

**ALASKA STATE LEGISLATURE
JOINT MEETING
HOUSE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE
HOUSE SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT, INTERNATIONAL
TRADE AND TOURISM**

March 1, 2011
8:10 a.m.

MEMBERS PRESENT

HOUSE COMMUNITY AND REGIONAL AFFAIRS

Representative Cathy Engstrom Munoz, Chair
Representative Neal Foster, Vice Chair
Representative Alan Austerman
Representative Alan Dick
Representative Dan Saddler
Representative Sharon Cissna

HOUSE ECONOMIC DEVELOPMENT, INTERNATIONAL TRADE AND TOURISM

Representative Bob Herron, Chair
Representative Neal Foster
Representative Reggie Joule
Representative Cathy Engstrom Munoz
Representative Steve Thompson

MEMBERS ABSENT

HOUSE COMMUNITY AND REGIONAL AFFAIRS

Representative Berta Gardner

HOUSE ECONOMIC DEVELOPMENT, INTERNATIONAL TRADE AND TOURISM

Representative Kurt Olson, Vice Chair
Representative Wes Keller
Representative Berta Gardner
Representative Chris Tuck

COMMITTEE CALENDAR

CONFIRMATION HEARING(S):

Department of Commerce, Community & Economic Development, Acting
Commissioner

Susan Bell - Juneau

- CONFIRMATION(S) ADVANCED

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

SUSAN BELL, Acting Commissioner
Department of Commerce, Community & Economic Development (DCCED)
Juneau, Alaska

POSITION STATEMENT: Speaking as the appointed Acting
Commissioner of DCCED, reviewed her background.

ACTION NARRATIVE

[8:10:51 AM](#)

CHAIR CATHY ENGSTROM MUNOZ called the joint meeting of the House Community and Regional Affairs Standing Committee and the House Special Committee on Economic Development, International Trade and Tourism to order at 8:10 a.m. Representatives Austerman, Foster, Dick, Saddler, Munoz, Herron, Thompson, Joule, and Cissna were present at the call to order.

Confirmation Hearing(s): Department of Commerce, Community & Economic Development, ACTING COMMISSIONER

[8:10:57 AM](#)

CHAIR MUNOZ announced that the only order of business would be the confirmation hearing of the Susan Bell, Acting Commissioner of the Department of Commerce, Community & Economic Development.

[8:11:10 AM](#)

SUSAN BELL, Acting Commissioner, Department of Commerce, Community & Economic Development (DCCED), speaking as the appointed Acting Commissioner of DCCED, informed the committee that she has been a Southeast Alaska resident for a little over 20 years. Although she was originally from Nome and stayed there until she was six years old, she mainly grew up in the Fairbanks area. Prior to taking her current position as

appointed commissioner, Acting Commissioner Bell worked in the governor's office. She said that working in state government provided her the opportunity to get to know the department and the issues. With a little over a year-and-a-half in state government, Acting Commissioner Bell said she felt new to state government in many ways. Prior to working in state government, Acting Commissioner Bell was a principal with the McDowell Group for 8.5 years. During her time with the McDowell Group she managed a wide array of projects throughout the state, which provided insight into many of the issues and people she is working with as acting commissioner. Prior to her time with the McDowell Group, Acting Commissioner Bell was the Vice President of Goldbelt. The aforementioned provided a unique opportunity for Acting Commissioner Bell to work for a for-profit corporation with a unique combination of economic and social responsibilities. Acting Commissioner Bell related that she was also fortunate to have a long career in the visitor industry, which started when she was attending college in the Interior. During her time working in the visitor industry she worked in business operations, management, and marketing all of which provided skill sets that are transferable and applicable to lots of businesses.

[8:14:28 AM](#)

REPRESENTATIVE SADDLER inquired as to what Acting Commissioner Bell would identify as the strengths and weaknesses in Alaska's economy. He further inquired as to what she would do to address those.

ACTING COMMISSIONER BELL opined that Alaska was somewhat insulated from the 2008 economic crash. While Alaska's unemployment was higher than normal, it wasn't the precipitous decreases in terms of employment or decline in the housing market. In terms of the recovery of the nation, it's important to realize that sometimes Alaska doesn't participate in the pickup. Therefore, she opined that it's important for the state to think about Alaska's competitiveness and responsiveness and position itself well during the change. She then highlighted the tremendous challenge the state faces from the federal government. As a resource state it's important for Alaska to preserve the decision-making authority and basic functions of the state. Acting Commissioner Bell further opined that Alaska is well positioned with great resources and people to grow and diversify the state's economy. The aforementioned requires good communication and nimble responses. She expressed the need for

DCCED to be as effective as possible in terms of using its marketing, financing, and business development tools.

8:17:03 AM

CHAIR HERRON asked if of the seven questions he provided Acting Commissioner Bell there was one of particular interest.

ACTING COMMISSIONER BELL answered that the question that is worth addressing is the relationship of the Division of Community & Regional Affairs (DCRA) within DCCED. Approximately 11 years ago the Department of Community & Regional Affairs, with a staff of about 200, was combined with the Department of Commerce and Economic Development [to form the Department of Commerce, Community & Economic Development]. Although there are examples of why that combination is working well, there remain areas for improvement. She then highlighted that DCRA and the Division of Economic Development have complimentary and interrelated roles and working toward the common goal of economic opportunity. With DCRA housed in DCCED there are excellent opportunities for collaboration. For example, the Division of Economic Development staff has worked with DCRA staff with regard to grant opportunities or other resources for economic development projects, such as for fish plants. She provided other examples of the collaborative efforts within DCCED. She then highlighted two projects with overarching applications throughout the department: Village Resume, which is funded by the Denali Commission as a demonstration project to determine whether contractors understand the employment and other resources available within a community; Connect Alaska, which is a broadband project. Acting Commissioner Bell opined that it's beneficial to have existing working relationships within the department. Although she acknowledged that there's the opportunity to grow, there is much value in how the department currently works.

8:21:46 AM

CHAIR HERRON mentioned HB 160, which addresses tourism marketing to encourage people to come to Alaska and market fish. However, there's a need to go beyond that. Chair Herron then related that 52 percent of Canadians believe the Arctic is important to their identity, whereas 2 percent of Americans believe Alaska and the Arctic are important. Therefore, he inquired as to how to market Alaska, beyond tourism and purchasing fish, to be a better place for country.

ACTING COMMISSIONER BELL began by relating that the question speaks to an area that the department has been discussing. She then highlighted the state's contract with the Alaska Seafood Marketing Institute (ASMI) as well as the smaller marketing programs of Made in Alaska, Silver Hand, and Alaska Grown. Acting Commissioner Bell concurred with the need for more of an overarching presence for Alaska. As the department enters the next budget cycle, it will review its internal resources as well as the possibility of realigning some of the department's programs. It's critical, she opined, to ensure people understand what the state has to offer. Furthermore, the state needs to think more globally with regard to the image of the state such that the state is competitive, responsive, and proactive in terms of positioning the state for economic and community development. The department has had internal discussions, which she expected would be more robust in the next budget cycle.

CHAIR HERRON recalled that the governor has said HB 160 is a priority for him, which Chair Herron interpreted as part of the overarching approach of painting a better picture of the importance of Alaska.

[8:25:58 AM](#)

REPRESENTATIVE AUSTERMAN inquired as to how DCCED interfaces with ADF&G to develop underutilized or non utilized fishing industry resources. He related that approximately 2,500 permits/applications for mainly economic development projects are languishing in DNR. He then inquired as to how DCCED works with other departments to address some of the problems with economic development.

ACTING COMMISSIONER BELL answered that there are a few formal ways in which DCCED engages as commissioners, such as through the various subcabinets and a group led by the attorney general that focuses on various projects across departments. One such project, worked on in conjunction with ADF&G, DCCED, and the Department of Law (DOL), focuses on the Endangered Species Act and the biological information necessary as well as the social impacts. She related that as DCCED's team came together, there has been a commitment and leadership from the governor to ensure the department works together. Acting Commissioner Bell relayed confidence that DCCED will breakdown some of the barriers, silos to accomplish work. With regard to the DNR permits, she related that Commissioner Sullivan is very focused on that, although it will take staff resources and a culture change. Addressing

issues across department lines will be more tangible as the administration proceeds.

REPRESENTATIVE AUSTERMAN remarked that many of the fixes, DNR permitting in particular, are fairly easy. He then suggested that DNR could make some simple regulation changes to address the five-year timeframe requirement for permits. For example, when [Kodiak] was interested in building a dock it was told it would take five years to obtain a lease. Although [DNR] said it could provide a permit, the dock would have to be built such that it could be taken down in 24 hours. However, a simple regulation change could require a bond to take the dock down rather than the 24-hour requirement. He suggested that such changes could be led by commissioners.

[8:31:32 AM](#)

REPRESENTATIVE DICK remarked that by the time information or concepts move from the legislature to the location, often there's a breakdown. He related that once the programs and grants reach the small rural areas, constituents complain that they are competing against their own government. In other situations, government actually funds the very dysfunction the local area is trying to rid itself of. Therefore, he expressed the need to have accountability. Representative Dick inquired as to whether a [process] can be developed such that residents in the area of a project have an avenue to speak with [the departments] regarding implementation at the local level and whether it's working.

ACTING COMMISSIONER BELL mentioned that Representative Dick's discussions with herself and Mr. Ruby have led to discussions regarding the department's roles, particularly in the Division of Community & Regional Affairs. The division has sustainability measures and audits, which provide accountability. She then turned attention to the importance of regional hubs from which it's easier to understand the reality of the smaller surrounding communities.

[8:35:38 AM](#)

REPRESENTATIVE JOULE highlighted that since the Alaska Native Claims Settlement Act (ANCSA) Alaska Native Corporations have grown to a position from which they contribute heavily to Alaska's economy. He then inquired as to the future role of DCCED with these corporations.

ACTING COMMISSIONER BELL recalled her prior roles in which she worked with Goldbelt Corporation and the McDowell Group where she had the opportunity to engage with the for-profit corporations. She then informed the committee that DCCED has increased its engagement with ANCSA corporations, community leaders, and business leaders in order to understand and compliment their needs. To a lesser degree, DCCED has increased its engagement with communities. She pointed out that many of the ANCSA corporations are engaged in multiple disciplines, which provides a diversification that's valuable to understand. Although the dividends and employment opportunities that ANCSA corporations provide to their shareholders are smaller, the educational opportunities they offer are tremendous. Personally, as a shareholder of Bering Strait and Sitanasuak Native Corporations, she related that she is proud of what the corporations are doing. In terms of the department, Acting Commissioner Bell expressed the need for the department to be engaged at the regional level as well as the village level, which she characterized as a key piece of DCCED's strategy going forward.

[8:39:50 AM](#)

REPRESENTATIVE FOSTER mentioned his appreciation for Acting Commissioner Bell's diverse background in the urban and rural environments and her work experience in the private and public sectors as well as with Native corporations. With regard to engaging with the Native corporations, he recalled seeing the state interface with NANA Corporation and the film industry.

ACTING COMMISSIONER BELL informed the committee that the department has the Economic Advisory Council, which is an informal group that would function as a sounding board for her and DCCED's directors. The council includes a number of Native corporation leaders. Having sat in on and reviewing some of the transition team reports, she recalled that many of the ANCSA corporations were part of that. The ANCSA corporations are part of the fabric of Alaska's economy and are valued. Therefore, there's no question that the ANCSA corporations will be part of the department's engagement going forward.

[8:41:46 AM](#)

REPRESENTATIVE CISSNA related that her recent travels have taken her to rural Alaska, where she has viewed the tribal aspect [of rural Alaska]. She opined that it seems that DCCED doesn't focus on the tribal part [of rural Alaska] as it partners with

the ANCSA corporations. The tribal health [organizations] are doing an amazing job, she remarked. Still, in many of the communities she has visited, she has observed that oftentimes items are sent to rural Alaska that no one knows how to use. Furthermore, oftentimes the safe water systems and energy systems aren't working together and no one knows how they work. Although she has come to understand that there are training programs, they aren't [available] where she's traveled. Representative Cissna related that her travels have illustrated the large amounts of expenditures in federal and state funds, which aren't coordinated. Furthermore, there are different world views between Bush and urban Alaska. She inquired as to how to address the differing world views, that is a non economic world rather than a monetary world. "We've got this economic thing in places where people are trying to subsist, but they've got too many impediments that are things we sent," she pointed out.

ACTING COMMISSIONER BELL said that while DCRA doesn't interact with the breadth of entities Representative Cissna mentioned, many of the government services they provide, in terms of technical assistance, training, and grant administration, are at the tribal government level. Therefore, some of the basic municipal function occurs at the tribal government level. Some of what Representative Cissna mentioned DCCED does address through the Alaska Energy Authority and DEC addresses through the Village Safe Water program. She then highlighted that the Rural Subcabinet through last year made an effort to take commissioners and the attorney general out to a number of communities in the state in order for them to understand those communities across departments. In many instances it was the first time or the first time in a while that commissioners had been to those communities. Acting Commissioner Bell agreed with Representative Cissna that things can't be done in isolation. To that end, she noted that [DCCED] has worked closely with Commissioner Sullivan, who is completing a document that relates what [the Rural Subcabinet] saw and heard and viewed in other documents. The DCCED has focused on moving forward with an action plan.

[8:49:06 AM](#)

REPRESENTATIVE SADDLER asked if Acting Commissioner Bell would want to emulate the style or program of any of the previous commissioners of DCCED.

ACTING COMMISSIONER BELL related her observation that the past several DCCED commissioners have had very different personalities, strengths, and energy. She related that she strives to work with the DCCED leadership team regarding finding synergies between the department's community focus and economic development focus in order that both sides of the department are addressed simultaneously as synergies across the department are identified.

[8:51:18 AM](#)

REPRESENTATIVE AUSTERMAN noted that he's been critical of DCCED in the past, particularly with regard to economic development. However, he related that he is pleased with the appointment of Acting Commissioner Bell and the governor's other appointees. He further related that Acting Commissioner Bell's background in rural Alaska will bode well for the community and regional affairs side of the department. He concluded by thanking Acting Commissioner Bell for the work she does.

[8:52:01 AM](#)

CHAIR MUNOZ wished Acting Commissioner Bell success in this role. She noted that she has observed Acting Commissioner Bell in various roles in which she has always excelled. Therefore, she opined that the state is fortunate to have her in this position.

[8:52:43 AM](#)

ADJOURNMENT

There being no further business before the committees, the joint meeting of the House Community and Regional Affairs Standing Committee and House Special Committee on Economic Development, International Trade and Tourism was adjourned at 8:52 a.m.