

Business/Economy

A contractor will be paid \$800,000 to look for efficiencies, opportunities at 3 state lending agencies

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An effort launched by the governor to find opportunities for savings at three state agencies that lend money has prompted an \$800,000 review by a management consultant firm that began in July.

The state is paying Boston Consulting Group to study ways the Alaska Industrial Development and Export Authority, the Alaska Energy Authority and the Alaska Housing Finance Corp. can operate more efficiently while enhancing economic development opportunities in Alaska.

The entities collectively hold about \$3.2 billion in assets and employ about 440 people.

With the state facing multibillion-dollar deficits, Gov. Bill Walker in March issued an administrative order that laid the groundwork for the six-month contract with Boston Consulting, signed June 30 by Sheldon Fisher, Department of Administration commissioner.

Walker's goals included looking for opportunities in the agencies to eliminate redundancies, combine resources, and possibly sell assets when appropriate without losing public services.

The consulting group, headquartered in Boston with international operations, submitted a bid that cost less than half of what the losing international bidder proposed, said Fisher.

Fisher said he appreciates how someone could characterize a contract for almost \$1 million as expensive, but he said the firm is providing an important service to help the agencies and the state prepare for the future.

"I think we're getting great value for the money we're spending," Fisher said. "We feel like getting it right is the prudent investment at this time."

The consulting group has provided 11 of its employees for the review, rather than the six the group originally planned. Boston Consulting employees are working at the agencies to gather information, he said.

"We felt like the issues are quite complex and we were looking for someone that had experience in other jurisdictions that has gone through similar processes and could help us understand best practices in terms of (the agencies') power, authority, scope, function and those sort of things," Fisher said.

AIDEA, the state's development finance authority, approved spending up to \$475,000 on the contract on Wednesday. AEA, providing energy assistance to rural communities and managing several energy funds, has agreed to provide up to \$200,000.

AHFC, providing low-cost mortgage financing, has also committed to paying for a share of the study, said Fisher.

Fisher said he expects the report to be publicly available when complete.

"I have no reason to think it won't be," he said.

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