

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

December 16, 2014

9:09 a.m.

MEMBERS PRESENT

Senator Anna MacKinnon, Chair
Senator Kevin Meyer
Senator Click Bishop (via teleconference)
Senator Cathy Giessel

Representative Mike Hawker, Vice Chair
Representative Bob Herron (via teleconference)
Representative Kurt Olson (via teleconference)
Representative Scott Kawasaki (alternate) (via teleconference)

MEMBERS ABSENT

Representative Alan Austerman
Representative Andy Josephson
Representative Bill Stoltze (alternate)

Senator Donald Olson
Senator Mike Dunleavy (alternate)

OTHER LEGISLATORS PRESENT

Representative Sam Kito III

COMMITTEE CALENDAR

APPROVAL OF MINUTES
REVISED PROGRAM - LEGISLATIVE (RPLS)
EXECUTIVE SESSION
AUDIT REQUESTS
OTHER COMMITTEE BUSINESS

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

DAVID TEAL, Legislative Fiscal Analyst (via teleconference)
Legislative Finance Division
Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Provided information and answered questions regarding RPLs 05-5-0211, 08-5-0194, and 18-5-0360 to the Joint Committee on Legislative Budget and Audit.

JEANNE MUNGLE, Director (via teleconference)
Administrative Services
Department of Commerce, Community, and Economic Development
Juneau, Alaska

POSITION STATEMENT: Responded to questions regarding the urgency of RPL #08-5-0194, the Cordova Community Center.

ELAINE BUSSE FLOYD, Director
Division of Environmental Health
Department of Environmental Conservation
Anchorage, Alaska

POSITION STATEMENT: Provided information and answered questions regarding RPL #18-5-0360, Tsunami Marine Debris Cleanup.

ELISE HSICH (via teleconference)
Exxon Valdez Oil Spill Trustee Council (EVOSTC)
Anchorage, Alaska

POSITION STATEMENT: Provided information and answered questions regarding RPL #18-5-0360, the Cordova Community Center.

KRISTIN CURTIS, Legislative Auditor (via teleconference)
Legislative Audit Division
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided information regarding an upcoming audit and Alaska's Financial Statement FY14.

LAURA PIERRE, Staff
Senator Anna MacKinnon
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided information and answered questions regarding the status of upcoming RFPs, and contracts for oil and gas consultants.

ACTION NARRATIVE

[9:08:56 AM](#)

CHAIR ANNA MACKINNON called the Legislative Budget and Audit Committee meeting to order at 9:08 a.m. Senators Meyer, Giessel, MacKinnon, and Bishop (via teleconference), and

Representatives Hawker (via teleconference) and Herron (via teleconference) were present at the call to order. Representatives Olson (via teleconference) and Kawasaki (via teleconference) arrived as the meeting was in progress. Also in attendance was Representative Kito, III.

APPROVAL OF MINUTES

CHAIR MACKINNON announced that the first order of business would be approval of the minutes.

REPRESENTATIVE HAWKER made a motion to approve the minutes of October 28, 2014. There being no objection, the minutes from the meeting of October 28, 2014 were approved.

REPRESENTATIVE HAWKER made a motion to approve the minutes of October 29, 2014. There being no objection, the minutes from the meeting of October 29, 2014 were approved.

REPRESENTATIVE HAWKER made a motion to approve the morning and afternoon minutes of November 28, 2014. There being no objection, the morning and afternoon minutes from the meetings of November 28, 2014 were approved.

REPRESENTATIVE HAWKER made a motion to approve the minutes of December 2, 2014. There being no objection, the minutes from the meeting of December 2, 2014 were approved.

REVISED PROGRAM - LEGISLATIVE (RPLs)

[9:11:35 AM](#)

CHAIR MACKINNON announced that the next order of business would be consideration of three RPLs.

[9:11:44 AM](#)

DAVID TEAL, Legislative Fiscal Analyst, Legislative Finance Division, Alaska State Legislature, referred to Revised Program Legislative (RPL) #05-5-0211, and stated the Department of Education, Alaska State Council on the Arts (ASCA) is requesting \$120,000 of statutory designated program receipts authorization in order to accept funding provided by the Margaret A. Cargill Foundation. He advised the money is available as an Alaska Arts Education Planning Partnership project grant and is intended to develop a plan to increase the competency, tenure, and expertise, of art teachers in Alaska. In particular, he pointed

out, this funding would be used to explore the best methods of supporting early career professional development in arts teaching methodologies.

9:13:50 AM

REPRESENTATIVE HAWKER referred to the letter, dated 11/20/2014, from the Margaret A. Cargill Foundation and surmised that the urgency in this matter is that the grant payment of \$120,000 will be payable immediately upon receipt of the signed conditions of the grant agreement, if the committee so approves.

9:14:14 AM

MR. TEAL answered in the affirmative.

9:14:38 AM

MR. TEAL referred to RPL #08-5-0194 and stated that the Department of Commerce, Community and Economic Development (DCCED) is requesting \$1.5 million of Exxon Valdez Oil Spill (EVOS) trust funding for construction of the Cordova Community Center. He explained that the Exxon Valdez Oil Spill Trustee Council (EVOSTC) intends to move the majority of its administration from Anchorage to Cordova. He advised that in November 2010, the EVOSTC approved approximately \$7 million for this project with the intent of providing approximately one-third of the funds needed to construct the facility. He pointed out that there were several appropriations listed in the prior RPL [RPL #08-1-0248]. In referring to the current RPL, he noted a statement reporting that project costs have risen since those appropriations. In order to maintain the intended funding level of one-third of total project costs, the EVOSTC approved an additional \$1.3 million of trust money plus approximately \$200,000 in earnings. The RPL, he explained, does not provide the full cost of the building or the "shares of that cost, the state, EVOS, the city and private donations." He paraphrased a "cryptic" statement on page 2, paragraph 3, "... that the funding in the RPL will facilitate the project obtaining the balance of the anticipated funding needs from private donations." He expressed that there was confusion regarding the funding history as the best information shows that, to date, there is approximately \$10.5 million of undesignated gift funds (UGF) appropriated to this project plus another \$1 million from the Commercial Passenger Vessel [Tax] Fund. He remarked that this would bring EVOS funding up to approximately \$9 [million], including interest and the current RPL. He advised that

Representatives from the City of Cordova and EVOS are available to address questions the committee may have with regard to the project costs, funding, and how much additional money from various sources may be required to complete the project.

[9:17:21 AM](#)

REPRESENTATIVE HAWKER extended that he has trepidation about the [Cordova Community Center project], but that he is not in opposition to the EVOS or the [Cordova Community Center]. He voiced his concern that the committee approving another \$1.5 million out of the EVOS for this project is premature and is lacking in adequate due diligence on behalf of the legislature. He opined that the request belongs in the capital budgeting process of the legislature where it can be evaluated in more detail and with the benefit of the entire legislature. In that manner, he offered, proper time will be provided for the request to be analyzed and presented to the House and Senate Finance Committees. At this point, he continued that unless the request is a life, health, safety, mission critical, emergency funding, he could not support the RPL.

[9:18:58 AM](#)

JEANNE MUNGLE, Director, Administrative Services, Department of Commerce, Community, and Economic Development (DCCED), pointed out that the project's target completion date is scheduled for May 2015, and DCCED determined it would request the approval now.

[9:19:59 AM](#)

REPRESENTATIVE HAWKER reiterated that DCCED's project completion date is May 2015, and noted there is a \$1.5 [million] or more "overrun" with regard to the "cryptic" statement, "In addition, securing these funds will facilitate the project obtaining the balance of anticipated needs" He accessed that this is an issue DCCED should have been aware of long before this December committee meeting and asked why the request was not identified earlier. He asked what the consequences were in the event the estimated completion date went later than May 2015, and the decision postponed into the [2015] legislative session.

[9:21:09 AM](#)

MS. MUNGLE conveyed that this is not a DCCED's project, but because it has grant authority with the Division of Community

and Regional Affairs, DCCED is facilitating this request through the grant process. She noted that it was brought before DCCED's attention in November [2014] as a need in order to secure two-thirds of the total project cost that have come from a variety of sources at the local, state, and federal levels.

[9:22:12 AM](#)

SENATOR MEYER offered that this project has been around for a while as he had previously worked on it through the capital budget process. He opined that [initially the project] was to be a community center for the City of Cordova and it now appears that the scope has expanded to a library, museum, conference center, and includes use by EVOS. He asked if this expanded scope added to the cost. The state has been funding this through the capital budget for a while and, he questioned, will this be the "it" or will there be additional capital money requested and perhaps operating costs. He asked the current status of the project, the total cost of project, and if this amount of money will be sufficient.

[9:23:47 AM](#)

MS. MUNGLE deferred to Elise Hsieh, Exxon Valdez Oil Spill Trustee Council (EVOSTC), who is available via teleconference.

[9:24:17 AM](#)

SENATOR MEYER stated he is in agreement with Representative Hawker and supports this request going before the House and Senate Finance Committees to obtain more detail, including the history and the expectations of the project in the future.

[9:24:39 AM](#)

CHAIR MACKINNON directed the committee's attention to the bottom of page 1, "Previous Legislative Consideration" which depicts the state's commitment to this project to date.

[9:25:33 AM](#)

SENATOR MEYER noted his concern and the amount of commitment the state has given to this project. He said the project may have expanded over the years as this should have been completed some time ago. The House and Senate Finance Committees are better entities to ask questions and determine if there is an

expectation of future funding both from the capital and operating side.

There being no further comments from witnesses or committee members, Senator MacKinnon set RPL #08-5-0194 aside.

[9:27:16 AM](#)

MR. TEAL referred to RPL #18-5-0360, and he advised that the Department of Environment Conservation (DEC) is requesting \$1.5 million of federal receipts. The money comes from the National Oceanic and Atmospheric Administration (NOAA) for marine debris cleanup activities related to the tsunami that struck Japan in March 2011. He stated that although the final funding has not yet been awarded from NOAA, the DEC expects to receive \$900,000 within the next couple of weeks and another \$600,000 in February 2015. The DEC is requesting authorization now to ensure that contracts can be finalized in April 2015, and cleanup activities can occur between May and September 2015.

[9:28:26 AM](#)

SENATOR MEYER stated that capital money had been appropriated to this project and questioned the total amount of the appropriation.

[9:29:00 AM](#)

MR. TEAL responded that within previous legislative consideration the DEC, Division of Environment Health received \$1 million of federal receipt authority in FY13.

[9:29:32 AM](#)

ELAINE BUSSE FLOYD, Director, Division of Environmental Health, Department of Environmental Conservation, stated that the \$1 million in capital appropriation went through the DCCED and then to non-governmental organizations (NGOs) that directly perform marine debris cleanup. The [DEC] received \$1 million in federal authority two years ago in order that it could receive money from NOAA from the Government of Japan. She noted that the DEC is currently asking NOAA for \$1.5 million of the Government of Japan money. Alaska is poised to have received a total of \$2.5 million of the \$5 million that the Government of Japan gave to the United States.

[9:30:29 AM](#)

SENATOR MEYER surmised that Alaska, if the RPL is approved, will have received \$2.5 million from the federal government, and \$1 million appropriated in the general fund.

MS. FLOYD answered in the affirmative.

[9:30:45 AM](#)

SENATOR MEYER questioned if \$3.5 million represented enough money to clean up the debris, and asked if money from the fishing industry or any other source had been received.

[9:31:00 AM](#)

MS. FLOYD answered that EVOS contributed money directly to one of its contractors, a marine debris clean up NGOs, and the state contributed \$200,000 in FY12 for the first aerial survey of over 8,000 pictures of the tsunami debris. The aerial survey verified evidence seen on the ground along the coast and Gulf of Alaska, she said. In response to Senator Meyer's question, she stated that \$3.5 million is not enough money but that is the amount the department is working with. She noted that approximately \$1 million of the Government of Japan money will be left after Alaska receives the \$1.5 million it is poised to receive. She stated that NOAA advised that the Alaska Statement of Work (contract request) was signed in early December, but requires clearance from "a couple of layers up." She further stated that Alaska will be asking for additional funding next year, subsequent to reviewing the 2015 season.

[9:32:24 AM](#)

MS. FLOYD responded to Senator Meyer's question that Alaska was hit harder than all of the Western states and Canada as it has the most coastline. She pointed out that the wind and currents bypassed the majority of the Pacific states and those states report that their beaches are clean. British Columbia has coastline more similar to ours and it recently reported that [the beaches] are "tidied up" as well. She pointed out that the British Columbia beaches are normally flat, civilians can drive on them, and the beaches are easily accessible. Whereas, she noted, Alaska's beaches are more of an industrial operation to get to.

[9:33:40 AM](#)

REPRESENTATIVE HERRON requested information regarding the scale [of damage] and how successful the contractors were.

MS. FLOYD responded that last year a report was submitted to the legislature, and the 2014 season report will be available this session.

[The committee was advised that a representative from the Exxon Valdez Oil Spill Trustee Council was on line regarding RPL #08-5-0194, Cordova Community Center].

[9:34:58 AM](#)

ELISE HSICH, Exxon Valdez Oil Spill Trustee Council (EVOSTC), apologized for previously being "muted" via teleconference. She stated that in 2010 the Cordova Community Center project was perceived by the EVOSTC and supported by state, and federal trustees. She explained there was a delay in funding the Cordova Center construction project as the U.S. Department of Justice (DOJ) had concerns. Therefore, the [Alaska] Department of Law (DOL) worked closely with DOJ to resolve concerns in order that the money would flow to Cordova. As the committee is aware during 2008 construction costs were lower due to a dramatic market turn. Unfortunately, she noted, by the time Cordova received funding its construction costs were higher. In the interim, she explained, the Cordova Community Center has been managed by DCEED even though it did have an issue with a contractor, the cost expansion has to do with the initial delay with DOJ. She maintains that the scope has not increased at the Cordova Community Center since the 2010 initial funding by the EVOSTC. The EVOSTC approved another \$1.3 [million], however, it was contingent upon fund raising and additional monies. As that fund [raising] continues it is getting closer to the two-thirds mark (\$1.3 million) which is needed to complete this project, she remarked, and pointed out that approximately \$750,000 has been raised plus a bond is before the City of Cordova for another \$3 million. However, "this has not been approved by your body" which, she stated, makes it more difficult on the budget side for it to pass through the coordinating agencies to get the project funded. She said she is working closely with DOL and DOJ, and that DOJ is poised to release funding as soon as the two-thirds mark is hit. She deferred to the City of Cordova as to the estimated date of final construction, but there is a last push to get the project completed in late spring. The City [of Cordova] in past resolutions with the EVOSTC agreed to cover maintenance costs and operating costs of the [Cordova Community Center].

[9:38:39 AM](#)

REPRESENTATIVE HAWKER made a motion that the Legislative Budget & Audit Committee approve the following RPLs: RPL #05-5-[02]11, The Department of Education and Early Development, \$120,000 of statutory designated program receipts and; RPL #18-5-0360, Department of Environmental Conservation, \$1.5 million in federal receipt authority.

There being no objection, RPL #05-5-0211 and RPL #18-5-0360 were approved.

EXECUTIVE SESSION

[9:39:38 AM](#)

CHAIR MACKINNON stated that the committee would move into executive session to discuss confidential audit reports. She advised that Pauly Swanson, staff to incoming Chair Mike Hawker, Laura Pierre and Erin Shine, staff to Chair MacKinnon, and Kristin Curtis, Legislative Auditor and her support team would be included in executive session, as well as contract staff for the Department of Corrections performance review.

[9:40:01 AM](#)

REPRESENTATIVE HAWKER made a motion to move to executive session for the purpose of discussing confidential audit reports under AS 24.20.301. There being no objection, the committee went into executive session at 9:40 a.m.

[11:22:47 AM](#)

CHAIR MACKINNON brought the committee back to order at 11:22 a.m. Senators Meyer, Bishop, Giessel, and Mackinnon, and Representatives Herron, Olson, and Hawker were present at the call to order.

AUDIT REQUESTS

[11:23:25 AM](#)

REPRESENTATIVE HAWKER made a motion that the following final audits be released to the public: The Department of Commerce, Community and Economic Development, Alcohol Beverage Control Board Sunset Review; and the Department of Commerce, Community

and Economic Development Regulatory Commission of Alaska FY13 annual report. There being no objection, the aforementioned audits were released to the public.

[11:23:51 AM](#)

REPRESENTATIVE HAWKER made a motion that the Legislative Budget & Audit Committee direct the legislative auditor to perform a preliminary sampling regarding the error rate noted in the FY13 report, at the Regulatory Commission of Alaska (RCA), by reviewing the FY14 data base. He requested a preliminary response prior to the completion of a full FY14 report.

[11:24:26 AM](#)

KRISTIN CURTIS, Legislative Auditor, Division of Legislative Audit, Alaska State Legislature, stated that the [Division of Legislative Audit] will not be required to audit the FY14 report as it would have to do the FY15 report. She confirmed the [audit division] will review the error rates as a proactive measure using FY14 data. Specifically, she noted, that tariffs drove the recommendation. There being no objection, the motion is approved.

[11:25:01 AM](#)

REPRESENTATIVE HAWKER made a motion that the Department of Corrections performance review, final report, be released to the public.

There being no objections, the aforementioned was released to the public.

[11:25:15 AM](#)

CHAIR MACKINNON stated her intention as Chairman of the Legislative Budget & Audit Committee to enter into a contract not to exceed \$35,000 with CGL [Consulting] to review population management, both at the backend and the frontend, assist in sharing costs the state is currently incurring, and to provide a report.

[11:25:48 AM](#)

REPRESENTATIVE HAWKER noted that part of the health care cost examination is specifically to provide information and guidance on the ability to recover health care costs from either

Medicaid, Medicare, Independent Health Facilities (IHF), private insurance companies or any other outside source.

[11:26:06 AM](#)

CHAIR MACKINNON stated that with regard to [prison] population management, she is interested in backend population management, reviewing possible early release, and crafting authority under Alaska Statutes and the Alaska State Constitution. In addition, she noted, she is interested in reviewing the frontend management of population and determining if there are other methods to provide care and guidance to those becoming incarcerated in prisons at this time.

[11:26:55 AM](#)

MS. CURTIS informed the committee that the opinion on the state's FY14 Financial Statements has been released and in the December 10, [2014] opinion the state did receive an unqualified opinion for all of its opinionated except the general fund and the governmental activities. She remarked that both the general fund and the governmental activities received a qualified opinion because she was unable to gather sufficient, adequate audit evidence about the Medicaid services and related federal avenues. She advised that the Medicaid system was replaced October 1, 2013, as it has been plagued with system defects since it came on line. She expressed that despite a great deal of effort on behalf of the audit team, and the Department of Health & Social Services program staff, the defects were so significant that not enough evidence was obtainable in which to base an opinion.

OTHER COMMITTEE BUSINESS

[11:28:02 AM](#)

CHAIR MACKINNON announced that the next order of business is contract and audit findings and discussions of two education studies the committee was taxed with under HB 278. The Education sub-committee completed the subject scopes on October 28, [2014], with the next step being the issuance of two Requests for Proposal (RFPs) to contract out studies for completion.

[11:28:34 AM](#)

LAURA PIERRE, Staff, Senator Anna MacKinnon, Alaska State Legislature, reiterated that the Education sub-committee prepared two scopes of work of which were approved and are prepared to go out to RFP. She noted they are currently at Legislative Legal and Research Studies for final review, but the RFP could "hit the street" tomorrow for the 21-day open proposal period, if approved. She explained that the RFP describes a timeline of how the study will be developed and when the final report is due to the legislature.

[11:29:33 AM](#)

SENATOR MEYER asked if Alaska vendors receive more points and he recommended that someone within Alaska perform the study because the state's education system has a long history.

[11:29:57 AM](#)

MS. PIERRE responded in the affirmative and stated there is the Alaska [Product] Preference (APP) and someone doing business in the State of Alaska will receive the APP. They have heard from one company and she expects the responses to be Alaska based.

[11:30:27 AM](#)

REPRESENTATIVE HAWKER advised that the RFPs look simple on paper but through the sub-committee process, that Chair MacKinnon lead, these have been worked through literally word-by-word, line-by-line, and concept-by-concept with clear direction in the RFPs that comply with the statute intent behind HB 278.

[11:31:01 AM](#)

MS. PIERRE advised that subsequent to the RFPs closing they will return to the [Legislative Budget & Audit Committee] with the intent that a sub-committee score both of the RFPs, and then award.

[11:31:19 AM](#)

REPRESENTATIVE HAWKER interjected that it "may" be awarded as even though the committee may have received compliant responses the committee does not necessarily have to award if it decides it is uncomfortable with the outcome.

[11:31:33 AM](#)

REPRESENTATIVE HAWKER made a motion that the Legislative Budget & Audit Committee authorize the chair as procurement officer to solicit and award a contract for an amount not to exceed a total contract amount of \$225,000 for a study of the state education funding structure. There being no objection, the motion is approved.

[11:32:01 AM](#)

REPRESENTATIVE HAWKER made a motion that the Legislative Budget & Audit Committee authorize the chair as procurement officer to solicit and award a contract for an amount not to exceed a total contract amount of \$275,000 for a study of Alaska's school funding formula. There being no objection, the motion is approved.

[11:32:27 AM](#)

CHAIR MACKINNON announced that the next order of business would be a discussion of two legislative oil & gas consultants. She stated that her intention is to have a firm contract in place for a smooth transition as the committee moves into the [2015] legislative session. She advised [the contract] will allow for no interruption of consulting services as the [legislature] continues its business with oil & gas discussions. Chair MacKinnon advised the discussion is of the contracts of Janak Mayer and Nikos Tsafos.

[11:33:02 AM](#)

MS. PIERRE remarked that a new contract would be provided for the consultants rather than continuing to amend their current contract that contains a specific scope and proposal the committee had authorized. She explained the new contract is not based on any scope or proposal the consultants have presented as it is [based on] general consulting on the plethora of oil and gas related matters before the legislature. The \$10,000 a month retainer would be maintained with additional payment based on daily rates for the amount of work performed outside the \$10,000 monthly retainer of 40 hours total, she said. She advised that the aforementioned has taken place since August [2014] and appears to work quite well for the needs of the legislature, and in not paying a significant amount for work that possibly is not being completed.

[11:34:15 AM](#)

REPRESENTATIVE HERRON surmised that there might be a site specific project and the legislature could enter into a contract with a future date.

CHAIR MACKINNON answered in the affirmative.

[11:34:29 AM](#)

REPRESENTATIVE HAWKER voiced he completely supports the continuity that is being planned in bringing Janak [Mayer] and Nikos [Tsafo] on board on this basis. The contract has termination clauses and other clauses wherein the state is appropriately protected and he described the consultants as core background and financial modeler economists.

REPRESENTATIVE HAWKER pointed to the "motion in front of me," last sentence "... not to exceed a total amount for each contractor of \$200,000 for professional services." He expressed there are two separate motions and suggested the following specific wording: "... the amount for the contractor Janak Mayer ..." and another motion worded specifically: "... for the contractor Niko Tsafos of \$200,000"

[11:35:40 AM](#)

MS. PIERRE agreed, and pointed out that the [12/11/14] memo reads \$175,000, and in speaking with Legislative Audit it was determined that \$200,000 is more reasonable. She advised that including the monthly retainer, the contract would start February 1, 2015 until January 31, 2016, 12 months at \$120,000. She further advised the \$80,000 would be a buffer as far as travel expenses any special project the legislature may potentially request.

[11:36:26 AM](#)

CHAIR MACKINNON presented the hope that there will be a natural gas pipeline "in front of us." Therefore, as Representative Mike Hawker becomes chair there may be an opportunity to put forward a gas symposium so that everyone has the knowledge and information provided to past legislators, she offered. Chair MacKinnon opined there may be briefings from the upcoming administration on how it is negotiating inside the confines of advancing a natural gas pipeline to Alaskans.

[11:37:06 AM](#)

REPRESENTATIVE HAWKER made a motion that the Legislative Budget & Audit Committee authorize the chair as procurement officer to enter into a contract with Mr. Janak Mayer for professional services regarding oil and gas fiscal systems, project designs, concepts, and agreements, as provided by the exemption in legislative procurement procedure [AS 36.30.]040(a)(1) and findings by the procurement officer. Not to exceed a total contract amount for the contractor of \$200,000 for professional services provided through January 31, 2016. There being no objection, the motion is approved.

[11:37:51 AM](#)

REPRESENTATIVE HAWKER made a motion that the Legislative Budget & Audit Committee authorize the chair as procurement officer to enter into a contract with Mr. Nikos Tsafos for professional services regarding oil and gas fiscal systems, project designs, concepts, and agreements, as provided by the exemption in legislative procurement procedure [AS 36.30.]040(a)(1) and findings by the procurement officer. Not to exceed a total contract amount for the contractor of \$200,000 for professional services provided through January 31, 2016. There being no objection, the motion is approved.

[11:38:40 AM](#)

CHAIR MACKINNON advised the committee there is a request to enter into contracts with other consultants. At this time, she directed, until the plans of advancing an LNG project by the incoming administration are determined, the requests are postponed. She noted that the consultants are standing ready to go forward and assist the legislature, and the issue of expending additional dollars for contract support services can be re-evaluated in January.

[11:39:17 AM](#)

MS. PIERRE added that in the event Representative Hawker, as incoming chair, chooses to go forward with an RFP process for an additional consultant, the Legislative Audit [team] previously worked on the RFP and it is available.

[11:39:39 AM](#)

REPRESENTATIVE HAWKER stated that as the environmental intention of the incoming administration is unknown legal services for contract review and analysis may be required.

11:40:18 AM

CHAIR MACKINNON noted that the committee had maintained its quorum in order to conduct business.

11:40:46 AM

ADJOURNMENT

There being no further business before the committee, the Legislative Budget & Audit Committee meeting was adjourned at 11:40 a.m.