

MINUTES
SENATE FINANCE COMMITTEE
March 13, 2001
6:15 PM

TAPES

SFC-01 # 37, Side A
SFC 01 # 37, Side B
SFC 01 # 38, Side A

CALL TO ORDER

Co-Chair Pete Kelly convened the meeting at approximately 6:15 PM.

PRESENT

Senator Dave Donley, Co-Chair
Senator Pete Kelly, Co-Chair
Senator Jerry Ward, Vice Chair
Senator Loren Leman
Senator Lyda Green
Senator Gary Wilken
Senator Donald Olson
Senator Alan Austerman
Senator Lyman Hoffman

Also Attending: NICO BUS, Administrative Services Manager, Division of Support Services, Department of Military and Veterans Affairs and Department of Natural Resources; PAT POURCHOT, Commissioner, Department of Natural Resources; ANNALEE MCCONNELL, Director, Office of Management and Budget, Office of the Governor; LARRY DIETRICK, Director, Division of Spill Prevention & Response, Department of Environmental Conservation; PATRICK GALVIN, Director, Governmental Coordination, Office of the Governor; KEN FREEMAN, Special Assistant Gasline & Business Development, Office of the Governor; WILSON CONDON, Commissioner, Department of Revenue, REMOND HENDERSON, Director, Division of Administrative Services, Department of Labor & Workforce Development

Attending via Teleconference:

From Anchorage: HAROLD RILEY, Deputy Director, Installations, Alaska Army National Guard, Department of Military and Veterans Affairs; KELLY NICOLELLO, Assistant State Fire Marshall, Division of Fire Prevention, Department of Public Safety; WILLIAM BRITT, State Gas Pipeline Coordinator, Department of Natural Resources;

JIM STRATTON, Director, Division of Parks & Outdoor Recreation,
Department of Natural Resources

SUMMARY INFORMATION

SB 29 - APPROP: GOVERNOR'S CAPITAL BUDGET

The Committee heard overviews of the Capital Budget from the Department of Military and Veterans Affairs and the Department of Natural Resources.

#SB 29

SENATE BILL NO. 29

"An Act making capital appropriations and capitalizing funds; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

Department of Military and Veterans Affairs

Army Guard Facilities Deferred Maintenance,
\$800,000

\$600,000 Federal Receipts

\$200,000 General Funds

Reference No: 34009

AP/AL: Appropriation

Project Type: Deferred Maintenance

Category: Health/Safety

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2001 - 06/30/2006

Deferred Maintenance and Scheduled Renewal & Replacement of the Army Guard Facilities around the State. By performing preventative maintenance, The Facilities Management Division is able to extend the life expectancy of various buildings, components and machinery. The preventative maintenance also decreases the possibility of costly emergency replacements. There does come a time when these items must be replaced and thus fall upon the backlog. The average age of the buildings for the Alaska Army National Guard is 28 years old as of FY 00. The oldest buildings are Training Sites at average age of 34 years and State armories in a close second at 30 years.
On-going project

NICO BUS, Administrative Services Manager, Division of Support

Services, Department of Military and Veterans Affairs and Department of Natural Resources informed the Committee that there are armories in seventy-six communities in the state and the needs are for roof repairs and other key issues.

Facilities Spill Prevention and Countermeasures
\$120,000
 \$104,400 Federal Receipts
 \$ 15,600 General Fund Match

Reference No: 32563

AP/AL: Appropriation

Project Type: Health and Safety

Category: Public Protection

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2001 - 06/30/2007

Any facility having a fuel tank with over a 660 gallon capacity, or a total combined capacity over 1320 gallons, requires a Spill Prevention Control and Countermeasures (SPCC) plan under the Clean Water Act. These plans require the signature of a licensed engineer, and at a minimum must be reviewed every three years. State and Military Facilities are not exempt.

On-going project

Mr. Bus reviewed the request and explained that each of the SPCC plans costs approximately \$5,000 and the Department tries to complete plans for twenty-four of the facilities each year. Mr. Bus stated that the work is required and if it were not done, the Department would be penalized.

Co-Chair Donley stated these are relatively small tanks and inquired as to why it costs \$5,000 to develop a spill response plan for each one, in light of having already done several other plans. Co-Chair Donley also inquired if the private sector had ever been approached about doing the work.

HAROLD RILEY, Deputy Director, Military and Veterans Affairs, testified via teleconference from Anchorage and informed that a local private company, Ogden Environmental, had done the prior work, and historically, \$5,000 per SPCC plan was the cost.

Co-Chair Donley asked if the project had gone through the competitive bid process.

Mr. Riley replied a Request for Proposals (RFP) had been issued to solicit local contractors and the request included a visit to each location to verify the site conditions. He reiterated that the

plans for each site have to be updated every three years as a requirement of the Clean Water Act.

Co-Chair Donley commented that the cost seems excessive to him, especially if renewals are expected every three years for each site. He questioned why a cost of \$5,000 was incurred if the plan was just being renewed and if the RFP specified one contractor for all the sites.

Mr. Riley replied yes, the same contractor did all the sites. He said the RFP was issued every three years, with the bid awarded by the Federal Contracting Office at Fort Richardson. Mr. Riley agreed that the cost seemed high, and that he "would like to see the cost come down."

Co-Chair Kelly commented that although the state match for this project is small, there is still responsibility for how that state money is spent.

Co-Chair Donley commented that the federal government could improve the way contracts are awarded, but the state could not really do anything to change that situation.

Bethel Readiness Center Planning and Design

\$750,000 General Funds

Reference No: 34848

AP/AL: Appropriation

Project Type: Planning

Category: Public Protection

Location: Bethel

Election District: Bethel, Dillingham

Estimated Project Dates: 07/01/2001 - 06/30/2011

Funding is required for the initial design of a new Readiness Center and Organizational Maintenance Shop for the 2nd Battalion, headquartered in Bethel. Under National Guard Bureau Regulation 415-12, The Readiness Center (previously referred to as an "Armory") and Organizational Maintenance Shop (OMS) do not meet the minimum design requirements for these types of facilities. The initial design will address architectural and engineering services to include preliminary site investigation and environmental assessment.

One-time project

Amendment

Mr. Bus informed that the Bethel Readiness Center is thirty-nine years old and could not meet the needs of the community. He said this money would cover the costs of doing an environmental assessment and a preliminary site investigation, which would then

make it eligible for federal funds for construction of a new facility.

Co-Chair Kelly commented that \$750,000 for planning and design seemed "steep."

Mr. Riley responded that the last Military and Veterans Affairs project of this nature cost \$1.6 million. He commented that the Bethel site conditions are more reasonable and \$750,000 would cover this phase of the project.

Senator Austerman inquired as to the projected total cost.

Mr. Riley replied \$12 million for construction.

Senator Green commented that this request involved all general funds, but there is reference to 75 percent federal funding.

Co-Chair Kelly said that he understood the 75 percent federal funding would apply to the actual costs of construction.

Senator Green agreed that the federal match would be for actual construction of the facility. She inquired if it was "typical" to "front" a project like this with all general funds or was it possible to receive a federal match at the initial stage.

Mr. Bus clarified that the costs of the initial site prep on this type of project was funded from general funds. He continued that the construction was then federally funded depending on the purpose of the facility. The Readiness Facility met one federal matching requirement, while the operation and maintenance of the facility met a different federal matching requirement.

Mr. Riley informed that the construction of the Bethel Readiness Center would be federally funded at 75 percent, matched by 25 percent state funds. He said that the Maintenance shop would be 100 percent federally funded. He clarified there is no federal match for the design of the project as the federal government looks at that as the "state's buy-in" to get the project to a level where it can be congressionally funded.

Co-Chair Donley asked why the construction of this Center was only 75 percent federally funded when other projects were 90 percent federally funded.

Mr. Bus clarified that all air/guard projects are 90 percent federally funded, army/guard projects such as a Readiness Center with a state mission are 75 percent federally funded, and training

sites are 100 percent federally funded.

Federal Scout Readiness Centers Energy Projects

\$300,000 Federal Receipts

Reference No: 32560

AP/AL: Appropriation

Project Type: Renovation and Remodeling

Category: Health/Safety

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2002 - 06/30/2007

Replace doors, windows, insulate floors and re-skin roof and walls with insulating panels in existing Federal Scout Readiness Centers. The quick payback work is done, and we are now insulating and sealing the buildings that require a complete recovering of the exterior. Sites are selected based on number of Guardsman at the site, the anticipated energy savings generated by the upgrade, and the impact of the upgrade on future recruiting in the area.

On-going project

Mr. Bus said this project is 100 percent federally funded and is intended to improve the energy efficiencies of the facilities.

Federal Scout Readiness Center Construction

\$1,700,000 Federal Receipts

Reference No: 6913

AP/AL: Appropriation

Project Type: Construction

Category: Public Protection

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2001 - 06/30/2001

Construct three Federal Scout Readiness Centers per year throughout Alaska. Included in the Long Range plan. Schedules are - Kipnuk, Newtok, and Mountain Village locations are subject to change.

Phased project.

Mr. Bus summarized that the operations and maintenance of these centers would also be 100 percent federally funded.

Alaska National Guard Counterdrug Support Program

\$100,000 Federal Receipts

Reference No: 31915

AP/AL: Appropriation

Project Type: Health and Safety

Category: Public Protection

Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2001 - 6/30/2002
This program participates in the U.S. Department of Justice Forfeiture Program. This federal program's primary purpose is to deter crime by depriving criminals of profits and proceeds from their illegal activities.
On-going project

Mr. Bus recapped this is a program through which "property is forfeited or repossessed and is then sold with the funds distributed to participating agencies to buy assets to help in future operations."

Alaska Veterans' Housing and Health Needs Survey
\$200,000 General Funds
Reference No: 34767
AP/AL: Appropriation
Project Type: Planning
Category: Housing/Social Services
Location: Anchorage Areawide
Election District: Anchorage Areawide
Estimated Project Dates: 07/01/2001 - 06/30/2002
This survey by the Department of Military and Veterans Affairs, the Department of Administration, and veterans' service organizations establishes a comprehensive approach to meeting the long-term care needs for all Alaskan veterans. The survey will explore use of federal funding to improve or expand Pioneer Homes, establish regional clinics, and test new care programs and cost sharing. It will also help establish programs that allow greater flexibility in the use of veteran's medical benefits. Results will help define alternative strategies, needs and requirements.
One-time project

Mr. Bus commented that this project is strongly supported by the Veteran's Administration. He noted that Alaska is one of the few states that does not have a Veterans' home.

Department of Natural Resources

Gas Pipeline Project
\$10,242,800
 \$4,969,400 General Funds
 \$5,273,400 Statutory Designated Funds
Reference No: AMD34773
AP/AL: Appropriation
Project Type: Planning
Category: Development

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2001 - 06/30/2003

This project request summarizes state actions to be taken to facilitate the development of a pipeline for North Slope natural gas. Actions include initiating work on issuing state rights-of-way; collecting data for permitting reviews; development of an overall project labor agreement to provide job opportunities for Alaskans; and review of the 1977 agreement between Canada and the United States, and coordination with the Canadians to insure a collaborative approach.

Phased project

Amendment

PAT POURCHOT, Commissioner, Department of Natural Resources, said the development of the natural gas pipeline involves a number of different state agencies with a "common goal" of anticipating and speeding up the permitting process for a natural gasline for the "commercialization of Alaska's North Slope gas." One of the focuses is on reducing the cost of that project and assisting it in coming online in approximately 2007. He detailed categories of activities such as a joint gasline office which would coordinate pre-and-post-application work; identification of necessary skilled workers; possible "projects gaps;" the conducting of studies on such things as the impact of the gas extraction on the oil fields in Prudhoe Bay and the amount of available gas reserves beyond the proven reserves; the use of Alaska owned "royalty" gas and how it should be marketed in or outside of the state; filing of the right-of-way applications that would trigger ongoing work by the agency in direct permitting activities; and working with a memorandum of understanding for reimbursable services.

Mr. Pourchot voiced that it is an expectation that much of the permitting work would be reimbursed as the applicant pays most of the costs of permitting.

Mr. Pourchot added that the Department anticipated this fiscal year to conduct some field work on land-title work for right of ways and to work with project applications on the design of facilities such as pressure stations to best meet clean air quality standards.

Senator Austerman requested clarification on the department handout that combined FY 01 and FY 02 figures. He recounted that FY 01 reflected a \$1.96 million budget and twenty-three new employees, whereas, FY 02 reflects another \$4.9 million and another fifty-five more employees. He wished to clarify that the approved FY 01 funds were shifted to FY 02 so that together they totaled \$6.9 million

and seventy-eight new employees.

Mr. Pourchot replied that all the budget requests are in the original supplemental requests for FY 01. He said that some funding requests became part of the fast-track and some remained in the regular request.

ANNALEE MCCONNELL, Director, Office of Management and Budget, Office of the Governor, commented that some of the current staff positions in the Department are funded from other sources. She clarified that what the department proposed in the FY 01 supplemental, in some cases was to use existing staff but to fund them with general funds if their current fund source would not allow them to work on a different project. She explained that someone who worked full-time on a federal project might be shifted to the gasline project and would, therefore, not be able to continue being federally funded.

Ms. McConnell commented that the positions listed are new positions that had been originally requested as part of the supplemental.

Senator Wilken mentioned that he had attended a recent hearing at which it was stated that the gasline plan, route, and permits would be in place by the end of the year. He conveyed it appeared that most people thought that was a worthy goal, but wondered if it was possible. He asked what happens to the money if there is not a plan or a route other than the highway route is suggested.

Mr. Pourchot said that the Department thinks that the pre-application work being proposed will be valuable and necessary for the permits and does not view any of it "wasted work or effort." He continued that the timing is hard to anticipate. The Department is targeting December, but it could be January or February.

Mr. Pourchot stated the Department has included a provision for an additional funding source if the "reimbursable status" was not reached by the projected date. He continued that the timing was "kind of a best guess at this stage" and acknowledged that there is a window for a "cost tolerance level" that might be a factor on the project ever coming to fruition.

Mr. Pourchot described two other route alternatives that had been studied. He stated one was a stand-alone liquefied natural gas (LNG) pipeline that would go overland to tidewater; however, timing, available markets, and price do not support that route although a lot of the current permitting work would apply. The other route, he said was the "Over-the-Top route" that the Department also did not think was viable "in terms of economics or

permitting," particularly if delays in permitting are figured in as a factor of cost. He detailed that the "Over the Top route" would involve such things as 300 miles of buried pipeline; an advanced high pressure pipe system; and environment issues that would result in a "long complex permitting process involving a lot of national interests well beyond the borders of Alaska." He opined that these factors could prohibit this route from being a "viable, realistic option."

Ms. McConnell indicated that the Department is trying to have its agencies effectively respond to all groups that are actively pursuing various projects, and the addition of the gasline project has increased the already busy workload. She commented that all project groups, including the gasline entities, are asking the department to meet, consult, and work with them through the permitting requirements.

Ms. McConnell stressed the work is valuable as it helps move the state forward in the gasline project. She informed that when putting together the cost estimate for the work-fund application period beginning December one, the Department staffing request assumes there would only be one application for the gasline. If there is more than one application, she stated, the department would not have enough staff to aggressively pursue "expedited action on more than one front" and would have to come back to the Legislature to inform them there was more work involved in the process than anticipated.

Ms. McConnell commented that the Department is already in a "multiple pre-applicant situation" because of all the various groups getting a "jump-start" on assessing what would be required in order to meet state requirements. She reiterated the department is trying to meet the current demand as well as being "proactive with state obligations to study issues of concern that are of state policy matter."

Senator Wilken voiced the need for the Committee to "stop and think" about putting into place seventy-eight new employees and committing \$7 million of the "people's money." His concern is that by December, the project might not be at the point the Department had anticipated, and the state would have a "team with no game to play." He urged the Committee to consider having a contingency plan to address the possibility of delays because of "the route", or "negotiating a position, or a myriad of other reasons" that may present a lengthier process. He stressed that he supports the project, but this is a "huge project to process in seven months."

Ms. McConnell clarified that the seventy-eight employees would all

be "project staff," and there is "a mechanism within the state to hire people for the term of the project" and those people "would go away" "if there is nothing productive for them to do."

Ms. McConnell voiced concern about the "timing with the legislative session" and the need to assure an applicant that once the process has started it would be supported throughout the year. She said that this does not mean that the Department could not come back before the Legislature and readdress some of the issues or submit periodic updates to the Legislature in the interim.

Ms. McConnell commented that the Department feels in many respects that the current cost projection to the state may be on the low side when "measuring a project of this magnitude that may bring in a couple of a hundred million dollars a year to the state." She continued that the benefits to the state might warrant a "higher investment" to make sure the state "is doing it right" in all aspects. She detailed additional items that could be addressed.

Mr. Pourchot added that the seventy-eight staffing positions would not all come online July 1. He supported the need to develop and staff a core office early this next fiscal year with other staff being phased in as needed during the FY 02 fiscal year, depending on "judgment, activity, and expectation as to when and if an application would be forthcoming."

Senator Austerman wondered, given the end of the year timeframe the industry has shown an interest in, if it is conceivable that permits could be issued by the end of the year, before the Legislature is back in session.

Mr. Pourchot replied that the permits could be applied for by the end of the year, but it would be unlikely for a permit to be issued by that time. He said there are a lot of different permits and the process of bringing them all together in a consolidated permit would increase the speed of the process, however, the department "still feels" that the process would take eighteen months from the time the formal application was submitted. "Eighteen months would be fast," he noted.

Mr. Pourchot commented that the planned processing model was utilized during the Trans-Alaska Pipeline System (TAPS) application and construction oversight. In response to Senator Wilkens' question, Mr. Pourchot said the state had more than seventy-five people employed just for TAPS permitting and oversight and the federal government had another hundred people or so. He stressed that the process is a "major undertaking."

Senator Austerman asked whether full-time or part-time status for "project staff" affected the "when their job is done, their job is done" provision.

Mrs. McConnell replied that a project may last a couple of years and staff was told when hired, that their position was for the length of the project only. She clarified that this did not mean that the state would end all the seventy-eight positions at the end of FY 02 as there would still be a requirement to have some people on board during the construction phase to monitor the permits that were issued.

Co-Chair Kelly asked for "a best guess for turning dirt" on this project.

Mr. Pourchot responded that the Department is hoping to "turn dirt" within two years, although this is dependant on when an application comes in. He continued that the outline for up-front work would help bridge the gap between permitting time of approximately eighteen months and the date of application, giving the "state a jump on the required permitting time."

Co-Chair Kelly commented that two years to start-up time seems "almost a year too early." He inquired if there was any other structural piece that needed to be discussed in addition to the studies, the establishing of a pipeline office, and the actual activity that takes place once the permit had been applied for.

Mr. Pourchot replied that there is a fourth element to consider, but it falls outside the typical reimbursement kind of activity. This element, he stated, is the "contact and development of Memorandums of Understanding (MOU) with other entities" such as the federal government. He clarified that the federal government would have an equal roll and a structure similar to the one the state is proposing. He said the state would be doing a lot of work with the federal agencies to set up the gasline project, similar to the current joint oil pipeline office, and to write up Memorandums of Understanding.

Mr. Pourchot informed that there would be a whole set of Canadian counterparts with whom the state would work. He listed some of the Canadian agencies that would be involved.

Mr. Pourchot anticipated there being both legal and advocacy rolls for Alaska in Congress, and "perhaps in court" if something comes into play that falls outside of the direct permitting work "that is pretty vital to the process."

Mr. Pourchot continued that there is a public process as well. He informed that the Department has set up an advisory policy council that has been charged with soliciting public input in a more formalized way and to "make recommendations that are of the kind of things that Alaskans are interested in and would benefit from the project."

Mr. Pourchot summarized that he would group all the work associated with these external groups into a separate category.

Co-Chair Kelly clarified that there are actually four parts to this project if the external group category is included.

Mr. Pourchot agreed.

Ms. McConnell referred to Co-Chair Kelly's comment that the state was anticipating the start up of the gasline project a "year too early." She voiced concern that Alaska was actually not geared up enough as this stage.

Ms. McConnell informed that the North American Natural Gas Pipeline Group has developed a list of activities they believe the state needs to do in order for efficient interaction between the state and their group. She said the list details each state agency and an assessment of tasks for each agency. She pointed out that these assessments match up with the kinds of tasks that state agencies have outlined.

Ms. McConnell validated that "yes, it may seem early" because the state has not arrived at a decision as to what the actual application will look like; however, from a business perspective, this is a "very intensive time as they try to figure out what their options are and what their best course of action is," and ultimately whether they want to file a permit with the state.

Ms. McConnell reiterated the Department needed to be able to handle the workload expectations of both other departments and businesses.

Senator Hoffman stressed that this is a capital project, and that this budget request is the "best guess" by the administration for the FY 01 supplemental and the proposed budget for FY 02, and "could flow into" FY 03. He supported the goal of being ready as "critical," and concurred the money to support this process would not be "wasted."

Senator Hoffman asked whether it was the government of Canada or the governments of British Columbia and the Yukon Territory that were going through the same sort of budgetary discussions as Alaska.

Mr. Pourchot informed that he had recently attended a gas conference in Calgary and had met with officials from various departments of the Canadian government. He recounted that approximately five Canadian departments are actively involved in the formulating of the policy decisions. He stated that these departments would be "floating a policy paper" to the full cabinet of the Canadian federal government within the next few weeks. He informed that this paper involves routing and other things that the Canadian agencies want to see from a gas project. Mr. Pourchot did not think the Canadians were at the budgetary part of the process but there was "keen interest" in the gasline project at the cabinet level.

WILLIAM BRITT, State Pipeline Coordinator, Department of Natural Resources, testified via teleconference from Anchorage and outlined his Department's involvement in the gasline process as the portion of the work that "prepares to receive an application, responds to a request from a proponent, and puts into place actions that might be related to state policy creation or implementation." He stated that the "second and third areas are the ones that are becoming more and more acute." He reported that the Department is having "more and more interaction" with both consultants and producers groups. Mr. Britt supported Ms. McConnell's comments about the expectations of private industry and the fact that they would be at the doorstep of every state agency that does authorizations for gas pipelines.

Mr. Britt referred to the private industry list of permits the industry anticipated doing in the summer of 2001 that Ms. McConnell had shared with the Committee. He said that permits would be issued soon because the industry needs the permits in order to perform the fieldwork to proceed with the gasline project.

Mr. Britt said the Department was receiving requests from the Yukon government and the Yukon First Nation to begin coordination of the processes and to exchange information and procedure intents. At this point, Mr. Britt stressed, he did not have the resources to respond to requests either from "project proponents or from other governmental entities for coordination and consultation."

Co-Chair Kelly requested the Committee to not delve into specifics since there was a lot of information presented and which would need more time to be studied. He asked if there were any questions on

overall structure of the proposal.

Mrs. McConnell informed there were a few individuals available to testify at this time who might not be available at a later time. She asked the Committee if these people could present some information on items that might be different in FY 02 as compared to FY 01 and to share information on the anticipated workflow of the departments.

Co-Chair Kelly agreed that would be valuable information and directed that the spreadsheet that had all the departments listed would be a good place to start the discussion.

LARRY DIETRICK, Director, Division of Spill Prevention and Response, Department of Environmental Conservation, presented environmental issues in brief context. He stated that the Division was using a philosophy similar to that used when the oil pipeline was being addressed. He stated that the state's charge at that time was to provide certainly on the project cost estimate based on environmental requirements. He recounted that the financial requirement projections arrived at in 1982 for the oil pipeline project based on a price of \$26 per barrel for crude oil and 8 percent interest rates and a 90 percent design completion cost estimate. He stressed that cost estimates and the evaluation of environmental uncertainties were very important.

Mr. Dietrick informed that without an advanced design system and completed project cost details resulting from rigorous planning, design and environmental review, the ability to gain the confidence of the financial community for necessary loans was questionable. He stressed that lessons learned from the three years it took to construct of the Trans Alaska Pipeline System to when oil started to flow through the pipeline in July 1977 was invaluable. He informed that the last review of the project started in 1978 so experiences were "fresh" in the reviewers' minds." He reiterated that cost overruns were a "very big component of the planning" that went into the gasline review.

Mr. Dietrick explained that there were three key components built into the review: a design criteria manual which includes a set of twenty-six comprehensive environmental plans that cover everything from construction methodologies to best management practices; proximity of the gasline to the oil-line; and a whole permit and authorization strategy. He stated that incorporating the environmental planning upfront into the design and permitting strategy would avoid permitting problems and provide a higher certainty of cost and confidence that any environmental problems encountered would not result in a cost overrun. He stressed that

once a three-year construction project involving 10,000 people working the field anytime the project is shut down, it becomes a very expensive delay.

Mr. Dietrick remarked that if plans, procedures and methods were in place, delays caused by such things as fuel spills from leaking joints and the avoidance of contamination from, and the disposal of, hazardous substances would be lessened.

Mr. Dietrick detailed several other examples of preventative planning situations, including spill containments and proper site selection. He stressed that by anticipating these situations "up front," project developers could have strategies for permitting, construction procedures, disposal plans, and other necessary things incorporated into the project costs to ensure that there would not be cost overruns. He mentioned that Foothills Pipeline Company has been supplied a copy of the review.

Mr. Dietrick estimated that four people would be assigned to the spill prevention response division. He stated that these people would be engaged in spill prevention planning and focusing on contaminated sites. He reiterated that spill prevention, design facilities and measures, fuel systems and secondary containment can be built into system up front to avoid problems in clean up, spills and slowdowns, response contingency plans and same for chemicals and hazardous waste. He stated that these types of things are covered in the review and that Foothills Pipeline Company has fairly comprehensive plans in place and would be updating those plans.

Mrs. McConnell informed that the Department of Fish and Game would be dealing with the same kind of preliminary planning that the Department of Environmental Conservation is doing, and unless there were specific questions for Fish and Game, the department would not be making a presentation at this time.

PATRICK GALVIN, Director, Governmental Coordination, shared some concern with FY 02 issues that involved overlapping authority between the federal and state governments. He stressed that determining what permits are going to be needed and when they would be needed would require detailed discussions with the project proponents. He said that preparing for this sequencing would speed up the process.

KELLY NICOLELLO, Assistant State Fire Marshall, Division of Fire Prevention, Department of Public Safety, testified via teleconference from Anchorage and informed that the FY 02 capital budget request included the request for the Division to hire two

full time positions: one to coordinate activities and the other to oversee building construction permits. He shared that not getting the funding for these staffers would cause delay in processing permits.

Mrs. McConnell informed that the nature of the work that the Department of Transportation and Public Facilities would be doing in FY 02 is a continuation of the FY 01 work activities.

Mr. Pourchot explained that in the Department of Natural Resources FY 02 budget, there is need for staffers to work on projects involving the development of mapping tools as well as the need for other people to review permits. He informed this work would include land titling, mapping and the identification of geological hazards not only for the pipeline, but also for compressor stations and hydrology work with regards to construction activities, water resources, and archeological work that would be required for site clearance work and construction activities.

Senator Hoffman inquired as to where the Pipeline Coordinators' office would be located.

Mr. Pourchot responded that it is anticipated to be in Anchorage with the existing pipeline office, although the space assessment has yet to be done.

Senator Wilken clarified that the location of the office is therefore still open for discussion.

Mr. Pourchot agreed that the location of the office would be open for discussion.

General discussion ensued as to possible locations of the office.

Mrs. McConnell asked Mr. Britt to expand on any differences to the scope of work for the pipeline office beyond the FY 01 activities.

Mr. Britt replied the differences fall into three categories: preparing to receive an application; responding to requests from proponents; and other actions relating to policies. He said that most focus is on the first of these and not the second two. He informed that the major difference in the FY 02 verses FY 01 budget is that the Department expects to receive and process an application. He voiced concern that the interaction with proponents and federal and state governments is increasing, but the Department is "not ahead of the curve but are steadily dropping behind." He stressed that even if the Department had the money now, that he would not be able to get the people hired in order to do the work.

He stated that recruitment is going to be challenging and would involve a time lag. He informed that he has recently lost some valuable staffers to private industry.

Senator Wilken asked Mr. Britt if Alaska was behind the Canadians in this process, and if so, was it because the Canadian McKenzie River Delta Pipeline would be built, regardless of what happens in Alaska.

Mr. Britt said he has not talked with the Canadians recently about that project, but anticipated resuming talks with the Canadians within the next few months.

Mrs. McConnell informed that the Alaska Oil and Gas Conservation Commission (AOGCC) did not have a FY 01 request, but does have a FY 02 request, however no one was available from AOGCC to testify at this time.

Mr. Pourchot informed that one of AOGCC's area of involvement was the study on the impacts of gas extractions from the Prudhoe Bay oil reservoir.

KEN FREEMAN, Special Assistant for Business and Gasline Development, Office of the Governor informed the Committee, that \$300,000 of the \$535,000 FY 02 appropriation is for the continuation of the Cambridge Contract with the remainder designated for the Alaska Highway Natural Gas Policy Council and its work. He informed that at an organizational meeting in March of this year, six subcommittees were established to look at: Alaska hire; best use of state royalty shares; federal and international interaction that is in place or needs to be in place; access to gas and instate consumption; other opportunities and markets for Liquid Natural Gas (LNG); and value item processing and environmental concerns. He informed that the goal of all six council subcommittees is to have a final product, in written form, presented to the Governor by November 30th detailing specific recommendations on how to best maximize the benefits of the gas pipeline for the people of the state as well as to conduct public hearings around the state to get the public's views and perspectives on how to best move forward with the pipeline project. He said that two educational workshops were scheduled within the next month with presentations detailing the various types of work involved with the pipeline project.

Senator Hoffman asked where those meetings would be held.

Mr. Freeman responded that both meetings would be in Anchorage at the Sheraton Hotel and that both educational workshops would be

teleconferenced statewide.

Ms. McConnell explained that the Department of Law's role in FY 02 was a position of support to the agencies and a continuation of FY 01 activities.

WILSON CONDON, Commissioner, Department of Revenue, explained that his Department would be continuing the same activities in FY 02 as in FY 01. He gave an overview of the FY 02 monetary breakout and specified that the Department's current mode-of-operation is based on established policies pertaining to the oil business. He commented that the Legislature might want to make some adjustments to these policies, particularly concerning the tax structure to better maximize the public benefit.

Mr. Condon indicated that some travel might be necessary for Department staff when working with contractors and consultants.

Mr. Condon detailed his communications with the Canadian government concerning considerations involved in the-over-the-top route or the highway route.

Senator Ward asked if Canada was planning on utilizing a portion of the gas from this project to supply the people in that region?

Mr. Condon speculated that would be the case.

Senator Ward concurred that was his understanding.

Mr. Condon reviewed the agreement between the United States and Canada in the late 1970's and early 1980's that specified that a certain amount of gas would be supplied to Whitehorse and other small communities along the pipeline in the Yukon Territory. He said he would be "very surprised" if the Canadians did not ask for that condition again in this project.

Senator Austerman asked Mr. Pourchot for a breakdown of the projected \$5.273 million in receipts from the statutory designation program.

Mr. Pourchot replied all the receipts come from one source, the project applicants, who pay into a fund that is segregated from the general fund for reimbursable service agreement or a MOU with an applicant or a sponsor program that reimburses different programs. He said these receipts are a monthly detailing of expenses and are "an accounting and bookkeeping system unto itself."

Senator Hoffman, referring to page 20 of the handout, asked about

the \$1 million appropriation that may be requested to cover shortfalls; specifically why it was so high given the information that the Department was going to receive \$5.2 million in Statutory Designated Program Receipts.

Ms. McConnell responded this number was based on the assumption that starting December first, the Department would be in a fully reimbursable position; however, the Legislature would not be available at that time to approve a supplemental. She stated that if the Department needed to continue functioning until the time that they had an application, the Department had to be sure that they did not end up with "a couple of months hiatus" due to a lack of funding. She continued that wherever possible, the Department was going to seek Memorandums of Understanding with potential applicants in advance to do some of the work, and if they are able to negotiate for some reimbursement of expenditures prior to the time of application, the Department is going to pursue that. She summarized that currently, the Department is unsure that would happen so this request, to be used only if needed, "was just to bridge that time" until the legislature got back in session.

Senator Green referred to the first page of the handout that specified that the information in the report included initiating work on rights of way, permitting reviews and development, and overall project labor agreements to provide jobs opportunities to Alaskans. She asked where the labor agreement information was as it is not addressed in the report.

Mr. Pourchot responded that there was an error in the drafting of the document and clarified that the labor budget would only include identification of laborers, training needs and performance of the market assessment for what skills would be necessary. He stated that a direct work product was beyond the scope of his Department's work, and would fall under the auspice of the Department of Labor and Workforce Development

Ms. McConnell informed that the Department of Labor and Workforce Development is responsible for doing whatever they can to have Alaskans hired and given the necessary training to meet the needs of Alaska business. She reiterated that is the Department of Labor and Workforce Development's overall mission.

Senator Green wondered if that mission was not different from a project labor agreement.

Co-Chair Kelly supported Senator Green's observation that the report did not include anything further on the project labor agreement.

Senator Green asked that the reference to the Labor agreements on the front page of the report be corrected to reflect the contents of the report.

REMOND HENDERSON, Director of Administrative Services, Department of Labor and Workforce Development, asked Senator Green to repeat her question.

Senator Green referred to the first page information of the summary regarding development of an overall project labor agreement to provide job opportunities for Alaskans. She stated that in looking through the Department of Labor and Workforce Development's budget summary about the amount designated for the Department, she did not see anything about a project labor agreement. She asked what a project labor agreement was and if that work was being done.

Mr. Henderson replied that the funds his department had budgeted for do not deal with a labor agreement, but concentrate on the training aspects, research and analysis of occupational needs, and a liaison to communities to coordinate outreach to communities and labor organizations.

Senator Green asked for correction to the text on page one of the Gas Pipeline Project to correctly reflect that the Labor agreement is not included.

Co-Chair Kelly replied that this could be done.

Senator Austerman voiced support for a correction to be made.

Ms. McConnell affirmed that the Department would review the report and make sure that the backup was correctly reflected.

Mr. Pourchot informed that he would like to bring to the Committee's attention that over the last several years, his Department has been able to absorb some serious budget reductions only because of the use information technology funding coming through federal and state capital improvement dollars, and not from funding through the operating budget. He asserted that the Department has concentrated on building up their system piece by piece, and streamlining their processes.

Mr. Pourchot stressed that the Department has gotten information into the system and available to the public and users using a web system by using a tried and true but old system called the Land Administration System (LAS). He expressed that the system and software is really dated now, and he would like to address having

the system upgraded. He detailed the requested software can pull up a section of a map of Alaska and with "pop-up's" will show such things as right of ways and other useful reference information.

SFC 01 # 38, Side A 07:49 PM

Co-Chair Kelly interrupted to comment, for the good of the order, that the information Mr. Pourchot was sharing was not in the backup material, but had been covered in a previous Information Technology report. He thanked Mr. Pourchot for his good explanation and asked him to please continue if he wished.

Mr. Pourchot acknowledged Co-Chair Kelly comments and moved on to review other projects.

Oil and Gas Royalties Accounting-Industry Electronics Reporting
\$150,000 General Funds
Reference No: 33974
AP/AL: Appropriation
Project Type: Planning
Category: Public Support Technology/Service
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2001 - 06/30/2002
Currently the system automatically processes oil and gas royalty reports using electronic data interface format. Each month approximately 400 reports are filed, accompanied with approximately 1,000 pages of supplemental documents that explain a royalty payer's reasons for changes in royalty filing. This project automates the delivery and processing of the supplemental documents and would capture the information in a standardized format.
One-time project

Mr. Pourchot explained that the Department recently installed the same computerized billing system that oil producers and lease holders use for the tracking of royalty information required for state needs. He acknowledged that having the same system as private industry has worked very well, but unfortunately, the department still got about a thousand pages of supplemental documents along with the royalty reports.

He explained this project is to develop a unified electronic format that the industry and the state would use that would electronically submit all the supplemental information along with the monthly

royalty reports. He stressed that this would "save everybody time, effort and money."

Seismic Data Acquisition and Interpretation To Promote Oil
Exploration and Leasing
\$138,000 General Funds
Reference No: 33977
AP/AL: Appropriation
Project Type: Planning
Category: Development
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2001 - 06/30/2006
State of Alaska statutes and regulations require oil and
exploration companies to submit geophysical data acquired from
state lands under Multiple Land Use Permits to the division.
The state is required to pay the permittees for only the cost
of reproducing the data for the state's use. Consequently, for
the division to accomplish its mission of responsibility
managing and encouraging development of the state's petroleum
resources the division must have funding to acquire
geophysical data from lands other than those owned by the
state and to provide the interpretive computer systems
utilized to support the program.
On-going project
Amendment

Mr. Pourchot informed the Committee that the Department could benefit from the acquisition of seismic data to protect the state's interests. He detailed that with the information this equipment provides, the state would be in a better situation to protect their work on federal and private land in addition to state land as well as have the ability to protect public interest in public resources.

Emergency Title Defense-Prince William Sound
\$120,000 General Funds
Reference No: 33970
AP/AL: Appropriation
Project Type: Planning
Category: Development
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2001 - 06/30/2002
Bureau of Land Management (BLM) indicates that in the next year they will finish federal conveyances in Prince William Sound without recognizing many thousands of acres of state-owned tidelands that were pushed up during the 1964 earthquake. This CIP provides funds to contract for surveyors

to comprehensively determine from air photos the state lands that were uplifted in Prince William Sound. This will provide the state the information needed to require that BLM recognize the state's entitlement in its conveyances. Without it, thousands of acres in the Copper River Delta and elsewhere in the Sound will be forever lost to the state.

One-time project

Mr. Pourchot explained that the process of land rising from the sea, as has happened in Prince William Sound after the earthquake, is called "evulsion." He shared that, currently under state law and state entitlement, the state "is entitled to evuled land." He said that currently the United States Bureau of Land Management is in the process of conveying this land to Native corporations and unless the state demonstrates through before and after surveys to BLM, the state risks losing this land. He noted that the landowners to whom the land is going to do not particularly want the land and support the state's position. Mr. Pourchot urged that this is a "very pressing situation as it involves substantial state ownership and rights."

State Parks Emergency Repairs
\$400,000 General Funds
Reference No: 6843
AP/AL: Appropriation
Project Type: Deferred Maintenance
Category: Health/Safety
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2001 - 06/30/2005
On-going project

Mr. Pourchot stressed that this, unfortunately, is the most common recurring item in Department of Natural Resources' capital budget each year. He stressed the Department of Natural Resources' deferred maintenance list is growing each year and could easily be \$34 million for the state park system. This request, he stated, would address the most serious deferred maintenance projects and emergency repairs in the park system comprised of approximately 120 units. He informed that Alaska's park system is the largest in the nation.

Fire Truck Engine Replacements
\$200,000 General Funds
Reference No: 33955
AP/AL: Appropriation
Project Type: Equipment
Category: Health/Safety

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2001 - 06/30/2005

This project funds the continued implementation of the Division's five-year fire engine redesign and replacement plan. Fire engine specifications were last upgraded in 1984. Statewide, the division responds to an average of 400 fires per year with engines, mostly in high-risk urban interface areas. Replacement decreases reliance on old, worn engines in areas where life and property are at risk and is essential to successful initial attack in population centers.

Phased project

Mr. Pourchot shared that every year the department replaces some of its oldest equipment. He said this phase is specifically to replace fire truck engines.

Fairbanks Office Facility Roof Maintenance and Repairs

\$200,000 General Funds

Reference No: 30252

AP/AL: Appropriation

Project Type: Deferred Maintenance

Category: Health/Safety

Location: Fairbanks Areawide

Election District: Fairbanks Areawide

Estimated Project Dates: 07/01/2001 - 06/30/2003

The Department of Natural Resources office complex has a leaking roof and other urgent repair/maintenance needs. Damage to equipment, documents, and the work environment from the roof leaking could occur at anytime requiring emergency repairs, and affecting employees and the public. The emergency power generator needs repair/maintenance to avoid winter breakdowns and freeze-up of the facility, and the hot water heater needs replacement.

Phased project

Mr. Pourchot reported that this is a relatively nice building but there are tin cans all over the place because of leaks in the roof. He informed that this is a basic roof repair job that needs to happen.

Airborne Geological and Geophysical Mineral Inventory

\$250,000 General Funds

Reference No: 6852

AP/AL: Appropriation

Project Type: Planning

Category: Development

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2000 - 06/30/2005

This project seeks to catalyze private-sector mineral development investment. The project delineates mineral zones on Alaska state lands that: 1) have major economic value; 2) can be developed in the short term to provide high quality jobs for Alaska; 3) will provide economic diversification to help offset the loss of Prudhoe Bay oil revenue.

On-going project

Mr. Pourchot detailed the recurring capital project of geological surveys of approximately a thousand square miles a year. He informed that it takes about \$500,000 to do both the aerial and ground surveys of fieldwork. He shared that once the data is completed, it is "incredible how fast claim staking has occurred in the wake" of the new information. He continued it has proven to be very valuable to the mining industry and "they are most appreciative of it." Last year, he informed, the Department received \$250,000 to fund this project, which was half of what was needed. He urged approval of this allocation in order for the work to be completed.

Snowmachine Trail Development and Program Grants

\$200,000 General Funds

Reference No: 33690

AP/AL: Appropriation

Project Type: Health and Safety

Category: Transportation

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2001 - 06/30/2006

Snowmobiling is one of Alaska's fastest growing outdoor recreation activities. Funds are needed to develop and maintain trails and trailheads to provide for safe riding opportunities and to educate riders about safety concerns. Funds for this program are provided by snowmobile registration fees paid by Alaskans. They are funding this program themselves and support a registration fee for these purposes. Funds are distributed in the form of matching grants for trail and trailhead development and maintenance, safety education, and trail identification. Grants are to organizations, businesses, agencies, governments, and individuals.

On-going project

Mr. Pourchot informed that this is general fund money. Last year, the Legislature approved the bill pertaining to registration of snowmachines. He specified that it was the intent of the legislation that the fees would go toward the development of

trailhead access and other facilities for snowmachiners around the state. He stated this would be a continuation of that program whereby again some of that registration fee would be used for improvements for the benefit of those who are paying those fees.

Chena Pump Road Boat Launch River Access Purchase

\$101,500 General Funds

Reference No: 33979

AP/AL: Appropriation

Project Type: Construction

Category: Transportation

Location: Fairbanks Areawide

Election District: Fairbanks Areawide

Estimated Project Dates: 07/01/2001 - 06/30/2002

Direct public access to the Tanana River near Fairbanks is limited to one site on Chena Pump Road. This site is a five-acre Department of Transportation and Public Facilities easement on a larger 17-acre Mental Health Land Trust (MHLT) parcel. MHLT is seeking to develop its acreage and move the Department of Transportation and Public Facilities easement. Under the terms of Department of Transportation and Public Facilities' easement, there is NO GUARANTEE for a continued boat launch. The easement is for a highway rest area only. Parks proposes to purchase the 17-acres from MHLT and improve the existing boat launch, parking, and picnic facilities. Parks' presence through its volunteer host program will improve security at the area for vehicles left overnight.

One-time project

Amendment

Mr. Pourchot explained that this area involves the only real boat launch and picnic area on the Tanana River. He continued that this general fund request would allow enough money to purchase the site from the Mental Health Lands Trust and to work with the Department of Natural Resources to develop an upgraded recreational site.

Senator Austerman wondered if there was money available from any other source such as from Sports Fish licenses in the Department of Fish and Game.

Mr. Pourchot indicated that there is money available from other sources and that is why the request is for a moderate amount. He stated that it is a complicated title, but once the Department got the title, then additional funds could be tapped to develop and operate the site from other funding sources. He mentioned that there are additional funds in the Statewide Transportation Improvement Project (STIP) FY 03 funds.

Senator Lemman clarified that the correct appraised amount for the site is \$101,500 as shown on page 52 of the report.

Senator Lemman asked if the fifty percent match from the Federal Land and Water Conservation Fund mentioned in the report was still available once the land was purchased.

Mr. Pourchot replied yes.

Senator Austerman asked to review the dollar figures on the snowmachine trail improvements project; specifically how much money is raised each year from the snowmachine registration fees.

Mr. Pourchot replied that Department of Natural Resources does not track that but the information could be obtained.

JIM STRATTON, Director, Division of Parks and Outdoor Recreation, Department of Natural Resources, testified via teleconference from Anchorage and stated the money that the Division of Motor Vehicles expected to raise this year is approximately \$200,000. He recapped that the history of requests for trailhead improvements has matched what has been raised each year from the snowmachine registration fees.

Senator Olson asked if the snowmachine registration fee was mandatory statewide.

Mr. Pourchot answered that the "fairly modest fee" was required at the point of sale, statewide.

Mr. Bus informed the Committee that the remainder of the requests are non-general fund projects.

Recorder's Office Equipment Upgrades and Records Preservation
\$225,000 Receipt Services
Reference No: AMD33980
AP/AL: Appropriation
Project Type: Renewal and Replacement
Category: Public Support Technology/Service
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2001 - 06/30/2002
Approximately \$150.0 of this project covers the fourth phase of a project to reinforce the infrastructure of the state's land records system by continuing the replacement and upgrade of various types of equipment to meet and ensure basic operational needs at fourteen recording locations throughout the state. Approximately \$75.0 of this request will cover the

second phase of an ongoing project to film historic records. This project consists of the filming of approximately 6,000 original books filled with historical recorded and filed documents, dating back to the mid-1800's.

Phased project
Amendment

Mr. Bus noted that the office "generally generates greater revenues than it expends." He spoke of the need to film the books of deeds going back to the late 1800's and other dated material in order to send them over to permanent storage at Archives, and outlined other components of the request.

Alaska Minerals Information at Risk Program: Mining Claims Automation

\$700,000 Federal Receipts

Reference No: 34095

AP/AL: Appropriation

Project Type: Information Systems

Category: Public Support Technology/Service

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2001 - 06/30/2003

To improve public access to public record systems, to bridge related state and federal land record systems that have historically been isolated, to reduce the time required to adjudicate mining applications and update land status plats, and to deliver internet based mapping capability.

Phased project

Mr. Bus explained that the federal government has agreed to provide funding to automate and put online the old card system used to track historical mining claim records.

Agriculture Revolving Loan Fund Land Assets Disposal,

\$100,000 Agricultural Loan

Reference No: 34109

AP/AL: Appropriation

Project Type: Renewal and Replacement

Category: Development

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2001 - 06/30/2003

This funding will provide for disposal of ARLF assets in Interior and Southcentral Alaska

Phased project

Mr. Bus stated that this was the final phase of the Agriculture

Revolving Loan Fund and this activity will dispose of the last few pieces of property held by that fund. He shared that eight parcels in Delta and Fairbanks were successfully sold in November 2000 generating more than \$1.8 million that was put back into the Loan Fund account.

The National Fire Plan: Managing Impacts of Wildfires on Communities and the Environment [page not provided]
\$5,638,000
 \$3.46 million Federal Funds
 \$2.178 million from Kenai Borough
Reference No: 34112

Mr. Bus shared that after the recent fire season in the Lower 48, the federal government decided to expend funds in an effort to further prevention and conduct impact studies.

Alaska Post Entry Plant Quarantine Facility Establishment
\$1.35 million Federal Receipts
Reference No: 33983
AP/AL: Appropriation
Project Type: Construction
Category: Public Support Technology/Service
Location: Palmer (Palmer)
Election District: Palmer
Estimated Project Dates: 07/01/2001 - 06/30/2006
The Alaska agriculture and horticulture industries have been requesting the establishment of a Post Entry Quarantine Facility for over twenty years. The desire for such a facility is based on the simple fact that the present system has not served the needs in Alaska. Importation of prohibited plant species and those species with special restrictions can only lawfully enter the United States through the present USDA Animal and Plant Health Inspection Service (APHIS).
One-time project

Mr. Bus read from the Summary and Statement of Need the details of the request.

Senator Hoffman, referring to backup material that stated a federal contract would pay for the projected annual operating costs of \$800,000, asked how long that contract would be in effect.

Mr. Bus was unsure how long the federal funding would continue, but stated that the program would operate until it stopped. He continued that if federal funds crease, then the state would determine what to do with the facility.

Agriculture Plant Material Center Seed Lab Construction
\$3,070,000 Federal Receipts
Reference No: 33952
AP/AL: Appropriation
Project Type: Construction
Category: Development
Location: Palmer (Palmer)
Election District: Palmer
Estimated Project Dates: 08/01/2001 - 09/30/2002
The Alaska State Seed Laboratory is a section of the Alaska Plant Materials Center (AKPMC). This is a state-owned and operated facility within the Alaska Division of Agriculture, Department of Natural Resources. The present State Seed Laboratory is not capable of meeting the demands for seed testing and technology development. The facility is undersized, out of professional code, and under equipped to meet present day technological requirements.
One-time project

Mr. Bus recapped the Brief Summary and Statement of Need for this project.

Agricultural Land Sales for Agriculture Industry
\$145,000 State Land
Reference No: 6887
AP/AL: Appropriation
Project Type: Planning
Category: Development
Location: Mat-Su Areawide
Election District: Mat-Su Areawide
Estimated Project Dates: 07/02/2000 - 06/30/2007
The funding will provide staff and support services to sell agricultural land in Interior and Southcentral Alaska. In addition to supporting staff, funds will be used for survey, appraisal, subdivision, tract rehabilitation and cleanup, sales activities and sale follow up.
On-going project

Mr. Bus informed that this project would dispose of land with agriculture interests.

Co-Chair Kelly asked for further explanation about the State Land Income account.

Mr. Bus answered that this fund was set up last year and funds generated from the sale of state lands went into this account and would be used as an appropriation account "for future sales."

Senator Austerman referred to a reference on the handout regarding five of six parcels that had been sold for \$992,000, and asked if that money was now in the fund to be used to fund this land sale. He inquired if there was any "point in time" that the money in the fund might "roll into the general fund."

Mr. Bus replied that the \$992,000 was put into the Lands Fund account and of that, \$145,000 would be used toward this request. He referred to SB 283 that specified when the fund balance reached \$5 million, anything over that amount would automatically go into the general fund.

Historic Preservation and Restoration Projects-United States
Army Public Works Program
\$600,000 Federal Receipts
Reference No: 32550
AP/AL: Appropriation
Project Type: Renovation and Remodeling
Category: Development
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2000 - 12/30/2004
The State Office of History and Archaeology is working in partnership with the Department of the Army on historic preservation planning and restoration projects. Restoration projects include the World War II National Historic Landmark site at Fort Wainwright in Fairbanks and the National Register of Historic Places listed Cold War Nike Site Summit In Anchorage.
On-going project

National Historic Preservation Fund Federal Grant Program
\$1,250,000
 \$1.2 Million Federal Receipts
 \$ 50,000 General Funds Match
Reference No: 6865
AP/AL: Appropriation
Project Type: Planning
Category: Development
Location: Statewide
Election District: Statewide
Estimated Project Dates: 10/01/2001 - 09/30/2003
The National Historic Preservation Fund is a federal matching grant project with a 60 percent federal and 40 percent state match. It provides a basic historic preservation program including planning, survey, inventory, project review, and public education. The federal/state partnership program created in the National Historic Preservation Act requires a

state historic preservation program to meet basic levels of professional staffing and program services. Cooperative agreements with federal agencies and grants from federal programs, which do not require match, fund cultural resources management projects.

On-going project

State Match required

Mr. Bus recapped the provisions of these requests.

Senator Austerman inquired as to when the Historic Preservation Project was established.

Mr. Bus replied that the program has been in place for approximately twelve years and was funded by a new federal grant each year. He informed that the money is appropriated to a board, and numerous communities apply to the board for funding. He said that the Board reviews the applications and the grants are awarded on a priority basis.

Senator Austerman asked if historically this federal grant had been in the \$1.2 million range.

Mr. Bus replied most of the grants had been in the \$640,000 range; however this coming year, the federal grant would be going up considerably as there is more money available on the federal level for this type of activity.

Senator Austerman inquired how the general funds match had been operated.

Mr. Bus responded that the general fund match is in the Department of Natural Resources operating budget.

Mental Health Trust Land Development and Value Enhancement

\$950,000 Mental Health Authorized Agency Receipts (HTAAR)

Reference No: 6853

AP/AL: Appropriation

Project Type: Planning

Category: Development

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2000 - 06/30/2004

The Trust Land Office will contract for services related to the enhancement of parcel-specific Trust land and resource assets. Funds will be used to facilitate the disposal or development of Trust resources in accordance with the Trust Land Office's long-term asset management strategy.

On-going project
Mental Health Bill

Mr. Bus explained that this is an annual request that is directed by the Mental Health Board of Trustees.

Abandoned Mine Lands Reclamation Federal Program
\$1,500,000 Federal Receipts
Reference No: 6855
AP/AL: Appropriation
Project Type: Health and Safety
Category: Health/Safety
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2001 - 06/30/2005

The Legislature enacted the Alaska Surface Coal Mining Control and Reclamation Act in 1983 (AS 27.21 and 11 AAC 90). One of the main purposes of the act was to promote the reclamation of areas mined and left without adequate reclamation before enactment of the federal Surface Mining Control and Reclamation Act of 1977, that endanger the health and safety of the public and that substantially degrade the quality of the environment and prevent the beneficial use of or cause damage to land and water resources.

On-going project

Mr. Bus informed that this project provides federal funds to address hazardous abandoned mine sites. He continued that most of the money "goes to private contractors" to remedy the situation.

Boating Safety-Federal Program
\$660,000 Federal Receipts
Reference No: 32553
AP/AL: Appropriation
Project Type: Health and Safety
Category: Health/Safety
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2000 - 06/30/2005

The goal of the State Boating Safety Program is to reduce preventable non-commercial boating accidents and fatalities and promote safe, enjoyable boating in Alaska. Since 1990 an average of 25-30 Alaskans lost their lives annually in non-commercial boating accidents. This is more than 10 times the national average and the highest boating fatality rate in the nation. State boating programs are very effective at reducing these numbers. Since 1971, recreational boating fatalities decreased nationally by 30 percent even though the number of

recreational boats increased by 50 percent. This funding will provide for boater education and program infrastructure.
On-going project

Mr. Bus shared that these funds allow the Department to "operate the Boating Safety Program and to reduce the preventable, non-commercial boating accidents" in the state.

Mr. Pourchot added that this is the money that was promised when the Legislature passed the Boating Safety legislation that the Department would access this funding source. He continued that this was the first full installment of that funding.

Land and Water Conservation Fund Federal Grants

\$1,600,000 Federal Receipts

Reference No: 32552

AP/AL: Appropriation

Project Type: Construction

Category: Development

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2001 - 06/30/2005

Outdoor recreation opportunities are very important for Alaskans. More than any other state in the Union, Alaskans recreate outdoors. This provides a wide variety of benefits including improved physical and mental health, activities for children to prevent delinquency, leadership and teamwork development, and economic opportunities for individuals and local communities. LWCF is a 50/50 matching grant program that provides funding to state and local governmental entities for the acquisition and /or development of outdoor recreation areas and facilities such as soccer fields, campgrounds, tennis courts, boat launches, hiking trails, picnic areas, and outdoor hockey rinks.

On-going project

Mr. Bus informed that this program has been available for many years and averaged \$500,000 annually until approximately 1995 when the "funding dried up." He continued that last year, the funding was about \$900,000 and it is anticipated that this amount might increase to approximately \$5 million. Mr. Bus shared that these grants will go to communities for local park development and other various things. He detailed the community application process.

National Recreational Trails Federal Program

\$710,000 Federal Receipts

Reference No: 6854

AP/AL: Appropriation

Project Type: Construction
Category: Transportation
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2001 - 06/30/2005
All across Alaska, Alaskans rely on trails for recreation, subsistence, and travel between communities. These trails need constant maintenance attention to ensure they are safe for passage and to ensure that they remain open and available for use. Funds will be distributed in the form of 80-20 matching grants for recreational trail and trailhead development and maintenance, and for education programs relating to trail safety and environmental protection. Grants are awarded to organizations, businesses, agencies, and governments. Grant applications are advertised statewide in the spring and awards made to successful applicants the following February.
On-going project

Mr. Bus briefly described the program.

Forest Legacy Federal Grant Program
\$500,000 Federal Receipts
Reference No: AMD34881
AP/AL: Appropriation
Project Type: Planning
Category: Natural Resources
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2001 - 06/30/2006
The Forest Legacy Program provides federal funding from the USDA Forest Service for acquisition of high-value private forestland that is threatened with conversion to non-forest use. In Alaska, we are concerned that private inholdings in publicly owned forested areas that are primarily used for fish and wildlife habitat, outdoor recreation and traditional recreation access would be converted to non-forest use and disrupt, destroy, or degrade these important public uses. The primary areas where these types of conversions are probable is in the state park system. However, the ability to use this program to protect forested areas will not be limited to state park lands. This program is only for willing sellers.
On-going project
Amendment

Mr. Bus briefly described the grant program.

Mr. Bus stated that this completed the Department of Natural Resources Capital Request Budget for 2002.

Senator Green asked, regarding the Forest Legacy Federal Grant Program, if there was a decision making process in place that identifies the forestland properties.

Mr. Pourchot commented this is a relatively new program that is just now being assessed by the Department.

Jim Stratton stated the Department is developing an assessment-of-need process that is required by the federal government in order for the state to participate in the program. He informed that through the assessment-of-need process, the Department would be looking at the locations of the forested areas in the state that the Department wants to include in the program. He said the Department would then identify the specific criteria through which these properties would be nominated for this funding.

Co-Chair Kelly thanked the presenters for their information.

#

ADJOURNMENT

Co-Chair Pete Kelly adjourned the meeting at 08:20 PM