

ALASKA STATE LEGISLATURE
SENATE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

March 31, 2011

3:34 p.m.

MEMBERS PRESENT

Senator Donald Olson, Chair
Senator Thomas Wagoner
Senator Albert Kookesh
Senator Linda Menard
Senator Johnny Ellis

MEMBERS ABSENT

All members present

OTHER LEGISLATORS PRESENT

COMMITTEE CALENDAR

CONFIRMATION HEARING

Commissioner - Department of Commerce, Community and
Economic Development
Susan Bell

- CONFIRMATION ADVANCED

PRESENTATION: ALASKA COASTAL MANAGEMENT PROGRAM

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

SUSAN BELL, Commissioner Designee
Department of Commerce, Community and Economic Development
(DCCED)
Juneau, AK

POSITION STATEMENT: Testified as candidate for confirmation as commissioner of the Department of Commerce, Community and Economic Development (DCCED).

JOSEPH BALASH, Deputy Commissioner
Department of Natural Resources (DNR)
Anchorage, Alaska

POSITION STATEMENT: Gave an overview of the current Alaska Coastal Management Program.

GARY WILLIAMS, Coastal District Coordinator
Kenai Peninsula Borough
Soldotna, Alaska

POSITION STATEMENT: Gave a critique and offered suggestions on the current Alaska Coastal Management Program.

TOM LOHMAN, Attorney
North Slope Borough
Barrow, Alaska

POSITION STATEMENT: Gave a critique and offered suggestions on the current Alaska Coastal Management Program.

KATHY WASSERMAN, Executive Director
Alaska Municipal League

POSITION STATEMENT: Gave a critique and offered suggestions on the current Alaska Coastal Management Program.

ACTION NARRATIVE

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CHAIR DONALD OLSON called the Senate Community and Regional Affairs Standing Committee meeting to order at 3:34 p.m. Present at the call to order were Senators Menard, Wagoner, Kookesh and Chair Olson. Senator Ellis arrived shortly thereafter.

Confirmation Hearing: Commissioner - Department of Commerce, Community and Economic Development

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CHAIR OLSON announced that the first order of business would be to hear the confirmation hearing of Susan Bell for the position as commissioner of the Department of Commerce, Community and Economic Development (DCCED). He asked Ms. Bell to tell the committee about her background and why she was chosen for this position.

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SUSAN BELL, Commissioner Designee, Department of Commerce, Community and Economic Development (DCCED), said prior to taking this position she worked in the governor's office as a special assistant. In this position she worked primarily with DCCED, but

she also spent time with the Department of Revenue and the Department of Administration. She said that this was a great opportunity to become familiar with some of the issues and the people at DCCED. She explained that before that position she was a principal of the McDowell Group, a research and consulting firm. She said that the firm gave her the chance to work statewide on issues that are directly relevant to the work in her current position at DCCED. She noted that she was also able to work with number of state agencies including the Department of Commerce and the Department of Transportation. She said that before this she worked as one of the vice presidents at Goldbelt Incorporated. She explained that this was a unique opportunity for her to work with an organization that was focused on economic development, job creation and shareholder hire within the context of the ANCSA [Alaska Native Claims Settlement Act] corporation. She noted that she also has a lot of business management and marketing experiences and has lived and worked throughout the state.

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SENATOR WAGONER said Trout Unlimited, one of the Regional Seafood Development Associations (RSDA) administered by DCCED, was given money from the commercial salmon fisheries. He asked how DCCED tracks this type of "gift" or "grant" and how this fits into to the overall goals of RSDA. He noted that Trout Unlimited is an advocacy organization for environmental issues both nation and worldwide.

COMMISSIONER BELL replied that this issue came to the attention of both the Division of Economic Development and the commissioner's office last week. She concurred that DCCED has regulatory and oversight responsibilities for these marketing organizations. She explained that the department is currently talking directly with RSDA and the Department of Law (DOL) in order to understand what the expenditure was and what the appropriate response should be. She said she would be happy to report back to the committee after the department has made a determination.

SENATOR WAGONER said he would appreciate seeing the report.

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SENATOR MENARD recognized Commissioner Bell's accomplishments.

SENATOR ELLIS said that he has some constituents that were involved with the statewide head tax for the cruise industry. He asked her to give the committee an update on what is going on

with the cruise industry market in Alaska and whether some cruise lines have added ships since the rollback of the head tax.

COMMISSIONER BELL replied that this year Disney Cruise Line and Oceana Cruises would be introduced and Crystal Cruise Line would be returning. She explained that while this will introduce less than 10,000 passengers, they are very much welcomed. She noted that last fall Princess also announced that it would be returning another cross-gulf ship in the summer of 2012. She stressed that with a cross-gulf ship there are greater economic benefits for the state because many of these passengers spend time in Alaska on their own or opt to purchase a cruise tour of Alaska.

She added that when attending Cruise Shipping Miami with the governor a few weeks ago Holland America announced that for 2012 it would be making some capacity increases, which would amount to another 11,000 passengers. She noted that while this year's passenger increase is quite small, 2012 will see an increase of about 60,000 new passengers in the market. She acknowledged that this is still a long way away from the 150,000 passengers that Alaska lost in a two year period. She added that early research from the Alaska Travel Industry Association (ATIA) shows an increase in visitors for this summer.

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SENATOR ELLIS asked for confirmation that a lot of the follow-up was due to the worldwide economic situation, as opposed to the head tax. He noted that there were a number of cruise lines that announced coming to Alaska when the state had the citizen-inspired head tax.

COMMISSIONER BELL agreed that the state and many businesses in Alaska were affected by the economic decline. She explained that with the passage of the head tax ballot initiative there was, at the time, a suite of nearly \$70 million in new taxes and fees, a rise in the environmental standards, the inclusion of the Ocean Ranger Program, and a strong message sent to the cruise line industry from Alaskans. She said that the decline in passengers was a combination of these fees and the economic decline in 2009. She said that the recovery in the industry that the state is now seeing is not just a role back in fees but also outreach. She reminded the committee that the state was in a lawsuit with the cruise lines. She explained that the halt of the lawsuit, the increase in state marketing, the outreach to the industry,

and the changes that were made last year in the fee structure go hand-in-hand in restoring the market.

SENATOR ELLIS noted that Alaskans are generally proud of the state's pristine waters and clean air and this is part of what the cruise industry is marketing.

He asked, in the conversations that she and the governor had in Miami, whether they had the opportunity to ask the industry for marketing support that benefits more than just the cruise ship industry.

COMMISSIONER BELL replied that the main message to both the main delegates and in one-on-one small group meetings that the governor had with cruise lines was about what Alaska is doing in regards to marketing, the changes made in the fee structure, and the state's commitment to high environmental standards. She explained that it was more a message of outreach in order to restore business and to welcome. She noted that she was previously on the Alaska Tourism Marketing Council as a representative of Southeast Alaska Tourism Council. She said Alaska's public private partnership has stood out.

SENATOR ELLIS asked if the cruise line industry offered to help the state monetarily with its marketing.

COMMISSIONER BELL answered no; there was no voluntary offering. She noted that the cruise line industry does participate as members by purchasing ads and labels that all businesses have access to through the pay-to-play programs.

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SENATOR WAGONER said there has been an erosion of population in rural areas over the last few years. He asked whether this is still occurring.

COMMISSIONER BELL replied in the fall and winter of 2008 and 2009 there were high gas prices and a lot of media attention on the movement out of rural areas. She explained that during this time the Rural Subcabinet was created, which analyzed fuel costs, distributions systems, and population trends. She explained that these analyses showed that after the initial spike in 2009, the movement to and from the rural to urban communities has become more fluid. She noted that community stability, safety, and economic viability are concerns. She added that right now is a transition period as individuals settle into their newly appointed roles. She said the Department

of Labor and Workforce Development and DCCED's Division of Community and Regional Affairs (DCRA) staff have been focused on the fresh census data since so much of its funding formulas are based on population. She said "ultimately, it's not just to measure the numbers, it's to make sure that we get to our mission of strong communities and a healthy and diverse economy that allows people to stay in their homes."

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CHAIR OLSON asked what she sees the vision of DCCED being in the future, especially with regard to rural Alaska.

COMMISSIONER BELL replied that DCRA has recently grown and strengthened in the past few years. She explained that one thing she believes is important to do is strengthen and re-tool the Division of Economic Development so that it can work hand-in-hand with DCRA. She noted this has been a focus that preceded her coming into the commissioner role. She said that she is looking forward to working with DCCED's talented and dedicated staff in order to be as effective as possible in program delivery and work collaboratively across the department and with other departments. She explained that DCCED has the potential to provide leadership for businesses and communities and there is a strong desire within the department to achieve that potential fully.

CHAIR OLSON said he was reminded by a previous commissioner that "commissioners come and commissioners go." He asked what she hopes to accomplish during her time.

COMMISSIONER BELL replied that she feels the Division of Economic Development shrunk over the past few years and this is an area where a legacy could be built. She explained that last year Alaska was ranked 50th out of 50 with regard to the state's competitiveness. She said she believes that Alaska has so much to offer in terms of its people, location, resources, and innovation. Advancing Alaska is one of the key areas that she is focused on.

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CHAIR OLSON asked whether she sees DCCED expanding during her time as commissioner. He explained that rural areas are largely along the coastline of Alaska and involved and effected by the Alaska Coastal Management Program (ACMP). He noted that there has been a fair amount of dissatisfaction that has occurred since 2003 with the program being under the Department of Natural Resources (DNR). He explained that as policy makers,

legislators have looked into moving the program out of DNR and putting it into another department, possibly DCCED. He asked her to share her thoughts on this option.

COMMISSIONER BELL said that she had not realized that DCCED had been contemplated as a possible "home" for ACMP. She expressed her compliments to the efforts that have been made down to the division director level. She explained that ACMP can draw on the strengths of each state department and division. She noted that great strides have been made, in a short amount of time, to work through many of the frustrations and ensure that communities have its funds. She said that she is not prepared to comment on DCCED's ability to house ACMP.

With regard to Senator Olson's initial question about expanding DCCED, she said the first thing that needs to be done is to ask: "can we be more effective with the resources that we have?" She said that she believes the answer is "yes."

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At ease from 4:00 p.m. to 4:02 p.m.

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SENATOR KOOKESH moved to forward the name Susan Bell to the full legislature sitting in joint session for a vote. There being no objection, it was so ordered.

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At ease from 4:02 p.m. to 4:03 p.m.

Presentation: Alaska Coastal Management Program

[4:03:19 PM](#)

CHAIR OLSON announced that the next order of business would be to hear an overview of the Alaska Coastal Management Plan (ACMP). He noted that Mr. Balash was one of the main authors who put the sunset provision into the program, which will occur in the next couple of months.

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JOSEPH BALASH, Deputy Commissioner, Department of Natural Resources (DNR), said the governor submitted a bill requesting an extension of ACMP. He listed some of the highlights of the program.

He explained that the federal structure for the program is the Coastal Zone Management Act (CZMA), which allows states to

develop its own coastal program. He noted that it is voluntary on the part of states to implement it in one of three ways:

Technique A is a locally implemented program structure, such as Oregon, where the state develops the standards and allows local districts to implement and issue the permits and conditions.

Technique B is a state standardized program and there is no real local involvement.

Technique C is a hybrid of technique A and B, where communities are involved in the development of standards, planning, and issuance of permits. He noted that the adoption of technique C for implementation is unique to Alaska.

He explained that the program in Alaska is a network program and is dependent upon coastal participation by local communities. He acknowledged that a number of communities and districts are frustrated with the current process. He explained that the rules for local participation are set out in statute and implemented through regulations.

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MR. BALASH explained that there are a variety of communities around the state that have chosen to become districts formally under the program. He noted that this is voluntary on the part of the community.

He said the process for developing or amending a local coastal plan is lengthy and involves a tremendous amount of input and comment by all stakeholders. [Page 3 of the presentation describes this process. Presentation included in the document packet.]

He highlighted the last row on page 3 in between box one and two as an opportunity for mediation. He explained that this has been used effectively by some communities and with impasse in others. He emphasized that the amendment process is lengthy and can take two to three years to complete. He noted that federal review and approval is required as a part of that process before a local plan is finalized. He explained that the most important part of the coastal district plan approval is the enforceable components of the plan. These include:

- Enforceable policies
- Designated areas
- Maps of where the designated areas are located

He explained that the enforceable policies are governed by a set of statutes and regulations and that these requirements were a large part of the legislation that was considered by the legislature and adopted in 2003. He highlighted some of these policies, an example being that a local policy cannot address a matter that is adequately addressed by state or federal law. He explained that the use of the word "adequately" results in a subjective determination made by an individual as to whether or not a state or federal regulation governing the particular resource or policy in question already exists. The adequacy of this is determined, in this case, by DCOM [Division of Coastal and Ocean Management] in consultation with the respective agency. He noted that a number of districts have been frustrated by that determination process and are seeking to remove that particular language.

He explained that with regard to designated areas, a community can develop or select a designated area where local enforceable policy can apply. He noted that a designated area is important because when an enforceable policy is developed on a local level it becomes an additional set of requirements that a project sponsor or developer has to meet in order to move forward with that activity in the coastal zone. He noted that a designated area does not require a local enforceable policy, but it gives the community deference in the consistency review process even when relying on the state's standards, rather than its own.

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CHAIR OLSON asked how many designated areas exist with approved plans.

MR. BALASH replied that he believes there are two districts without approved plans and 70 percent of the designated area requests were approved in the planning process. He said he did not know what that number is but he could get it for the committee.

He explained that the maps that reflect the designated areas are an important part of the local plan. This is because it's important for individuals operating in a coastal zone to know whether they are in a designated area and which policies will apply to their activity.

He said that there are a number of overlapping rules and guidelines in statute; within regulations the particulars get more specific. Slide 5 was a diagram of the District Enforceable

Policy Decision Tree, which was developed by DCOM in order to assist communities in understanding how these decisions are made when a local policy is brought forward. He acknowledged that it is difficult to have a local enforceable policy approved under the current ACMP process. He explained that part of the reason for this is because the ACMP is only one part of a comprehensive regulatory system in the state where a number of agencies are already protecting air, water, and resource standards in the state.

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MR. BALASH continued that after a local plan has been approved, the application and implementation of those policies comes next. He explained that this occurs only during the consistency review process. Coastal districts receive implementation funding from the federal government as part of CZMA in order to conduct consistency reviews.

He noted that coastal districts are considered to have expertise in the interpretation of its plan. He explained that this becomes important at a particular stage of the review process in the event that consensus does not emerge among the reviewing entities. He added that coastal districts can comment on a proposed project using its local plan or the state's standards.

Slide 7 laid out the review process and how it affects projects and activities. He reminded the committee that the review process involves the applicant, the affected coastal district, state and federal agencies, and the public. The review process is designed to evaluate projects and protect and manage coastal uses and resources, while addressing an applicant's project. He explained that this process is not meant to be a straight forward "yes" or "no" on whether a project should occur or move forward. He explained that it's intended to "massage" a project in order to get it into compliance with the coastal management program at the beginning of the process.

MR. BALASH went over the review process steps with the committee. The first step is to determine the applicability of ACMP to a project. He explained that if an activity or project is occurring in the coastal zone in Alaska and requires state or federal authorization and it is located in the coastal zone on federal lands or the outer continental shelf (OCS) then ACMP may apply.

He continued that after applicability has been determined, DCOM offers pre-review assistance before the review actually starts.

He explained that once an application is complete, it is brought into DNR and the agency has to have all copies of permit applications.

He explained that the information in the application is used by DCOM to determine the scope of the review. The scope of the review is determined by the type of project. He noted that the scope of the project could include low-impact activities as well as major developments.

He added that the coordinating agency is determined by the activities involved. He explained that more often than not DCOM is the coordinating agency to conduct the review; however, sometimes that is not the case.

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MR. BALASH continued that after the scope is determined, DCOM prepares the notice for public comment to be published in three public places. Included in the notice is information about the project, comment deadlines and any milestones dictated by a project. He explained that at the end of all of these steps, "Day 1" has started.

Day 1 begins the review process. He noted that there are two types of reviews: a 30 day review and a 50 day review. He explained that some of the more involved projects, which have certain federal authorizations, require the longer review period.

On Day 13/25 review participants can request additional information and a designated area within scope of that review. He gave an example of a designated area request.

Day 17/30 is the deadline for public comments. He noted that all of the review participants may submit comments, which must be received by the deadline, in writing, and include an explanation on whether the participant concurs with consistencies or if they have considered it to be inconsistent. He said that if it is inconsistent, the participant needs to identify the enforceable policies that the project is inconsistent with, explain why, and propose alternative. He noted that this is an important element.

He continued that after the comment period has ended DCOM collects and considers what those comments reflect. He explained that regardless of whether or not a given community has commented or has an approved plan, the goal is to find consensus. He noted that in the cases where consensus is not

clear in the comments, DCOM can convene a hearing in an attempt to resolve issues and facilitate some dialogue. He explained that where there are differences the division attempts to look to and provide deference to the comments of the local district or the agency that has expertise on the issue that is in conflict.

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MR. BALASH continued with his presentation. He said on Day 24/44 DCOM proposes a determination of consistency, describes whether or not consistency has been achieved, and, if not, what alternative measures are required by the applicant to achieve consistency. He noted that at this point the applicant has some options: adopt the alternative measures, modify the project, or abandon the project and withdraw their application. Additionally at Day 29/49 there is an opportunity for a decision on consistency to be elevated to the commissioner of DNR. This can be brought forward by the applicant or the effected coastal resource district. He noted that elevations are handled as quickly possible, however, the statutes require completion in 45 days with a final decision determined on day 30/50. He said that expedited reviews do exist and are achieved through a list of permits that are routine or generally consistent with associated activities in a given area (the "ABC list").

He explained that while the administration is pleased with the program and wants to extend it for another six years, it is understood that there is a desire on the part of communities and their legislators to amend the statutes. He explained that with this in mind, Commissioner Sullivan [with DNR] worked with the governor to develop some guiding principles in order to engage constructively in the legislative process. He said that what is important to the administration, and will guide its engagement and decision making, are that a predictable process must be maintained for conducting the consistency reviews, a strong state program must be maintained, and the standards and enforceable policies must remain objective and cannot duplicate or redefine existing authorities. He said that coastal districts should be afforded a meaningful role for input, but should not possess a veto decision over these projects.

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GARY WILLIAMS, Coastal District Coordinator, Kenai Peninsula Borough, explained that the borough believes ACMP serves an important role in monitoring development and could become more meaningful with revised and improved legislation. He said that the current model needs to be reviewed in order to make sure it

is serving the best interest of the state, its political subdivisions, and industry. He said he believes that the program can be enhanced with a few adjustments.

He suggested that with regard to enforceable policy, to focus on AS 46.40. He said that within this statute coastal districts are disallowed enforceable policy if a matter is "adequately addressed" in state and federal law. He explained that the definition of "adequately addressed", in the borough's experience, is what DNR "says it is" and it needs to either be removed or reworked.

He continued that within AS 46.40 many district policies have been disallowed because the policy did not "flow from" specific state or federal law. He said that the concept of "flow from" should be removed from the enforceable policy evaluation or additionally state that if a particular state or federal law does not address a local concern, which the local governing body believes to be important, then the policy should be accepted.

He said that, finally, AS 46.40 requires that if a coastal district finds that a specific coastal use is of "unique concern," it must be demonstrated through local usage or scientific evidence. He explained that the level of documentation that DNR requires, with regard of scientific evidence, is burdensome. He said that this term is highly interpretable and he suggested that it be removed from statute.

He noted that he will fax the committee his complete discussion for review at another time.

He explained that the administrative code that was developed following the 2003 ACMP legislation was more restrictive than what statute requires. The result has been that current regulation severely limits the ability for coastal districts to obtain policy approval from DNR because the statewide standards have narrowed or eliminated the purview of coastal districts regarding certain coastal uses and resources, he said.

He stressed that a few fixes to the statute with the regard to administrative code will help make ACMP more meaningful as an adjunct to state agency oversight. He encouraged the Senate to pass a six year extension to ACMP.

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CHAIR OLSON asked if the removal or reworking of the "adequately addressed" and "unique concern" portions of AS 46.40 will

decrease frustration of districts whose plans are being rejected.

MR. WILLIAMS replied that he believes so and that it will also help DNR. He explained that it is a win-win for DNR in its ability to try to help districts create policies that are consistent with state law and will help districts understand why it may not get a policy.

CHAIR OLSON asked what his thoughts are in reestablishing the policy council that was eliminated in 2003.

MR. WILLIAMS replied that he is hopeful that the council can be reestablished. He explained that it has been difficult to work with an agency that both writes and interprets the rules. He said that having a policy board that helps mediate the issues for both sides would be a great adjunct to the program.

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TOM LOHMAN, Attorney, North Slope Borough, stressed that he believes the state's long-term best interests are served by the continuation and amendment of the current ACMP in order to restore a meaningful role in the program for coastal districts. He explained that it is important to dispel some of the persistent myths that surround ACMP in order to seek important and necessary changes after the crippling amendments that were adopted in 2003.

He explained that, first, the constituents that legislators represent are not anti-development and ACMP is not an anti-development program. He noted that districts have never sought veto-authority over development projects; nor have districts tried to usurp state or federal authority or impinge upon the separation of powers between branches or levels of government. He said that there are no facts to back up any of these false claims, despite these myths being repeated at legislative hearings. He stressed that the North Slope Borough is as dependent on a healthy oil and gas industry as the state is as a whole, in order to maintain quality of life of the people and provide essential provisions to the community. He emphasized that ACMP could be a development program, which provides a meaningful role for communities in a coordinated project review process. He said the only thing districts want is to be able to work with project applicants and agencies and influence project designs that draw on local expertise and address local concerns. He opined that an ACMP which reflects a partnership between the centralized state government and the communities across Alaska

would enhance the likelihood that projects would be permitted more smoothly. He noted that a common theme districts have heard recently from the state administration is that federal decision makers should not impose its will with respect to actions in Alaska. He said "all we're asking for is the same measure of respect from our state government that our state government is demanding from the federal government."

He concluded by addressing some of the topics that were discussed in earlier testimony and that DNR has testified on in other forum. He explained that, first, it has been said that statewide subsistence standard requires that projects avoid, minimize, or mitigate impacts to subsistence. He explained that this is not exactly true. The statewide standard doesn't give alternative measures for mitigation. This is a problem because it means that an action must be either approved or disapproved and districts can't have the policies that it would like because of this. He said that he thinks this is where the idea of "veto" comes from. He gave an example of some policies in the North Slope Borough that were rejected by the state because it used language to either allow or disallow certain activities.

He continued that, second, it has been stated that an area designation is not needed in order to consider impacts to subsistence. He explained that this isn't true; the subsistence standard only applies if it is on an approved designated area.

He said that, third, there has been testimony that what districts have perceived as ever-changing standards and rules throughout the last eight years have not really been changes in standards, but merely more specific provisions by DNR. He argued that is also not true.

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MR. LOHMAN said that DNR has acknowledged that an unintended consequence arose from the inability to make designations on federal lands and waters. He explained that the North Slope Borough is unable to apply subsistence policies in places such as the NPRA [National Petroleum Reserve, Alaska] and the OCS [Outer Continental Shelf] because of this. He explained that the borough has effectively been closed out from crafting subsistence policies in the areas that are of greatest concern for the North Slope.

He continued that Mr. Balash also cited the opportunity for districts to designate areas on the fly during the review as a positive aspect of the current program. He said that, to him,

this seems to "fly in the face" of industry concerns and one of DNR's guiding principles for engagement: that the program is predictable and standards are clear upfront.

Finally, he said that the administration and many industry representatives, who have commented on this issue, have argued that the six years embodied in the bill introduced by the governor this year are needed in order to have careful stakeholder deliberation to identify appropriate changes to ACMP. He explained that this is frustrating to hear, because districts have, over the past eight years, engaged and spent enormous amounts of money and staff time participating in workshops, multi-stakeholder meetings, program reevaluation meetings, a federal review of the program, a legislative audit, and many hearings on ACMP. He suggested that the time is now to fix this program.

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CHAIR OLSON asked if the legislature and the governor come to an impasse and the program is allowed to sunset, what his thoughts are.

MR. LOHMAN replied that he believes the North Slope's mayor is on record stating that if the program remains unchanged the district has nothing to lose since it doesn't have a local plan. He noted that the idea that deference is paid to local communities may be the case elsewhere, but he has not experienced it with regard to the North Slope Borough. He explained that the district has conducted three elevations since the 2003 amendments and in each case not only were the views of the borough not adopted, but were paid virtually no attention in the final decision of the commissioner [of DNR]. He gave an example of how ACMP, if changed, could assist the district in coordinating its reviews and concerns on development issues, in order to expedite project permitting.

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CHAIR OLSON asked what the minimum changes are which need to be done in order to make this program acceptable to individuals throughout the state.

MR. LOHMAN replied that getting rid of the designated area requirement, which has costs districts an extraordinary amount of money. He explained that the North Slope Borough had no idea that the process would be so difficult or expensive and does not accomplish the goals intended. He continued that doing away with

the "adequately addressed" and "flow-from" requirements is also important.

He said that bringing back something similar to the Coastal Policy Council (CPC), which existed prior to 2003 would be a very positive step. He acknowledged that there were some issues with the previous CPC, but recent discussions have addressed a somewhat different makeup.

CHAIR OLSON asked what kind of makeup of the policy council he would like to see. He noted that previously the members had been mainly governor designees.

MR. LOHMAN replied that before 2003, the CPC was "stacked" in favor of the local communities, with local elected officials from nine regions of the states and five state officials. He explained that the problem with that system was that it often included elected officials who did not have the necessary expertise on various projects in their own area and other districts. He said a combination of representation from districts, state agencies, and possibly other stake holders would provide a balanced review for the approval of local district plans and policies.

CHAIR OLSON asked whether he is more optimistic that issues can be worked out with the new commissioner of DNR coming on board.

MR. LOHMAN replied that he has great respect for Commissioner Sullivan and there are a lot of good people who work at DNR and DCOM. He added that after eight years of work identifying the concerns of districts the pieces are in place to move forward. He reiterated that communities are not trying to halt the economy of the state. He pointed out that Randy Bates in DCOM knows this program "better than anybody, and he knows how to fix it better than anybody."

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KATHY WASSERMAN, Executive Director, Alaska Municipal League, stated support for the extension of ACMP. She said the program has been the cornerstone for many municipalities throughout the years. Prior to 2003 she said "we did not realize that we were actually a part of what the administration might call the instability of the program." She stressed that this isn't the intent of most municipalities.

She said that with regard to the sunset, ACMP is the only program that provides financial assistance to municipalities and

coastal districts and includes a regulatory framework that allows districts to have a "seat at the table" in the management decisions that affect coastal zones. She said as municipalities and districts "why would we not want to have a seat at that table?"

She said most municipalities and districts have lost most of its own enforceable policies and have been left with ones that are so limiting that the policies are ineffective. She noted that this is the cornerstone of the program itself.

She continued that another issue that the Alaska Municipality League has is the Department of Environmental Conservation (DEC) carve-out. She explained that not permitting any enforceable policies or comments that relate to air or water quality has virtually eliminated most of the meaningful participation in ACMP, since almost all coastal uses relate to air or water quality. DEC, as a rule, does not communicate with municipalities and coastal districts and the department should be brought back into the ACMP review process.

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MS. WASSERMAN said that requiring any physical area, subject to either subsistence or habitat enforceable policy, which must be pre-designated before any impacts to coastal resources or uses can be considered, ignores the reality that resources and habitats occur throughout the entire coastal area, many of which are migratory. She stressed that this regulation should be eliminated.

She said that another issue is consultants. She explained that DCOM has a policy of not allowing coastal districts or municipalities to hire consultants to assist local districts using the [Section] 306 funding. She emphasized that this should be a local decision, and should not be an issue so long as the work required by the state is completed.

She said that municipalities and districts that choose to participate in this program have always tried to balance responsible development with the protection of the coastal environment. She explained that municipalities are eager to return to the table and participate in a reenergized and coordinated review process, which has been lost since the "streamlined ACMP process" was implemented.

She expressed surprise that so many people think that municipalities want to stop development. The more rural the

community, the more interest there is for development in order for those communities to survive. She said that it is just a matter of being at the table and part of the discussion. She added that municipalities and districts have never asked for or requested veto power.

[4:58:37 PM](#)

There being no further business to come before the committee, Chair Olson adjourned the meeting at 4:58 p.m.