

DENALI BOROUGH

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Clay Walker, Mayor

Monthly Assembly Report Mayor Clay Walker October 12, 2016

2016 State Assessors Full Value Determination (FVD)

An old assessor's saying rings true "We're not happy until you're not happy".

- Of Alaska's 18 organized boroughs, the Denali Borough is one of four that does not impose a property tax. In these boroughs, the State Assessor's Office determines the full and true value of taxable real and personal property within the borough. A field visit is scheduled every four years. This year the assessor was "shocked" by the number and quality of improvements and we were, in turn, shocked by the increase in valuation.
- The good news is that there has been a lot of personal and corporate investment within the Denali Borough.
- What this means for the Denali Borough is a dramatic increase in the mandatory school funding contribution. This figure is calculated directly from the FVD. The FVD increase from \$247,229,700 in 2015 to \$363,719,900 in 2016 could result in a required local contribution increase of over \$300,000. The borough's required local contribution for FY17 is currently budgeted at \$655,159.
 - The maximum local contribution, which is in part calculated from the basic need, is not affected one way or the other by a change in the required local contribution. The state would be responsible for over \$300,000 less. This cost is shifted to the borough.
- A one year increase of 47% in Denali Borough real and personal property is clearly much to take in. I stated this to the Assessor's office and asked for detailed back up. A FVD Determination work sheet was provided, as well as an explanation that the last site visit (4 years ago) was not as extensive as the recent visit, where the Assessor drove 468 miles within the borough.
 - The Assessor's opinion is that we have been undervalued for the past 8 years. For example, the FVD actually decreased for two years from 2013 through 2015. They stated that such large, unexpected changes are not good for either the borough or the state.
 - Our overnight accommodations tax revenue, which is used to calculate a portion of the property valuation did increase 29% over the past four years.

- Looking at other boroughs, a jump in value of over 40% upon completion of a site visit was actually not uncommon.
- The bottom line is we should be expecting more difficult budgeting decisions ahead as we shoulder more burdens and the state's fiscal mess continues to roll downhill.

Cantwell Sprinkler Project Update

- Substantial Completion, which has been scheduled a number of times, took place today. The general contractor, Little Susitna, its primary subcontractors, Stantec's engineers and borough representatives (myself and Curtis Hamel) all spent the morning ensuring that the functioning fire alarm and suppression system is built according to specifications and meet all relevant standards. This project has, as many know, not been easy or smooth from the beginning -- over 10 years ago. We are all thankful for the coordination of all parties to be so close to completion. And most importantly, the school and its occupants are finally protected. For that we are very thankful.
- Tank level monitoring instrumentation and interface. There is a contention from the contractor that the bid documents provided insufficient information regarding this known necessary component. The borough and its design firm, Stantec, both disagree. This is the main outstanding issue and the largest item on the punch list. We'll continue to see the project through until its full completion.

Landfill Clean-Up

- A Healy Hockey team spent a September Saturday picking up wind-blown litter along the north fence and in the newly cleared and seeded area to the north of the fence. This was a very successful effort -- the area looks great. Kudos to the hockey team for their good efforts. Their team received a healthy contribution from the borough in return which went a long way toward achieving their fundraising goal. This is a standing offer available to any group looking for a fundraising activity.

Planning Commission has a vacant seat from the northern district

- At the September meeting, Sid Michaels resigned his Planning Commission seat. This vacancy has been posted and we hope to receive interest in an appointment to this seat.
- The other northern seat was also open and I have received an application. Expect an appointment at the November meeting.

DOT STIP Amendment 1 Approved

- For FY 16, \$400, 000 approved for the Alaska Railroad Corporation to perform a feasibility study, conceptual level estimates and preliminary engineering to realign the mainline track and eliminate the at-grade crossing and the RR overpass south of the Park Entrance.
- The MP 231 Safety Enhancements projects is funded to \$1.75 million for fy16 and \$27 million after 2019.

Denali Borough School District Strategic Planning weekend workshop

- The district administration is to be commended for putting together a strong, diverse group to envision the direction of the district. I appreciated being a participant and felt that it was

important work. Superintendent Polta has more specifics, and details on the follow up work ahead, in his report.

Administrative Assistant hiring update

- We received 10 applications from very well qualified applicants. We are working through the interview and evaluation process currently.

AK LNG Community meetings

- I attended the September 28 meeting held in Healy, where both AKLNG and AGDC (Alaska Gasline Development Corporation) representatives provided a project update. The big change, and topic of conversation, was the restructuring of the project, with producer partners withdrawing and the state taking the lead. The parties plan to have the project officially turned over to AGDC by the end of the year.

As always, feel free to contact me with any question.

Clay