



Alaska State Legislature  
Legislative Council  
Minutes

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ALASKA STATE LEGISLATURE  
LEGISLATIVE COUNCIL  
FEBRUARY 26, 2013  
4:30 p.m.

**MEMBERS PRESENT**

Representative Mike Hawker, Chair  
Senator Peter Micciche, Vice Chair  
Representative Mike Chenault  
Representative Max Gruenberg  
Representative Craig Johnson  
Representative Lance Pruitt  
Representative Bill Stoltze  
Senator John Coghill  
Senator Dennis Egan  
Senator Charlie Huggins  
Senator Lesil McGuire  
Senator Kevin Meyer

**MEMBERS ABSENT**

Representative Peggy Wilson  
Senator Gary Stevens

**OTHER MEMBERS PRESENT**

Representative Alan Austerman  
Senator Anna Fairclough

**AGENDA**

APPROVAL OF MINUTES  
RATIFICATION OF CHARITY EVENTS  
CONTRACT APPROVALS  
OTHER COMMITTEE BUSINESS

**SPEAKER REGISTER**

TINA STRONG, Procurement Officer, Legislative Affairs  
Agency

4:31:18 PM

I. **CHAIR MIKE HAWKER** called the Legislative Council meeting to order at 4:30 p.m. in room 532 of the State Capitol. Present at the call were Representatives Hawker, Chenault and Stoltze; Senators Micciche, Huggins, Coghill, Egan, McGuire and Meyer.

Chair Hawker noted that Legislative Council alternate Representative Alan Austerman was present although not needed as there was a quorum to conduct business. The Chair further noted that Senator Fairclough was present in the audience.

II. **APPROVAL OF JANUARY 17, 2013 MINUTES**

VICE CHAIR MICCICHE moved that the minutes from the Legislative Council meeting on January 17, 2013 be approved as presented.

The minutes were approved with no objections.

III. **RATIFICATION OF CHARITY EVENTS**

CHAIR HAWKER noted that the sanctioning of charity events is necessary in order for tickets to be provided to Legislators in accordance with AS 24.60.080(a)(2)(b). The Chair has confirmed that the recipients of the proceeds from the following charity events are 501(c)(3) organizations, has sanctioned the events, and is bringing them to the committee for ratification.

Representative Max Gruenberg joined the meeting at this time.

VICE CHAIR MICCICHE moved that the 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) **24th Annual Fahrenkamp-Kelly Classic Putting Tournament** benefitting the Armed Services YMCA and the Bartlett Foundation;
- (b) **Mat-Su Kids Ice Fishing Derby** benefitting the Make-A-Wish Foundation;
- (c) **Girl Scouts of Alaska Annual Celebration Fundraiser** benefitting the Girl Scouts of Alaska;
- (d) **Kenai Peninsula Fair Celebrity Waiter Event** benefitting the Kenai Peninsula Fair Association;

- (e) **Sham Jam** benefitting the Canvas;
- (f) **Kenai River Classic, Kenai River Women's Classic and Kenai River Jr. Classic**, all benefitting the Kenai River Sportfishing Association;
- (g) **Legislative Skits** benefitting Big Brothers Big Sisters of Alaska, The Alaska Association for the Education of Young Children and AWARE; and
- (h) **Bowl for Kids' Sake** benefitting Big Brothers Big Sisters of Alaska.

Representative Lance Pruitt joined the meeting at this time.

All of the events previously sanctioned by Chair Hawker ratified without objections.

#### **IV. CONTRACT APPROVALS**

##### **a. Ombudsman Lease**

CHAIR HAWKER asked Tina Strong, Procurement Officer for the Legislative Affairs Agency, to give a brief explanation about the lease process and confirm that it was conducted according to state procurement statutes.

TINA STRONG stated that she worked with Ombudsman Linda Lord-Jenkins and her staff, who reviewed several options and settled on four that provided enough space for their office. They then sent out a request for quote (RFQ) to all four places and the current landlord was the only one who responded. The current landlord does have the necessary space and Ms. Lord-Jenkins would like to stay.

VICE CHAIR MICCICHE moved that Legislative Council authorize the chairman to approve a three-year lease term with three, one-year renewals, between the Office of the Ombudsman and Ship Creek Center, LLC and JMW Ventures, for a cost of \$40,103.52 per year (plus yearly CPI increases beginning in 2014) and a one-time payment of \$5,152 for leasehold improvements.

SPEAKER CHENAULT objected to ask if CPI increases are normally included in contracts for legislative lease space. Ms. Strong confirmed that all legislative leases do have a yearly CPI increase. Speaker Chenault removed his objection.

The lease was approved with no objections.

**V. OTHER COMMITTEE BUSINESS**

**a. FY 12 LEGISLATURE AUDIT**

CHAIR HAWKER stated that the Legislative Council has been provided a copy of the FY 12 Legislature Audit conducted by independent auditor Elgee Rehfeld Mertz, LLC. The FY 12 Legislature Audit had no management points identified and, as the independent auditor reported in the last paragraph, found that the schedules referred to above present fairly, in all material respects, the appropriations, expenditures, encumbrances and revenues of the Legislature for the year ended June 30, 2012, in conformity with accounting principles generally accepted in the United States of America. That is a clean and unqualified opinion and the Chair congratulated everyone that is involved in maintaining the Legislature's books.

In response to a question by Representative Bill Stoltze, Chair Hawker noted that the issue of the allowance accounts was identified in the process of conducting this audit. They raised the issue and brought it to the attention of Legislative Council. The Legislative Affairs Agency also sought an additional legal opinion from local counsel that verified the concerns raised by the independent auditors. Although the election has been made for this calendar year, Chair Hawker noted that he continues to pursue the issue of the Legislature's allowance accounts and will bring it before the Council with plenty of time to discuss and evaluate possible alternatives before elections are made for the coming calendar year.

The audit required no further action.

**b. FY 14 LEGISLATURE BUDGET**

CHAIR HAWKER stated that he has worked with House and Senate leadership, Finance Committee Chairs in the House and Senate, as well as the Legislative Auditor, and the Legislative Budget and Audit Chair in order to comply with AS 24.20.132, which requires that the estimate of operating expenses for the Legislature be included in the annual budget submitted by the Legislative Council and a detailed budget document be submitted by Legislative Council to the House and Senate Finance Committees.

The role of Legislative Council is to propose a budget for all the aspects of the Legislature. It moves from

Council to the Finance Committees in both the House and the Senate where they continue to exercise their due diligence obligation and responsibilities as they do with any other State agency. This is the check and balance on the Legislature's process, the place where the legislative budget really begins.

The FY 14 budget offered for consideration is a reduction from the FY 13 management plan of a little over \$1,400.0 and a reduction from the Governor's Request of a little over \$500.0. In this process, the Legislative Affairs Agency (LAA) brought requests for increases in various LAA components that totaled \$435.2. Chair Hawker rejected those requests and suggested they could be accommodated in existing base budgets. He noted that such an action can only be done for so long and he will be watching to see where it stands for the FY 15 budget.

The FY 13 management plan was \$74,928.0 and the FY 14 request is \$73,527.0 for that reduction of \$1,401.3. Chair Hawker noted some of the changes: the 100 Year Legislative Anniversary Commission had a second year fiscal note that did not need to be funded, resulting in a \$25.0 budget reduction; for the purposes of improved budget transparency and accountability, the cost of facilities rented or leased for legislative purposes was aggregated in a single legislative appropriation line item, similar to what other State agencies do. These items are detailed in the Legislative Council packet.

Chair Hawker pointed out that prior to this budget, session expenses and the interim operations of the Legislature were in separate appropriations and the money could not legally be moved between them, which caused problems for the Rules Chairs and the Presiding Officers. Over time, the budget authority for the operations of the legislative sessions on a daily basis has really evolved from a strong Legislative Council Chair to strong leadership chairs, but the budget structure hasn't been modified to accommodate that change in practice. He felt it would be more appropriate to place the appropriations for both the interim and regular session operations of the Legislature in a single appropriation, of which the authority to spend is delegated to leadership so that they have the greatest latitude in managing the costs between regular and interim operations. There was some concern that session expenses were a little bit tight this year, but by placing them in the same category there will be adequate funding available. He said he will be

working very carefully with House and Senate leadership during the course of the year to ensure that there is adequate funding in this category and as we come forward with next year's budget, we'll have to see where we need to be. This was done to truly respect and have the budget reflect how the Legislature currently operates, not how it operated 20 years ago.

Chair Hawker said there was one increment of \$100,000 requested by Legislative Audit, which he felt appropriate to honor, and which he off-set by asking for a \$100,000 decrement from the committee expenses of the Legislative Budget & Audit Committee (LB&A); these are expenses that are used largely for procurement of consultants. He spoke with the Chair of the LB&A Committee, and as he had just served as chair of that same committee, there was the latitude to accommodate the decrement without compromising the legislature's ability to provide all the qualified, competent, professional services needed for oil and gas continued hearings in the Legislature this year.

Also removed from the FY 14 proposed budget were two one-time items that were in the FY 13 management plan. The first was \$750.0 for a Large Mine Development Study that had been carried forward; an item appropriated in FY 11 that has not been undertaken. At this point, if someone wishes to pursue something on that order it should go back through the appropriation process again. The second was \$423.7 for The Speakers' Conference that was conducted in Anchorage in 2012.

Representative Craig Johnson joined the meeting at this time.

Chair Hawker asked the Council to support moving this proposed budget forward to the Finance Committee Chairs for further consideration and refinement, which reduces the Finance Committee expenses by \$250.0 (\$125.0 each from House and Senate) and the LB&A Committee expenses by \$250.0, for a total of \$500.0. This results in the aggregate reduction in the request from the Governor's budget of the \$537.7. The Council members have the detail in the format everyone is familiar with. This has been looked at by LAA Executive Director Pam Varni and by Legislative Finance Director David Teal in preparing the documents that have been brought to Council.

4:55:48 PM Chair Hawker called a brief at-ease at the request of Senate President Huggins.

4:56:48 PM Chair Hawker called the meeting back to order.

Chair Hawker asked if there were any questions or concerns with the budget proposal he is requesting be moved forward to the Finance Chairs for further consideration. In response to a light-hearted question by Senate President Huggins, he noted that it is protocol to remove the one-time appropriation for hosting conferences after the conference is over, as was done with the CSG-WEST conference in 2008.

4:58:19 PM

VICE CHAIR MICCICHE moved that that, in accordance with AS 24.40.130, Legislative Council approve the FY 14 proposed legislature budget and transmit it to the House and Senate Finance Committees for their review and action.

The motion passed with no objections.

CHAIR HAWKER thanked members for their indulgence, noting the process had really been a collaborative effort with everyone to put this together, particularly Senator Fairclough and the Finance Committee Chairs in both the House and Senate have been very helpful.

#### **Formation of Subcommittees**

CHAIR HAWKER notified members that he will form two subcommittees of Legislative Council. The first, the Steering Committee for Building Restoration, will be for the repair, corrections and renovations to the envelope of the Capitol Building. There has been a contracting process, engineering work has taken place and proposals have been approved by the previous Legislative Council. He appointed to the committee himself as Chair, Presiding Officers Speaker Mike Chenault and Senate President Huggins, and Senator Dennis Egan, the Council member representing Juneau. The second will be the Anchorage LIO Steering Committee. The lease for the current space in Anchorage will be up at the end of May 2013 and there remains one one-year renewal. This Legislative Council must reach some finality on this issue. In addition to himself as Chair, he appointed House and Senate Rules

Chairs, Representative Craig Johnson and Senator Lesil McGuire.

VICE CHAIR MICCICHE thanked Ms. Tina Strong, Procurement Officer, and Mr. Doug Gardner, Legal Services Director, for closing the loop on the 2013 walrus pin saga, and for ensuring we received the best price possible.

There being no further business before the committee, the Legislative Council meeting was adjourned at 5:02 p.m.

5:02:24 PM