

ALASKA STATE LEGISLATURE
SENATE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

February 5, 2003

1:30 p.m.

MEMBERS PRESENT

Senator Thomas Wagoner, Chair
Senator Alan Austerman
Senator Robin Taylor
Senator Georgianna Lincoln
Senator Kim Elton

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

Confirmation Hearing: Commissioner, Department of Community and
Economic Development- Edgar Blatchford
CONFIRMATION ADVANCED

PREVIOUS ACTION

No previous action to record.

WITNESS REGISTER

Edgar Blatchford
Department of Community & Economic Development
PO Box 110800
Juneau, AK 99811-0800

POSITION STATEMENT: Confirmation candidate

ACTION NARRATIVE

TAPE 03-1, SIDE A

CHAIR THOMAS WAGONER called the Senate Community and Regional Affairs Standing Committee meeting to order at 1:30 p.m. Members present were Senators Austerman, Elton and Chair Wagoner. Senator Lincoln arrived momentarily.

The matter before the committee was the confirmation hearing of Commissioner Edgar Blatchford. He asked him to step forward and tell members about himself.

EDGAR BLATCHFFORD, Commissioner of the Department of Community and Economic Development, informed members he has lived in Seward, Alaska most of his life. After graduating from Alaska Pacific University in 1973, he received his law degree from the University of Washington Law School. He returned to Alaska as the Alaska Native Claims Settlement Act was being further implemented and began working as a lobbyist for Chugach Alaska Corporation on land trade in Prince William Sound. During that time he purchased the Seward weekly Phoenix Log and when he wasn't working for Chugach Alaska Corporation, ran what became a chain of newspapers in rural Alaska.

In the 1980's he received a Master of Science degree from Columbia University Graduate School of Journalism. He returned to Alaska to work for Chugach Corporation to coordinate the litigation against all parties involved in the Exxon Valdez oil spill.

In 1990 he began serving in Governor Hickel's cabinet as Commissioner of the Department of Community and Regional Affairs. With a change of administration, he went to the University of Alaska, Fairbanks (UAF) and taught rural development courses. He then transferred to the University of Alaska, Anchorage (UAA) to teach journalism.

He served on the council and as vice-mayor and mayor for the City of Seward. He is currently on leave from UAA to accept the commissioner position.

The Department of Community and Economic Development (DCED) has gone through various amalgamations since 1959 when it started. There was a Department of Commerce and a separate Department of Economic Development and in 1970 Governor Eagan created the Department of Community and Regional Affairs (DCRA). Its primary mission grew out of the constitutional responsibility to have a local government agency to deal with issues and the lack of local government in the Unorganized Borough, but the Legislature attached other responsibilities to it in the 1970s and 1980s. In the 1990s it merged with the Department of Commerce and Economic Development into one large department with four divisions.

DCED provides basic services to Alaskans. It provides consumer protection through the division of banking, securities & corporations and the division of insurance and professional occupations and business licensing. It also promotes economic development through domestic and international promotion of tourism. It actively promotes the sale and acceptance of seafood, timber, minerals and other products. The department administers loan programs through the division of investments and works with communities to create local opportunities for local people.

The department houses the Alaska Seafood Marketing Institute (ASMI), Regulatory Commission of Alaska (RCA), Alaska Industrial Development & Export Authority (AIDEA) and Alaska Energy Authority (AEA), Alaska Aerospace Development Corporation (AADC), Alaska Science & Technology Foundation (ASFT), Alaska Railroad Corporation (ARRC). The department currently has 507 employees and costs the state approximately \$32 million per fiscal year with staff in Juneau, Anchorage, Fairbanks, Tok, Kotzebue, Nome, Dillingham, Bethel and Kodiak and Bellevue, Washington. The FY 03 budget is \$151 million and the unrestricted general fund portion of that is \$41 million or 27 percent of the budget.

DCED includes two percent of the statewide, unrestricted general funds. The department administers about \$74 million in grants to municipalities, unincorporated communities, and non-profits. Funding sources for the grants include but aren't restricted to the general fund, federal funds, Power Cost Equalization, Science and Technology Foundation endowment earnings, and inter-agency receipts. State revenue sharing or Safe Communities grant programs amount to about \$29 million for 2003.

SENATOR AUSTERMAN asked whether he had evaluated the restructuring effects of HB 40.

COMMISSIONER BLATCHFORD admitted he hadn't had the time to analyze the impact of the amalgamation of the two departments, but that he is partial to the old DCRA responsibilities of being an advocate for municipalities. When state government impacts communities, the municipalities need to participate in the decision making process.

SENATOR AUSTERMAN requested a written analysis on the effects of HB 40 at some point before the end of the legislative session

because when a move of that sort is made, it is important to critique the action.

COMMISSIONER BLATCHFFORD assured him he would receive a copy of his remarks and analysis.

SENATOR ELTON welcomed the Commissioner back to Juneau.

He asked for an interpretation of the transition team intent regarding restoring road construction authority to the governor rather than leaving that authority with the Legislature.

COMMISSIONER BLATCHFFORD explained the transition team meant to work closely with local communities and look at ways to streamline project procedures particularly in rural Alaska. His interest is to work with private landowners to look for ways to access their natural resources if they so desire. The team looked at ways to foster economic development in rural Alaska and determined it would be beneficial to develop a rural sub-cabinet from DCED, Department of Natural Resources (DNR) and Department of Transportation and Public Facilities (DOT&PF).

SENATOR ELTON saw no mention of local communities when he read the report. He did see a prerogative of one branch of government in its support role of funding projects, but realizes that was not the intent of the transition team.

COMMISSIONER BLATCHFFORD assured members the team in no way intended to encourage the Administration to bypass the legislative process.

SENATOR LINCOLN agreed with the Commissioner on the restructuring of DCRA.

In the State of the State address, Governor Murkowski said he has asked DCED to work with Native regional corporations to determine how the state might be able to help in resource development. The Governor said "...a close working relationship between the state and Alaska Native Corporations can provide the economic engine for rural Alaska..." Senator Lincoln assured the Commissioner Native Corporations provide the economic engine for all of Alaska. She asked for specifics on how the department intends to initiate the process.

COMMISSIONER BLATCHFFORD replied the idea of working with land-based corporations began with passage of the Alaska Native

Claims Settlement Act (ANCSA). It is a fair attempt to provide an avenue for Alaska Natives to participate in economic opportunities in Alaska. The team suggested the state has an obligation to work with regional and village corporations to look at priority projects because this area of the state is growing rapidly and some type of economic development is necessary or the state will suffer the consequences. This is the reasoning behind the formation of the tri-agency sub-cabinet, but there is not desire to impose any effort on any corporations unless invited.

SENATOR LINCOLN asked about the status of the second deputy commissioner position established to focus on rural affairs.

COMMISSIONER BLATCHFORD replied they are currently looking at all exempt and partially exempt positions. Attention is focused on rural Alaska needs and the department recognizes that the natural resource base for the state is located there. He is undecided whether the department should have two deputies, one deputy, or another division. Currently just one position is filled.

SENATOR ELTON noted the transition report suggested HB 184 issues should be revisited because it aligns the division of insurance regulations with a Graham Leach Bliley Act. Consumers must opt-in or opt-out on sharing financial and health information, which has very real privacy implications. He asked whether the department would revisit opt-in opt-out for individuals doing business in the State of Alaska.

COMMISSIONER BLATCHFORD said the intent of the division of insurance is to protect the consumer. The insurance industry is in a state of crisis and the department is looking at all insurance issues. They are paying very close attention to the industry as a whole and to what insurance consumers are saying.

SENATOR ELTON thought changing the opt-in opt-out provisions would require new legislation not regulatory change.

SENATOR LINCOLN said a constituent submitted the following question for her to ask: "How do you perceive the role of DCED and the office of fisheries and management and division of international trade and development in our state's fisheries?" She asked him to include ways he believes the department can improve and support the fishing industry in his answer.

COMMISSIONER BLATCHFFORD stated he has worked on fishing related issues his entire career and the industry is in a state of crisis today. He and his department will be a part of the ongoing discussions of how to assist fishermen and the processing industry. It is a huge issue and although suggestions have been made, none have, as yet, found firm footing. The focus is to protect the fisherman, protect communities and find ways that everyone's interests are fairly and adequately served.

SENATOR LINCOLN asked Senator Austerman whether she needed to follow up on the response.

SENATOR AUSTERMAN replied it is too early in the Administration to give a concrete answer.

SENATOR LINCOLN noted the 129 communities she represents dot the map and she is nervous about further cuts to rural Alaska when she hears that some agencies may need impact statements detailing outcomes of a five to ten percent cut. She asked where the Commissioner sees cuts that rural Alaska can absorb.

COMMISSIONER BLATCHFFORD said there is no definitive answer at this time. He assured her he takes the responsibility to head the agency seriously and is dedicated to providing local services to the Unorganized Borough. Any cuts would be fairly and honestly addressed.

SENATOR AUSTERMAN noted some things have been added to the department that are not tied to the Alaska State Constitution and legislators would like to hear how involved the state and department should be in these areas. He asked for a report on those types of agencies at a later date.

COMMISSIONER BLATCHFFORD replied they are flexible in their thinking.

SENATOR ELTON highlighted some of his special interests concerning the department:

- Sometimes the department hasn't done a very good job of setting milestones toward goals and then measuring progress toward those goals. As a leader, it's important to have a good measuring stick and he hopes that is part of the management strategy.
- He is a firm proponent of the bottom up approach to economic development. Homegrown efforts, based on the region, are sometimes more important than top down initiatives. He is

frustrated at the micro managing of some affiliated agencies.

- He complemented the Commissioner on the management team he is bringing in and expressed the hope he would keep the equally good managers already in place.

There was no further testimony.

CHAIR WAGONER asked for a motion.

SENATOR AUSTERMAN made a motion to forward Edgar Blatchford's name as Commissioner of the Department of Community and Economic Development to the full Senate for confirmation.

There being no objection it was so ordered.

There being no further business to come before the committee, Chair Wagoner adjourned the meeting at 2:10 p.m.