

MINUTES
SENATE FINANCE COMMITTEE
March 25, 2003
9:02 AM

TAPES

SFC-03 # 29, Side A
SFC 03 # 29, Side B
SFC 03 # 30, Side A

CALL TO ORDER

Co-Chair Gary Wilken convened the meeting at approximately 9:02 AM.

PRESENT

Senator Gary Wilken, Co-Chair
Senator Lyda Green, Co-Chair
Senator Con Bunde, Vice Chair
Senator Lyman Hoffman
Senator Ben Stevens
Senator Donny Olson
Senator Robin Taylor

Also Attending: KEVIN BROOKS, Director, Division of Administrative Services, Department of Fish and Game; MIKE MAHER, Director, Division of Statewide Public Service, Department of Environmental Conservation; KRISTIN RYAN, Acting Director, Division of Environmental Health, Department of Environmental Conservation

Attending via Teleconference: From Wrangell: JULIE DECKER, Regional Director, Southeast Alaska Dive Association; From an Offnet Site: TOM CHAPPLE, Director, Division of Air & Water Quality, Department of Environmental Conservation

SUMMARY INFORMATION

SB 100-APPROP: CAPITAL PROJECTS

The Committee heard presentations from the Department of Fish and Game and Department of Environmental Conservation. The bill was held in Committee.

#sb100

SENATE BILL NO. 100

"An Act making capital appropriations and reappropriations; capitalizing a fund; 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."

This was the sixth hearing for this bill in the Senate Finance Committee.

Co-Chair Wilken distributed a financial summary titled "FY 04 Distribution of Alaska's NPR-A Royalties" [copy on file] that his office prepared as result of the discussion on this matter during the Department of Community and Economic Development presentation at the March 24, 2003 Committee meeting.

Department of Fish and Game

Deferred Maintenance Facilities

\$ 400,000 general funds

Reference No.: 30128

Project Type: Deferred Maintenance

Category: Health/Human Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2008

On-Going Project

This project will provide for repair, maintenance and renovation of department facilities statewide.

KEVIN BROOKS, Director, Division of Administrative Services, Department of Fish and Game, explained that this is the first of five deferred maintenance capital project requests, totaling \$1.8 million in general funds, that the Department would be presenting. Mr. Brooks stated that this annual deferred maintenance request would address deferred maintenance needs for such things as bunkhouses, warehouses, laboratories, and offices in more than 40 communities, statewide. He communicated that while a total deferred maintenance need of \$4 million has been identified, the projects that have been deemed "critical needs" are included in this request and are listed in the backup information. Furthermore, he attested, these projects would be addressed on an "urgent" repair need basis with consideration being given to life, health and safety code issues. He specified that the goal of upgrading a facility is to provide it with an additional twenty-year life.

Vessel and Aircraft Repair and Maintenance
\$ 300,000 general funds
Reference No.: 30129
Project Type: Renovation and Remodeling
Category: Natural Resources
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2003 - 06/30/2008
On-Going Project

This project will provide funding to maintain the department's research vessels and aircraft, which are used to support fishery monitoring efforts and stock assessment programs. Maintenance work to be done includes replacing the gensets, sandblast and paint, overhaul engines, general yard work and inspection, and replacing fishing gear and aircraft manuals. A portion of this CIP will be used to replace the O'Kisutch, and unstaffed vessels used in SE Alaska.

Mr. Brooks stated that this deferred maintenance request would address the needs of aircraft and five research vessels that are used in the Division of Commercial Fisheries. He stated that this request would address large maintenance projects as he specified that routine maintenance needs are included in the Department's operating budget.

Senator Olson asked the number of aircraft operated by the Division.

Mr. Brooks specified that the Division operates four aircraft, and charters aircraft and uses commercial planes as needed. He communicated that the costs associated with the chartering of commercial aircraft and vessels has historically exceeded \$2.5 million annually.

Senator Olson clarified, therefore, that the Division contracts with private pilots.

Mr. Brooks confirmed.

Senator Olson asked whether the State has recently changed contract requirements.

Mr. Brooks stated that no changes have occurred. He noted that the Department maintains a list of private airline companies that meet the Department's specified requirements.

Senator Olson voiced the understanding that these eligibility requirements have been expanded at the request of private pilots

who are currently under contract with the State.

Mr. Brooks replied that he is unaware of any recent changes. He asked that specifics be provided.

Senator Olson communicated the understanding that the requirements being mandated for contract pilots now exceeds the requirement levels of State employed pilots.

Mr. Brooks stated that he would investigate this concern.

Senator Olson asked the number of State employed pilots.

Mr. Brooks stated that he would supply this information.

Senator Olson asked the number of accidents that have been experienced by State aircraft to warrant this \$300,000 request.

Mr. Brooks noted that no aircraft accidents have occurred recently, and he communicated that this request is "weighted toward" State vessel maintenance as opposed to aircraft repair. He stated that the purpose of this request is to avoid accidents that might result from maintenance needs.

Senator Olson asked for confirmation that aircraft engine overhauls are included in this request.

Mr. Brooks expressed that although the majority of this funding would be used to support vessel maintenance, aircraft engine overhaul would be provided if necessary.

Senator Olson stated that overhauling an engine is detailed work and requires extensive equipment. He asked whether this procedure would be conducted in house.

Mr. Brooks specified that in addition to Department employees, the State contracts with commercial providers to perform maintenance when the scope of the work exceeds the abilities of employees or equipment. He stated that contract work is conducted on both aircraft and vessel repairs.

Senator Bunde observed that the State maintenance facility where this work is usually conducted is capable of providing fabric and sheet metalwork; however, he concurred with Senator Olson that engine overhaul capabilities might be limited.

Senator Olson opined that the specialized type of equipment that is required for engine overhauls is not available in the State

facility.

Senator Taylor asked whether the Department would be purchasing any new equipment in FY 04.

Mr. Brooks responded that no vessel replacement is being requested in this budget; however, he reminded that the Department received authority in FY 03 to purchase a replacement vessel.

Senator Taylor asked whether the reference in the backup material specifying that \$100,000 of this request would be used toward the replacement of the M/V O'Kisutch, is a continuation of the FY 03 vessel replacement authorization.

Mr. Brooks replied no as the FY 03 authorization would provide for a larger manned vessel. He clarified that the M/V O'Kisutch is an older "unmanned" vessel.

Senator Taylor asked for further information pertaining to the purchase of a gillnet boat used for patrol in the Petersburg area.

Mr. Brooks clarified that this vessel, the M/V Kittiwake, was purchased a few years prior. He stated that there were two respondents to the Department's solicitation for a vessel, and that a purchase transpired. He stated that "extensive" documentation regarding this purchase is available.

Senator Taylor declared that the "vessel was purchased out of personnel funds." He communicated that the response to his inquiry regarding how the Department could use personnel funds in this manner was that because the Department's management believed that the Legislature was not going to appropriate funds for the boat, they used personnel funds to purchase it. This action, Senator Taylor attested, prompted him to ask whether the Department has plans to purchase another boat.

Mr. Brooks responded that the vessel in question was purchased with a combination of operating and capital funds. He stated that the Division of Commercial Fisheries annual budget is approximately \$45 million, and he furthered that upon a fourth quarter budget review of the year in question, it was determined that operating funds were available to supplement capital funds that were appropriated toward the purchase of a replacement vessel.

Senator Taylor asked whether the Department would leverage personnel funds in this manner again.

Mr. Brooks communicated that operating funds were leveraged in this

purchase. He could not confirm that personnel funds were used.

Senator Taylor avowed that they were and that he could produce documentation to substantiate this.

Mr. Brooks responded that \$100,000 is a very small percent of the Department's overall \$45 million operating funds budget, and he stated that it would be difficult to ascertain whether the monies that Senator Taylor is referring to were used to refurbish the vessel, purchase the vessel, or to provide maintenance funding. He stated that, as historically conducted, the Department includes vessel replacement requests in its capital budget requests, and, in conclusion, he specified that the vessel appropriation that has been granted to the Department would be used toward that purpose.

Senator Olson voiced that it is "almost disturbing" that the testifier is "justifying" the Department's action in this matter. Furthermore, he voiced concern that the Department might be utilizing its operating budget appropriation "indiscriminately" and without regard "to Legislative oversight." With that in mind, he asked whether the Department has plans to purchase any new aircraft in FY 04.

Mr. Brooks responded that no new aircraft would be purchased in FY 04. He responded to Senator Olson's comments by stating that the Department respects the authoritative position of the Legislature and does not spend its funds in an indiscriminate manner.

Senator Olson asked to be provided a copy of the documentation that Senator Taylor referenced.

Mr. Brooks stated that documentation regarding the purchase of the vessel would be provided.

Co-Chair Wilken asked Senator Taylor to provide a copy of the aforementioned documentation to Senator Olson.

Co-Chair Wilken summarized the testifier's comments to be that, to Mr. Brooks' "knowledge, there is no plan in the FY 04 budget to leverage operating funds to purchase capital equipment, and if there is," the testifier would inform the Committee of the situation.

Mr. Brooks concurred and stated that, other than the equipment specified in the operating budget request, no other equipment would be purchased.

Senator Hoffman noted that the backup material indicates that other

Departments utilize some of the Department of Fish and Game's aircraft and vessels. He asked how often this occurs.

Mr. Brooks responded that the Department permits other Departments and agencies such as the Department of Public Safety to use its aircraft and vessels "in the off-season," when fishery research is not being as heavily conducted. He stated that detailed "charter day" information could be provided.

Dock Repairs, Maintenance & Replacement
\$ 300,000 general funds
Reference No.: 6916
Project Type: Deferred Maintenance
Category: Health/Human Services
Location: King Salmon
Election District: Bristol Bay/Aleutians
Estimated Project Dates: 07/01/2003 - 06/30/2008
Phased Project

Safe and functional docks and waterfront facilities are critical for the department to perform many of its primary missions. The department has identified structural deficiencies at its King Salmon, Cordova and Petersburg facilities. The scope and magnitude of the needed repairs has resulted in separate funding requests apart from our annual deferred maintenance project for facilities. The department has taken a phased approach to these projects and has received funding in each of the past three fiscal years. Continued funding in the FY 2004 CIP budget should provide for completion of the King Salmon project and initiate the design phase for the Cordova dock project, to be completed in FY 04-06.

Mr. Brooks explained that while this is a deferred maintenance need, the cost of some projects, such as this King Salmon dock repair project, would utilize the majority of the historical deferred maintenance appropriation. Therefore, he noted that these projects are being presented separately from the deferred maintenance multi-project request. He stated that in addition to providing funds for the final phase of the King Salmon dock facility, which is also used by the Division of Fish & Wildlife Protection in the Department of Public Safety, this request would provide funds to conduct design work for the Cordova Dock, and address the refurbishment of the Petersburg dock facility.

Warehouse/Bunkhouse Replacement Cordova, Bethel
\$ 450,000 general funds
Reference No.: 37932
Project Type: Health and Safety

Category: Development
Location: Cordova
Election District: Cordova/Southeast Islands
Estimated Project Dates: 07/01/2003 - 06/30/2008
Phased Project

Previous deferred maintenance CIP Budgets have routinely listed major projects necessary to upgrade and maintain compound facilities in Cordova and Bethel as well as other statewide compounds. Due to the size of the projects needed in these locations, they no longer fit into a general deferred maintenance request. This proposal will fund the replacement and upgrade of employee housing and warehouse facilities at Cordova and Bethel. Both of these installations are long-time ADF&G compounds and have reached the point where maintenance is not an option. Replacement and upgrades to the facilities are now warranted.

Mr. Brooks specified that this project would replace "very old and dilapidated" mobile homes and trailer bunkhouse facilities in Cordova and Bethel with commercial modular style units that are specifically designed for the Alaskan environment in order to provide safe and dry accommodations to field season workers. He stated that this is a phased project with a total estimated cost of \$1.3 million. He stated that because the Department conducts "joint missions", it would work collaboratively with other agencies and departments such as the Department of Public Safety.

Senator Taylor asked whether these facilities provide seasonal or year-round housing.

Mr. Brooks clarified that these facilities operate seasonally and would house approximately twelve employees during peak times.

Senator Taylor clarified that both the Cordova and King Salmon facilities would be used seasonally.

Mr. Brooks concurred.

Kenai River Sonar Site Bunkhouse and Lab
\$ 350,000 general funds
Reference No.: 37808
Project Type: Renewal and Replacement
Category: Natural Resources
Location: Kenai
Election District: Kenai/Soldotna
Estimated Project Dates: 07/01/2003 - 06/30/2008
One-Time Project
This CIP request will replace the aging trailer house at the

Kenai River mile 19 sonar site. The new facility would be a modern modular house similar to the one recently installed at King Salmon.

Mr. Brooks specified that this funding would allow the construction of a new facility to replace the 30-year old, 1200 square foot seasonal-use mobile home that currently serves as a bunkhouse, a laboratory, and a storage facility at the Mile 19 Kenai River sonar site.

Senator Bunde asked how this facility, as well as the King Salmon and Cordova facilities, are mothballed and maintained during the off-season.

Mr. Brooks responded that winterization of these well-insulated "Alaska Pack" designed facilities would be conducted in the fall by "basically draining the pipes." He noted that while the bunkhouses would not be utilized during the winter, year-round Department staff would be able to monitor any maintenance needs that might arise.

Co-Chair Wilken asked the number of people who could be housed at the Kenai River site.

Mr. Brooks responded that there are two bunks in each of the two bedrooms and that on a temporary basis, the facility could house up to eight people.

Co-Chair Wilken surmised therefore that the bunkhouse would accommodate between four to eight people.

Mr. Brooks concurred.

Senator Taylor asked pertaining the need to double the size of these facilities at a per-cost of approximately \$300,000 when traditional facilities have been much smaller and less costly.

Mr. Brooks responded that the Department recognizes that the current facilities are "inadequate" and do not properly protect the State's personnel and modern sonar and laboratory equipment. He stated that the modular units being proposed, while expensive, should be considered as an investment because they would function efficiently and would protect personnel, equipment, and information for the long-term. He noted that transportation costs additionally contribute to the expense.

Senator Taylor voiced that the expense is unwarranted.

Co-Chair Wilken announced, for the record, that the Fairbanks, Wrangell, and Anchorage Legislative Information Offices (LIOs) are on teleconference.

Senator Taylor requested that the Committee's Department of Fish and Game subcommittee investigate the effectiveness of the sonar equipment and the data that is being generated. Furthermore, he understood that the equipment is unable to differentiate between fish species effectively.

Co-Chair Wilken commented that Senator B. Stevens is the chair of the Department of Fish and Game subcommittee.

Mr. Brooks noted that while older sonar technology has difficulty detecting differing types of species, "the new technology is much improved in that regard."

Waterfowl Conservation and Enhancement Program
\$ 256,700 Fish/Game
Reference No.: 35896
Project Type: Planning
Category: Natural Resources
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2003 - 06/30/2008
On-Going Project

Reauthorize and appropriate funds to continue the Waterfowl Conservation and Enhancement Program for five years. This program was established through the state duck stamp act (Ch. 71 SLA 1984) and operates in accordance with AS 16.05.826 and AS 16.05.130(b). By legislative intent and specified purposes, it funds conservation projects that provide benefits to waterfowl and public use of waterfowl. This CIP is intended to sustain a long-term program of land acquisition and easements to secure valuable waterfowl habitats and public access, resource enhancement projects and a variety of conservation activities to increase public appreciation of waterfowl and their habitats.

Mr. Brooks stated that, to date, \$1,270,000 of the total \$1,526,700 proceeds generated from the sale of duck stamp art prints, has been appropriated to support waterfowl conservation projects in the State. He explained that this request would allow the remaining \$256,700 to be appropriated to the Department via proposed accompanying operating budget companion language that would specify that this money be transferred from the general fund to the Fish & Game Fund, as he noted, that while the revenue from the prints is earmarked in this manner, the proceeds from the sale of duck stamps

are deposited into the general fund.

Senator Bunde voiced appreciation for the Department's efforts in this endeavor; however, he noted that marketing efforts promoting the sale of these prints have "been less than enthusiastic." He asked whether the issue of promoting sales would be addressed.

Mr. Brooks acknowledged that waterfowl print revenue has been declining since its inception fifteen years prior. He noted that while the prints continue to be popular with collectors, promoting single sales to new consumers has been challenging. In addition, he explained that only one vendor sells the prints.

Senator Bunde asked whether other marketing opportunities, such as utilizing the prints' artists' marketing venues, are being considered.

Mr. Brooks acknowledged that a successful marketing plan is important; however, he stated that the program coordinator would be required to provide further information regarding these efforts.

Senator Olson asked whether economic factors might result in the program being discontinued.

Mr. Brooks voiced that the waterfowl stamp program would continue; however, he stated that in order to continue the print program, it must to "self-supporting."

Senator Taylor asked what specific land acquisitions have been realized as a result of the program.

Mr. Brooks stated that specific information would be supplied to the Committee; however, he noted that, in general, the land that has been acquired includes such things as small estuaries, small parcels of prime habitat, and other areas that are unsuitable for development. He identified the Palmer Hay Flats as one of these land acquisition enhancement areas.

Senator Taylor asked whether these funds would be utilized to provide access routes to other lands or whether the land that is purchased would be acquired and then "locked up."

Mr. Brooks responded that the Department manages a separate access program. He furthered that this funding is specified to further habitat enhancement, and that, while some small parcels are purchased, that is not the primary purpose of the program.

Senator Taylor inquired as to the definition of habitat

enhancement.

Mr. Brooks replied that habitat enhancement efforts include such things as controlled burns.

Senator Bunde voiced that it is important to note that duck hunting is encouraged rather than discouraged or prohibited in these areas. He exemplified that the funds have allowed the Department to actually improve access routes in such places as the Palmer Hay Flats State Game Refuge.

Senator Hoffman asked what the average acquisition cost per acre is for these habitat enhancement areas.

Mr. Brooks noted that this information is included in the backup material.

Senator Hoffman expressed that the amount of \$41 per acre, that is referenced, appears to be a low price.

Mr. Brooks specified that \$41 an acre was the price paid for the Palmer Hay Flats area. He furthered that the price per acre would vary from parcel to parcel. He verified that the purpose of these acquisitions is not to purchase land and "set it aside," but is to create areas and access to areas to provide areas where people could hunt.

Senator Hoffman requested that the average price per acre for the previous three years of these land acquisitions be provided to the Committee.

AT EASE 9:41 AM / 9:41 AM

Sport Fish and Recreational Boating and Non-Boating Access
Projects

\$ 2,600,000

\$1,950,000 Federal Receipts

\$ 650,000 Fish/Game

Reference No.: 30432

Project Type: Construction

Category: Development

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2008

On-Going Project

State Match Required

This project will provide funds to the Division of Sport Fish to construct boating and sport fishing access facilities

throughout the state. The Sport Fish Restoration (SFR) program requires that 15% of the federal funds available to Sport Fish be used for recreational boating access development. SFR funds may also be used to develop access facilities for non-boating anglers.

Mr. Brooks explained that Fish & Game funds would provide the 25 percent match that is required for this program, which would provide access to fishing sites throughout the State.

Senator Taylor asked which specific projects would be conducted this year.

Mr. Brooks responded that the Department would supply a list to the Committee.

Co-Chair Wilken asked whether the State match would be funded by revenue generated from the sale of State fishing licenses.

Mr. Brooks responded in the affirmative.

Transient Boat Moorage Facilities

\$ 500,000 Federal Receipts

Reference No.: 35714

Project Type: Construction

Category: Development

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2008

On-Going Project

This project will provide funds to the Division of Sport Fish for new transient moorage docks for large recreational boaters. The work will be accomplished by working cooperatively with local communities.

Mr. Brooks explained that this project would provide transient moorage specifically geared for vessels 26 feet or longer. He noted that this "safe harbor" moorage would provide vessels in transit with "rest stop" amenities along the water, particularly in Southeast Alaska, that would be similar to "rest stops along a highway."

Co-Chair Wilken asked that a list of proposed FY 03 and FY 04 projects be supplied to the Committee.

Senator Taylor questioned whether the Department would be coordinating these moorage facilities with the Division of Parks & Outdoor Recreation in the Department of Natural Resources, as he

understood that there is not currently a single buoy or mooring facility, picnic table, or outhouse at any of these 17 designated marine parks in Southeast Alaska.

Mr. Brooks responded that the Department "works hand in hand" in coordinating both the on-land access projects referenced in the Sport Fish and Recreational Boating and Non-Boating Access Projects, Reference No. 30432 and this transient moorage project.

Senator Taylor asked that a list of the moorage facilities that would be constructed within these 17 marine parks be provided to the Committee.

Mr. Brooks stated that this information would be provided.

Co-Chair Wilken asked whether this type of federal funding support is anticipated to continue.

Mr. Brooks responded that the access projects would continue to receive federal funding because 15 percent of those funds is designated to support access projects; however, he noted that the federal transient boat moorage funding is inconsistent. He surmised that, in the future, it might be allocated on a biennial basis.

Equipment for Wildlife Conservation Programs Statewide

\$ 100,000 Fish/Game Funds

Reference No.: 35794

Project Type: Equipment

Category: Natural Resources

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2008

On-Going Project

Wildlife Conservation deferred equipment replacement and maintenance for several years in order to more fully fund management and research programs necessary for responsible resource management. Division staff in 23 locations have a constant need to replace outdated and broken equipment for field research and management. In some cases this outdated equipment is no longer safe or reliable under normal field use and conditions. Needed equipment includes: snow machines, printer/plotter, all-terrain vehicles, outboard motors & boats, and aircraft engines.

Mr. Brooks stated that this project would provide standard equipment replacement for such things as snowmobiles and skiffs as required in the operation of the Department's management programs.

Senator Bunde asked the Department's involvement in the land mobile radio (LMR) system.

Mr. Brooks responded that while the Department has been involved in discussions being conducted by the Department of Administration and the Department of Military and Veterans Affairs, its involvement could be characterized as a "small player." He attested; however, that the Department would benefit from the implementation of the LMR communications system.

Senator Bunde encouraged the Department to calculate the expense of implementing that system and "when appropriate" supply that information to the Committee.

Senator Taylor noted that this request would fund aviation safety helmets and aircraft engine repair. He asked whether these safety helmets are a new requirement.

Senator Olson voiced support for utilization of aviation helmets.

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Senator Olson voiced that the maintenance of aviation headsets and other equipment is important.

Senator Taylor inquired why aircraft engines are included in this request, as he noted they are also specified in Reference No. 30129, Vessel and Aircraft Repair and Maintenance.

Mr. Brooks responded that the Reference No. 30129, Vessel and Aircraft Repair and Maintenance, pertains to equipment for the four aircraft operated by the Division of Commercial Fisheries, while this request refers to the two aircraft operated by the Division of Fish & Wildlife.

Senator Olson voiced support for providing Department personnel with aviation headsets, as he attested, this allows them to provide their own equipment when using contract aircraft.

Senator Taylor voiced support for the use of headsets.

Senator Taylor asked that a complete inventory of State aircraft and their usage areas be provided to the Committee. He calculated that, in addition to the six aircraft owned by the Department of Fish and Game, approximately 46 are operated by the Department of Public Safety, and one is owned by the Department of Natural

Resources.

Mr. Brooks stated that the Department would supply a list of its aircraft. He noted that in addition to the aircraft owned by the Department, contract aircraft and vessels, at an expense of two million dollars a year, are also used by the Department.

Senator Olson declared that that the cost of contract aircraft is justified, as the expense the State would incur from aircraft maintenance on a year-round basis, is exorbitant.

Co-Chair Wilken asked Senator Taylor to clarify his question concerning the total number of State-owned aircraft.

Senator Taylor voiced that the information regarding the type, quantity, and usage of State-owned aircraft should be compiled. He echoed Senator Olson's earlier concern regarding whether the Department has recently increased the number of qualifying hours that a pilot must have in order to be considered for a State contract.

Co-Chair Wilken asked the Department to compile a list of the aircraft that it owns and has under contract. He stated that this information would be requested from other Departments as well. He noted that the Department would also supply information pertaining to private pilot contracts with the State.

Senator Olson also voiced concern regarding the State's mandated insurance coverage per seat per aircraft, as he understood that the required coverage has increased from \$150,000 per seat to \$300,000 per seat.

Mr. Brooks replied that rather than the per seat insurance increase being initiated by the Department, the change was dictated either by federal or State law. He stated that he would investigate the situation.

Senator Olson declared that \$300,000 is "an odd number" as some aircraft certificates require \$500,000 per seat coverage as opposed "to this seemingly arbitrary" \$300,000 requirement.

Nearshore Marine Research Studies - V
\$ 998,000 Federal Receipts
Reference No.: 38484
Project Type: Planning
Category: Natural Resources
Location: Statewide
Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2008

One-Time Project

Funds from the National Marine Fisheries Service (NMFS) will be used to develop nearshore commercial fisheries that foster economic development of coastal communities.

Mr. Brooks stated that this is a federally funded project whose goal is to enhance and promote small nearshore fisheries. He stated that previous nearshore species that have been economically developed include sea urchins, sea cucumbers, razor clams, and geoducks.

Co-Chair Wilken noted that four million dollars has been spent during the previous two years, and he asked how the program's results are being measured.

Mr. Brooks responded that usually this type of program would be included in the operating budget; however, he continued its "three-year horizon" funneled it to the capital budget. Nonetheless, he stated that the Committee's Department of Fish & Game operating budget subcommittee has discussed this program. He furthered that the success of the program is gauged by whether a fishery could be developed and thereby, provide an economic opportunity to fishermen.

Co-Chair Wilken asked whether this federal funding is expected to continue.

Mr. Brooks stated that this is the fifth year that the funds have been made available; therefore, he believed the program would continue.

Senator Hoffman asked the "Department to report what activities have taken place along the Aleutian chain and north of that."

[Note: There was no verbal response from the Department.]

Senator Taylor voiced concern regarding nearshore stock assessments, and he recommended that the Committee's Department of Fish & Game subcommittee consider contracting stock assessments out to qualified personnel as, he asserted it requires "significant" training and experience to conduct stock assessments. He declared that the State "has spent a fortune" on training and outfitting divers who do not have the required stock assessment skills. He stated that while the fisheries have been expanded, the expansion should have been larger. Furthermore, he noted that as time goes by, the State's divers have gained more experience; however, he continued to voice disappointment in the growth of the nearshore

"dive industry." He suggested that in addition to the option of subcontracting out the dive assessment responsibility, the University of Alaska Marine Science program should be considered to conduct the work. He stated that some marine fishery resource stocks such as the red stickleback have been "almost decimated" as a result of the slow response and interpretation of current stock assessment methodology. He stressed that the stock assessment program should be re-evaluated.

Co-Chair Wilken suggested that discussions on this matter should include the recently appointed Commissioner of the Department of Fish and Game.

Mr. Brooks agreed that this would be beneficial. He noted that the Department contracts with commercial divers for the very reason Senator Taylor spoke of, and he suggested that Senator Taylor should also be involved in the discussions.

Bering Sea Crab Research- FY 04
\$ 1,000,000 Federal Receipts
Reference No.: 38485
Project Type: Planning
Category: Natural Resources
Location: Kodiak
Election District: Kodiak
Estimated Project Dates: 07/01/2003 - 06/30/2008
One-Time Project
Funds from the National Marine Fisheries Service (NMFS) will be used to conduct research on various crab species in the Bering Sea.

Mr. Brooks noted that this is the second year this federal funding has been made available to conduct king and tanner crab stocks research in the Bering Sea and Aleutian Islands. He noted that the State manages this resource and coordinates activities with the National Marine Fisheries Service (NMFS).

Senator Olson asked whether any research activity would be conducted to address the crab fishery in Norton Sound.

Mr. Brooks responded that although he is unavailable to attend today's meeting, Doug Mecum, the Director of the Division of Commercial Fisheries could provide the answer to that question.

Senator Olson avowed that nothing is being done in that area. He shared the Norton Sound Economic Development Council's comments that attested that, as a result of no research being conducted, "fairly conservative" limitations are being placed on the crab

fishery in the area.

Mr. Brooks commented that the information regarding research plans for the Norton Sound area would be provided.

Senator Bunde asked that the total amount of State and federal funding that has been spent to subsidize commercial fishing in the last three years be provided to the Committee. He stated that he interprets the phrase "develop commercial fisheries" to equate to "subsidize commercial fisheries."

Co-Chair Wilken responded that Senator Bunde's question would be addressed.

Senator B. Stevens informed the Committee that, due to funding constraints, crab stock assessments have not been conducted on an annual basis in several areas, including Norton Sound, and he understood that the funding in this request would be used to conduct assessments on the large red and tanner crab fisheries in the central Bering Sea area. He communicated that, for several years, only two of the seven types of crab fisheries in the Bering Sea have received annual in-season stock assessments.

Senator Olson stated that this affirms that nothing is being done in the Norton Sound area.

Senator B. Stevens agreed that, in addition to the Norton Sound area, many areas have not received any research funding.

Wildlife Conservation Laboratory Remodel
\$ 150,000 Fish/Game Funds
Reference No.: AMD 38528
Project Type: Renovation and Remodeling
Category: Development
Location: Anchorage Areawide
Election District: Anchorage Areawide
Estimated Project Dates: 07/01/2003 - 06/30/2008
One-Time Project
Amendment

The Division of Wildlife Conservation has a need for additional research laboratory space in Anchorage. There is existing space within the Anchorage Regional Office that can be remodeled, and combined, while upgrading an existing lab that will result in a dual function research laboratory to meet our needs. Funds will be utilized for professional design services, construction, and the purchase and upgrade of necessary equipment. Some new laboratory equipment planned for the remodeled facility will be acquired with existing federal

project funds. The department has received a positive preliminary permitting and code compliance review from the Municipality of Anchorage/

Co-Chair Wilken identified this request as an amendment that was received on March 24, 2003.

Mr. Brooks explained that some square footage in the Anchorage Regional Office that is currently being used as a warehouse could be remodeled to accommodate needed wildlife research laboratory space.

In response to a question from Senator Bunde, Co-Chair Wilken explained that the NPR-A handout that he distributed at the beginning of the meeting reflects his calculations regarding the NPR-A FY 04 allocation of royalties as follows.

FY 04 Distribution of Alaska's NPR-A Royalties

Federal NPR-A Receipts	\$67,200,000
Alaska's Gross Receipts (50% of federal receipts)	\$33,600,000
Grants to Municipalities (First Priority)	
	<u>(\$25,011,457)</u>
Net (Gross Receipts less Grants)	\$8,588,543
Deposit to Permanent Fund (25% of Net)	
	(\$2,147,135)
Deposit to the Public School Trust Fund	
(.5% of Net)	(\$42,942)
Amount available for appropriate to the Power Cost	
Equalization and Rural Electric	
Capitalization Fund	(\$6,398,466)
Deposit to the General Fund	\$0

Co-Chair Wilken communicated that NPR-A's obligation to fund Grants to Municipalities first, renders it unable to contribute to the State's general fund account. Continuing, he communicated that this presents "a problem" in that the State's Constitution specifies that 25 percent of all State royalties must be contributed to the Permanent Fund. However, he clarified that, in NPR-A's case, 25 percent of the net, or the amount remaining after the Grants to Municipalities is allocated, is contributed. He stated that this is "disturbing" because it is contrary to language in the State's Constitution. He pointed out that this situation indicates that "our State statutes and our federal law have trumped our State Constitution, and indeed, today, we are spending the next generation's monies out of NPR-A on ourselves, and not putting any

aside as our Constitution says we should." He noted that while he has no solution to the situation, he believed the "problem" should be "highlighted." Continuing, he stated that, "we should all be concerned about the way that we have interpreted NPR-A development as it doesn't benefit the general funds nor the Permanent Fund to the degree that people of Alaska think it does or should."

Senator Bunde declared that "the Alaska Constitution trumps all statutes," and therefore, he asked whether a legal opinion been requested.

Co-Chair Wilken stated that an existing legal ruling specifies that, "in this particular case, because of federal law" the deposit to the Permanent Fund is net receipts. However, he stated that this ruling should be questioned, because he "can't square this with the Constitution."

Senator Bunde questioned, therefore, whether the State should continue to promote development that is done at the State's expense.

Senator Taylor noted that the handout specifies that NPR-A funds the Public School Trust and the Power Cost Equalization (PCE) program.

Co-Chair Wilken responded that the Legislature could determine whether the funds would support PCE or the general fund.

Senator Taylor opined that because the Public School Trust predates the Constitution, funds to it are allowed to be dedicated funds. However, he stated that the funds could be dedicated, instead, to education. Continuing, he noted that the Legislature could specify that the funds currently being allocated to PCE could be allocated elsewhere; however, he recalled that the allocation of NPR-A funds to the PCE program was the result of a [unspecified] commitment to provide a funding mechanism for the PCE foundation.

Co-Chair Wilken voiced that this is an issue that should be addressed. He concluded that he has provided this information to alert the Legislature that the NPR-A funding allocations do not support the State's Constitution. He concluded that the words "'of net' are what we are wrestling with today."

Pacific Coastal Salmon Recovery Fund
\$ 21,857,000 Federal Receipts
Reference No.: 33647
Project Type: Planning
Category: Development

Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2003 - 06/30/2008
On-Going Project

The federal fiscal year 2004 (FFY03) appropriations legislation contains funding for the Pacific Coastal Salmon Recovery Fund. A total of \$115 million was appropriated for the states of Alaska, Washington, Oregon, and California. Coordination of the fund is through the respective Governor's offices. The Alaska portion of the federal FY03 appropriation is \$21.857 million. The Alaska portion if this funding comes to the state through a Memorandum of Understanding designating Alaska Department of Fish and Game as the program manager.

Mr. Brooks explained that this would be the fourth year that the federal government has allocated Pacific Coastal Salmon Recovery Funds to the State as part of a four-state appropriation. He stated that to date, the State has received \$60 million in funding. He clarified that, in actuality, the federal appropriation is made to the Office of the Governor. Continuing, he noted that the purpose of the fund is to provide for salmon habitat restoration, salmon stock enhancement, and salmon stock research, and construction of salmon stock research facilities. He stated that of the total FY 04 four-state allocation of \$115 million, Alaska would receive \$21,857,000. He noted that the Department and the administration of Governor Murkowski have been discussing how to best utilize these funds.

Senator Hoffman asked when the Department and the Administration would be able to provide "the particulars" of this request to the Legislature.

Mr. Brooks responded that the money has been allocated to the State, and, upon Legislative approval, the funding would be available as of July 1, 2003. He noted that the majority of the proposed projects would be approximately five-year programs.

Senator Hoffman acknowledged that \$13.7 million of the total State allocation would be earmarked for federally identified projects. However, he questioned as to whether the Legislature or the Governor's Office would make the final determination as to how the State's portion of the money would be allocated.

Mr. Brooks responded that the State currently has a Memorandum of Understanding with "the National Fisheries Service on the implementation of this program" as well as "the overriding criteria" to which the funding must be allocated. He stated that a stakeholders project review panel determined the State funding

allocations during the previous three years.

Senator B. Stevens affirmed that a portion of this money is federally earmarked to fund specific projects while a portion of it could be utilized in the Governor's budget at the Governor's discretion. He mentioned that "the stakeholder panel that reviewed grant applications" as established by the prior administration of Governor Tony Knowles was considered to be an "onerous application process." Furthermore, he noted that some of the projects that were funded, in some people's interpretations, did not fit the specified salmon enhancement project criteria. He stated that the current Administration is reviewing the grant procedure in order to determine a new process through which funds would be distributed. He mentioned that, in addition to providing funds to the four western states, some funds are also allocated to Canada as part of the Pacific Salmon Treaty agreement. He noted that the Administration, and in particular, former Senator Alan Austerman who is currently the Governor's Fisheries Policy Advisor, are reviewing the process in order to determine the "best way" to utilize these funds to enhance the fisheries and the industry.

Co-Chair Wilken asked whether the funding could enhance any of the State's Salmon Task Force recommendations.

Senator B. Stevens responded that the Task Force is involved in the discussions. However, he attested that the final determination of how the funds would be allocated is up to the Governor, not only in Alaska, but also in each of the four states that receive this funding.

Senator Taylor declared that while it might be the Governor's discretion to determine how the money would be allocated, the Legislature, and specifically, this Committee must appropriate it. He stated that to approve this funding request, with only the federal portion defined, would be a policy call.

Senator B. Stevens concurred that quite a bit of money is undesignated.

Department of Environmental Conservation

AT EASE 10:21 AM / 10:22 AM

MIKE MAHER, Director, Division of Information and Administrative Services, Department of Environmental Conservation, noted that he was available to assist, as needed, with the Department's presentation.

Pre-harvest Geoduck PSP Testing
\$ 250,000 general funds
Reference No.: 37713
Project Type: Health and Safety
Category: Natural Resources
Location: Southeast Alaska
Election District: Southeast Districts 1-5
Estimated Project Dates: 07/01/2003 - 06/30/2005
One-Time Project

Growth in higher priced live sales of geoduck has been hindered by a lack of data on Paralytic Shellfish Poisoning (PSP). No historical or trend data is available that would allow harvesters to focus their efforts in areas or times of year when PSP levels are low. Recognizing this shortfall in data, a monitoring program was developed by the state, national PSP experts, the U.S. Food and Drug Administration, and the Southeast Alaska Regional Dive Fisheries Association (SARDFA). This funding will pay monitoring and data collection costs for two years.

KRISTIN RYAN, Acting Director, Division of Environmental Health, Department of Environmental Conservation, informed that this funding would allow the Department to test PSP levels in the geoduck harvest areas. She stated that live sales of geoducks by commercial harvesters have been negatively affected by the lack of sufficient data regarding when PSP levels might be too high. She noted that acquiring this information would financially benefit commercial harvesters in Alaska. Additionally, she noted that Alaskan harvesters are at a disadvantage because their live sale competitors in British Columbia and Washington have accumulated a substantial quantity of PSP information for their areas. She shared that a data development plan has been formulated by the State and other entities to address this data collection need.

JULIE DECKER, Executive Director, Southeast Alaska Regional Dive Fisheries Association testified via teleconference from Wrangell to voice support for this program as it would increase the opportunity for live geoduck sales. She stated that substantial progress has been made in the fishery and that harvests have increased from a low of ten percent of the allowable harvest to approximately 50 percent this past year. She mentioned that the commercial fishers continue to work with the Department of Environmental Conservation to develop new harvest areas and further the success of the fishery.

Ms. Decker voiced the organization's support for another Department of Environmental Conservation project, the Seafood and Food Safety Lab Replacement, Reference No. 37753. She noted that building the

laboratory in Anchorage would be beneficial to the fishery as water samples and other research would be able to reach that location in a timely and efficient manner.

Senator Taylor thanked Ms. Decker for her involvement in the geoduck PSP testing project. Continuing, he asked her whether being required to ship Southeast Alaska water samplings to an Anchorage based laboratory might present logistical problems.

Ms. Decker responded that there is a 30-hour maximum time limit on water samplings, and she detailed that getting the sample to the Anchorage laboratory in that amount of time would require hiring a small plane pilot to collect and carry the sample from its remote harvesting area in Southeast Alaska to an airport served by Alaska Airlines where it would then be transported to Anchorage. Once the sample arrived in Anchorage, she continued, a courier would deliver the sample to the laboratory.

Ms. Decker noted that, in a situation involving live geoducks, the shipping must be expedited because the geoducks must reach their destination alive. She stated that this timeframe is a maximum of two to four days. She characterized that, in addition to the product being "touchy," the market is "touchy" in that the distributors must be assured that the Alaskan product would be available on an on-going basis or they would contract with other rival sources for the product. She stressed that a timely laboratory testing cycle is critical to the industry.

Senator Taylor declared that it seems ridiculous that any product from Southeast Alaska must be transported 1300 miles to a laboratory in Anchorage for testing.

Co-Chair Wilken asked for alternatives.

Senator Taylor suggested that a laboratory be located "in close proximity" to where the resource would be harvested. He stated that such a location would enhance the viability of the product.

Senator Olson asked Ms. Decker whether the small percentage of geoducks quota being harvested was the result of areas not being permitted for harvest due to "hot" PSP levels.

Ms. Decker stated that, a few years prior, the geoduck harvest amounted to approximately ten percent of the allowable live sale quota. She stated that, although sufficient on-going data is unavailable, it is believed that two of the fourteen-geoduck harvesting areas have high or "generally hot" PSP levels. She stated that this would affect approximately twenty percent of the

overall quota. She stated that other areas are "at times clean and at times hot." She avowed that the purpose of this request would be to extend the PSP testing to determine whether any trends develop in the levels of PSP. She stated that, in addition to the insufficient harvest area data and high PSP levels, another factor in the ten-percent of quota harvest was that, at the time, no pre-certification program existed. She stated that were an area pre-certified, then a market for the product would have been established and would have resulted in a more efficient process.

Senator Bunde asked how much is charged for the sampling tests.

Ms. Decker responded that currently the State charges \$125 per PSP test.

Senator Bunde asked whether transportation costs would be levied in addition to the test fee.

Ms. Decker concurred.

Senator B. Stevens asked the most recent year's total harvest weight.

Ms. Decker stated that the most recent harvest totaled 280,000 pounds, and she elaborated that the harvest has been as high as 400,000 pounds. She stated that as new harvest areas are developed, the goal is to reach a sustainable harvest range of approximately 500,000 pounds a year. She stated that as enhancement projects and other programs are developed, the harvest range should continue to rise beyond the 500,000-pound level.

Senator Stevens asked the price difference between live and frozen geoduck sale prices.

Ms. Decker responded that live geoducks sell for approximately five to ten times the price of the frozen product. She exemplified that the price might average five to seven dollars per pound for a live sale to one dollar per pound for a frozen sale.

Co-Chair Wilken inquired as to the location of the geoduck market.

Ms. Decker responded that the primary market for geoducks is in Asia. She noted that the domestic market primarily consists of Asian restaurants.

Co-Chair Wilken surmised therefore, that the primary market is overseas in Asia.

Ms. Decker agreed.

Seafood and Food Safety Lab Replacement

\$ 14,285,000

\$14,145,000 COPs

\$ 140,000 Misc Earn

Reference No.: 37753

Project Type: Health and Safety

Category: Health/Human Services

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2003 - 06/30/2006

One-Time Project

The current seafood and food safety laboratory lacks basic infrastructure to provide a safe and secure laboratory facility. This project contracts for services to complete construction of a replacement Food Safety Laboratory on state land.

Ms. Ryan explained that, in addition to certifying seafood products, the food safety laboratory certifies commercial food industry food products.

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Ms. Ryan informed that the laboratory works with the commercial food industry to assure that the products are shelf-stable and would not be harmful to consumers. Furthermore, she noted that, in an effort to gather information to offset negative national fish consumption advisories, the food safety laboratory evaluated approximately 600 fish samples the prior year for such things as heavy metal toxicity from mercury, lead, and cadmium. She stated that the results of these tests would be forthcoming and are eagerly awaited by fisherman. In addition, she stated that the laboratory certifies private laboratories that conduct drinking water testing and conducts horse and cow testing to prevent reintroduction of diseases such as tuberculosis into the State. She concluded that, in total, approximately 9,000 sample tests are conducted each year. She disclosed that of that number, 6,000 sampling tests are related to PSP shellfish testing, and 4,000 of those samplings are from Southeast Alaska.

Ms. Ryan stated that because the majority of the tests that are conducted are in close proximity to Anchorage, it has been deemed the appropriate "central" location for the laboratory. She asserted that the current laboratory has been functioning for 33-years in a

substandard facility that was originally built as a grocery store in the city of Palmer. She pointed out that while the current laboratory lease has been extended to December 2006, there is on-going concern about disposal of waste products, and the appropriate sample handling. She asked that funding be allocated this year to avoid a delay in the remodeling of the identified Anchorage facility.

Co-Chair Green noted that the sample handling concerns are a procedural rather than facility issue.

Ms. Ryan concurred.

Co-Chair Green asked whether the laboratory duplicates tests that are conducted elsewhere in the State.

Ms. Ryan replied that she is unaware of any duplicate testing. She pointed out that the testing that is conducted at the "State certified" laboratory "is required for specific certification" such as the PSP testing.

Co-Chair Green asked the definition of a "state certified lab."

Ms. Ryan responded that it must be United States Department of Agriculture (USDA) certified.

Co-Chair Green asked whether a USDA employee must be on premises.

Ms. Ryan replied no. She noted that the laboratory has also received water testing certification from the federal Environmental Protection Agency (EPA) as well as federal Food & Drug Administration (FDA) certification for PSP testing.

Co-Chair Green asked whether other laboratories in the State could be certified.

Ms. Ryan affirmed they could; however, she stated that the certifications might be limited by a facility's capabilities.

Senator Bunde asked whether the laboratory has a user fee structure in place for the various tests.

Ms. Ryan responded that some user fees cover the cost of the service and some do not. She noted that, while a fee is charged for the PSP testing, no fee is being assessed for the contaminate sample testing, which is being conducted for data gathering. She stated that there are fees for the drinking water testing.

Senator Bunde asked whether the water-testing fee covers the cost of the service.

Ms. Ryan would supply that information, as she was unsure whether all its associated costs were covered.

Senator Hoffman asked whether there is a seafood laboratory in Unalaska, specifically one that conducts king crab tests.

Ms. Ryan responded that while there is no state laboratory there, she was unsure as to whether there is a commercial laboratory.

Senator Hoffman asked whether the separate Certificates of Participation (COP) bond bill legislation that would provide the authority to fund this project has been introduced to the Legislature.

Ms. Ryan replied that it has not, of yet, been introduced.

Senator Hoffman clarified that the appropriation for this request is contingent upon the passage of that legislation. Therefore, he asked why that legislation has not been introduced.

Ms. Ryan responded that, at the request of some senators that further evaluation be conducted regarding the capacity of the Alaska Seafood International building to hold the laboratory, the Department has not furthered that legislation. Therefore, she noted that the bond bill could not be introduced until the final determination is made regarding the site of the new laboratory.

Mr. Maher concurred that the site must be identified before the bond bill could be presented. He furthered that, in order, to receive bond bill proceeds; the laboratory must be a stand-alone facility.

Senator Hoffman asked whether the bond bill would have adequate time to be approved this year, were it determined that a stand-alone facility would be the best option.

Mr. Maher voiced optimism that the determination would be made soon, as he noted sufficient time must be allowed to secure a funding mechanism.

Senator Hoffman asked for a specific timeframe.

Mr. Maher responded that a determination should be available within seven days.

Ms. Ryan noted that the cost analyses for constructing a new laboratory or remodeling the Alaska Seafood International site has been completed. She stated that the Alaska Industrial Development & Export Authority (AIDEA) is currently conducting lease analyses. She stated that the next step would be to determine which option would be pursued. She voiced optimism that this determination would be finalized within the next week.

In response to a question from Senator Olson, Ms. Ryan reiterated that of the 9,000 total sampling tests conducted by the laboratory; 2,000 were PSP tests that were conducted on samples from Prince William Sound and Cook Inlet and 4,000 were PSP tests conducted on samples from Southeast Alaska.

Senator Taylor concluded that a final decision on the location of the laboratory must be made before action could be taken on this request.

Co-Chair Wilken agreed.

Defending State Primacy of the Alaska Air Permit Program
\$ 150,000 general funds
Reference No.: 37764
Project Type: Health and Safety
Category: Law and Justice
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2003 - 06/30/2008
One-Time Project
Funding for the cost of preparing and defending the State of Alaska's appeal before the US Supreme Court to overturn the 9th Court of Appeals court decision in the matter of the Red Dog mine air permit and supporting primacy of the State's air permit program.

TOM CHAPPLE, Director, Division of Air & Water Quality, Department of Environmental Conservation, testified via teleconference from an offnet site. He stated that this project would allow the State to contract with a law firm to present its appeal of the air quality ruling before the US Supreme Court "sometime this fall."

Senator Hoffman asked the reason this request is in the capital budget rather than in the operating budget.

Mr. Chapple responded that it is in the capital budget because it is a one-time, short-term project. He noted that the granting of a hearing before the US Supreme Court was a recent development.

Senator Olson asked the outcome were the State's position denied.

Mr. Chapple responded that this appeal would be the "last judicial process" regarding the air quality permit decision by the EPA that is contrary to the State's permitting policy. He stated that were the EPA ruling upheld, the State's "permitting program would be subject to second-guessing" by the Seattle office of the EPA "unless the law were to change at some future date."

Senator Olson asked whether the level of this request would increase in FY 05 were the State's position to not prevail.

Mr. Chapple clarified that this appeal would be a one-time presentation to the US Supreme Court; therefore, he stated that the request would not be presented in FY 05.

Co-Chair Wilken noted that the impact to the Red Dog Mine, were the EPA's position upheld, is defined on page four of the backup material. He read that "...the EPA's technology would cost up to \$1.5 million more a year in operating costs and up to \$10 million more in construction cost than the state's solution." He stated that "this is a big deal" to the State.

Senator Olson declared that it would certainly affect the district he represents.

Environmental Monitoring and Assessment of Surface Waters
\$ 1,763,495 Federal Receipts
Reference No.: 37756
Project Type: Health and Safety
Category: Natural Resources
Location: Statewide
Election District: Statewide
Estimated Project Dates: 07/01/2003 - 06/30/2008
One-Time Project

Federal funding from the EPA will enable Alaska to conduct water quality monitoring, with initial assessments in coastal southeast Alaska and the Yukon River watershed, to contribute to the development of baseline information through the Alaska Clean Water Actions (ACEA) plan on the health of Alaska waters. The baseline information that will be gathered from this project will be the basis for ensuring that Alaska's waters remain workable, fishable, drinkable and swimmable.

Mr. Chapple stated that this request would enable the Department to utilize federal funds to conduct baseline water quality monitoring "for sediment, aquatic species, and the water column itself." He noted that this research is being also conducted throughout all

national coastline areas. He stated that previous monitoring has been conducted in Prince William Sound and in lower Cook Inlet. He stated that this funding would allow monitoring to be conducted in Southeast Alaska and the Yukon River drainage. He noted that this research would provide the State with pertinent information that could be used to enhance resource development and environmental management efforts.

Senator Bunde asked for the definition of benthic species, as identified on page five in the Project Description language.

Mr. Chapple explained that benthic species are small organisms such as sea lice and worms "that live in the sand in the bottom sediment."

Senator Taylor inquired as to how the Department of Environmental Conservation "has operated" without conducting research into water quality.

Mr. Chapple responded that the majority of the water quality monitoring "to date has been driven by a need to know" basis as projects develop, as, he attested, the Department has not had the resources with which to conduct water quality research on its vast coastal area. He stated that, while other agencies have supplied information to the Department, the Department "has always had a lack of" water quality baseline information.

Senator Taylor surmised therefore that the Department, over the past 20-year period, has "only focused" on water testing when a need arose. He uttered "amazement that an ongoing" investigative program has not been conducted as he voiced that arsenic and other dangerous substances could be, for example, in water systems.

Mr. Chapple clarified that this project would be federally funded. He stated that he is not inferring that water monitoring is not being conducted in the State, but rather that the Department does not have comprehensive or organized data. In addition, he noted that pre-development baseline monitoring is conducted in areas, primarily by prospective developers, with guidance from the State. He commented that while some baseline monitoring has been conducted, it has not been at the broad-based level that would be provided by this project.

Senator B. Stevens asked whether the federal government or the State developed the Environmental Monitoring and Assessment (EMAT) protocols that would be used in the project.

Mr. Chapple explained that the EMAP procedures are based primarily

on a national design; however, he stated that it could be tailored to meet the State's "unique" needs.

Co-Chair Wilken ordered the bill to be held in Committee.

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ADJOURNMENT

Co-Chair Gary Wilken adjourned the meeting at 10:58 AM