



Alaska State Legislature Legislative Council Minutes

FEBRUARY 27, 2014
12:00 PM

MEMBERS PRESENT

Representative Mike Hawker, Chair
Senator Peter Micciche, Vice Chair
Representative Mike Chenault
Representative Max Gruenberg
Representative Lance Pruitt
Representative Bill Stoltze
Representative Peggy Wilson
Senator John Coghill
Senator Mike Dunleavy
Senator Dennis Egan
Senator Charlie Huggins

MEMBERS ABSENT

Representative Craig Johnson
Senator Kevin Meyer
Senator Gary Stevens

OTHER MEMBERS PRESENT

Representative Alan Austerman, Alternate Member

AGENDA

APPROVAL OF MINUTES
RATIFICATION OF CHARITY EVENTS
OTHER COMMITTEE BUSINESS

SPEAKER REGISTER

Pam Varni, Executive Director, Legislative Affairs Agency

12:03:24 PM

I. CHAIR MIKE HAWKER called the Legislative Council meeting to order at 12:00 p.m. in room 519 of the State Capitol. Present at the call were Representatives Hawker, Chenault, Pruitt, Stoltze, and P. Wilson; Senators Micciche, Coghill, Dunleavy, Egan, and Huggins.

CHAIR HAWKER welcomed Representative Austerman, Legislative Council alternate member for the House, noting that his vote was not required as there was a quorum to conduct business.

II. APPROVAL OF MINUTES

12:05:05 PM

VICE CHAIR MICCICHE moved that the minutes from the Legislative Council meeting on January 30, 2014 be approved as presented.

The motion passed with no objections.

Representative Gruenberg joined the meeting at this time.

III. RATIFICATION OF CHARITABLE EVENTS

12:06:07 PM

CHAIR HAWKER noted that his staff has verified that the organizations sponsoring the events listed below meet the statutory requirements to hold certified charity events, all are 501(c)(3) in good standing. All events were previously sanctioned by the Chair and must be ratified by Legislative Council.

VICE CHAIR MICCICHE moved that Legislative Council ratify the following charity events, which were previously sanctioned by the Legislative Council Chair in accordance with AS 24.60.080(a)(2)(b):

- a. Bowl for Kids' Sake benefitting Big Brothers Big Sisters of Alaska.
- b. Sham Jam benefitting The Canvas
- c. Celebrity Waiter Event benefitting the Kenai Peninsula Fair
- d. Thanksgiving in March benefitting the Southeast Alaska Food Bank

The motion passed with no objections.

IV. OTHER BUSINESS

CHAIR HAWKER noted two items of old business not included on the agenda were being presented now to the Council as follow-up

to previous Legislative Council action. Two letters were passed out to each Council member: one regarded demonstrations at the Capitol and the other returning allowance account monies to the general fund.

Chair Hawker said that when Council adopted a formal policy for demonstrations in front of the Capitol, a member made a request to have that policy included in the regular ethics training that occurs at the beginning of the legislative session. Those who attended that training this year will note that it was not included. After several conversations with the Ethics Committee, their definitive statement was, "The committee determined by unanimous vote was not under the jurisdiction of the Select Committee on Legislative Ethics or AS 24.60, Legislative Ethics Act. No further action will be taken by the committee or staff regarding this subject."

Chair Hawker said the second document is a memo that relates to a request made by Representative Gara at a previous Legislative Council meeting; he wanted to know if he could return money to the state treasury. Chair Hawker summarized the memo from Jessica Geary, Finance Manager of the Legislative Affairs Agency, to say that anyone who wants to give money free and clear to the State of Alaska is welcome to do so; and those funds will roll over to the treasury for appropriation in the subsequent fiscal year.

SENATOR DUNLEAVY asked if the folks involved in the demonstration were given a letter by the Council explaining any actions taken or to give them an idea of what was occurring with their demonstration being interfered with.

CHAIR HAWKER said, as Chair, he could not accurately determine exactly who was involved in the group to which Senator Dunleavy referred. There was a lengthy hearing on this subject where Senate President Huggins brought forward a lengthy series of emails and communications that he had researched. The hearing was pretty substantial and a policy was passed that made it very clear, durably and into the future, there is to be no interference.

SENATOR DUNLEAVY followed up to ask if the Council would object to putting together a letter of explanation. He said he could provide the names and addresses of the folks that were involved in the demonstration.

CHAIR HAWKER attempted to clarify Senator Dunleavy's request, who said the folks involved had experienced no closure on this issue.

SENATOR DUNLEAVY said the letter should say the issue has been investigated by the Council, whatever findings could be made public were made public, and that the Council has taken steps to prevent something like that from happening again.

CHAIR HAWKER said that although he personally has never been contacted by the folks involved in the demonstration, he has no problem working with Senator Dunleavy's office to put together the requested letter.

VICE CHAIR MICCICHE noted that the discussion to which the Chair referred earlier did not involve Senator Dunleavy as he was not yet on Legislative Council. It was discussed in detail in Legislative Council and the policy was created at that time. He thanked the Legislative Affairs Agency (LAA) for distributing that policy. Several members suggested that the policy be put in place with Personnel and distributed widely. In support of Senator Dunleavy's request, he doesn't know if there are findings to share but he said he was willing to make a formal motion that Council does share the policy and demonstrate what was decided upon as a formal action. He said he was satisfied with the action that was put forward by LAA. He said what was made clear was that if there was future interference that there is a disciplinary process and that it's a full expectation not only of this body but of managers of LAA that it would not occur again in the future.

CHAIR HAWKER said he wasn't sure what sort of motion was needed, that the new policy was included in the staff policies and procedures handbook, but that every member on this committee has a right to make a motion.

VICE CHAIR MICCICHE said a motion would just be a formal agreement that the committee supports that those that were present at the demonstration receive the suggested correspondence.

CHAIR HAWKER asked that Vice Chair Micciche state clearly in his motion that the Chair is directed by the committee to correspond in some manner with the folks that were part of that demonstration. He added that it should say "to the best of his ability" as he will have to rely completely on someone else's assurance as to who receives the letter.

12:15:13 PM

VICE CHAIR MICCICHE moved that Legislative Council supports a response to the demonstrators of the first week of April 2013, framing the actions taken by Legislative Council toward a formal policy established on April 23, 2013.

The motion passed with no objection.

CHAIR HAWKER said he would make sure everyone on the committee received a copy of the letter.

SENATE PRESIDENT HUGGINS said his comment was in reference to the January 30, 2014 letter from the Select Committee on Legislative Ethics. This is not about the Select Committee but there's a document called the Standards of Conduct Handbook; and if there's anything more fundamental than people being able to assemble outside this Capitol and what the standards of conduct for people that are on the staff in the Legislature, that is about as precise a document that tells us the things to be aware of that we should or should not do. He said he finds it a little perplexing how it wouldn't be in the handbook about freedom to assemble and what we can do as professionals, either elected or hired.

CHAIR HAWKER said he could not agree more. When he first received the initial rejection, which he followed up on and which resulted in this issue going to the full Ethics Committee, he felt the same way. He said he thinks we are at a point in the Legislature where we need to take a very serious look at a complete re-write and reconsideration of our ethics laws. He said, frankly, in the conversations he has been having with others, the interpretations being made by the Alaska Public Offices Commission are ludicrous. He added that he is familiar with at least one instance very recently where an interpretation and ruling was made by APOC that was exactly contrary to and disregarded law that has been passed in very recent years. He thinks the Ethics Committee is in some of the same situations where we believe they are not performing in the best interest of the public or the Legislature. He said we need to take a good look at a complete re-write of our APOC and ethics statutes in some way some time in the near future.

SENATE PRESIDENT HUGGINS said he would go one step further in that there are a number of bulletin boards and there are some things that we are required to have posted on those bulletin boards. He said in his estimation, the business of demonstrators should be one of them until we prove to ourselves that we can remember what we are supposed to do or not do because we weren't very accountable last year.

CHAIR HAWKER responded that it would be the prerogative of the Rules Chairs and the House Rules Chair is not present at the moment. He said he felt very comfortable that the Rules Chairs would be receptive to the request.

a. Legislative Budget

CHAIR HAWKER asked Pam Varni to come forward to speak to this issue, noting that the short form of the Legislature's budget was distributed to everyone on Legislative Council. This has largely been developed by LAA, anticipating what we have, what we need and what we're anticipating needing in the next fiscal year. This is the FY 15 budget. He said to focus on the allocation summary governor's structure which is always the top-end, highest summary of the budget, that page that starts with the FY 13 final, the FY 14 conference committee, the FY 14 authorized, the FY 15 adjusted base governor's amend, and then the Council's request.

He said folks will notice in the details that have been distributed, the FY 14 authorized to Council request is a \$2.9 million increment; and that basically, this budget is a carry-forward budget except for three items. He said there were two pieces of legislation passed in the last legislative session that had to be included in the budget. The first is HB 30, the Speaker's bill that requires performance audits of state agencies; HB 30 had a fiscal note of approximately \$1.4 million that has been incorporated in our budgets. Also passed was SB 95, which is the bill that was short-titled as "Compensation of Non-covered Employees," providing for certain salary adjustments. The cumulative amount of the fiscal note for LAA that needs to be incorporated into the FY 15 budget is \$1.7 million give or take a little. Part of that did get utilized in FY 14 but the full implementation is a \$1.7 million increase as a result of passing that legislation. We also have the Anchorage LIO transaction, which is an increase of \$3.3 million. At this time, he noted that the upcoming executive session will include a conversation about further evolution of the Anchorage LIO item that will likely have the result of reducing that increase. The discussion will occur in executive session because it is a transaction in process.

CHAIR HAWKER asked if Ms. Varni had any further comments on the fundamental budget as it is put together.

REPRESENTATIVE GRUENBERG asked for the figure on HB 30 and Chair Hawker responded that it was \$1.4 million and that money went to the Legislative Audit Division to hire additional auditors and consultants that are involved in the performance reviews of state agencies.

PAM VARNI, Executive Director of the Legislative Affairs Agency, said that the Chair had summarized this item quite well and that she would be glad to answer any questions that any of

the members have. Last year, the budget submission was a zero increase and she believed Council did not reflect about \$435,000 that was put in, so we absorbed quite a bit last year. She said she prepared the detail budget for the Legislative Council RDU and also the Legislative Operating Budget RDU. The Budget and Audit Committee RDU, which is comprised of Legislative Audit, Legislative Finance and Committee Expenses, goes directly to the Budget and Audit and Finance Committees, and not to Legislative Council.

VICE CHAIR MICCICHE asked if there were other areas Council should be looking at that caused the increase or is the \$6.4 million the total of HB 30, SB 95 and the increased cost for the LIOS.

MS. VARNI said there are also CPI increases for legislative leases throughout the state. There are increases in legislative organization dues, as well as increased fees from the Department of Administration based on technology increases at a per employee rate. She said these are small increases.

CHAIR HAWKER interrupted to add that the aggregate for those small increases is around \$200,000. Ms. Varni agreed.

MS. VARNI said the detail budget that was submitted to the Chair and that will go on to the Finance Committees included: a zero increase for Legislator Salaries and Allowances; a zero increase for Administrative Services; a zero increase for Council and Subcommittees; a zero increase for Legal and Research Services; a \$6,900 increase for the Ethics Committee; a \$37,300 increase for Office of Victims' Rights; a \$44,800 increase for Office of the Ombudsman; a zero increase for Session Expenses; a zero increase for the Legislative Operating Budget; and a \$142,200 increase for the Legislature's State Facilities Rent. The increases noted total \$231,000 from the governor's figures. The other large increases are a result, as the Chair previously outlined, of HB 30, SB 95 and the Anchorage office space. The increase in the Anchorage office space was put into the governor's figures.

VICE CHAIR MICCICHE said it would be helpful to see the legislative department budgets on a one-page summary.

MS. VARNI said there is additional detail included which talks about what each component does, resulting in a three and one half page document, and she would be glad to provide that to the members.

CHAIR HAWKER said, for the record, the budget that was provided to members does include the transaction detail, which has all of these numbers in every finite detail but that an executive summary would be provided to Senator Micciche.

In response to a request by Representative Gruenberg, Chair Hawker agreed that the executive summary would be provided to every member of Legislative Council by Juli Lucky of his staff.

He said as a procedural note, this is the budget request for the Legislature for next year that goes from here to the co-chairs of the House and Senate Finance Committees where it then becomes completely subject to the entire Finance Committee process of further review. Any amendment, change, or modification that the Finance Chairs wish to do, they have complete and total authority to do. Council is simply submitting the LAA request to the Finance Committees for further action.

12:29:31 PM

VICE CHAIR MICCICHE, after saying that he hopes the subcommittees would scrub the budget with the Chair in detail, moved that, in accordance with AS 24.40.130, Legislative Council approve the FY 15 proposed Legislature Budget and transmit it to the House and Senate Finance Committees for their review and action.

The motion passed with no objections.

b. Financial Transactions in Process

CHAIR HAWKER noted Council would be going into executive session to discuss two areas of ongoing financial transactions. One will be the Alaska State Capitol, Seismic Retrofit & Exterior Renovation and the other is the Anchorage legislative office facility.

12:30:39 PM

VICE CHAIR MICCICHE moved that Legislative Council go into executive session under Uniform Rule 22 (b) for the discussion of matters, the immediate knowledge of which would adversely affect the finances of a government unit.

CHAIR HAWKER, in response to a question by Senator Coghill, said those that are here with Legislative Council know who is to stay for executive session, and that any member that wishes to have their executive staff stay are welcome to have them stay.

The motion to go into executive session passed with no objection.

The committee went into executive session.

The committee came out of executive session.

12:32:05 PM

VICE CHAIR MICCICHE said that during the discussion about the furnishings study where Council appropriated \$100,000, it was his understanding that it was an evaluation of building needs for office furnishings; an assessment of existing furniture for continued use in the building unless those furnishings were no longer serviceable; and, once the study was complete and we understand where we are going, the remaining funds would actually go toward the purchase of furnishings. He said he and many others have received a lot of questions about this item and said it was in Council's best interest that this be a very transparent process. He requested a status report of that study and any potential for remaining funds at the next meeting.

CHAIR HAWKER, correcting the Vice Chair on one item, said that the authority was not to exceed \$100,000 and the contract is for approximately \$65,000 to complete the study. The parameters of the contract require the architect and design people to work with LAA first on an inventory of the assets and then identification of additional assets that are going to be required to finish the facility. He said to Ms. Varni directly, with that correction, he presumes that we will be absolutely ready to have an update on this item.

MS. VARNI, responding to Vice Chair Micciche, said this is an ongoing study working with Chairman Hawker's office, the Supply office, her office, as well as the architects on this project. She said every piece of furniture will be assessed but asked that members realize there is a lot of very old furniture that might need to be surplus. There are existing legislative funds once that assessment is done and we realize what furniture will be required.

VICE CHAIR MICCICHE said he looked forward to the report. He further said that communication on a project such as this is very important. What is hard for some Alaskans to understand is the scale of this project. When we're dealing with an appropriation with many zeroes, we're also talking about furnishing a very large building and he thinks the report will help folks understand the scale and that, in the case of office furnishings, we're certainly being thrifty with Alaska state dollars.

REPRESENTATIVE STOLTZE made an announcement that the Finance Committee meeting immediately following this meeting would be delayed for 10 minutes to allow for transition purposes.

There being no further business before the committee, the Legislative Council meeting was adjourned at 1:30 p.m.

1:29:54 PM