statute, and potentially placing the PFD in the Constitution.
- The current budget is roughly \$500 million less than what it should be, if we account for unfunded and underfunded programs that directly intersect with local governments.
- We remain concerned about the revenue shortfall, and the State's intent to shift costs and responsibilities to cities and boroughs.
- We have developed and are working to launch a website that will communicate the impacts to local governments of State budget decisions.



Our biggest concerns are a divided membership, burned out by a pandemic and economic crisis, tired of fiscal crisis, with little hope or trust in the State to fix itself, who have little bandwidth to engage fully.

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