

SENATE FINANCE COMMITTEE
March 17, 2010
9:04 a.m.

9:04:33 AM

CALL TO ORDER

Co-Chair Stedman called the Senate Finance Committee meeting to order at 9:04 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Charlie Huggins, Vice-Chair
Senator Johnny Ellis
Senator Dennis Egan
Senator Donny Olson
Senator Joe Thomas

MEMBERS ABSENT

None

ALSO PRESENT

Leta Simons, Director, Division of Support Services, Department of Natural Resources; Mike Maher, Director, Division of Administrative Services, Department of Revenue; Bill Griffith, Facilities Program Manager, Division of Water; Tom Lawson, Director, Administrative Services, Department of Fish and Game; John Hilsinger, Director, Division of Commercial Fish.

PRESENT VIA TELECONFERENCE

Marty Parsons, Deputy Director, Division of Mining Land and Water, Department of Natural Resources; James King, Director, Division of Parks and Recreation; Kristin Ryan, Director, Division of Environmental Health, Department of Environmental Conservation; Larry Dietrick, Alaska Division Environmental conservation; Lynn Kent, Director Environmental Conservation.

SUMMARY

SB 230 BUDGET: CAPITAL, SUPP. & OTHER APPROPS

SB 253 APPROP: DEFERRED MAINTENANCE/REPLACEMENT

#sb230

#sb253

SENATE BILL NO. 230

"An Act making and amending appropriations, including capital appropriations, supplemental appropriations, and other appropriations; making appropriations to capitalize funds; and providing for an effective date."

SENATE BILL NO. 253

"An Act making capital appropriations for deferred maintenance projects, equipment replacement, and emergency repairs; and providing for an effective date."

**Department of Natural Resources; Department of
Environmental Conservation; Department of Fish and Game**

[9:05:00 AM](#)

Department of Natural Resources

LETA SIMONS, DIRECTOR, DIVISION OF SUPPORT SERVICES, DEPARTMENT OF NATURAL RESOURCES introduced the Department of Natural Resources' (DNR) final deferred maintenance item AMD 47794. The funding request is \$330 thousand in general funds. She explained that the project includes maintenance for the plant material center seed cleaning and seed storage facility renovation. The plant material center is located in Palmer. The project includes insulating and armoring the walls, painting surfaces, replacing lighting

and ventilation system and doors, and restoring the facility's drive surfaces.

Co-Chair Stedman concluded hearings on the deferred maintenance budget and began capital budget proceedings for DNR.

[9:06:49 AM](#) AT EASE

[9:07:11 AM](#) RECONVENED

Ms. Simons began with capital budget RN 49193 concerning reservoir studies evaluating oil and gas resources in the North Slope and Cook Inlet. The budget request is \$3.5 million in general funds as a continuation of funding for an ongoing project. The Division of Oil and Gas identified a need to hire consultants in order to support determinations that maximize state revenue. The determinations include the amount of natural gas used for oil recovery versus the amount transported by pipeline as well as the evaluation of gas off-take strategies, evaluation of gas supply in Cook Inlet, and promotion of further development in Cook Inlet.

Ms. Simons referred to RN 41415 for \$300,000 in general funds. The project includes gas pipeline corridor geologic hazards and resources. The funding is necessary to complete the geologic mapping, hazard assessment and resource evaluation along the proposed gas pipeline corridor from Delta Junction to the Canadian border. The final phase in FY12 will support preparation of final reports to consolidate and summarize the interpretations of geologic hazards and resources in the corridor. The funding pays for contract geologists, laboratory analysis and contracting of helicopters for field work.

[9:10:00 AM](#)

Ms. Simons described RN 49185 with a request of \$500 thousand in general funds for the assessment of in-state gas energy potential Phase 1 of 3. The total cost over three years will equal \$1.2 million. She mentioned numerous sedimentary basins along existing transportation corridors near population centers as potential sources of inexpensive natural gas. The goal of the project is to provide information that will reduce local energy costs.

Ms. Simons described RN 33595 for wild land fire truck replacement for the request of \$1,150,000 in general funds. The funding will purchase engines for wild land fire fighting. The funding will also replace older vehicles or those not included in the Department of Transportation and Public Facilities' (DOT) replacement credit program.

Ms. Simons addressed RN 49202 for the replacement of state owned tactical aircraft used in wild land firefighting. The funding request is \$600 thousand in general funds. She pointed out language in the supplemental bill allowing the utilization of \$2 million from the sale of the two existing state owned planes. The total cost of the two new airplanes is \$2.6 million. This request supplies the remainder of funds needed following the expected \$2 million gain.

[9:12:50 AM](#)

Senator Huggins asked if an aircraft made in the United States had equivalent performance measures. Ms. Simons answered that the current planes are Swedish and finding parts has proven difficult. She understood that domestic airplanes did exist and the intention is to bid on them.

Senator Olson asked for more specific information regarding replacement aircraft. Ms. Simons responded that the department is seeking multi engine, high wing, pressurized all weather aircraft, but the bidding process will reveal additional information.

Ms. Simons detailed RN 41410 for the Alaska Land Mobile Radio (ALMR). She noted that the Federal Communications Commission (FCC) requires emergency response agencies to upgrade to narrow band operations by January 1, 2013 with prior capital improvement project (CIP) funds for the conversion. The Division of Forestry's Area Dispatch Offices and Fire Engines now operate on the road system are equipped with the ALMR capable radios. She pointed out that ALMR does not provide "off road" service making it necessary to augment with rural communication equipment. The requested funds will be used to purchase bridges allowing access to an area's local conventional frequencies in addition to the ALMR system.

Co-Chair Hoffman asked if the state pursued plans to bring ALMR to off-road sites. Ms. Simons responded that a plan does not exist at this point.

Senator Thomas noted discussions about the ALMR radio and potential substitutes. He commented on the high price of the radios. He expressed concern regarding the long term efficacy of the radios.

[9:16:41 AM](#)

Senator Olson countered that while expensive, the ALMR system is the best currently available. He spoke in favor of the system.

Ms. Simons addressed RN 38872 for unified permitting project, Phase 5 of 7. She noted the request of \$800,000 in general funds. The project is long term and will provide an interactive permit application system to streamline the permit process for both applicants and DNR staff. The system integrates maps and other documents with case related data and modernizes the entire DNR case management system. The automated processes include land use permits, water rights, easements, rights of way, mining claims, ice roads, mericulture sights, and eventually DNR's entire permit and leasing processes.

Ms. Simons addressed RN 45272 which is a continuation of the MatSu hydrogeology assessment. The general fund request is \$295 thousand for FY11. Portions of the MatSu borough have increasing demands on ground water that cause concerns for the aquifer's ability to provide sufficient high quality water. The study's goal is to provide knowledge to effectively manage those ground water resources.

Ms. Simons detailed RN 42881 and the petroleum systems integrity office gap analysis Phase 3 of 4. This general fund request is \$125 thousand. In response to the pipeline corrosion issues that led to shut down of the Prudhoe Bay Oil Field and halted the flow of oil through the trans Alaska pipeline, administrative order number 234 established the petroleum system's integrity office within DNR and required the office to provide a gap analysis. The gap analysis has thus far identified existing statutory and regulatory authorities and jurisdictions in the various state agencies including DNR, the Department of Environmental Conservation (DEC), the Department of Public Safety (DPS), the Department of Commerce, Community and Economic Development (DCCED), the Department of Fish and Game (DFG), the Department of Revenue (DOR), the Department

of Administration (DOA), the Department of Law (DOL), and the Department of Labor and Workforce Development (DLWD). A draft report detailing identified gaps and overlaps is currently in the process of finalization.

[9:20:22 AM](#)

Senator Huggins commented about the creation of a project without a purpose. Ms. Simons explained that the gap analysis will provide information regarding the necessary effort.

Ms. Simons detailed RN 45270 for information technology infrastructure upgrades. The request equals \$215 thousand in general funds to purchase network storage and backup equipment to increase storage capabilities and bring data security and disaster recovery capabilities up to standards. The ever increasing use of digital images has pushed the current network storage and backup system in the Juneau office to its limit. The funds will also be used to purchase equipment for the provision of wireless connections in DNR's office buildings.

Ms. Simons detailed RN 49203 for foothills oil and gas development infrastructure investigations Phase 1 of 3. The FY11 request is for \$370 thousand. The project will provide critical data for judging the feasibility of state and federal infrastructure investments to access undeveloped and undiscovered oil and gas in the central North Slope foothills. The data will be used to help predict the resource potential of these sparsely explored areas and to identify potential geologic hazards and construction material sites along the proposed routes. This area has the potential of generating significant oil and gas revenue over the next thirty years as part of the roads to resources program related to the highway project to construct a road from Dalton Highway to Umiat. With this study, the state can potentially gain a wealth of knowledge regarding the locations, volumes, reservoir characteristics, economic strengths and challenges, and environmental sensitivities associated with the gas and oil resources in the area.

Co-Chair Stedman recalled recent presentations from DOT regarding the roads to resources program. He asked why the item was in the capital budget versus the roads to resources program. Ms. Simons responded that she was

unaware of the reasons for the placement of the project in the capital budget.

[9:24:15 AM](#)

Ms. Simons detailed RN 37762 and the cooperative water resource program for a funding request of \$370 thousand in authorization for statutory designated program receipts. She explained that DNR accepts funds from the private sector and local governments and passes the funds through to the federal government as part of a funding agreement for cooperative water resource programs. The funding pays for equipment to obtain hydrologic data. Funding is also passed to (DFG) for the same purpose.

Ms. Simons addressed RN 49201 for statewide timber inventories. The funding request is for \$215 thousand. She explained that demands on state forest lands are increasing from timber sale activity, firewood harvest, and potential alternative energy development. Timber inventories determine sustainable harvest levels and provide data for planning and defending timber sales. Funding will primarily be used for aerial photography, satellite imagery, and field work helicopter time.

Co-Chair Stedman asked for the history of timber inventory analysis. Ms. Simons responded that the most recent inventory is from FY08 in the Valley State Forest, but a more recent inventory is necessary. Co-Chair Stedman believed that a timber cruise is long standing.

[9:27:19 AM](#)

Ms. Simons noted RN 38886 and the land sales-new subdivision development. The request is \$3.6 million in the land disposal income fund. She mentioned that ongoing use of the land disposal income fund is used to propose, design, develop, survey and build roads for new subdivision sales of state land typical of similar CIP requests for the same purpose.

Co-Chair Stedman asked for further detail regarding the request for \$3.6 million. Ms. Simons understood that the funding will pay for land surveys, road construction, appraisals, clean up and other development costs along with the necessary staff.

Co-Chair Stedman asked about the item's place in the operating budget versus the capital budget. He recognized the forecast for the project expands to FY16 and beyond. Ms. Simons understood that the nature of the project is land development. She pointed out that land development typically exists in the capital budget.

Co-Chair Hoffman asked how locations are selected.

MARTY PARSONS, DEPUTY DIRECTOR, DIVISION OF MINING LAND AND WATER, DEPARTMENT OF NATURAL RESOURCES (via teleconference) explained that the selection of land sale subdivision sites is an ongoing process where staff review land by area plans deemed suitable for settlement. A list of projects is maintained to meet the legislative designated requirements.

Co-Chair Hoffman asked about land available in Western Alaska. Mr. Parsons offered to research the topic. Senator Olson requested the information as well. Co-Chair Stedman offered to receive the information for dispersal among committee members.

[9:32:08 AM](#)

Ms. Simons detailed RN 49195 and the land sale web enhancement. The funding request for \$68,000 in general funds will provide a more interactive public interface to the state land sale website. The upgrade allows the public to identify projects in development, use geographic information system tools to find land available for sale, search for parcels with a wide range of criteria, and provide links to parcel survey. The web site is expected to increase the volume of land sales on the greater than 1500 state parcels currently available.

Ms. Simons addressed RN 34881 and the forest legacy federal grant program. The funding request is for \$1 million in federal funds. The forest legacy program provides federal funding for acquisition of high value private forest land threatened with conversion to non forest use. The program targets private lands adjacent to or within existing conservation units such as parks and refuges. The funding will be used to acquire two forested in-holdings totaling 307 acres within Denali State Park. The purchase will conserve forested habitats and natural features and ensure uninterrupted views just below the proposed south Denali visitor's center.

Co-Chair Stedman asked if the parcels have been appraised. Ms. Simons concurred that the conservation fund ordered an appraisal done on the parcels.

Co-Chair Stedman asked if the funding request would cover the cost of both purchases. Ms. Simons responded that she was not aware of other funding sources. Co-Chair Stedman asked the department to provide the information to the committee.

[9:34:40 AM](#)

Senator Huggins asked about the farm land maintenance program. He asked about a matching fund. Ms. Simons did not know about a matching fund for the farm land program.

Ms. Simons addressed RH 37769 for the forest legacy federal grant program. The request is for \$ 1 million in federal funds and \$800 thousand in statutory designated program receipts. Statewide projects funded through this consolidated grant include hazardous fuels reduction, fire wise education, fire prevention, community wildlife protection planning, identification of invasive insect species, forest thinning and planting projects on state forest land. Funds are also used to provide technical assistance to other forest land owners including native corporations in support of their planning efforts. This CIP request represents the portion of the grant that is competitive and used largely for contractual services for hazard fuel mitigation.

Co-Chair Hoffman asked if the amount is typical for a project of this nature. He asked how the travel funding request was spent. Ms. Simons assumed that the funding was used for staff travel to provide services. Co-Chair Stedman asked Ms. Simons to return to the committee with further information.

[9:37:36 AM](#)

Ms. Simons explained RN 6865 for the national historic preservation fund federal grant program. She stated that the request was for \$1 million in federal funds and \$200 thousand in general fund match. The objective of the program is to preserve Alaska's cultural resources and the funds are used primarily to support the archeologists,

historians and other staff in the state's office of history and archeology. Funds are also used for pass through grants for local governments and other organizations.

Ms. Simons detailed RN 6855 for federal funding for abandoned mine lands reclamation federal program. The amount of authorization requested is \$3,575,000. She noted that the program provides federal funding for reclamation of areas mined before enactment of the Federal Surface Mining Control and Reclamation Act of 1977. Work is performed via contract with contractors employing approximately 25-35 seasonal workers. Since inception, the program identified 16 coal sights and 124 non coal sights requiring reclamation at a cost of \$42 million. Another \$37-45 million in work is expected to be identified before the end of the program.

Co-Chair Stedman asked if the reclamation project was exclusive to coal or was hard rock mining included. Ms. Simons stated that the project included coal and non coal sights, but she did not have specifics on the non coal sights. She offered to provide additional information. Co-Chair Stedman asked if the Douglas Harbor expansion in Juneau might qualify to aid in the cost of removal of the tailings observed in possible harbor expansion.

Co-Chair Hoffman noted that past appropriations have not yet been spent. Ms. Simons agreed to provide additional information. She informed that the request is for authorization to receive funding.

[9:40:47 AM](#)

Ms. Simons detailed RN 40082 and the request for the Alaska Coastal Management federal pass through grants. She noted that the program request for FY11 is \$1.36 million of federal authorization to receive the funding. The annual grant from NOAH provides pass through funds to state agencies, coastal districts and other grant recipients for the Alaska Coastal Management Program.

Ms. Simons detailed RN 6854 for the national recreation trails grant federal program. The request is for \$2 million in authorization of federal funds. These funds are passed through to organizations, agencies and local governments as grants for recreational trail development and maintenance. Recent grantees include the North West Arctic Borough,

Homer Soil and Water Conservation District, Kuskokwim Race Committee, Copper Center Development Association, Hollis City Council, City of Bethel, Sitka Trail Works, MatSu Borough Trails Council, Interior Alaska Land Trust, and Friends of Eagle River Nature Center.

Ms. Simons described RN 39042 for ongoing federal funding national coastal wetland grant. The funding is specifically for Campbell Creek Estuary. The request is for \$1 million in federal funds to pass through to the municipality of Anchorage. The grant was submitted by the municipality of Anchorage and the Great Land Trust through DNR to the United States Fish and Wildlife Service National Coastal Wetlands program. This acquisition will protect sensitive coastal wetlands as well as Campbell Creek itself.

Ms. Simons detailed RN 32552 for continuing federal funding for the land and water conservation fund federal grant program. The request is for \$600 thousand in federal authorization. The program provides funds for development of outdoor recreation areas. Most of the funds are passed through to cities and boroughs and have been used for ball fields, trails, ski areas, swimming pools, play grounds, parks, and approximately 400 projects throughout the state since the mid 1960s. This is a matching program where local governments provide their share of the match and the state provides match to the existing CIP grants for deferred maintenance in state parks.

Ms. Simons described RN 33690 for the snowmobile trail development and program grants. The request is for \$250 thousand in vehicle registration receipts. Seventy percent of the funds are spent for direct grants to various organizations and agencies for trail and trailhead development, seventeen percent for education, and fourteen percent for grant administration and support of the statewide snowmobile trails advisory committee.

Ms. Simons described RN 40474 and the mental health trust land facilities maintenance. The funding request is for \$350 thousand in mental health trust authority funds for maintenance of their real estate facility.

[9:45:00 AM](#)

Ms. Simons noted that the remaining items on the list are addressed in the deferred maintenance budget.

Senator Thomas asked about RN 33690 and the licensing fees. He asked to know the amount of revenue from licensing fees on an annual basis. He asked about the additional revenue unused for this endeavor.

JAMES KING, DIRECTOR, DIVISION OF PARKS AND RECREATION (via teleconference) responded that the snowmobile registration fees are collected by the Department of Motor Vehicles (DMV). The remainder of the fees is allocated to snow grooming and trail maintenance.

Senator Thomas asked about the DOT's involvement with DOR regarding the Roads to Resources program. He hoped that that the existence of resources is proven prior to the mapping project. Ms. Simons agreed that the project required more information prior to further investment in the area.

Senator Egan asked about DNR's proposal to increase the snowmobile registration fees from \$5 to \$20. He asked if public hearings occurred. Ms. Simons responded that the fee increase was proposed by the snowmobilers as the program provides trail improvement.

Senator Egan asked if the funds are dispersed by region.

[9:49:32 AM](#)

Director King stated that there is a snow track board representing the different regions. The advice is to administer funds to the different regions. The board insists on fair representation based on registration fees. The snowmobilers have recognized the incredible difference with the snow grooming program and the creation of new trails.

Co-Chair Hoffman asked if citizens in western Alaska are required to pay the fee. He doubted that a grooming program exists in western Alaska. Mr. King replied that all snow machines must be registered at the point of sale. He noted that grants have been awarded to rural Alaska in trail marking programs. Co-Chair Hoffman asked how the grants are distributed.

[9:52:12 AM](#)

Senator Olson asked for written documentation that illustrate that snow machine users are requesting the fee increase. Mr. King responded that the division has not requested an increase in the registration fee. The initiation is a grassroots effort from the Alaska Snow machine Association and the Snow Track Board. Senator Olson noted sensitivity to the subject in western Alaska. He asked for documentation of the request. Mr. King offered to provide a report.

Senator Olson asked about citation fees and the revenues generated. Director King offered to return to the committee with the information. He explained that the revenue is placed directly into the general fund.

Senator Huggins assumed that most people do not want a fee. He was supportive of trails but disagreed with the method of taxation.

Mr. King responded that organized groups are located in the MatSu valley where modern tracks and grooming are appreciated. He agreed that other areas in the state are not influenced by the registration fees.

[9:56:30 AM](#) AT EASE
[9:57:35 AM](#) RECONVENED

Department of Environmental Conservation

MIKE MAHER, DIRECTOR, DIVISION OF ADMINISTRATIVE SERVICES, DEPARTMENT OF REVENUE, introduced himself and the initial deferred maintenance projects.

KRISTIN RYAN, DIRECTOR, DIVISION OF ENVIRONMENTAL HEALTH, DEPARTMENT OF ENVIRONMENTAL CONSERVATION (via teleconference) referred to RN 49339 designated to correct deficiencies discovered in the environmental health laboratory in the bio safety level three lab section, which is intended to handle dangerous contaminants that place staff at risk. She noted the importance of the ventilation work and the adequate sealing of the system.

Senator Olson asked if there have been any ill effects from the deficiency. Ms. Ryan stated that many contaminants cannot be handled in the lab.

Senator Olson asked if the concern regards pathogens versus contaminants. Ms. Ryan agreed that the risky agents were botulism, E. coli, and anthrax.

10:00:10 AM AT EASE
10:00:43 AM RECONVENED

Co-Chair Hoffman requested a brief description of the Village Safe Water Program.

BILL GRIFFITH, FACILITIES PROGRAM MANAGER, DIVISION OF WATER, pointed out that federal funds have been declining while the cost to address the sewer and water in rural Alaska escalates. He noted that funding from all sources including national tribal allocations, Alaska specific appropriations and required state match for rural Alaska sanitation projects has declined by approximately \$50 million over the past seven years. The overall decline is due to extreme reductions in Alaska's Pacific federal appropriations and the associated state match which have plummeted by \$57 million over the same seven years. Although the American Recovery and Reinvestment Act (ARRA) provided some relief in FY10, the FY11 budget represents the lowest funding levels for rural Alaska water and sewer projects in over ten years leading to a \$41 million decrease in last year's appropriation. The program established a multiyear priority list. The list includes projects that have an approved facility master plan, but will require multiple years to complete design and construction. Projects are added to the list when communities submit applications that received high overall scores. Scoring is based on critical health related needs and local capacity to operate and maintain existing facilities. The purpose of the multiyear list is to identify funding needs and ensure that new appropriations will be obligated and expended in a timely manner. This year's CIP request includes \$37.7 million to partially fund 56 projects on a multiyear priority list. This request is approximately eleven percent of the total estimated cost needed to complete the projects on the list. The CIP requested amount is computed using federal funds made available next fiscal year along with the required state match. Additional language is included in the budget so that multiyear projects will receive funding on a first come first serve basis. He stressed the need for capital funds. Assistance is needed to upgrade or replace existing systems that are posing a substantial health threat.

Examples include new water storage tanks to meet the needs of growing populations, water treatment plant renovations to address new drinking water regulations, replacement of thirty year old water and sewer mainlines, and sewage lagoon renovations including liners to prevent seepage into ground water. Currently, the sanitation needs in rural Alaska total over \$830 million and of this amount, 43 percent is needed to provide first time service, 44 percent is needed to address potential health threats and 13 percent is required to address minor health threats. The department's CIP process dismisses needs to address minor health threats as secondary. Funding requests are made for projects that will address substantial health threats or provide first time service. Future distribution will shift toward critical health needs.

[10:06:48 AM](#)

Senator Thomas asked if the projects are bundled to gain an economy of scale. He asked if equipment was prescribed based on the experience of pumps and tanks bid by contractors. Mr. Griffith stated that the vast majority of the projects are completed through the use of local force account labor using a contracted consulting construction management firm. He explained that the work was completed one community at a time. He pointed out that pumping systems have been standardized throughout the state. Use of pumps and pumping equipment are specific to location.

[10:08:59 AM](#)

Senator Huggins asked about the community of Talkeetna and their problems with water and sewer treatment. Mr. Griffith responded that Talkeetna is part of the MatSu borough and therefore ineligible for funding under the Village Safe Water Statute, but does receive funding from the municipal matching grant and loan program. Both grants and loans have been provided through the program for upgrade of the water and sewer facilities.

Senator Huggins asked for further information about the grants. Mr. Griffith agreed to provide the information.

Senator Olson asked about the requests about the village of Kipnuk. The village, whose sewage lagoon was at capacity and frozen, used a chainsaw to relocate sewage. He asked to

know the plan for a community already fraught with issues such as hepatitis.

Mr. Griffith shared the concern with regard to the village of Kipnuk. The Village Safe Water Statute currently specifies eligible communities. Kipnuk's population recently exceeded 600 people making them ineligible for the safe water fund, which is a significant concern. Funding through the Indian Health Service remains an option.

[10:12:39 AM](#)

Senator Olson stressed that a possible epidemic may be the result. Mr. Griffith responded that an update of the statute is in order. Several rural communities have exceeded a population of 600.

Senator Olson asked what the department is doing to help the community with its growing population.

Mr. Griffith noted that the department provides assistance to the community's rural and sewer operators through the remote maintenance worker program. Training assistance to the operators is provided.

Co-Chair Hoffman noted that the school is adequate in structure, yet the population of the school has doubled necessitating an increase in water and sewage facilities. He asked the department to consider additional revenues.

[10:15:37 AM](#) AT EASE

[10:17:46 AM](#) RECONVENED

Mr. Griffith discussed RN 46714 and the municipal water sewage and solid waste facilities matching grant program. He noted that the appropriation totals \$23,189,396 and consists of 12 separate allocations for individual projects to be funded with state general funds. The projects are municipal matching grant projects and a portion of the costs are paid by grant recipients consisting of larger cities throughout the state.

[10:20:31 AM](#)

Co-Chair Hoffman asked about RN 33826.

LARRY DIETRICK, ALASKA DIVISION ENVIRONMENTAL CONSERVATION (via teleconference) addressed RN 33826 for state wide contaminated site cleanup. The request funds the assessment and clean up of the highest priority state owned sites and sites where the responsible party is unknown or has refused to take appropriate action. The request involves no new additional staff.

Mr. Maher introduced RN 37756 for the environmental monitoring and assessment program.

LYNN KENT, DIRECTOR ENVIRONMENTAL CONSERVATION (via teleconference), addressed RN 37756. She explained that under the Federal Clean Water Act, states are required to assess and report on the health of their water resources. The Environmental Protection Agency (EPA) has been providing 100 percent federal funds for the effort. The FY11 capital request is for \$450 thousand in federal receipt authority. The national goal is to assess all waters on a five year rotational cycle, but with Alaska's vast water resources, the department is in the process of conducting the first round of water quality monitoring. This funding will be focused on the arctic coastal plain region of the state.

Senator Huggins noted that Big Lake in MatSu has environmental challenges. He asked about Big Lake and its place in the cycle of evaluation and cleanup. Ms. Kent responded that water problems are associated with petroleum in Big Lake according to recent monitoring. She stated that the monitoring effort will continue. The department is working with the MatSu borough to reduce the contaminants entering the lake.

Senator Thomas asked about RN 33826. He requested a brief explanation of the appropriation. He wondered about a particular project in the North Star Borough. Mr. Dietrick offered to scan the list and provide the committee with information.

Department of Fish and Game

[10:26:59 AM](#)

Co-Chair Hoffman continued with deferred maintenance for the Department of Fish and Game.

TOM LAWSON, DIRECTOR, ADMINISTRATIVE SERVICES, DEPARTMENT OF FISH AND GAME noted RN 49368 and the \$650 thousand general fund appropriation for the Kodiak warehouse compound upgrades. The structure of the warehouse is intact, but the siding and roofing are in need of upgrades.

Mr. Lawson continued with RN 49672 and the Fairbanks Regional Office repairs/upgrades for \$450 thousand in general funds. He explained that the project will provide miscellaneous repairs and upgrades of the Fairbanks Regional Office compound. He explained that the access roads, parking lots, and sidewalks around the compound require paving. He added that energy lighting, painting, and carpet/flooring installation are also required.

Mr. Lawson addressed RN 49669 for the Yakutat compound electrical repairs and upgrades. He explained that the appropriation is for \$100 thousand in general fund to upgrade the electrical service for the compound.

Mr. Lawson referenced RN 49670 for the statewide boiler and heating system upgrades for \$275 thousand of general funds. The project will replace and upgrade existing boilers and heating system for increased energy efficiency for Nome, Cordova, Palmer, and Bethel.

Mr. Lawson addressed RN 49667 and the statewide access, parking and drainage repairs and upgrades. He stated that the funding request was for \$275 thousand in general funds. This project will repair, improve, and upgrade road access parking and drainage systems at various field offices and compounds in King Salmon, Glennallen, Delta Junction, Haines, Kodiak, Yakutat, Soldotna, and Dillingham.

Mr. Lawson noted RN 49671 and the statewide bunkhouse repairs upgrades for \$250 thousand. These bunkhouses exist in Bethel, Nome, Cold Bay, King Salmon, Dillingham, Kodiak, and Cordova.

[10:31:46 AM](#)

Mr. Lawson noted that the projects will be contracted and could occur this field season.

Co-Chair Stedman concluded the deferred maintenance projects for the Department of Fish and Game. He continued with the department's capital projects.

Mr. Lawson began with the capital projects and RN 43322 and the facilities, vessels and aircraft maintenance repair and upgrades. He noted that the project divides the funding request of \$700,000 among various buildings, fishery vessel maintenance, and aircraft maintenance. He explained that the repairs and maintenance are typically accomplished with seasonal staff.

Co-Chair Stedman asked about ongoing amounts of the maintenance. Mr. Lawson responded that the estimate is for \$3.9 million worth of future projects, but due to the small size of the staff, projects are staggered. The goal is to budget for the potential amount of work done in one year. If the deferred maintenance projects are funded, the workload will be higher this year.

Mr. Lawson continued with RN 49047 with a funding request of \$100,000 for crew member fisheries participation database development. This is a pilot project focused in Southwest Alaska to gather information on crew members involved in various commercial fisheries.

Mr. Lawson described RN 42050 for genetic marker screening for estimating the stock composition of Western Alaska's Salmon Fisheries. The funding request is \$750 thousand in general funds.

Mr. Lawson reviewed RN 48912 for \$200,000 for Yukon River chum salmon aerial surveys. The project spans four years and will conduct intensive aerial surveys of summer chum salmon spawning streams in the middle and lower Yukon River drainage. He stated that geographic shifts in the lower river affect the stocks necessitating management changes.

Co-Chair Stedman asked about intensive aerial surveys.

[10:37:38 AM](#)

JOHN HILSINGER, DIRECTOR, DIVISION OF COMMERCIAL FISH explained that a low level aerial survey allows trained observers to fly multiple surveys over streams to acquire an estimate of the abundance of spawning salmon.

Mr. Lawson referenced RN 41514 for assessment and feasibility of pilot station sonar. The funding request is \$250 thousand in general funds. The study spans two years

for a pilot station area to assess the sonar program operations and conduct intensive surveys of the lower Yukon River.

Mr. Lawson continued with RN 43347 for the Endangered Species Act listed marine mammal research. The request is for \$600 thousand including \$450 thousand of federal receipt and \$150 thousand of general fund match. The project would leverage federal grant opportunities to conduct research for expansion of the state's knowledge base of endangered marine mammals.

Mr. Lawson detailed RN 48947 for state contracted hatchery facilities inspection with a funding request of \$150 thousand in general fund. The project was in the governor's amended version of the budget. The purpose is to perform an assessment of the state owned hatcheries to ensure that the contractors are in compliance with the contractual maintenance terms and to seek out options to transfer ownership if acceptable to all parties.

[10:40:43 AM](#)

Mr. Lawson referenced RN 33647 for the pacific coastal salmon recovery fund. The funding request is \$15 million of federal receipt authority. The state receives annual federal appropriations for the program. The funding arrives through a memorandum of understanding with the United States Department of Commerce.

Mr. Lawson addressed RN 48948 for the Pacific Salmon Treaty Chinook fishery mitigation project for \$7.5 million of federal receipt authority. The federal budget for state FY11 includes \$7.5 million of funding to mitigate the economic consequences of harvest reductions imposed by the Pacific Salmon Treaty in Southeast Alaska.

Co-Chair Hoffman asked about RN 33647 and the dialog with the executive branch regarding the application. Mr. Lawson agreed to return to the committee with further information. The decision could be made this week.

Co-Chair Stedman asked the plan for the mitigation funds. Mr. Lawson responded that a stakeholder's panel will meet this week to recommend an explanation for the utilization and allocation of the money. Co-Chair Stedman asked the proposed format of the explanation. Mr. Lawson understood

that a portion of the funding will be allocated to commerce. He offered to return to the committee with further information.

Mr. Lawson described RN 30432 for the sport fish recreational boating access program. The funding request is for \$3.1 million, \$2.3 million of which is federal receipt authority and \$775 from the fish and game fund. The annual portion from the federal government is used to construct and upgrade boating and sport fish access sites. Co-Chair Stedman asked if the list of sites could be presented to the committee. He also asked for targets of this year's appropriation.

[10:47:30 AM](#)

Mr. Lawson continued with RN 48917 and the economic contribution of wildlife to Alaska. The funding request was \$500 thousand with \$375 thousand of federal receipt authority and \$125 thousand of fish and game funds. The goal of the project is documentation of the economic contribution or significance of hunting and wildlife viewing within the state.

Senator Huggins noted the term "sustained yield" and "abundance management." He expressed interest in the trend lines for wildlife population and the efforts regarding the mentioned terms.

[10:48:55 AM](#)

Mr. Lawson described RN 47021 for cooperative resource program. The funding request is \$455 thousand of statutory designated program receipts. This project allows fish and game to accept funds from the private sector and local governments to leverage money from the federal government and obtain hydrological data.

SB 230 was HEARD and HELD in Committee for further consideration.

SB 253 was HEARD and HELD in Committee for further consideration.

[10:49:44 AM](#)

ADJOURNMENT

The meeting was adjourned at 10:49 AM.