

**ALASKA STATE LEGISLATURE
LEGISLATIVE BUDGET AND AUDIT COMMITTEE**

Anchorage, Alaska
September 26, 2005
3:01 p.m.

MEMBERS PRESENT

Senator Gene Therriault, Chair
Representative Ralph Samuels, Vice Chair (via teleconference)
Senator Ben Stevens (via teleconference)
Senator Bert Stedman (via teleconference)
Representative Mike Chenault (via teleconference)
Representative Mike Hawker (via teleconference)
Representative Pete Kott (via teleconference)
Senator Gary Wilken, alternate (via teleconference)

MEMBERS ABSENT

Senator Lyda Green
Senator Lyman Hoffman
Representative Beth Kerttula
Representative Reggie Joule, alternate
Representative Kevin Meyer, alternate

COMMITTEE CALENDAR

OTHER COMMITTEE BUSINESS

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

No witnesses to record

ACTION NARRATIVE

CHAIR GENE THERRIAULT called the Legislative Budget and Audit Committee meeting to order at 3:01:05 PM. Present at the call to order were Senators B. Stevens (via teleconference), Stedman (via teleconference), Wilken (via teleconference), and Therriault and Representatives Chenault (via teleconference), Hawker (via teleconference), and Samuels (via teleconference). Representative Kott (via teleconference) arrived as the meeting was in progress.

OTHER COMMITTEE BUSINESS

3:02:00 PM

CHAIR THERRIAULT announced that the only order of business would be to consider motions to extend the contracts for Econ One Research, Inc. ("Econ One"), and Bonnie Robson, consultant.

CHAIR THERRIAULT, regarding the contract with Econ One, noted that after the RFP (request for proposals) regarding Econ One was approved in February of 2005, the committee was told that it could expect a draft contract as early as March 15 [2005]; that draft contract is still forthcoming, however. Econ One has met with the state's "modeling teams" and Department of Natural Resources (DNR) personnel and consultants, and has reviewed the different proposed models being used in current negotiations. On August 31, 2005, Econ One gave a presentation to the committee regarding information that is currently available to public. Econ One is currently in the process of evaluating the [Alaska Gasline Port Authority] contracts [at the request of] Representative John Harris for meetings that will be held in October.

CHAIR THERRIAULT indicated that the money originally authorized for Econ One has been spent, and so if the committee still wishes to see a product coming out of the negotiations, then additional funds will be needed in order for Econ One to run different models and respond to questions, either from committee members or the general public.

3:04:58 PM

CHAIR THERRIAULT mentioned that in order to meet the billing rates of Econ One for the rest of the year, the committee will have to increase the contract by an additional \$500,000. He characterized the Econ One "team" as consisting of a group of people who are at the top of the industry regarding consulting, noted that they have worked for both the state and various producers in the past, and opined that the work Econ One has done for the committee has been good. He relayed that following the aforementioned 8/31/05 presentation, he'd had discussions with various people in the industry, and was told that there were no technical faults with the information presented.

REPRESENTATIVE SAMUELS made a motion that the committee authorize the Chair to amend the Legislative Budget and Audit

Committee's contract with the consultant Econ One Research, Inc., to an amount not to exceed \$1 million.

SENATOR STEDMAN objected for the purpose of discussion. He asked what kind of measurements are in place to ensure that the state will get good value for the money it pays Econ One.

CHAIR THERRIAULT mentioned that the committee receives monthly billings from Econ One, and so the committee is able to see whether the tasks assigned are being completed. He relayed that he would make such billings available to members or add members to the billing distribution list. Econ One is getting paid an hourly rate based on the RFP, and so is simply keeping track of the time it's taking to complete the work asked of it, and early on in the process, the billings were very low. While the administration was working on putting together a model, Econ One came on board at his and Representative Samuels's request in order to assist [the committee] in understanding that model. He likened hiring Econ One to hiring an attorney that simply does the work requested without producing a finished product. He acknowledged that the motion involves a sizable amount of money, and said that if members wanted to suggest specific measurement criteria, he would give such suggestions consideration.

[3:09:04 PM](#)

SENATOR STEDMAN opined that \$1 million is a large amount and so should take a considerable amount of time to "burn through." He asked whether the billings from Econ One are expected to decrease.

CHAIR THERRIAULT offered his expectation that Econ One's monthly billing could amount to around \$100,000 per month, and explained that the aforementioned \$1 million would be for Econ One's contract in total, that thus far only \$500,000 has been expended per the original contract. The motion merely extends the original contract by another \$500,000.

[3:12:02 PM](#)

SENATOR STEDMAN withdrew his objection to the motion.

CHAIR THERRIAULT, noting that there were no further objections, announced that the motion - that the committee authorize the Chair to amend the Legislative Budget and Audit Committee's contract with the consultant Econ One Research, Inc., to an amount not to exceed \$1 million - carried.

REPRESENTATIVE SAMUELS made a motion that the committee authorize the Chair to amend the Legislative Budget and Audit Committee's contract with the consultant Bonnie Robson to an amount not to exceed \$625,000.

CHAIR THERRIAULT objected for the purpose of discussion. ... He recounted Ms. Robson's work for the committee to date, and relayed that over the interim, Ms. Robson's [monthly] billings have ranged between \$25,000 and \$30,000. In order to ensure that there is sufficient authority in Ms. Robson's contract to reach the end of the calendar year, he explained, it was felt that that contract ought to be increased by a maximum of \$150,000, for a total contract amount of \$625,000.

CHAIR THERRIAULT withdrew his objection to the motion.

REPRESENTATIVE SAMUELS relayed that Ms. Robson was present at his location and was available for questions.

SENATOR STEDMAN asked whether it is expected that Ms. Robson's [monthly] billings will increase beyond the aforementioned amounts.

CHAIR THERRIAULT indicated that it would depend on the circumstances surrounding the tasks assigned to Ms. Robson, but acknowledged that those billings could increase, particularly if a [gas pipeline] contract is forthcoming. In response to another question, he offered his belief that if a [gas pipeline] contract is not forthcoming, the additional amount should suffice well into the next legislative session.

CHAIR THERRIAULT asked whether there were any further objections to the motion that the committee authorize the Chair to amend the Legislative Budget and Audit Committee's contract with the consultant Bonnie Robson to an amount not to exceed \$625,000. There being none, the motion carried.

[3:16:22 PM](#)

CHAIR THERRIAULT remarked that although the two contracts constitute a substantial amount of money, they have been set at pretty much the going rate, and much more money is being spent on consulting services by those on the other side of the negotiating table.

CHAIR THERRIault, in closing, mentioned that he is continuing to work with staff and with Pat Davidson, Legislative Auditor, regarding a preliminary audit discussed at the committee's last hearing, and that the committee is likely to have that audit before it at the next regular meeting, which he anticipates will be held [during the week of October 17].

ADJOURNMENT

[3:18:23 PM](#)

There being no further business before the committee, the Legislative Budget and Audit Committee meeting was adjourned at 3:18 p.m.