

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

January 26, 2015

1:01 p.m.

MEMBERS PRESENT

Representative Benjamin Nageak, Co-Chair
Representative David Talerico, Co-Chair
Representative Bob Herron
Representative Craig Johnson
Representative Kurt Olson
Representative Paul Seaton
Representative Andy Josephson
Representative Geran Tarr

MEMBERS ABSENT

Representative Mike Hawker, Vice Chair

COMMITTEE CALENDAR

OVERVIEW(S):

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

- HEARD

ALASKA DEPARTMENT OF FISH & GAME

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

LARRY HARTIG, Commissioner
Department of Environmental Conservation (DEC)
Juneau, Alaska

POSITION STATEMENT: Provided a PowerPoint overview of the Department of Environmental Conservation.

KRISTIN RYAN, Director
Division of Spill Prevention & Response (SPAR)
Department of Environmental Conservation (DEC)

Anchorage, Alaska

POSITION STATEMENT: Assisted Commissioner Hartig with providing the PowerPoint overview of DEC.

ALICE EDWARDS, Director
Division of Air Quality
Department of Environmental Conservation (DEC)
Juneau, Alaska

POSITION STATEMENT: Assisted Commissioner Hartig with providing the PowerPoint overview of DEC.

MICHELLE HALE, Director
Division of Water
Department of Environmental Conservation
Juneau, Alaska

POSITION STATEMENT: Assisted Commissioner Hartig with providing the PowerPoint overview of DEC.

KEVIN BROOKS, Deputy Commissioner
Office of the Commissioner
Alaska Department of Fish & Game (ADF&G)
Juneau, Alaska

POSITION STATEMENT: Provided a PowerPoint overview of the Alaska Department of Fish & Game.

CHARLES SWANTON, Deputy Commissioner
Office of the Commissioner
Alaska Department of Fish & Game
Juneau, Alaska

POSITION STATEMENT: Answered questions during the overview of the Alaska Department of Fish & Game.

ACTION NARRATIVE

[1:01:36 PM](#)

CO-CHAIR DAVID TALERICO called the House Resources Standing Committee meeting to order at 1:01 p.m. Representatives Johnson, Seaton, Josephson, Tarr, Herron, Nageak, and Talerico were present at the call to order. Representative Olson arrived as the meeting was in progress.

OVERVIEW(S):

Department of Environmental Conservation

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CO-CHAIR TALERICO announced that the first order of business is an overview by the Department of Environmental Conservation.

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LARRY HARTIG, Commissioner, Department of Environmental Conservation (DEC), first pointed out that DEC's mission is to protect human health and the environment [slide 2], given the environment is relied upon by every person every day. Moving to slide 3, he said the outcomes DEC strives for include: clean water, healthy air, good management of hazardous waste, safe drinking water, sanitary waste disposal, regulation of food quality for food produced and sold within the state for consumption, trying to prevent spills, responding to the average of 2,000 reported spills a year within the state, and ensuring there is an opportunity for wise development within the state.

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COMMISSIONER HARTIG described the duties of the five divisions within DEC [slide 4]. Duties of the Division of Administration include the budget, information technology, human resources. Duties of the Division of Environmental Health include food safety, landfill regulation, industrial waste facility management, and oversight of public drinking water systems. The Division of Air Quality issues permits for, and monitors, any kind of pollution that goes into the air and sets standards for the allowable amounts of pollution to protect human health. The Division of Spill Prevention and Response (SPAR) looks at how to prevent spills because once a spill happens the war is lost and it is just a matter of how bad the loss. The Division of Water has two sides. One side sets water quality standards that are incorporated into the permits issued by the division for wastewater discharge. The facilities side helps to fund and oversee community drinking water systems.

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COMMISSIONER HARTIG reviewed DEC's operating budget by fund source [slide 5], noting that the general fund portion of DEC's budget is small at only about 0.95 percent of the state general fund operating budget. So, DEC relies on federal funds, permit receipts, as well as several special funds, including the cruise ship passenger vessel funds and the response fund, which is a surcharge on crude oil production that generates most of the

money that pays for SPAR. While DEC's general fund portion is relatively small, it is key. The five divisions have different amounts of unrestricted general fund, with some divisions relying more heavily on that than others. Even where it is a small amount, that small amount is sometimes necessary to generate the federal receipts since if there is no program there is no federal money.

COMMISSIONER HARTIG, responding to Co-Chair Talerico, confirmed that designated general funds are similar to an enterprise type fund: a fee is collected from a particular program that is then turned over to the department. It gets appropriated by the legislature, but is set up to go to a specific purpose.

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REPRESENTATIVE SEATON noted that for the ocean range program, the hiring qualification of being an engineer is very high. He asked whether, in the interest of promoting Alaska hire, the department has looked at ocean experience and not necessarily engineer experience for the hiring of ocean rangers.

COMMISSIONER HARTIG replied that the department now has several years of experience with this program and is looking at what value it produces to DEC in its oversight of environmental and health issues on these vessels. He deferred to Director Hale to answer whether the [currently required] skill set matches what the ocean rangers are producing in value for the department.

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KRISTIN RYAN, Director, Division of Spill Prevention & Response (SPAR), Department of Environmental Conservation (DEC), outlined the three programs within SPAR [slide 6]. The Prevention, Preparedness, and Response Program is responsible for preventing and ensuring that companies are prepared and can actually implement a response when necessary for spills of primarily oil, but any hazardous substances within SPAR's purview. The Contaminated Sites Program is for when spills are not cleaned up quickly enough and the area becomes a contaminated site. Often contamination remains in the ground and is monitored to ensure that the contamination is not spreading or getting worse. Much effort is required to do long-term, ongoing monitoring. The Response Fund Administration manages SPAR's funds and does the division's cost recovery efforts.

MS. RYAN noted that sustainability of SPAR's fund source is the biggest of several challenges. Another challenge is maintaining the continued level of service. Although SPAR has not increased its operating budget, it has increased the activities that it is needing to accomplish. A third challenge is trying to help responsible parties do the right thing as efficiently as they can; parties are perhaps able to do that cheaper and more quickly with SPAR providing them with its technical expertise. Lastly, a critical challenge is reducing the number of spills through prevention.

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MS. RYAN pointed out that the pictures on slide 7 are of events that happened this month. The picture on the right is of the event on the Baker Production Platform in Cook Inlet. The left and bottom pictures are of a truck that rolled over while enroute to Seward. She noted that SPAR's mission is to protect public health, safety, and the environment through prevention, preparedness and cleanup of oil and hazardous substances.

MS. RYAN said the types of unregulated facility spills that SPAR responds to [slide 8], include air transportation and aviation issues and small vessels (large vessels over 400 gross tons are regulated by SPAR). Other types are vehicles and residential home heating oil tank issues. Fiscal year (FY) 2014 saw an uptick over FY 2013 in the volume of [oil] spills for both regulated and unregulated facilities.

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MS. RYAN addressed SPAR's main challenge of sustainable funding of its work [slide 9]. A specific fund was set up several years ago that is based on a surcharge per barrel of oil. The expectation was that a million barrels of oil a day would come through the [Trans-Alaska Pipeline System (TAPS)] and this would sustain SPAR's budget. However, TAPS is down to about 500,000 barrels a day, generating only about half the revenue necessary to cover SPAR's costs. For some time now SPAR has been relying on previous savings to sustain its work, but that ended this fiscal year with those savings no longer available to SPAR. A second funding source relied upon by SPAR is the investment earnings on its \$50-million response fund for serious and large events, but earnings are unpredictable and unreliable. A third source is settlements. While SPAR often gets large settlements from cleanup, especially in contaminated sites where SPAR is working with the federal government over many years to allocate

responsibility, it takes a long time to recover those funds. Recovery does not happen in the year the funds are expended.

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REPRESENTATIVE HERRON inquired whether the Walker Administration is considering adjustments to the surcharge rate.

COMMISSIONER HARTIG replied that the governor wants to look at cuts before he looks at new or increased revenue, but appreciates that the situation being talked about by Ms. Ryan is imminent. There is a hole of \$800,000 in the current FY 2015. It is known that in FY 2016 the hole is \$2.1 million, with probably \$5 million on top of that, for a total of \$7 million. After FY 2016 the hole will be around \$7 million. That is the difference between what is collected from the surcharge, interest income, and settlements relative to SPAR's flat budget of about \$15 million. If nothing is done this year, there will be a gap of \$7 million in [FY] 2016 and 2017. Even if the surcharge were to be increased this year, or another revenue source found this year, it would not become effective until summer 2016 and then it would start being collected over a year, and it would need to be appropriated next session to become available that coming fiscal year. So, it is already a dire situation this year and the coming year. He offered his hope that people will be open minded to a discussion, but said that right now the focus is on cuts. He added, "I want people to understand that we are setting ourselves up here ... by not doing something this year."

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REPRESENTATIVE JOSEPHSON asked whether the \$50-million response fund is Alaska's creation or is a requirement of the 1990 federal [Oil Pollution Act (OPA)].

MS. RYAN responded that the fund was established by state law around the same time frame as the 1990 Oil Pollution Act. She explained that after the Exxon Valdez Oil Spill the legislature determined it important for [the state] to have its own source of funding in case it needs to take over a large event. Responding further, Ms. Ryan confirmed that the 5 cent per barrel surcharge is statutory, not regulatory.

REPRESENTATIVE JOSEPHSON cited a resolution from the Regulatory Commission of Alaska (RCA) that states at the bottom of page 1, "curbing diversion of funds to non-oil and hazardous substance

release related purposes, such as municipal maintenance". He inquired whether some of the SPAR funds are diverted to things that are not spill related.

MS. RYAN answered "no, not any longer, but there was a period of time ... about 10 years ago where it was utilized for local emergency response committees - LEPCs - and that stopped." Over the years, SPAR has done several things to reduce draws on the account. Another large draw on the prevention account was the cleaning up of state-owned contaminated sites. The division asked for funds every year through a capital appropriation from the prevention account to work on those sites. It has stopped doing that and over the last two years has shifted its requests to general fund instead. The division has eliminated all uses of the account except for the department's own operating cost.

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REPRESENTATIVE OLSON asked whether most of the cleanup costs for the [2004 shipwreck of the] MV Selendang Ayu have been recovered from either the owners or the underwriters.

MS. RYAN replied yes and noted that what is remaining is the damage assessment penalties. It is a federal negotiation and the company is still negotiating what it will pay.

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CO-CHAIR NAGEAK inquired whether there is coordination between industry and state response teams, such as for training.

MS. RYAN responded yes, a big part of response is working with local communities in many ways, the primary tool being the division's "sub-area plans". The state is divided into 10 areas, each area having its own response plan that is sort of community driven. Localized knowledge must be captured in the plans; for example, knowing about bird rookeries that need to be protected if there is a spill. The plans are utilized with the companies responsible for an accident. The division is always trying to find more ways to work with communities, but unfortunately money is not an option for SPAR at the moment.

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REPRESENTATIVE SEATON, regarding the hole in the fund, queried whether refined fuels and imported fuels will be looked at when plans are developed, which would be a way to broaden the base of

the funding source, or whether only the per barrel surcharge on crude oil will be looked at. He further inquired about the percentage of spills that are refined products versus crude oil.

COMMISSIONER HARTIG answered that right now the surcharge is on crude oil production in the state, which largely means North Slope and Cook Inlet production. While refined products are a large portion of the spills, they may not be the best way to parse who should pay for it because SPAR does cost recovery and the larger companies tend to pay back quickly. For smaller companies and individuals a spill is a life-shattering event and, understandably, they are unable to recover easily and pay back the costs to SPAR. So, it is not possible to do cost recovery from everybody. If only the recovered amount is used by SPAR for contaminated sites, there would be a lot of response that SPAR just wouldn't do. The crude oil surcharge fills the gap, although right now it is not enough to do that. Therefore, crude oil is paying for most of the work that SPAR does even though it may go beyond the oil and gas industry, which the industry understandably believes is unfair. There are different approaches. It could be said that oil and gas development is critical to this state. However, the state wants to have a minimum level of preparedness, a minimum level of capacity, to prevent and respond to spills and that level must be maintained for this industry to operate in Alaska. Once that desired minimum level is figured out, the amount necessary to pay for it needs to be determined. If there is not enough going into the response fund, then how much more should come from the oil industry? The oil industry depends on related industries such as marine transportation, refineries, and distributors of refined produce, which are also sources of spills. The question is how far out to reach from the core activities of that industry for support. It becomes problematic when getting to these other industries. For example, on the North Slope and in Cook Inlet only certain meters need to be checked. But trying to check every truck or every ship, fuel barge, or fishing vessel that may or may not stop in an Alaska port, can result in the cost of running the program exceeding what is generated. Commissioner Hartig suggested that if a decision is made to broaden the base, the focus should be on existing taxes and how some portion could be carved out that would pay for the spill prevention and response side of things for those industries that are contributing that tax already, or looking at some increase on that to offset it; which has been thought about before. He stressed that those are his own thoughts and not necessarily the administration's position.

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REPRESENTATIVE SEATON understood about trying to charge individual entities. Products refined in the state or imported refined products would get all of those categories, would be a simple tax collection regime, and would be broad based to everyone using those refined products. He opined that the state should not be taxing or raising just the crude oil, which is paying all of it now. If products refined in state or imported refined products were taxed, then everyone using oil products, whether homeowners or motor fuel transporters, would be contributing to the prevention and response fund.

COMMISSIONER HARTIG said those are good points. He suggested that if there is discussion on who pays what and what is fair, it could be parsed out from the question of, "What do we want from the oil and gas industry at a minimum?" To date, being unable to decide who should pay and what is fair has resulted in nothing being done; this is a risk given the budget situation.

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MS. RYAN resumed her presentation, saying she will address Representative Seaton's question about spill percentages in an upcoming slide. Turning to slide 10, she said SPAR has reduced use of the fund by limiting its growth and by eliminating draws on the account. She said a new change for FY 2015 [slide 11] is a reduction in SPAR's management costs through restructuring of the contaminated sites program and by combining the prevention, preparedness program and the response program into one program. These changes have reduced annual operating costs by \$520,000. Additionally, SPAR has automated its informal cost recovery billing process. By combining the two programs [slide 12], SPAR believes it will improve, not diminish, its services while saving the division money.

MS. RYAN said it is frequently stated that administrative costs are a burden on the response fund [slide 13]. She explained there are two separate uses in the administrative world. [Under division administrative costs] is cost recovery - SPAR's costs to recover money spent on events - which are then put back into the fund. So, it is not like SPAR gets a fee for service. Recovered money is a tracking tool that allows SPAR to evaluate the number of spills and the types of industry that are having spills. The Division of Administrative Services in the department also utilizes \$2 million of the response fund. This pays the leases, phones, cars, and other things SPAR needs to

operate. A portion is also allocated to all of [SPAR's] federal grants; thus, the federal sites that [SPAR] is working on pay indirect as well, it is not all borne by the response fund.

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MS. RYAN stressed that under its new Prevention, Preparedness, and Response (PPR) Program [slide 14], SPAR continues to regulate all the same companies and industries that it did before, but is trying to be more efficient in how it is done.

MS. RYAN explained the tools used by SPAR to regulate industry [slide 15]. One is individual contingency plans for operators. Another is drills and inspections, a huge effort that costs both industry and SPAR a lot. It ensures that people have practiced response, such as putting boom in the right place and ensuring it is placed quickly enough. Although an expensive endeavor, it is very important because it is the only way to assure that people can respond adequately. Consideration of best available technology is required under statute because oil spill response is an ever-changing field. The division regulates primary response action contractors, also known as oil spill response operators. Additionally, the regional response plans must dovetail with all of these industry plans. When not doing planning work, SPAR is doing actual response.

MS. RYAN pointed out the value of prevention by displaying photos of aging infrastructure [slide 16], reiterating the commissioner's statement that when a spill occurs the game has already been lost.

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MS. RYAN drew attention to slide 17, noting that Cook Inlet currently has more [approved] contingency plans (C-plans) being regulated than does the North Slope.

REPRESENTATIVE SEATON asked whether progress has been made on requiring C-plans to be digitally submitted and available.

MS. RYAN answered that the regulatory package has been created that will allow that to happen, but it has not yet been put out for public comment. She apologized for it not yet being done, but added that it is high on her list.

MS. RYAN returned to her presentation, noting that Shell's work on outer continental shelf (OCS) development is anticipated to

start again this drilling season [slide 18]. The oil spill response operator (OSRO) on the North Slope, Alaska Clean Seas, does not have open water response capacity, which is what Shell is required to have for the work that it is doing. Therefore, Shell must bring a flotilla of equipment to adequately respond. These are federal standards because it is in federal waters. The two federal agencies that Shell is interacting with are working closing with SPAR and are allowing SPAR to participate in the review of their plans.

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MS. RYAN addressed Representative Seaton's earlier question about what was spilled in 2014 [slide 19]. Explaining that some spills involve multiple products, she reported there were 2,028 products spilled in the approximately 1,900 spills of last year. A total of about 285,000 gallons was spilled. The predominantly spilled product was produced water [34 percent], which is a mixture of oil, water, salts, and other things. She turned to slide 20, drawing attention to the top five products spilled [listed from the most to least gallons spilled - produced water, diesel, aviation fuel, process water, drilling muds]. Still on slide 20, she brought attention to the top five facility types for spills [listed the most to least gallons spilled - natural gas production, oil production, air transportation, vessel, mining operation]. Regarding facility type, she explained that the reason for natural gas production being so high was because it was produced water at a Hillcorp facility in Cook Inlet and produced water spills tend to be bigger. She said her overall message to the committee is that while Alaska's large industries do not spill as frequently as the smaller non-regulated industries, their spills tend to be bigger.

MS. RYAN, responding to Co-Chair Nageak, confirmed that the lists on slide 20 are for statewide.

MS. RYAN noted that slide 21 shows the [top five] causes of spills [listed from the most to least gallons spilled - seal failure, human error, leak, line failure, overfill]. While declining infrastructure is causing spills, she said, human error causes the most number of spills, which gets to the importance of SPAR's drills.

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REPRESENTATIVE JOSEPHSON asked what happens to the soils when there is remediation and recovery; for example, whether the soils are removed from Alaska or buried.

MS. RYAN replied that it depends on how contaminated the product is. There are no hazardous facilities in Alaska approved to take hazardous substances, so if it is heavily contaminated it is shipped out of state, which adds to the expense greatly. If not very contaminated it can usually go to a local landfill and used as cover.

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REPRESENTATIVE JOHNSON observed on slide 20 that the number of spills for produced water was 41 and number of gallons was 96,736. He asked whether the gallons were per spill or total.

MS. RYAN clarified that [96,736 gallons] is total gallons.

REPRESENTATIVE JOHNSON further observed on slide 20 that the 335 spills attributed to oil production facilities came to a total of 53,188 gallons. He commented that this is not nearly as big as some of the others.

MS. RYAN responded the numbers are a general trend and are not necessarily showing there were any large spills in FY 2014.

REPRESENTATIVE JOHNSON said his belief is that users should clean up their own spills and should pay for that cleanup. He asked where the numbers are at if the Exxon Valdez Oil Spill is taken out of oil spills.

MS. RYAN answered that Alaska does frequently have what she considers to be large spills, although not as large as the Exxon Valdez Oil Spill which was a very significant event in volume. She agreed to provide the committee with a list of the top 10 spills by volume in the state for the last 10 years.

MS. RYAN moved to slide 23, noting that the Contaminated Sites Program has several challenges. One challenge is that several of the program's sites are very complicated with multiple responsible parties that takes years to get settlements arranged. Another challenge is that home heating oil tanks are not regulated and often are not discovered until contamination is extensive, making it difficult for people to pay for cleanup.

MS. RYAN noted the Flint Hills Refinery is regulated by the Contaminated Sites Program [slides 24-25]. Flint Hills is the largest contaminated site in the state when looking at the size of the plume, and the drinking water wells of 400 homes have been impacted. The plume is nine square miles and expanding, impacting the community of North Pole. The current owner of the facility is providing drinking water to any home that has detectable sulfolane, which is more than SPAR requires based on its cleanup level. In October 2014 the division approved an on-site cleanup plan for the refinery itself, so the facility can now be sold with some assurance of what it will cost to maintain the facility and stop the migration of the contamination off-site. However, SPAR is still in the process of determining what to do with the off-site contamination and how to clean that up.

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REPRESENTATIVE JOSEPHSON inquired how a leak like the Flint Hills sulfolane plume was able to occur without [the state] knowing about it; for example, whether it was a lack of regulation, or enforcement, or something else.

MS. RYAN answered that when the sulfolane was leaked it was not known to be a product of concern. In the U.S., she explained, chemicals are allowed to be used until proven to be harmful. As a new product, sulfolane fell into that category because there was no information that it was dangerous. There was some bad activity on the refinery that caused it to migrate off-site in large quantities. Federal regulations on chemicals are weak.

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REPRESENTATIVE TARR, referencing slide 23, asked whether Ms. Ryan brought the issue of home heating oil tanks to the committee's attention because she thinks it is something that should be regulated or that she has ideas about. Regarding slide 19 and the volume released by product, Representative Tarr asked what category home heating oil spills fall into.

MS. RYAN replied that home heating oil spills will primarily be in the diesel category. She said she is unsure whether regulating them is the answer, but she thinks there are tools and non-regulatory things that could be done to improve the situation, such as providing better standards for home heating oil tanks so that they are sited correctly and having fuel delivery people looking for problems and alerting owners. She said it is a big draw on SPAR's account, as well as a big

problem for the homeowners who end up in this situation and do not have the funds to deal with it.

REPRESENTATIVE TARR inquired whether the aforementioned is something the department is going to actually engage in.

MS. RYAN responded that [SPAR] does do quite a bit of outreach, including booths at event about how to take care of home heating oil tanks. Various other options are being looked at; for example, many insurance companies will not offer a rider for a home heating oil tank in Alaska, so [SPAR] is trying to convince some companies to do that.

REPRESENTATIVE TARR asked whether residents in the area of Flint Hills are still receiving bottled water and who is paying for that water.

MS. RYAN answered that Flint Hills is providing drinking water for any home with detected sulfolane in its drinking water. It can be bottled water, treatment systems on the private well, or delivery of tanked water. Flint Hills has made arrangements with each homeowner directly without SPAR's involvement.

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REPRESENTATIVE JOHNSON inquired what constitutes a spill, saying that according to his quick math the average spill for oil production was about three barrels. Qualifying that any oil is too much, he proffered that three barrels on average does not seem like much because there is probably more than that in a Walmart parking lot.

MS. RYAN replied that any release of a hazardous substance can be considered a spill. The numbers of actual spills do not represent the thousands of phone calls [SPAR] receives for minor events [to which it does not respond]. She said she will double check about which ones SPAR decides to put into its database as a spill and will get back to the committee with an answer.

REPRESENTATIVE JOHNSON remarked that it is always heard that an oil pan leaking on the North Slope is considered a spill.

MS. RYAN agreed that this is heard, adding that "they are very good at reporting all events because of the ... lease arrangements they have with DNR [Department of Natural Resources]." She reiterated that she will get back to the committee about which ones constitute a spill in SPAR's tracking.

COMMISSIONER HARTIG concurred that the companies on the North Slope report everything. He said this is done voluntarily, without DEC scrutiny, because the companies do not want to take any risk of not reporting something that could be significant.

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ALICE EDWARDS, Director, Division of Air Quality, Department of Environmental Conservation (DEC), stated that the Division of Air Quality's programs focus on three primary things: permitting and compliance for the industrial facilities in the state, working on air quality issues with communities, and doing air monitoring [slide 28]. The division has several challenges, including the ever-changing federal rules that come into place, the unique air quality issues of Fairbanks, and air quality in rural Alaska.

MS. EDWARDS pointed out that air quality is a program where the state has primacy from the federal government for a number of Clean Air Act related programs. The Air Permits Program [slide 29] ensures that air emissions from industrial operations in the state do not create unhealthy air. This is done through two types of permits. The first is construction permits for new or modified facilities, with both major and minor permits within this category. The second is Title V (of the Clean Air Act) operating permits. These are for major facilities and they basically roll up all of the different federal and state requirements related to air quality into one operating permit for these facilities. The program conducts compliance assurance inspections and follows up on permit deviations with the facilities.

MS. EDWARDS noted it is often heard that the lead time is long for development permits within the Air Permits Program. The construction permits issued by the program are more technically complicated and do have longer lead times. Federal requirements for having a certain amount of air monitoring and meteorological data, and the modeling done to demonstrate compliance with the air quality standards, takes some upfront time before the permits can be issued and the construction move forward. This area takes much expertise and staff resource, both on the part of industry and the department, in order to develop permits that will provide for safe air when the facilities are constructed. Recently issued permits for major facilities include those for the University of Alaska Fairbanks (UAF) campus power plant, the

ExxonMobil Point Thomson production facility, and restart of the Agrium fertilizer plant on the Kenai Peninsula.

MS. EDWARDS said the Air Permits Program is a fee-based program, charging fees to the industry to pay for the permits that they receive. The permits are reviewed on about a four-year cycle. A permit fee review is just now being finished and in the next several months the regulations for fees will be updated. The division is using a process of continuous improvement by working with its regulated facilities and others to try to improve the division's consistency and timeliness.

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CO-CHAIR NAGEAK related that concerns about air quality have been expressed by communities, one in particular, near industry up north. Some of the problems have been about communications and there have been efforts to provide air quality measurements. He asked whether the state gets involved with this or works with communities in this regard.

MS. EDWARDS responded it is a little bit of both. The division does work with communities directly on concerns, but also with industry. Sometimes industry and an affected community will work through issues together and the division is often involved in those types of discussions to try addressing and alleviating those concerns.

CO-CHAIR NAGEAK asked how long or short the time period is for running the monitors in the different size communities.

MS. EDWARDS answered that it depends upon the situation. A lot of the monitoring for permits is done upfront, then the permits are meant to be developed in a way that will protect the ambient air quality standards. She allowed that sometimes there is a concern on the North Slope. Industry has been monitoring in the community of Nuiqsut and has maintained a site there for a period of time, but that site is not required by regulation. Continuing monitors for long periods of time is an expensive proposition. Most all of the air monitoring done on the North Slope is done by the industry as either part of the permit requirement, or for the industry's own needs for future permitting, or for issues such as concern in a community.

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MS. EDWARDS turned to slide 30, noting that her division has an ongoing process looking for ways to improve and streamline its permitting process. A quality management system is used to train staff, meet with stakeholders and interested parties to discuss issues and solutions, and standardize where possible to improve efficiency. So, a number of things are being done to try keeping development permits moving along, but also address the needs of both industry and the communities in which industry operates. The division is working to develop more partnerships; for example, the division provides expertise to federal agencies doing National Environmental Policy Act (NEPA) work on the North Slope or offshore development permits. Another example of developing partnerships is the division's coordination of a stakeholder work group with the Department of Natural Resources (DNR), industry groups, the North Slope Borough, and the Cook Inlet Regional Citizens Advisory Council to look at better ways of doing permitting for drill rigs in particular.

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REPRESENTATIVE SEATON, regarding the streamlining of permits and regulations, asked whether there is anything that "gives a pass" for facilities that are burning natural gas instead of diesel.

MS. EDWARDS replied that the requirements for air permits are based on the amount of emitted pollutants. Facilities that burn natural gas tend to emit larger quantities of nitrogen oxide, so to the extent that they trigger those permit thresholds they end up in the same processes as those that are burning diesel.

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MS. EDWARDS moved to slide 31, stating that the Division of Air Quality is often faced with changing federal standards. Especially on Alaska-specific issues, the division actively works to keep up with the standards and comment on them when they are proposed.

MS. EDWARDS displayed slide 32, pointing out that the division has been working with Fairbanks where the energy issue has led to health and air quality issues. The first air quality plan is pretty much together, but the division is continuing to work in the community to try finding additional ways to improve air quality. Being in a non-attainment area is very challenging because it has a lot of requirements and can impact development. It is therefore important to figure out a path forward and bring the area into compliance.

MS. EDWARDS addressed slide 33, saying the division does not want areas to have unhealthy air quality or to become non-attainment like Fairbanks. Concerns from throughout the state are heard about road dust, dust in general, wood smoke, and open burning. Because these issues are so widespread, involving many communities, the division conducts outreach and education to provide information and tools to communities and residents about what they can do to help reduce their air pollution. The division actively looks for partnerships with communities, tribes, other agencies, the Environmental Protection Agency (EPA), and other federal agencies to try to leverage resources and find solutions for communities that want to work on air quality issues.

[2:01:13 PM](#)

REPRESENTATIVE HERRON related that in summer 2014 the Alaska Arctic Policy Commission put on listening sessions. An individual from a village near Kotzebue reported that there was an air pollutant discharge from an industrial site on the North Slope. The village was directly affected, the polluter was investigated and fined, and the federal or state agency took possession of the income from that fine. The community saw no direct remediation or cash. He asked how Ms. Edwards would respond to that kind of a complaint.

MS. EDWARDS offered her belief that funds from an enforcement case at the state level typically go back to the general fund for re-appropriation. She said [the division] does not direct where those funds would go.

REPRESENTATIVE HERRON stated that, to the person in Kotzebue, the aforementioned does not sufficiently answer the question. He inquired how the recipients of this pollution are benefitted from that fine. He clarified he is not asking Ms. Edwards to answer the question, just that it was a question asked [at the Kotzebue listening session].

COMMISSIONER HARTIG explained that there are a variety of reasons for fining people and different factors go into the fine. The biggest factor is to try to discourage a repeat of that conduct and that is directly how the community benefits. If the pollution happens again the fine will be bigger or other things will be done until the department gets the polluter's attention. Fining is not to generate revenue; fines go into the general fund and are appropriated from there. If people in the

community have specific damages, they can seek redress through civil action themselves or [the department] could look at it from a perspective as something that would go beyond a fine that [the department] should try to help address. Generally, [the department's] fines are punitive in nature.

[2:04:24 PM](#)

REPRESENTATIVE SEATON recalled that a law was passed several years ago that transferred peat from the state at no cost to anyone wanting to use it for fuel. He inquired whether this has been utilized or any air permits issued for the burning of peat.

MS. EDWARDS answered that she is unaware of any, but will check.

[2:04:54 PM](#)

REPRESENTATIVE JOHNSON observed that food safety is listed on slide 3 as one of DEC's outcomes. He asked whether DEC is gearing up for cannabis kitchens, edibles, labeling, and monitoring, and whether they will be in DEC's budget request this year.

COMMISSIONER HARTIG replied that DEC does not know yet whether [cannabis] food products are going to be produced and sold within the state. He said he thinks some people in the public have that expectation and that there are people who want to get into that business. However, what the initiative allows, and what the eventual statutes and regulations will allow, is to be seen. The department regulates food products that are produced and sold in the state and DEC does have concerns because there are people who have allergies to certain things in food, including [cannabis] oils that could cause a very serious response, which is one of the reasons DEC does food safety. Allergies may not sound like much to people who don't have them, but to a person with something like a peanut allergy it is deadly. The department would have to figure out the standards for children and adults, and how to label them appropriately; however, DEC has no budget and no position for that.

REPRESENTATIVE JOHNSON said he is asked the question only to put it on the record that there will be a financial impact to DEC if edible [cannabis] products are allowed.

COMMISSIONER HARTIG confirmed there would be a financial impact.

[2:07:48 PM](#)

MICHELLE HALE, Director, Division of Water, first responded to Representative Seaton's question about promoting Alaska hire of ocean rangers. She explained that it takes statutory change and one change was made several years ago. Despite working hard and advertising a lot, the division has found it hard to retain Alaskans who become ocean rangers because they develop the skill set and then move on to higher paying or year-round jobs.

REPRESENTATIVE SEATON asked whether the requirement to essentially be a marine engineer is needed, or could the qualification be for experienced mariners given there are lots of experienced mariners but few marine engineers.

MS. HALE replied that the requirement was modified so that it is not just marine engineers, but that has not helped.

[2:09:26 PM](#)

MS. HALE turned to slide 35, noting that her division has two components, with the water quality component being responsible for issuing permits and doing water quality standards. The other component - facility programs - includes the Village Safe Water Program, Municipal Grants & Loan Program, and Operations Assistance Program. Challenges faced by the division include sustaining the Village Safe Water Program, the Alaska Water and Sewer Challenge, and continuing to build the Alaska Pollutant Discharge Elimination System (APDES) Program.

MS. HALE moved to slide 36, noting that all discharges of wastewater to water, land, or the subsurface require a discharge permit [under AS 46.03.100]. Addressing slide 37, she explained that the APDES Program is a delegated program from the Environmental Protection Agency (EPA). The state received full primacy of that program in 2012, with primacy beginning in 2008. The division inherited a large backlog of expired permits from EPA. In FY 2014 the division issued 19 high quality permits and 744 authorizations under general permits. The division plans to issue at least 20 permits in FY 2015; a steady state will be 24 permits per year. The division is issuing high quality permits that are protective of the environment. The division works closely with its permittees, which includes domestic wastewater treatment plants as well as industry, as it issues those permits. The permits go through a public notice process, so the division works very closely with the public as well.

MS. HALE, responding to Representative Josephson, reiterated that the division plans to issue about 20 permits this fiscal year. On behalf of Commissioner Hartig, she added that for several years prior to the division taking on the program, the EPA averaged six permits per year. While 19 permits in FY 2014 does not seem like a large number, she continued, these are very complex permits and it is a huge accomplishment for her staff.

2:12:02 PM

MS. HALE displayed slide 38, noting that the division issues water quality standards, which are adopted in regulation. The standards are developed by the department, go through a public notice process, and are approved by EPA. These standards are used in the division's permits. The division is currently in the middle of a Triennial Review. This review is currently in public notice to let the public know what the division is planning to work on for its water quality standards in the next three years and asking for input on those.

MS. HALE turned to slide 39, stating that the division is working on improving wetlands permitting. Senate Bill 27 was passed in 2013. It directed DEC, working with the Department of Natural Resources (DNR) and Department of Law (DOL), to explore assumption of the Army Corps of Engineers' Section 404 wetlands permitting program. Funding for that program was lost last year, but the department did accomplish quite a bit in the year that it had funding. A detailed plan for assumption was developed so if the department gets funding again in the future the plan can be picked back up.

REPRESENTATIVE JOSEPHSON asked whether Governor Walker is seeking funds to resume that in FY 2016.

COMMISSIONER HARTIG answered not at this time. He explained that DEC had been exploring the pros and cons of taking on the program. The intent was always to come back to the legislature for a decision on when and how to move forward. At this point DEC sees it as being suspended given the current budget situation. The department is trying to wrap up in a way that it shows public value for the money received for that one year.

2:14:00 PM

MS. HALE continued discussing slide 39, adding that in addition to the detailed plan for assumption, the division has its work products very well organized and could pick this back up at some

point in the future. She said the division has done quite a bit of work with the Army Corps of Engineers on general permits. For example, the division worked closely with the Corps on a placer mining general permit that was highly controversial. It is now back out to public notice, and the Corps took a lot of input from DEC on ways of streamlining and improving that permit. The department is very pleased with the Corps' willingness to work together and the DEC's ability to influence that. She advised that the division has worked on a mitigation strategy for Alaska and also has funding from EPA to develop a Wetland Program Plan, which is being wrapped up this fiscal year. The division is hoping to get additional funding to work on an overarching wetland program plan.

MS. HALE said the division's facilities programs [slide 40], include the Municipal Grants & Loans Program, the Village Safe Water (VSW) Program, and the Operations Assistance Program. Under the VSW Program, the division works with small rural communities to develop safe drinking water and sewage systems. Those are 100 percent grant funded - typically 75 percent funding from the federal government with a 25 percent state match. The projects use local construction that provides training and jobs for local people.

[2:15:35 PM](#)

REPRESENTATIVE HERRON pointed out that there are a lot of exempt sewage facilities, especially in Western Alaska. There was a high-profile issue with Unalaska and the justice department and the EPA. He inquired whether the state is okay for a while, considering all the exempt villages.

COMMISSIONER HARTIG replied that what is being talked about is that there are national standards that are set for wastewater treatment plants, including the level of treatment. Most plants around the country have secondary treatment, which is a higher level of treatment before discharge. That is not always possible in locations in Alaska for a variety of reasons, so there is a federal exemption for a number of communities around the state. This exemption goes back decades. The EPA is revisiting that to see whether that exemption should still apply to some of these communities. He said he thinks that EPA fully intends to revoke the exemption for Unalaska given its size and wealth and what could be achieved in terms of secondary treatment, but he has not seen any action by EPA to look at any other community in Alaska that currently has that exemption.

MS. HALE confirmed that the commissioner is correct, saying she has had no indication that EPA plans on revoking the exemptions of the other communities and she talks with her counterpart at the EPA fairly regularly about this subject.

[2:17:29 PM](#)

MS. HALE displayed a graph [slide 42] depicting the decline in funding that has occurred in the Village Safe Water Program over the last 11 years. Thus far it has declined by about \$62 million, about a 64 percent decline. This is funding for first time service for homes that have never had service. It is also funding for infrastructure, such as upgrades or replacement of existing systems that have come to the end of their useful life. About 4,500 homes are currently unserved in rural Alaska. Moving to slide 43, she said it is important to provide service to those homes because there is a direct correlation between clean water and illness, especially between clean water and reduction of illness. A hand-washing study in Pakistan demonstrated that through simple mechanisms, like providing soap and coaching on hand washing, pneumonia in children under five was reduced by 50 percent. However, there must be water in order to wash hands. Studies have also shown that if people do not have much water, the focus is primarily on being able to drink water and less on things like washing hands. Children in Southwest Alaska suffer some of the highest rates in the world of serious pneumococcal bacterial infection. Those infections are directly related sanitation infrastructure.

[2:19:10 PM](#)

REPRESENTATIVE JOSEPHSON asked whether the drop in federal monies on slide 42 is due to depletion of Denali Commission money.

COMMISSIONER HARTIG responded no, appropriations for Village Safe Water primarily come from EPA grants and U.S. Department of Agriculture rural development grants. The Denali Commission has a separate funding stream. He said it is just general decline in the budget, plus more competition for those dollars from other rural areas in the U.S., such as Hawaii and along the border of Mexico which face similar problems as rural Alaska.

[2:20:05 PM](#)

MS. HALE turned to slide 44, stating that given the large gap between available funding and needs, and given that funding has

declined, the division kicked off the Alaska Water and Sewer Challenge, a creative public-private partnership. The division went out to an international solicitation to form teams to develop in-home, household-based systems that are decentralized and do not rely on expensive centralized programs, systems, or infrastructure. Six teams are currently developing proposals. Funding was received from the legislature and federal sources to take the partnership to the point it is now. The goal is to significantly reduce costs, but the real goal is to provide in-home water and sewer service and provide the benefits of health and sanitation.

REPRESENTATIVE TARR recalled that last year a priority of the Alaska Native Tribal Health Consortium was more training for the individuals who would be running facilities being constructed in rural communities. She noted it is often difficult to maintain the infrastructure and asked whether the approach will now be for in-home, rather than village-wide, systems.

MS. HALE agreed that training is important and said the division does training all the time and works closely with Alaska Native Tribal Health Consortium. The more complex facilities and more complex designs are hard to maintain because they require a level of expertise that is often not present in villages. Remote maintenance workers, employed by the State of Alaska as well as the regional health organizations, travel around to help the local operators maintain facilities. The division is definitely interested in reducing those operating costs and making the systems easier to maintain.

[2:22:51 PM](#)

REPRESENTATIVE TARR inquired whether DEC is involved with ocean acidification and what DEC sees as its role in that.

COMMISSIONER HARTIG replied that the increased concentration of carbon dioxide in the atmosphere is ending up in the ocean and changing the pH, making the ocean more acidic and difficult for shell life. This is a big concern because shell life is a base of the food chain for many important species in Alaska. It is difficult for the state to do a whole lot on its own because these are global emissions and involves the whole ocean, and whatever could be done for carbon dioxide emissions in the state will not have a big impact of its own, it needs to be worked on collectively. At this point there is no program per se, DEC does not regulate carbon dioxide emissions, nor does the federal government, in terms of ocean acidification, although the

federal government is starting to do it through power plants and individual-type emission sources. He offered his belief that ocean acidification, separate from climate change, is something Alaska should focus on.

[2:24:35 PM](#)

REPRESENTATIVE SEATON, in regard to discharge permits, recalled discussions last year about the reporting of discharges into streams by total load instead of concentration so there would be transparency to the public and that the report forms would be posted electronically on the web for review. He asked whether there has been any progress on this and whether it is going to be part of the Triennial Review or the regulations on methodology that are out now.

MS. HALE responded that the total load - for example, how many pounds of total suspended solids - is often used in permitting decisions. However, standard practice nationwide is to report results in terms of concentrations. Something the division can do, though, is provide on-line tools to help people make those translations. The division has not done that currently, but it could do so. While it is not really a water quality standard, it is something that people could bring up in the context of Triennial Review.

REPRESENTATIVE SEATON requested clarification that public comment would be on the Triennial Review and not the methodology and reporting that is out for public comment now.

MS. HALE clarified it is the Triennial Review that is out for public comment now. The review is letting people know the areas the division is considering working on in terms of water quality standards over the next three years and whether the public thinks those are important and has other suggestions.

[2:27:05 PM](#)

COMMISSIONER HARTIG, responding to Representative Tarr, agreed to provide the committee with some written highlights from the Division of Environmental Health.

The committee took an at-ease from 2:27 p.m. to 2:36 p.m.

Alaska Department of Fish & Game

[2:36:24 PM](#)

CO-CHAIR TALERICO announced that the next order of business is an overview by the Alaska Department of Fish & Game.

[2:36:32 PM](#)

KEVIN BROOKS, Deputy Commissioner, Office of the Commissioner, Alaska Department of Fish & Game (ADF&G), first relayed Commissioner Cotten's regards, explaining that the commissioner is representing the state's interests at the International Pacific Halibut Commission meeting in Vancouver [BC].

MR. BROOKS turned to slide 2, explaining that ADF&G's mission is to protect, maintain, and improve the fish, game, and aquatic plant resources of the state, and manage their uses and development in the best interest of the economy and the well-being of the people of the state, consistent with the sustained yield principle. The mission is derived directly from Article 8 of the state constitution.

[2:38:17 PM](#)

MR. BROOKS moved to slide 3 and outlined the three core services around which the department's functions revolve. The core service of stock management is measured through commercial harvest, permits issued, angler days, and user harvest and successes. The core service of stock assessment and research involves meeting escapement goals, meeting or exceeding threshold harvests or catch levels, and performing wildlife surveys and research. Critically important is the core service of customer service and public involvement through the Board of Fisheries and the Board of Game, which take public input for the management of the resources. The department has 84 advisory committees around the state that provide input to the boards. The department also has public information and service counters at many of its offices and provides the fish and game licensing programs and educational programs for the public.

[2:39:31 PM](#)

REPRESENTATIVE HERRON related his belief in local hire and said it is unfortunate that many ADF&G locations around the state have seasonal managers who come from an urban area to manage but do not live there and so do not have the feel for the area.

MR. BROOKS replied that ADF&G has 40 locations around the state, some of which are housed with seasonal staff. He said

Representative Herron's point is a good one that he will make note of. Displaying slide 4, he pointed out that the map shows only ADF&G's permanent offices, not any seasonal locations.

2:40:52 PM

MR. BROOKS turned to slide 5 and outlined ADF&G's organizational structure. He noted that Sam Cotten, a legislator for 20 years, is the new commissioner; Charlie Swanton, the previous director of the Division of Sport Fish, is a new deputy commissioner; Tony DeGange is the new Division of Habitat director; Bruce Dale is acting director of the Division of Wildlife Conservation; and Tom Brookover is acting director of the Division of Sport Fish. Mr. Dale and Mr. Brookover were the previous deputy directors of their respective divisions. Mr. Brooks noted that the divisions of commercial fisheries, wildlife conservation, and sport fish are the big three management divisions. Two other divisions are subsistence and administrative services, and the Board Support Section facilitates the meetings of the Board of Fisheries and the Board of Game. The Commercial Fisheries Entry Commission and the Exxon Valdez Oil Spill Trustee Council are independent agencies attached to ADF&G for budgetary purposes.

MR. BROOKS moved to slide 6, explaining that responsibilities of the commissioner's office include management and oversight of all the activities that the divisions are involved in. Key roles of the commissioner's office include the commissioner holding a seat and being a voting member of the North Pacific Fishery Management Council that regulates the fisheries taking place in federal waters around Alaska. Deputy Commissioner Swanton holds a seat on the Pacific Salmon Commission.

2:43:05 PM

MR. BROOKS said the Division of Commercial Fisheries [slide 7] manages all commercial, personal use, and subsistence fisheries in state waters; manages shellfish and groundfish species under delegation from the federal government; and plans and permits salmon hatcheries and mariculture operations. This division has 20 permanent offices statewide, 84 seasonal offices and field camps, and maintains and operates 6 large research vessels. The Division of Commercial Fisheries is a big part of the economy in Alaska [slide 8]. Ex-vessel value is tracked as an economic indicator and commercial harvest and mariculture production are significant contributors [to Alaska's economy].

MR. BROOKS noted that the Division of Sport Fish [slide 9] is responsible for managing Alaska's sport fisheries, as well as many personal use fisheries and some subsistence fisheries. It administers enhancement operations through the William Jack Hernandez Sport Fish Hatchery in Anchorage and the Ruth Burnett Sport Fish Hatchery in Fairbanks. A key function is boater and angler access whereby funds are used to improve boater access sites around the state. It has 3 regional offices and 22 area offices around the state. This division tracks the sales of fishing licenses [slide 10] and the Division of Wildlife Conservation tracks the sales of hunting and trapping licenses [slide 12]. License sales are good indicators of the public's involvement and are a primary funding source to the department because all revenues from license sales goes to the fish and game fund and matches federal dollars. License sales have been relatively flat over the last several years, although 2014 saw a bit of an uptick from previous years.

[2:45:38 PM](#)

MR. BROOKS discussed the Division of Wildlife Conservation [slide 11], explaining that it collects scientifically sound information and manages wildlife populations in Alaska. It also maintains wildlife habitat on state lands that are capable of sustaining robust, well-distributed wildlife populations. The intensive management program is done to increase low or declining ungulate populations through.

REPRESENTATIVE JOSEPHSON asked whether there was an expectation when the [1994] intensive management statute was passed as to how long it would take to reach the goals described in the enacting legislation.

MR. BROOKS replied that populations are dynamic over time so a goal may be reached for a time and then needs to be revisited at a later date. He said he does not know that there is ever an expectation that at some point those efforts are done and that is why they are ongoing to this date.

MR. BROOKS continued his discussion of the Division of Wildlife Conservation, pointing out that it operates three shooting ranges: Anchorage, Fairbanks, and Juneau. Hunter education and safety programs are also conducted through those facilities. The division is located in about 25 offices around the state. The sales of hunting and trapping licenses [slide 12] are viewed by the department as a good indicator that people are expecting

there are animals on the landscape that they can harvest for their consumptive needs.

2:48:04 PM

MR. BROOKS pointed out that the three aforementioned divisions account for about 80 percent of ADF&G's presence and funding, but said the other three divisions are also of great importance to the state. The Division of Subsistence [slide 13] compiles and analyzes subsistence harvest information, conducts research to gather information on the role of hunting and fishing by Alaskans for customary and traditional uses, and provides that information to the boards of fisheries and game for a determination of the amounts necessary for subsistence. This division has seven offices statewide. Management plans for fisheries and game populations are developed using subsistence data and information.

REPRESENTATIVE SEATON inquired how active the state is in managing subsistence fisheries.

MR. BROOKS replied that subsistence fisheries are managed by the Division of Commercial Fisheries, not the Division of Subsistence. Subsistence fisheries management is a very key and important role of the commercial fisheries division.

REPRESENTATIVE SEATON clarified he is talking about the setting of subsistence seasons, bag limits, and gear.

CHARLES SWANTON, Deputy Commissioner, Office of the Commissioner, Alaska Department of Fish & Game, confirmed that the Division of Commercial Fisheries manages a whole suite of subsistence fisheries across the state. He said the federal subsistence board is for fisheries across the state that are for federally qualified users, and the federal government manages those fisheries.

MR. BROOKS, responding to Representative Tarr, clarified that the X axis on the graph on slide 14 represents the number of plans. For 2014 the Division of Subsistence contributed [data and information] to over 50 plans.

2:51:58 PM

MR. BROOKS said the Division of Habitat's primary role [slide 15] is reviewing applications and issuing permits for activities in anadromous water bodies and legislatively designated special

areas. The division is instrumental in maintaining and revising the [state's] anadromous waters catalog in consultation with the Division of Sport Fish. It also reviews proposed timber harvest activities and development projects. The bottom line for this division is providing oversight and input into development projects and ensuring that they go forward while not harming the habitat that fish and wildlife are so dependent upon.

REPRESENTATIVE JOSEPHSON stated that Administrative Order 266 [issued by the Parnell Administration] was a catalyst for making adjustments to special use areas. He asked whether there will be a reversal of course to revert to the prior practice.

MR. BROOKS answered that a new habitat director started today. He understood from talks with Commissioner Cotten that one of the habitat director's first duties is to look at what was going on with special area reviews and determine what it was and wasn't. He said he knows from efforts done on special area planning in the past that there was much public concern over whether these plans were going to be gutted or eliminated. Commissioner Cotten is looking at this as an opportunity to hit the restart button and take a fresh look. No plans are being revised or changed until review occurs by the new director.

[2:54:15 PM](#)

MR. BROOKS returned to his review of the Division of Habitat, moving to slide 16 and reporting that the division issued over 4,000 permits per year in 2012, 2013, and 2014. Only 14 of those permits involved non-compliance actions where the division had to work with the permittees to correct activities. So, the success rate is high for permitting activities in ways that will not have a negative effect on the resources.

MR. BROOKS turned to slide 17, explaining that the role of the Division of Administrative Services is to support all of the other divisions. It provides accounting services, budget, procurement, human resource management, information technology, and administers ADF&G's licensing program.

[2:55:22 PM](#)

MR. BROOKS addressed the Boards Support Section [slide 18], noting that its primary role is to oversee the public process for the state's fish and wildlife regulatory system. It helps ensure that the public is provided an opportunity to participate in the advisory committees as well as the process of the boards.

REPRESENTATIVE HERRON offered his appreciation of the dedicated employees in the Boards Support Section who must go to public meetings that are contentious. They have a hard job as well as a dangerous job. For example, 26 federal and ADF&G employees having died in service since 1959 and several years ago an interpreter for the boards was murdered in Anchorage.

MR. BROOKS noted there is a memorial on the wall in the regional office that includes the names of those who have given their life in service to the state. Continuing his presentation, he reported that the boards are very busy. In 2014 the Board of Fisheries had 36 meeting days and considered 377 proposals. The Board of Game met for 20 days and considered 180 proposals. The joint boards met together for 5 meeting days and considered 41 proposals. The meeting cycle is between the first part of October and the end of March.

[2:57:11 PM](#)

MR. BROOKS drew attention to slide 19, explaining that the Commercial Fisheries Entry Commission and Exxon Valdez Oil Spill Trustee Council are independent agencies within the department. They are in ADF&G for budgetary and administrative purposes and are not in a direct line of reporting to the ADF&G commissioner.

MR. BROOKS moved to slide 20, stating that ADF&G's budget is nearly \$215 million, of which 40 percent is general fund, 30 percent is federal funds, 11 percent is fish and game funds, and other smaller funding sources make up the difference. He pointed out that 80 percent of the department's funding is tied up in the three big management divisions, and this is the case whether looking at total funds or general funds. Those are where ADF&G has boots on the ground - folks interacting with the public and opening and closing fisheries and hunts.

MR. BROOKS displayed slide 21 and discussed the fiscal year 2016 budgeted positions. He said that while the department has [922] full-time positions, it has a highly seasonal work force that almost doubles between the months of May and September. He noted that 75-80 percent of all the positions are in the three big management divisions.

[2:58:48 PM](#)

MR. BROOKS reviewed ADF&G's major accomplishments of 2014 [slide 22]. Chinook salmon remain a challenge, he said, but there have

been good commercial and recreational catches for the other four species. The commercial harvest caught 156.7 million fish at a preliminary value of \$576 million, with Bristol Bay being the largest component of that. Pink and chum harvests in Southeast Alaska and Prince William Sound were also quite large. The 2014 Kotzebue chum salmon harvest was the second largest on record at 677,000. In 2014 ADF&G continued its widespread intensive management efforts to increase caribou and moose numbers in game management units 9, 12, 13, 15, 16, 17, 19, 20, 24, and 25.

CO-CHAIR NAGEAK said he would like to know what is happening in Alaska's waters, noting that when people in his area are out subsistence fishing for species like whitefish, a lot more Pink and chum salmon are being caught. He suggested that if the fisheries in Kotzebue continue there may be an opportunity for people on the North Slope to benefit from [a salmon] fishery.

MR. BROOKS said he will get back to the co-chair with an answer.

MR. BROOKS continued his discussion of 2014 accomplishments [slide 22], reporting that ADF&G is continuing to work on endangered species. Data is provided to the Department of Law for legal challenges to Endangered Species Act (ESA) listings. He pointed out that ADF&G has long been working on the reintroduction of wood bison and animals will probably be released on the landscape in March.

[3:03:14 PM](#)

MR. BROOKS discussed ADF&G's issues and challenges [slide 23], stating that chinook salmon remain a concern. The second issue of "Chinook News" will soon be published. It is a newspaper documenting the efforts of ADF&G's Chinook Salmon Initiative, which involves 12 indicator stocks.

REPRESENTATIVE TARR inquired about the status of funding for Chinook salmon research.

MR. BROOKS replied that ADF&G came forward with a \$30-million initiative. In each of the past two years \$10 million was asked for, but was funded at \$7.5 million. A carve-out of \$2.5 million for Susitna drainage fisheries was broadened to all species, not just Chinook. The Susitna is one the indicator stocks. Thus, the department has \$15 million on the books rather than \$30 million. There is no request for additional funding. Managers have been told that that is what will be operated with given the current fiscal climate. The department

is working on a scaled-back effort, such as fewer than 12 indicator stocks and focusing work on adults instead of juveniles as juvenile work is more expensive. The department is optimistic it will have good work and data from the effort, but it will not be quite at the level that it started out at.

[3:04:53 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 3:05 p.m.