

HOUSE FINANCE COMMITTEE
March 22, 2001
1:41 PM

TAPE HFC 01 - 58, Side A
TAPE HFC 01 - 58, Side B
TAPE HFC 01 - 59, Side A

CALL TO ORDER

Co-Chair Williams called the House Finance Committee meeting to order at 1:41 PM.

MEMBERS PRESENT

Representative Eldon Mulder, Co-Chair
Representative Bill Williams, Co-Chair
Representative Con Bunde, Vice-Chair
Representative Eric Croft
Representative John Davies
Representative Carl Moses
Representative Richard Foster
Representative John Harris
Representative Bill Hudson
Representative Ken Lancaster

MEMBERS ABSENT

Representative Jim Whitaker

ALSO PRESENT

Jeff Bush, Deputy Commissioner, Department of Community and Economic Development; Tom Lawson, Director, Administrative Services, Department of Community and Economic Development; Greg Wolf, Director, International Trade and Market Development; Kevin Brooks, Director, Division of Administrative Services, Department of Fish and Game; Bob Poe, Alaska Industrial Development and Export Authority (AIDEA); Mike Nizich, Administrative Director, Office of the Governor; Karen Rehfeld, Director, Division of Education Support Services, Department of Education and Early Development; George Smith, Deputy Director, Libraries, Archives & Museums, Department of Education & Early Development

PRESENT VIA TELECONFERENCE

Hal Spackman, Director, Mt. Edgecumbe, Sitka; Fred Esposito, Director, Alaska Vocational Technical Center, Seward; Yvonne Chase, Deputy Commissioner, Early Education, Department of Education and Early Development

#hb47

GENERAL SUBJECT(S):

HB 47-APPROP: GOVERNOR'S CAPITAL BUDGET
 Community and Economic Development
 Fish and Game
 Governor
 Education and Early Development

The following overview was taken in log note format. Tapes and handouts will be on file with the House Finance Committee through the 22nd Legislative Session, contact 465-2156. After the 22nd Legislative Session they will be available through the Legislative Library at 465-3808.

LOG	SPEAKER	DISCUSSION
	TAPE HFC 00 - 58 SIDE A	
000		DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
124	BOB POE, ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY (AIDEA)	Noted that the department has reduced its first request for \$7.8 million dollars for Power Cost Equalization. He observed that the amendment request is for \$6,854 million dollars.
221	Mr. Poe	He noted that higher fuel costs resulted in a supplemental request in FY01 of \$1.5 million dollars. The FY02 request is reduced by \$1 million dollars.
351	CO-CHAIR MULDER	Questioned if the statutory PCE formula spoke to fuel costs and questioned how a supplemental on fuel cost was calculated.
402	Mr. Poe	He acknowledged that the Regulatory Commission of Alaska sets the rate for PCE. Reviewed the fuel cost calculations. He explained that the formula anticipates a total cost of \$15.7 million dollars each year. The cost was higher than \$15.7 million dollars this year. There is a variance on the real cost.
456	Co-Chair Mulder	Questioned the need for a supplemental and pointed out that other areas of the state also experienced rising fuel costs.
535	Mr. Poe	Noted that other areas of the state are able to adjust their rates and pass the cost on to the consumer.
573	Co-Chair Mulder	Questioned the difference between AIDEA receipts and dividends.
628	Mr. Poe	Explained that \$620 thousand dollars would be used to purchase Rural Development Initiative Fund loans that would be added to the portfolio. It is an exchange of liquid assets for long-term assets.

660	Representative Hudson	Asked for more information.
761	Mr. Poe	Observed that the stock market decline has affected the endowment. He noted that AIDEA has been working hard on the sale of the Four Dam Pool.
827	Representative John Davies	Pointed out that the Legislature understood that PCE was not fully endowed.
878	JEFF BUSH, DEPUTY COMMISSIONER, DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT	Reviewed the request for Operation Renew Hope. The state is pursuing federal funding.
921	Mr. Bush	Reviewed the Community Block Grants request. He pointed out that the request is federal pass through funding.
976	Mr. Bush	Discussed the Federal Community Development Grants component. The original request was for a \$150 million dollar state match. Additional receipts from the Denali Commission are expected. Therefore the request has increased to \$300 thousand dollars in state match and \$6.35 million in federal funds.
1098	Mr. Bush	Discussed the USDA mini grant program.
1124	Mr. Bush	Noted that the Denali Commission has approved \$4.5 million dollars and the state expects an additional \$500 thousand dollars this year. A small state match is included.
1171	Mr. Bush	Reviewed the Trans-Alaska Pipeline Liability (TAPL) Fund request.
1243	Mr. Poe	Noted that the state is asking for an additional \$3.5 million in federal receipts and \$1.6 in Oil and Hazardous Substance Prevention and Release Fund. The state is arguing that the TAPL represent part of the state's match.
1445	Mr. Poe	Discussed Rural Systems Upgrades. The department is asking for a \$500 thousand dollar general fund match to match a \$10 million federal dollar rural power system upgrade. He stressed that the cost of generation can make a great impact.
1536	Mr. Poe	Reviewed the Alternative Energy Program. He noted that the request would look at ways of producing ethanol. He discussed page 31 of the department's request (see capital amendment backup). He pointed out that the bulk of the funding is federal.
1623	Mr. Poe	Discussed the Electrical Emergencies

		request. He stressed that the request assists the Alaska Energy Authority with emergency repairs.
1674	Representative Hudson	Emphasized the need for a statewide alternative energy plan. He pointed out that it has been a long time since the 470 Funds were reviewed. He questioned if 5 cents a barrel is still being collected.
1768	Mr. Poe	AIDEA produced an alternative energy plan last year. The Railbelt indicated that rural energy should be the focus. AIDEA found that some ideas make sense if well targeted, but most do not make economic sense due to the economics of size. The best place to reduce costs is in fuel and waste heat efficiencies and weatherization. Small hydro projects can be utilized.
1895	Representative Foster	Referred to the wood fire boilers in rural areas.
1929	Mr. Poe	Noted that the wood fire boiler must be efficient to cut down on the costs. They only work in very targeted areas.
1968	Representative John Davies	Noted that an Energy Task Force has been proposed and spoke in favor of interim work.
1987	Mr. Bush	Discussed the Alaska Russian Far East Projects Phase 2. He noted that Sakhalin Development Agency would be implemented with an AIDEA model. The Legislative Budget and Audit Committee previously approved funding. This would be the last phase.
2076	Representative Foster	Stressed that Alaskan areas have needs.
2093	Mr. Bush	Emphasized that the projects are federally funded and that Alaskan businesses can benefit from development.
2123	Representative Croft	Pointed out that the funding would help develop oil and gas in the Arctic that would compete with Alaska.
2161	Mr. Bush	Responded that the development would take place without Alaskan participation. He emphasized that the question is whether or not Alaska can capitalize on the benefits of the development.
2202	Representative Hudson	Questioned if state employees would go to Sakhalin to assist development.
2228	GREG WOLF, DIRECTOR, INTERNATIONAL TRADE AND MARKET	Testified via teleconference that the funding is a pass through that to private development.

	DEVELOPMENT	
2285	Mr. Bush	There would be some involvement of state employees.
2325	Mr. Bush	Reviewed the Kodiak Launch Complex Facilities request.
2350	Mr. Bush	Discussed the Arctic Winter Games Team Alaska. The games would be held in Greenland. The funding would help with operation costs and travel.
	TAPE HFC 01 - 58, Side B	
		DEPARTMENT OF FISH AND GAME
37	KEVIN BROOKS, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF FISH AND GAME	He noted that the department's request contains \$13.2 million dollars in federal funds.
142	Mr. Brooks	Discussed the statewide Facilities Repair, Maintenance, and Replacement request.
215	Mr. Brooks	Reviewed the Vessel and Aircraft Repair, Maintenance and Replacement request. He pointed out that the request deals with health and safety issues. The R/V Sundance failed to meet accepted safety standards and needs to be replaced. The department estimates \$250 to \$300 thousand dollars for its sale. The vessel is located in Southeast Alaska.
431	Vice-Chair Bunde	Clarified that aircrafts would be repaired not replaced.
487	Mr. Brooks	The state spends \$2.5 million dollars in charter flights.
504	Mr. Brooks	Discussed the Dock Repairs, Maintenance and Replacement Phase 2 request. The request would help finish the King Salmon facility and begin work in Cordova. The King Salmon facility is state-owned and used by the state.
607	Mr. Brooks	Reviewed the Black River Sonar - Chignik area, Upper Aleutian Peninsula request. The focus is on a sonar system.
661	Mr. Brooks	Discussed the Sport Fishing and Recreational Boating Public Access and Facility Development. He noted that the Federal Aid to Sport Fish Restoration Act requires that 15 percent of federal funds be available for public access. Federal funds are matched 25% state and 75 percent federal funds.
733	Mr. Brooks	Discussed the Norton Sound Salmon Research Initiative. He noted that it is

		a 5-year program to spend \$1 million dollars a year to determine issues around the fisheries collapse.
864	Mr. Brooks	Responded to questions by Vice-Chair Bunde regarding fair access.
882	Mr. Brooks	Noted that Norton Sound projects would occur in fresh water.
918	Co-Chair Williams	Suggested that the department expand to ocean survival.
943	Mr. Brooks	Agreed that ocean survival is a data gap.
977	Mr. Brooks	Reviewed the Near Shore Fisheries Research and Assessment request for federal authorization. He observed that the state receives \$1.798 million in federal dollars to help develop new fisheries.
1030	Mr. Brooks	Discussed the Snow Crab Fishery Disaster Research request. There have been steep declines in the Crab fisheries. The request would bring \$1 million dollars in federal funds.
1103	Mr. Brooks	Discussed the Log Transfer Facility Research and Remediation request.
1146	Mr. Brooks	In response to a question by Representative Lancaster, he noted that the work would be done through contractors.
1262	Co-Chair Williams	Asked about the log transfer facility permits.
1278	Mr. Brooks	Replied that would be the Department of Fish and Game.
1302	Representative Croft	Emphasized the need to study ways to minimize the effect on the fisheries. He recommended what the best way would be to fix it.
1339	Mr. Brooks	Addressed the wildlife habitat management in Interior Alaska request in the amount of \$100 thousand dollars.
1372	Mr. Brooks	Discussed the equipment replacement for wildlife conservation programs request in the amount of \$100 thousand dollars.
1401	Representative Foster	Asked the typical life of one of the machines.
1412	Mr. Brooks	Replied that they would have a life expectancy of the other State equipment fleet. He added that they are used much longer than their life expectancy.
1487	Representative John Davies	Asked if it had been prior authorized.
1515	Mr. Brooks	Replied that the indication shows that the request had come up before. The one in 1998 has been used and now needs to be

		upgraded.
1570	Mr. Brooks	Noted that this was a new appropriation.
1582	Vice-Chair Bunde	Requested more information on the statewide waterfall near Petersburg.
1600	Mr. Brooks	Discussed the Kachemak Bay reserve facilities design and construction request in the amount of \$3.5 million federal fund dollars.
1641	Representative Foster	Asked the number of aircraft currently available.
1652	Mr. Brooks	Replied there were 10-12 aircraft in the Department for running surveys and enforcement.
1675	Mr. Brooks	Mentioned another project in cooperation with the Governor's Office.
1734	Mr. Brooks	Spoke to the Pacific Salmon Treaty in cooperation with the Governor's Office. The request is in the amount of \$18 million federal receipt dollars. The federal fiscal year FY00 appropriations legislation established a Pacific Coastal Salmon Recovery Fund and appropriated a total of \$58 million dollars for the states of Alaska, Washington, Oregon, and California as well as the treaty fishing tribes in the Pacific Northwest. Coordination of the fund is through the respective Governor's Offices. The Alaska portion of the federal appropriation was \$14 million dollars and is expected to be \$18 million in federal FY01.
1868	Representative Lancaster	Asked if the treaty required research.
1881	Mr. Brooks	Stated that it would as it requires great sustainability.
1893	Representative Foster	Referenced the bunkhouses and asked why that was the State's obligation.
1919	Mr. Brooks	Replied that there is employee housing for the seasonal workforce.
1933	Vice-Chair Bunde	Asked the ratio of salmon.
1966	Mr. Brooks	Replied that it would be an incremental benefit.
2009	Representative John Davies	Referenced the fast track supplemental and the fishery need.
2023	Mr. Brooks	Replied that he would provide that information to the Committee.
		OFFICE OF THE GOVERNOR
	TAPE HFC 01 - 59, Side A	
000	MIKE NIZICH, ADMINISTRATIVE	Discussed the expansion of the AccuVote elections system.

	DIRECTOR, OFFICE OF THE GOVERNOR	
091	Mr. Nizich	Spoke to American with Disabilities Act compliance projects in the amount of \$500 thousand general fund dollars.
155	Representative John Davies	Asked if there was a total amount.
180	Mr. Nitich	Stated that there was not.
208	Representative John Davies	Pointed out that there was a total listed on Page 12.
		DEPARTMENT OF EDUCATION & EARLY DEVELOPMENT
256	KAREN REHFELD, DIRECTOR, DIVISION OF EDUCATION SUPPORT SERVICES, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT	Discussed the Mt. Edgecumbe High School classroom and field house repair and renovation in the amount of \$150 thousand general fund dollars.
340	Ms. Rehfeld	Reviewed the request for the Mt. Edgecumbe High School Roof Repair & Replacement
382	GEORGE SMITH, DEPUTY DIRECTOR, LIBRARIES, ARCHIVES & MUSEUMS, DEPARTMENT OF EDUCATION & EARLY DEVELOPMENT	Discussed the Museum facility upgrade request in the amount of \$550 thousand dollars. The request would upgrade to fire suppression and dust collection.
513	Ms. Rehfeld	Discussed the Head Start Health & Safety repairs request in the amount of \$500 thousand dollars.
559	Ms. Rehfeld	Understood that these were private facilities.
575	Ms. Rehfeld	Reviewed the AVTEC roof repair and replacement request in the amount of \$650 thousand dollars.
626	Mr. Smith	Spoke to the design for museum and archives building expansion request in the amount of \$500 thousand dollars. He addressed the need for additional space for the Alaska State Museum collection, which has grown from 5,600 objects in 1967 to over 25,000 objects currently. It is critical to preserving Alaska's history and culture.
725	Representative Foster	Asked to have a tour of the storage area.
762	Representative Foster	Asked the number of students at Mt. Edgecumbe
780	Ms. Rehfeld	Replied there are about 313 students.
833	Co-Chair Williams	<u>ADJOURNMENT</u> The meeting was adjourned at 3:25 p.m.

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