

ALASKA STATE LEGISLATURE  
**SENATE STATE AFFAIRS COMMITTEE**

February 13, 2001  
3:35 p.m.

**MEMBERS PRESENT**

Senator Gene Therriault, Chair  
Senator Randy Phillips, Vice Chair  
Senator Rick Halford  
Senator Drue Pearce  
Senator Bettye Davis

**MEMBERS ABSENT**

All Members Present

**COMMITTEE CALENDAR**

SENATE JOINT RESOLUTION NO. 10

Urging the United States Congress to fully fund the operational readiness and recapitalization requirements of the United States Coast Guard.

MOVED SJR 10 OUT OF COMMITTEE

SENATE BILL NO. 65

"An Act requiring a study to determine if gender is a determinant in state employee compensation."

MOVED SB 65 OUT OF COMMITTEE

SENATE BILL NO. 24

"An Act giving notice of and approving the entry into, and the issuance of certificates of participation for, a lease-purchase agreement for a seafood and food safety laboratory facility; and providing for an effective date."

MOVED SB 24 OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

SJR 10 - No previous action recorded.

SB 65 - No previous action recorded.

SB 24 - No previous action recorded.

**WITNESS REGISTER**

Rear Admiral Tom Barrett  
Coast Guard District 17  
709 W. 9th Street  
Juneau, AK 99801

**POSITION STATEMENT:** Gave power point presentation on Coast Guard operations in Alaska.

Senator Alan Austerman  
State Capitol  
Juneau, AK 99801

**POSITION STATEMENT:** Sponsor of SJR 10

Janice Adair  
Director of Environmental Health  
Department of Environmental Conservation  
555 Cordova Street  
Anchorage, AK 99501

**POSITION STATEMENT:** Supports SB 24.

Tom Livingston  
Livingston Slone Inc.  
3900 Arctic Blvd.  
Anchorage, AK 99518

**POSITION STATEMENT:** Answered questions about study conducted relating to SB 24.

Caren Robinson  
Alaska Women's Lobby  
Tenass Pass Shellfish Company  
211 4th Suite 108  
Juneau, AK 99801

**POSITION STATEMENT:** Supports SB 65.  
Supports SB 24.

#### **ACTION NARRATIVE**

**TAPE 01-5, SIDE A**  
Number 001

**CHAIRMAN GENE THERRIAULT** called the Senate State Affairs Committee meeting to order at 3:35 p.m. Members present were Senators Phillips, Davis and Chairman Therriault.

There were three items on the agenda: SJR 10, SB 65 and SB 24.

# SJR 10

## SJR 10-US COAST GUARD FUNDING

Rear Admiral Barrett gave a power point presentation that provided an overview of the Coast Guard's role and activities in Alaska. A copy of the presentation is in the bill file.

Seventeenth  
Coast Guard District  
Serving Alaskans  
Alaska State Legislature  
13 February 2001

Alaska  
The Maritime State

- 33,000 miles of coastline
- 25,000 commercial vessels
- 200,000 non-commercial/recreational vessels
- Over 95% of all cargo shipped via vessels
- CG's Bottom Line...Protection of Life and the Alaskan Marine Environment

### CHALLENGES

Infrastructure

- 27 Remote VHF and HF Hi Sites in remote location
- Limited Satellite and VHF coverage
- Loran Stations located in remote areas (Attu, Port Clarence, Saint Paul, Shoal Cove)

Harsh Operating Environment

Long Distances

Coast Guard Budget in Alaska

- \$200 million annual infusion into Alaska economies in salaries and purchases

Coast Guard Personnel in Alaska

- 1,800 Active Duty & Civilian personnel
- Reserve and Auxiliary

### COAST GUARD STRATEGIC GOALS

#### Maritime Safety

- 42 Coast Guard Units in Alaska
- Fisheries Search and Rescue (SAR)
  - Long range helicopters forward deployed during crab fisheries
    - Cold Bay
    - Saint Paul Island
  - Bering Sea cutter deployed with helicopter
- YR 2000 Rescues
  - SAR Cases: 920
  - Lives Saved: 255
  - Lives Assisted: 1255
  - Southeast AK Medevacs: 53
- Prevention and Response
  - Seek non-regulatory solutions
- Commercial Vessel Safety
  - Inspection of Vessels
  - Licensing of Mariners
  - Investigation of Marine Casualties
- Fishing Vessel Safety
  - Most dangerous occupation in U.S.
  - Coast Guard safety program:
    1. Dockside Exams
    2. At Sea Boardings
    3. "Ready for Sea" Safety Program
  - 1980's Alaska fishing deaths averaged 40/yr
  - 7 lives lost in 2000
- Passenger Vessel Safety
  - Over 2 million passengers annually embark vessels in Alaska
  - Four "abandon ships" in 1999
    1. Alaska Small Passenger Vessel Task Force
    2. 5 Star Safety Program for Charter Boats
- Recreational and Non-Commercial Boating Safety
  - AK boating safety law increased visibility & saved lives
  - Prevention through outreach and education
  - "Kids Don't Float"-Free loaner life jackets on docks
  - Establishing CG Auxiliary detachment in Whittier

**PROTECTION OF NATURAL RESOURCES**

## Oil Spill Prevention and Response

- Major oil ports in Valdez and Cook Inlet
- Working Both Ends of the Trans Alaska Pipeline
- Statewide "risk assessments" and implementation of risk reduction measures
  1. Inspect foreign vessels calling on Alaska ports to ensure compliance with U.S. and international safety and environmental laws
  2. Periodic Oil Spill Response Exercises
  3. Respond to approx 600 oil spill and chemical responses annually
- Valdez
  1. Most closely regulated port in U.S.
    - All tanker transits supervised by radar and Automated Identification System (AIS)
    - Frequent exercises to ensure prepared to respond
    - Recent scrutiny of Alyeska terminal safety
- CF Federal On Scene Coordinator
  1. Bouytenders configured to recover oil
  2. Pre-positioned CF spill response equipment
  3. State "non tank vessel" legislation complements CG efforts
- Cruise Ships
  1. Safety of Alaska cruise ships that carry over 600,000 passengers each year
  2. Addressing public concerns over environmental laws through boardings, over-flights and sampling
- Coast Guard Enforcement
  1. Increased over-flights to detect discharges
  2. Expanded environmental inspections
  3. Expanded environmental inspections
  4. Sampling of overboard discharges
  5. Implementing Murkowski's federal legislation
- Fisheries Law Enforcement
  1. Largest allocation of CG resources
  2. High seas driftnet
  3. US/Russian maritime boundary line
  4. Dixon Entrance
  5. Domestic fisheries
- Domestic Fisheries Law Enforcement
  1. Over 200 time/area/species openers

2. Largest individual fishing quota fishery in world
  3. At sea boardings check fisheries and safety laws
  4. Surveillance of Stellar Sea Lion rookeries
- High seas drift net (HSDN) operating area & operations
    1. \$300 million of Alaska salmon grazing on high seas
    2. 9 May, foreign fishing vessel Arctic Wind located by aircraft fishing with high seas drift net, boarded and seized
    3. Honduras flag, South Korean owner, Russian master and crew
    4. Approximately one ton of salmon on board (Chum, Sockeye & Chinook)

**MARITIME MOBILITY**

- Deployment, maintenance and operation of over 1,300 aids to navigation
  1. Buoys
  2. Fixed aids to navigation (shore lights)
  3. LORAN stations Vessel traffic service (VTS Valdez)
- Mission to ensure safe, efficient and environmentally sound maritime operations
- Marine transportation system
  1. Alaskan waterways are the major "highway"
  2. 1,300+ buoys & lights maintained and LORAN

**MARITIME SECURITY**

- US/Russian maritime boundary
  1. Multi-national fleet targeting Pollock
  2. Poor catch rates on Russian side
    - Push boundary line for higher catch rates
  3. Largest use of CG cutters and C-130 a/c patrol effort
  4. Focus of D17/RS federal border service engagement
- Maritime boundary line activity
 

	1999	2000
1. Incursions detected	90	26
2. Vessels identified	24	22
3. Joint US/RS boardings	0	4
4. Vessels seized	0	6
5. Vessels given verbal warnings	4	9
- Enforcement cooperation
- Summary of major cases

## NATIONAL SECURITY

- Support of DOD missions
- Naval activity Alaska
- Northern Edge 2001 in Ketchikan, March
- Port security
  1. Authority to establish and enforce maritime safety and security zones to protect commercial and national interests
  
- Future Challenges
  1. Readiness and recapitalization
    - Annual operating funds
    - Spare parts
    - C-130 availability 80%-60%
    - Aging fleet
    - Retaining trained personnel
    - Replacement of aging infrastructure of ships and planes

## OPERATIONAL EXCELLENCE

- Saving lives
- Protecting the environment
- Ensuring the mobility of waterways

Number 1160

CHAIRMAN THERRIAULT asked if there were any questions for the Admiral about either the presentation or Coast Guard operations in the state.

SENATOR PHILLIPS asked if the Coast Guard has difficulties getting air parts to Attu.

REAR ADMIRAL BARRETT said there are difficulties in both Attu and St. Paul. Recently they had to fly parts from Wisconsin to replace a motor on a hanger door at St. Paul, which was no great problem, but if an aircraft or a cutter is out of commission, the situation could become urgent very quickly. Lead time is two days in good weather and five under poor conditions.

SENATOR PHILLIPS asked about difficulties in clearing the runway.

REAR ADMIRAL BARRETT said that there is no back up equipment at Attu for clearing the runway. This is critical if a medical evacuation is necessary.

CHAIRMAN THERRIAULT thanked Rear Admiral Barrett for the presentation and then called Senator Austerman forward to give his sponsor's statement for SJR 10.

SENATOR AUSTERMAN said he introduced SJR 10 to help maintain the presence of the Coast Guard in Alaska. The original idea for the resolution came from the Pacific Fisheries Legislative Task Force. States involved acknowledged the need for Coast Guard funding along the entire Pacific Coast.

Looking at a map of the state of Alaska laid over a map of the Lower 48, it is easy to see why there are difficulties associated with patrolling the vast area under Coast Guard jurisdiction here in Alaska.

He thought Admiral Barrett's presentation provided enough information to make a determination on SJR 10.

CHAIRMAN THERRIAULT observed that the resolution was directed to the congressional delegation and leading members of both the U.S. House and U.S. Senate. He said there was a zero fiscal note attached. He then asked for any questions or if there was anyone that wanted to testify. There was no one. He asked for amendments and there were none. He asked for the will of the committee.

SENATOR PEARCE made a motion to move SJR 10 with the zero fiscal note from committee with individual recommendations.

CHAIRMAN THERRIAULT asked for any objections. There were none so SJR 10 was moved from committee.

#

CHAIRMAN THERRIAULT noted for the record that Senator Pearce had arrived shortly after the meeting was called to order.

The next order of business was SB 65. Senator Donley came forward to give the sponsor's statement.

#SB 65

**SB 65-PAY EQUITY FOR STATE EMPLOYEES**

SENATOR DONLEY said that SB 65 would require the State of Alaska to conduct a gender equity study regarding state employee compensation. Although compensation studies have been done, there has never been an analysis of whether women or men are being discriminated against because of gender. Female state employees are generally paid less than male state employees but it isn't known

whether this is due to discrimination or whether the jobs they perform are valued less in the work market.

In looking at the experiences of other states on this issue there are two basic scenarios. In the first, the states are proactive in performing gender equity studies. If discrimination is found the state corrects the problem. In the second situation, the state does nothing until a discrimination lawsuit is filed. The proactive approach is economical in the long term because litigation is so costly.

Number 1588

The legislature will work with the Department of Administration to try to keep the study costs to a minimum but it is important, from a government management point of view, that the study go forward.

CHAIRMAN THERRIAULT asked for questions for Senator Donley.

SENATOR PHILLIPS said he thought that a study was done five to seven years ago and he wanted to know why it would differ from this one.

SENATOR DONLEY said that past compensation studies haven't been true gender equity studies. They haven't done an analysis of whether the particular job classification is paid less because it is dominated by a particular gender. Gender equity studies look at job classifications that are dominated by one gender and then determine whether or not that is how the compensation for that job was established as opposed to the true value of the work performed.

CHAIRMAN THERRIAULT asked for questions.

SENATOR DAVIS asked for a list of the states that already conducted gender equity studies. She also wanted to know if there are many states that had made corrections.

SENATOR DONLEY said he would provide the list to the committee.

CHAIRMAN THERRIAULT said there was information in the packet stating that the National Committee on Pay Equity had identified 20 states as having fair pay/pay equity for state employees.

SENATOR DAVIS said she had read that and wondered if SB 65 would do anything differently. She too thought there had been a study done some years ago.

SENATOR PHILLIPS said he had been trying to get a copy of the

previous study and would share the information once it was in his possession.

Number 1809

SENATOR DAVIS agreed with the need for such a study but wondered about the timeline.

SENATOR DONLEY said they were trying to give the Department of Administration time to develop a system for doing the study so that was why the study results wouldn't be presented to the legislature until 2003.

CHAIRMAN THERRIAULT noted the arrival of Senator Halford.

CHAIRMAN THERRIAULT felt that the \$750,000 fiscal note was speculative at this point. He wondered whether the department would locate computer programs that could be used and examine programs developed by other states and then return to the legislature with a more complete cost estimate for the study.

SENATOR DONLEY said progress was being made to reduce costs from the original estimate and he wanted to continue to work with the Department of Administration to find the most economical approach possible.

CHAIRMAN THERRIAULT asked for questions and there were none.

Number 1978

MR. STEWART, personnel manager for the Department of Administration, Division of Personnel, said that although the state has conducted many market evaluation salary studies, a gender equity study has not been done. The Pete Marwick study, dealing with job classifications, was done about three years ago.

CHAIRMAN THERRIAULT said he thought Senator Phillips might have been referring to a salary study and although that provides information about job categories it doesn't answer the question about whether similar job categories might have different pay scales because one of those jobs is dominated by one gender while the other is not.

MR. STEWART said that the department is supportive of the effort to develop a study.

CHAIRMAN THERRIAULT asked if there is concern about litigation.

MR. STEWART said he doesn't share that concern. There are checks and balances in the system and there hasn't been a large increase in grievance complaints indicating problems that haven't been identified. While there isn't a pressing problem, the system can always benefit from a reevaluation.

SENATOR PHILLIPS asked what became of the Pete Marwick classification study and how much it cost.

MR. STEWART didn't believe anything was done with it; the cost was about \$225,000.

CHAIRMAN THERRIAULT said he believes the cost was \$250,000 for that study and the beginning of the Education Study. It could provide useful information but it didn't answer the questions addressed by SB 65.

SENATOR PHILLIPS asked if that study pointed to certain trends, such as a gender gap.

MR. STEWART said the Pete Marwick study didn't discuss gender gap.

CHAIRMAN THERRIAULT wondered whether it might be advantageous to reexamine the data to look for trends that weren't the focus of that study.

MR. STEWART didn't think so.

CHAIRMAN THERRIAULT said that when software use is a possibility and other states' programs are considered, the fiscal note figures seem speculative.

MR. STEWART said the FY02 \$50,000 figure was the amount anticipated for commissioning an independent review of possible bias problems. The \$750,000 is an estimate of what a full study would cost. This was put in FY03 in case something was found during the review period.

CHAIRMAN THERRIAULT said according to Senator Donley, the anticipated costs have been adjusted down but he wanted to know what the starting figures were.

MR. STEWART said they started with seven zeros. Senator Donley's office was helpful in directing them to existing models such as the one from Minnesota. They have developed a software system to repeatedly test job classes but their classification system is very different from Alaska's so it's not useable unless all state positions are reclassified.

The fiscal note is an average of rough estimates that ranged from \$1.5 million to \$500,000 to do a complete "job class by job classing position-by-position study".

SENATOR PHILLIPS asked whether the Department of Administration (DOA) was better able to do this type of study than the Department of Labor (DOL) and is "the study just for the classification of state government or employment period."

MR. STEWART said that DOL has labor economists and can talk about trends and analysis while DOA has the experts on the state's classification system for state employment.

CHAIRMAN THERRIAULT said that although DOA would be contracting the study out, it deals with job classifications and would therefore manage the contract.

TAPE 01-5, Side B  
Number 2356

SENATOR THERRIAULT said that he was somewhat concerned about the second year of funding because although they aren't making an appropriation with the fiscal note, the legislature is giving an indication of what the agency can expect for funding.

He asked if there were any questions. There were none so he asked Caren Robinson forward to testify on behalf of the Alaska Women's Lobby.

MS. KAREN ROBINSON, Alaska Women's Lobby, said she agreed with Senator Donley, that this study is "the right, fair and smart thing to do." The Alaska Women's Lobby is hopeful that this legislation will pass and pleased that the Administration is willing to work with the legislature.

CHAIRMAN THERRIAULT asked for questions and other testimony and there was no response.

He said there were no amendments and no committee substitutes. He turned his attention to the fiscal note and asked Senator Donley if he would prefer dealing with DOA for the second funding year.

SENATOR DONLEY said that his understanding of the fiscal note was that \$50,000 was allocated for the preliminary assessment. If the assessment indicated problems, then funding would have to be found for a full study. He thinks the assessment figure is reasonable.

CHAIRMAN THERRIAULT said that if the full study is needed, it will need to be worked into the next operating budget.

SENATOR DONLEY said that's true. If there are indications that a full study is needed, an assessment will need to be done to determine the size of the problem.

SENATOR HALFORD said that although the amount in the fiscal note is not binding, he would be more comfortable if it was \$500,000 rather than \$750,000.

CHAIRMAN THERRIAULT agreed and said it is his preference to change the amount from \$750,000 to \$500,000 since the estimate was in that range.

SENATOR PEARCE said that if the initial assessment indicated that a full study is necessary she thought the data would ultimately be more useful if a market study was done at the same time as the gender study.

SENATOR DONLEY said he would continue to work with DOA to identify the correct parameters of the initial study because he agrees with Senator Pearce; the marketplace situation also needs to be examined.

CHAIRMAN THERRIAULT asked for the will of the committee.

SENATOR PEARCE made a motion to move SB 65 and the \$500,000 fiscal note move from committee with individual recommendations. There were no objections.

CHAIRMAN THERRIAULT said SB 65 with the modified fiscal note would be moved.

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Number 2092

#SB 24

**SB 24-LEGIS APPROVAL OF SEAFOOD/FOOD SAFETY LAB**

CHAIRMAN THERRIAULT asked Janice Adair if she was ready to testify via teleconference.

MS JANICE ADAIR, Director of Environmental Health for the Department of Environmental Conservation (DEC), said that SB 24 allows for the sale of bonds or certificates of participation to replace the seafood and food safety lab in Palmer. The lease for the current facility expired in December 2000 and there are two

one-year extensions. State law prohibits long-term extensions without a substantial reduction in the lease payments. The reductions were given during a previous extension and the owner isn't willing to give another substantial reduction and has the building on the market. The current lease amount is \$1.03 per square foot and has been that since December 1998. Her letter had given an incorrect figure per square foot.

She said that the lab is the only one in the state testing for paralytic shellfish poisoning (PSP) so that shellfish and crab can be sold in interstate and international commerce. DEC tests shellfish growing waters to ensure that they comply with the National Shellfish Sanitation Program. DEC also evaluates dairy products that are processed in Alaska and sold elsewhere. The lab also certifies private labs that runs drinking water analyses for public water systems and works with commercial food industries to develop safe food products, such as smoked fish and other shelf stable products.

In FY99 and FY01 the legislature appropriated capital funds to the department to do planning for the replacement of the lab. DEC hired an independent contractor, Livingston Sloan, and was told that the most cost effective replacement would be a state-owned laboratory. Building the lab on state-owned land would provide additional savings. A state-owned site near the airport in Anchorage was selected to facilitate transportation to the lab of statewide test samples. Approximately 80 percent of the work done in the lab is seafood related, some of which is time sensitive. Testing must be completed before any of the food may be sold.

Number 1937

The economic analysis confirms that owning is more economical than leasing. Since labs are highly individual and specialized, any lease space would require extensive remodeling prior to use.

The new lab would result in an overall decrease in operating costs for shellfish growers. There are 11 approved shellfish farms in Southeast, 22 in Southcentral and nine geoduck growing areas in southeast. Since growers must ship their water and fish samples to the lab at their own expense, locating the lab near the airport would save courier costs from the Anchorage airport to the lab in Palmer.

There will be no increased cost to the dairy industry because inspectors pick up samples when they visit the dairies.

The lab performs most of the tests for free but there are charges

for tests for foods for export and tests made at the request of food manufacturers.

If the bill isn't passed this session, the lab will have no alternative but to look for lease facilities this summer or fall to ensure a place of business when the current lease extension comes to term in two years. Lease costs are expected to be high.

Number 1839

CHAIRMAN THERRIAULT asked whether the Governor's capital budget submittal included a \$310,000 appropriation to finance the lease along with the sale of bonds.

MS. ADAIR said yes, the whole project has \$13.6 million from bond sale proceeds and \$310,000 from the general fund.

CHAIRMAN THERRIAULT asked what was on the proposed site.

MS. ADAIR said there was a gravel pad with a Department of Motor Vehicles/Department of Transportation building next door.

CHAIRMAN THERRIAULT asked Julie Decker to testify next.

JULIE DECKER, executive director of the Southeast Alaska Regional Dive Fisheries Association, supports SB 24. She represents divers, processors and communities of Southeast Alaska, all of whom use the seafood and food safety laboratory in Palmer. They pay for many of its services.

Relocating the lab next to the airport in Anchorage would be beneficial to users in Southeast in particular due to the 30 hour time limit on water samples. The trip from the airport to Palmer has made the difference between getting the sample to the lab on time and going over the 30 hour limit.

CHAIRMAN THERRIAULT called for questions.

SENATOR PHILLIPS asked what percent the fisheries' industry would contribute toward the project since 80 percent of the business is seafood related.

MS. ADAIR said that users pay for a portion of the maintenance and operation of the facility.

SENATOR PHILLIPS said he'd like users to pay for more of the facility itself.

MS. ADAIR said she wasn't sure "the way the fee statutes are structured we could even include that in a fee."

CHAIRMAN THERRIAULT asked for size of the proposed lab noting that the current lab is 9,000 square feet.

MS. ADAIR said the new lab would be 20,500 square feet.

CHAIRMAN THERRIAULT said that was more than double the size. He then said that current costs are \$115,000 per year and are anticipated to go to \$1.2 million per year with the new facility. In addition, Department of Environmental Conservation will pay operational costs of \$178,000 to \$180,000 per year.

MS. ADAIR said that was correct but it must be understood that the \$115,000 figure would rise regardless of whether the new facility is built or not. Also, laboratories are highly specialized and it will be expensive to build one or to remodel a building to house a modern lab. There are specific and specialized requirements for things such as ventilation and the keeping and care of live mice used in testing.

SENATOR PEARCE asked whether a survey was done of available buildings in Anchorage that would meet code and could be used as laboratories.

MS. ADAIR said that was part of the analysis done by contractors Livingston/Sloan and they determined there were not any suitable buildings in the Anchorage area.

CHAIRMAN THERRIAULT asked about the time gap between the two years in extensions left on the current lab and the FY2005 projected opening date of the new lab.

MS ADAIR said there is a one year gap and it is a great concern.

Number 1392

CHAIRMAN THERRIAULT referred to notes from a power point presentation outlining the pros and cons of owning versus leasing. He asked how flexible the interior of a lab is in terms of reconfiguration since this was listed as a reason to own rather than lease.

MS. ADAIR said she would like Tom Livingston to answer the question.

CHAIRMAN THERRIAULT asked for other questions for Ms Adair before

Mr. Livingston answered.

SENATOR PEARCE asked whether the lab might be asked to vacate the premises before the end of the lease term if the building is sold.

MS. ADAIR said she didn't believe so.

CHAIRMAN THERRIAULT called upon Mr. Livingston.

MR. TOM LIVINGSTON with Livingston/Slone Inc. said that his firm had just designed the new public health lab in Anchorage so he is familiar with the issues discussed. It is critical that labs are design flexible because technology, equipment and safety features change fairly frequently. Things such as walk in freezers; ventilation hoods, bio-safety cabinets and equipment hoods may all have to be repositioned because of procedural changes that occur over time. Needs for water, power, steam and ventilation are all variable and this is one of the reasons labs are so specialized. A building that is able to support this kind of flexibility is complex.

CHAIRMAN THERRIAULT asked Mr. Livingston to talk about the search for available buildings that would support the facility.

Number 1266

MR. LIVINGSTON said his firm did a survey of buildings in South Central Alaska to determine their suitability for this type of activity. The conclusion was that there are building shells that would need extensive interior finishing but that there is nothing on the market now that could be readily used. The design criteria and bid specifications that would go out to potential landlords for such a remodel are specific and extensive enough that there would be considerable upfront cost to the state. Preparing such a package would require an extension of the lease term in order to recoup those costs.

After weighing the factors, it was decided that building a custom designed facility that is state owned is the most cost effective over time.

CHAIRMAN THERRIAULT asked if he took part in the decision to make the new building 20,500 square feet, which is more than twice the size of the current building.

MR. LIVINGSTON said that he prepared the analysis. The current space is very inadequate and there really isn't enough space there to conduct the procedures that are being performed there now. Good

science isn't being compromised but the staff has to work far harder than necessary to maintain the standards expected by industry.

CHAIRMAN THERRIAULT said he knew that they were under pressure in the lab but wanted to know if the increased size comes from industry standards for specific lab space or something else.

MR. LIVINGSTON said yes, they did a detailed analysis of the current lab procedures and then looked at the new labs such as the Anchorage Public Health Lab, the Seward Sea Life Center and the National Oceanic and Atmospheric (NOAA) fisheries lab in Juneau. With that data base, they came up with a figure for the square footage needed for each of the labs activities and the utilities needed to support those activities. Catering to the needs for personal safety and conducting quality science were of primary concern.

Number 1035

SENATOR PHILLIPS has a problem adding between 13 and 14 million dollars to the state budget when he has a constituency that thinks more should be cut from the budget. He asked for a response to that.

MR. LIVINGSTON said that the cost of the state owned facility compared to a leased facility over a twenty year term makes sense.

SENATOR PHILLIPS asked how other states pay for this type of facility.

MS. ADAIR said that Washington and Oregon labs are general funded. There are no fees paid by the users, it all comes from state revenue.

CHAIRMAN THERRIAULT asked if there was a tax on the industry in either of those states to add money to the general fund.

MS. ADAIR said she hasn't done a complete analysis. She knows that Washington has a fairly heavy processors fee but she doesn't know whether that applies to shellfish or not.

SENATOR PHILLIPS said his constituency wants budget cuts and that 80 percent of the business the lab conducts involve fisheries. He thinks most of his constituents would say, "Let the users pay for the services that they're asking for." He said he'd be interested in knowing how other states pay for the structure and operation and maintenance of the facilities.

CHAIRMAN THERRIAULT said that the industry pays for the tests but questioned whether they should they have to pay for the facility as well. Public health labs require payment for services but the cost of the facility itself isn't factored in.

SENATOR PHILLIPS said, "public health is different. This is for one industry. Why don't we do this for the oil industry or tourism? Who is going to pay for all these things?"

Number 797

SENATOR PEARCE said that we all face those questions. However, to expand and diversify the economy of Alaska, the State is going to have to provide service and it is already doing so. One death from PSP will kill the industry in the state and the state could well end up being the "deep pocket" and spend much more in legal and liability fees than the building costs. She believes that laboratories for the public health are the responsibility of the state. She has no problem asking users to pay for the tests they have run but they shouldn't be expected to pay for the costs of the building itself. To her knowledge, no other industry is asked to pay for state building costs as an add-on to the fees, licenses, permits and services they pay for. She used the oil industry as an example.

SENATOR PHILLIPS said that the oil industry pays it's own way in the state. He's concerned about adding more to the budget with no plan for 10 to 15 years from now.

CHAIRMAN THERRIAULT said he agrees that costs must be considered. However, this agency has been before the legislature and the finance committee in two previous years and appropriations have been made because it is known that the lab needs replacing. He does have questions of his own about the total cost and the financing mechanism.

SENATOR PEARCE said this is a renewable industry and efforts should be made to "maintain it and grow it as we look to that 10 to 15 year period when Prudhoe Bay really is gone."

CHAIRMAN THERRIAULT asked for questions and there were none. He asked Devin Mitchel to come forward.

MR. DEVIN MITCHEL, State Debt Manager for the Department of Revenue (DOR), said that DEC would coordinate with DOT to build the facility using private contractors. "It would be the State of Alaska's credit that would be utilized directly to access the

capital market. So rather than relying on the private developer to use our lease payments as a revenue stream to obtain capital, we would do that directly. So the state bond committee of the State of Alaska would issue that debt."

CHAIRMAN THERRIAULT asked whom we would be making our payments to or if we would be paying the bond directly.

MR. MITCHEL said that the bill gives authorization for DEC to enter into a lease with DOA. That lease would be secured to the state rather than to a private developer. DOT is involved with the design and construction of the facilities. The Department of Public Services' new public health lab was constructed using the same model.

The fiscal note anticipates lease payments of \$1.2 million per year but that is variable depending on the current interest rate.

Number 272

CHAIRMAN THERRIAULT called Caren Robinson forward to testify.

MS. CAREN ROBINSON, owner and partner in Tenass Pass Shellfish Company of Prince of Wales and owner of a shellfish distribution company in Juneau, testified in favor of SB 24. She stressed the importance of quick and accurate product testing for this growing industry. She referenced a letter in committee packets from her partner, Roger Painter, outlining the difficulties involved in getting samples from Prince of Wales to the Palmer Lab within the 30 hour time requirement. Having the lab closer to the airport in Anchorage rather than in Palmer would eliminate one leg of the journey and therefore save time. She emphasized the importance of timely tests and said that anything that could be done to help the industry would be appreciated. A lab in Anchorage is preferable to the Palmer location.

Number 152

MS. ROBINSON said that they pay for the testing and the state fisheries tax even though they pay for the spat and the shipping costs and put the spat into the water themselves. They're willing to pay their way but the industry is young and struggling.

CHAIRMAN THERRIAULT thanked Ms. Robinson for her testimony. There were no questions. He then asked Ms. Adair about the statement that the federal government wouldn't allow a private lab to perform testing functions.

Tape 01-6, Side A

MS. ADAIR said that the Federal Drug Administration (FDA) has to certify labs doing PSP and dairy testing. They certify state laboratories but there is no private lab certification process or program.

CHAIRMAN THERRIAULT asked if that meant that no state has a private lab certified to do this type of testing and without testing the shellfish couldn't be sold.

MS. ADAIR said that was correct, no state has private labs that are certified and Alaska statute requires following National Shellfish Sanitation Program Standards adopted by the federal government. This requires a marine toxin monitoring program.

CHAIRMAN THERRIAULT said that changing the state law wouldn't change the federal requirement. You must have the testing facility or you can't have the industry.

MS. ADAIR agreed.

CHAIRMAN THERRIAULT asked for questions. He said there is no committee substitute and there are three fiscal notes. The shift of expense for operating would go to DEC; DOR makes the lease payments and DOA shows the savings when the current lease isn't paid any longer.

SENATOR PEARCE asked whether the department had considered putting an addition of the public health lab in Anchorage rather than building a new facility.

MS ADAIR said they had but funding for the public health lab was set before there were plans for the seafood/food safety lab and the property selected wasn't large enough for both facilities without resorting to a second story. Because of ventilation requirements, a second story lab is prohibited.

CHAIRMAN THERRIAULT asked for questions and there were none. He said that they had discussed wording of the bill and an overview of the fiscal notes. There were no amendments.

He asked for the will of the committee.

SENATOR PEARCE made a motion to move SB 24 from committee with fiscal notes and individual recommendations.

SENATOR PHILLIPS objected and said he wants to find out how East

and West Coast states finances labs of this type before this amount of money is committed.

CHAIRMAN THERRIAULT suggested that Senator Phillips indicate his objection on the committee report. He went on to advise Ms. Adair to gather that information for the finance committee. He told Senator Phillips it was his preference to move the bill and asked him whether he wanted to maintain his objection.

SENATOR PHILLIPS said he would maintain his objection due to the lack of information.

CHAIRMAN THERRIAULT called for a roll call. Senator Phillips voted nay and Senators Davis, Pearce and Chairman Therriault voted yea. The motion passed 3:1.

The bill moved from committee.

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CHAIRMAN THERRIAULT adjourned the meeting at 5:20 p.m.