

HB

516

(9)

# COMMITTEE REPORT

## HOUSE

2/8/80

FURTHER: FINANCE

3/6/80  
*[Handwritten signature]*

Date: \_\_\_\_\_

Mr. Speaker:

The Committee on RESOURCES has had SSUB516

"An Act establishing the office of fisheries development."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for AL-10  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Lette of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_  
CHAIRMAN

2/26/80 - Hearing. Tabled with  
intention of drafting up a  
"purpose" clause to add to bill

3/6/80 - Hearing. Reported out  
as CS SS HB516



# Alaska State Legislature

## House

HOUSE RESOURCES COMMITTEE

FISH & GAME ISSUES  
Alvin Osterback, Chairman

Pouch V, State Capitol  
Juneau, Alaska 99811  
(907) 465-3715

### HEARING NOTIFICATIONS

BILL	DATE INFORMED	LETTER/PHONE	INFORMED	HEARING DATE
SSHB 516	2/21	In person	Dr. Frank Orth	2/26
	2/22	3789	Rep. Jack Fuller	2/26
	2/22	4100	Fish & Game Dept.	2/26
	2/22	2500	Commerce - Commissioner Webber	2/26
	2/26	3500	Governor's Salmonish Coordinator's office Jim Edens, Mia Spear	2/26
	2/26	5500	Keith Speckling, Gov.'s spec. assistant	2/26
			Fish & Game	3/6
			Commerce - Fred Muller	3/6
		Mia Spear - Salmonish office	3/6	

Structure of Fisheries Development Office  
Proposed in SSHB516

1. The office will be composed of seven (7) staff members:

Program Director  
(3) Development Specialists (Fisheries)  
Marketing/product Development Specialist  
Management Assistant  
Research Analyst

Support will be provided by the equivalent of one full-time typist.

2. The office will encompass:

- a. Functions assigned to the bottomfish coordinator (special assistant) and research analyst presently operating in the Office of the Governor.
- b. Fisheries development, assistance and support activities of two existing development specialists in the Division of Economic Enterprise.
- c. Four new staff positions will provide better ability to handle marketing and product development issues, to more efficiently acquire, organize and distribute data and information to the public and generally to perform the lead/coordinating role defined in the legislation.

3. The Department of Commerce and Economic Development is presently assessing the organizational structure and operating procedures of the Division of Economic Enterprise. Specifically, how the fisheries development office will be organized within the department or where it will be physically located has not yet been determined. The function of the office is viewed as extremely important and it will be organized in such a manner so as to be as visible and effective as possible. Possible alternatives range from the creation of a new division to the formation of a special unit within the Division of Economic Enterprise.

4. To compliment the creation of an office of fisheries development, two additional administrative actions will be encouraged:

The first is to establish a process to achieve routine public and industry involvement in the shaping of State policies and programs related to fisheries resource/industry development and to provide an opportunity for the monitoring and review of the fisheries development office activities. Active public involvement is also an integral part of the bottomfish development plan.

The second is to encourage the establishment of clear and specific working policies and operating guidelines for every unit of State government whose activities affect commercial interests of the fishing industry. It is felt that the goals of the administration for fisheries resource/industry development clearly communicated to each agency would provide an important influence.

RR/kkk3/3

<u>Personnel Services*</u>	<u>Amount</u>
Program Director	\$ 57,746
Development Specialist III (C&ED - Range 20)	55,809
Development Specialist III (C&ED - Range 20)	45,723
Development Specialist III (New - Range 20)	44,146
Research Analyst II (Governor's Office - Range 16)	36,066
Marketing/Product Development Specialist (New - Range 20)	44,146
Management Analyst II (New - Range 16)	33,798
Typist (New - Range 8)	<u>20,511</u>
	ST \$337,945

Travel

Operation of Policy Group - Bottomfish Plan Development/Monitoring (3 meetings) of 15 people - 45 trips @ \$250 each and 90 days PD @ \$60)	26,650
<u>Staff Travel: 50 trips @ \$250 and 100 days PD at \$60, 15 trips @ \$500 and 60 days PD @ \$50, 2 trips @ \$900 and 28 days PD @ \$100</u>	<u>33,600</u>
	ST \$ 60,250

Contractual

Phone (7 people x \$1,500)	\$ 10,500
Postage (7 people x \$600)	4,200
Printing (2 annual reports & 30 pubs. x 200 pages x 500 copies, plus 10%)	84,000
Space Expense (150 sq. ft. x 7 people x \$15/sq. ft.)	15,750

Studies Mandated in SSHB 516

1. Types of Private Investment ( $\frac{1}{2}$ in 1981, $\frac{1}{2}$ in 1982)	\$ 85,000
2. Types of Organizations ( $\frac{1}{2}$ in 1981, $\frac{1}{2}$ 1982)	15,000
3. Organizational Assistance ( $\frac{1}{2}$ in 1981, $\frac{1}{2}$ 1982)	45,000
4. Economic Incentives ( $\frac{1}{2}$ in 1981, $\frac{1}{2}$ in 1982)	25,000
Bottomfish projects submitted in Governor's Budget, plus \$200,000 contingency	2,525,500
Pink Salmon Marketing Project Submitted in C&ED Budget	<u>40,000</u>
	ST \$2,849,950

\*Personnel burden calculated, H.I. \$127/employee, FICA .0665 x gross (\$1,975 max.), variable .1529 x gross

<u>Commodities</u>	<u>Amount</u>
General Office (7 people x \$500)	<u>\$ 3,500</u>
	\$ 3,500
<u>Equipment</u>	
Office Equipment (7 people x \$1,500)	<u>\$ 10,500</u>
	\$ 10,500
TOTAL	\$3,262,145
Amount contained in Governor's Budget Encompassing State Bottomfisheries Program (FY '81)	\$2,741,200
Amount Contained in Governor's Budget Encompassing Present Fisheries Development Activities of the Department of Commerce and Economic Development	<u>136,100</u>
Total Amount Currently Budgeted by Governor for Activities to be Consolidated	\$2,877,300
Amount Presently Unbudgeted and Judged to be Required for Operation of Office	\$3,262,145 <u>-2,877,300</u> \$ 384,845

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SSHB 516  
Title Office of Fisheries Development  
Requested by Osterback Date 2/8/80

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development  
Program Category Affected Development  
BRU, Program, or Subprogram(s) Affected Commissioner's Office, Div. of Economic Enterprise  
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		151.7	166.9	183.6	202.0	222.2
200 TRAVEL		27.8	34.8	43.4	54.2	67.9
300 CONTRACTUAL		197.3	217.0	130.0	143.0	157.3
400 COMMODITIES		1.9	2.1	2.3	2.5	2.8
500 EQUIPMENT		6.2	.5	.6	.6	.7
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		<b>384.9</b>	<b>421.3</b>	<b>359.9</b>	<b>402.4</b>	<b>450.9</b>

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		384.9	421.3	359.9	402.4	450.9
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME		4	4	4	4	4
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The budget represents amounts required for operations of office over and above amounts contained in Governor's FY 81 budget submission covering existing functions to be incorporated (Bottomfisheries program - \$2,741,200; Division of Economic Enterprise - \$136,083).

Annual budget change generally assumes a 10 percent increase per year in all categories except travel which is estimated to increase 25 percent per year.

IV. DATE 3/4/80

PREPARED BY Richard E. Reynolds  
AGENCY DIVISION OF ECONOMIC ENTERPRISE  
PHONE 465-2018

Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

Draft

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
Bill/Resolution No. CSSHB 516  
Title Office of Fisheries Development  
Requested by Osterback Date 2/8/80

II. FISCAL DETAIL  
Agency Affected Department of Commerce & Economic Development  
Program Category Affected Development  
BRU, Program, or Subprogram(s) Affected Division of Economic Enterprise  
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		82.9	91.2	100.3		
200 TRAVEL		18.8	23.4	29.3		
300 CONTRACTUAL		259.0	284.9	139.0		
400 COMMODITIES		1.0	1.1	1.2		
500 EQUIPMENT		3.0	3.3	3.6		
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		<b>364.7</b>	<b>403.9</b>	<b>273.4</b>		

FUNDING (Thousands of Dollars)

GENERAL FUND		364.7	403.9	273.4		
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		3	3	3		
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This budget excludes previously submitted bottomfish funding required in the Governor's budget. Annual budget change assumes a 10 percent increase per year in all categories except travel which is estimated to increase 25 percent per year.

*Handwritten notes:*  
See original note prepared 5/4/80

IV. DATE 2/26/80 PREPARED BY Richard E. Reynolds  
AGENCY Division of Economic Enterprise  
PHONE 2018  
Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

CS for

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 516  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE - SECOND SESSION

## A BILL

For an Act entitled: "An Act establishing the office of fisheries development."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

\*Section 1. AS 44.33 is amended by adding new sections to read:

ARTICLE 11. OFFICE OF FISHERIES DEVELOPMENT.

Sec. 44.33.502. OFFICE OF FISHERIES DEVELOPMENT. There is established in the Department of Commerce and Economic Development the office of fisheries development.

Sec. 44.33.504. COORDINATION OF STUDIES AND DEVELOPMENT ACTIVITIES:

(a) This office shall be the lead agency in state government for fisheries development. The office shall coordinate all fisheries development-related studies, recommendations, proposals and activities made or conducted by the departments and agencies of the state. As far as practicable, the office shall coordinate the fisheries development-related studies, recommendation, and proposals made in this state with similar activities in other states.

(b) The office shall make suggestions to departments and agencies of the state with respect to appropriate activities which would further the development of the state's fisheries.

Sec. 44.33.506. COMPREHENSIVE BOTTOMFISH PLAN. The office of fisheries development shall establish a comprehensive bottomfish development plan which shall include detailed project schedules and budgets, and a method for monitoring the performance of bottomfish projects included in the plan. The office shall determine and emphasize in the bottomfish plan those projects which most compliment the needs of private sector fishery entities, especially industry-wide activities like AFDF. The office shall amend the plan as necessary.

Sec. 44.33.508. ANNUAL REPORT. The office shall prepare an annual report. The report shall include a summary of fisheries development activities in the state, a description of the actions taken by the office to coordinate fisheries development activities, a summary of the plan established under AS 44.33.506, and suggestions for the more efficient development of the fisheries of the state. The office shall distribute copies of the report to the governor and commissioners of Community & Regional Affairs, Fish & Game, Revenue, Labor, Transportation/Public Facilities, and to each legislator.

Sec. 44.33.510. DEFINITION. For the purposes of AS 44.33.502

44.33.510 (1) "office" means the office of fisheries development. (2) "Fisheries Development" means commerce, taxation, finance, marketing, economics, and business aspects of fisheries. *(3) In the purpose of the act, the word "office" shall mean the office of fisheries development established in AS 44.33.502.*

\*Section 2. (a) The office of fisheries development established in AS 44.33.502., enacted by section 1 of this Act, shall conduct studies to identify:

(1) types of private investment in the Alaska fisheries industry which are most likely to occur before January 1, 1930;

(2) types of organizations for the harvesting, processing, and marketing of *bottomfish* species which are consistent with market conditions and conducive to participation by Alaska residents;

(3) methods for the state to assist residents with the formation of the organizations determined under (2) of this subsection, including enabling legislation, organizational grants, educational assistance, and direct organizational and technical assistance; and

(4) economic incentives and other means to encourage development of the fish and shellfish industry in a manner consistent with market conditions and beneficial to the Alaska economy and to Alaska residents.

(b) The office shall prepare a report summarizing the findings of the studies required by this section and shall distribute copies of the report to the governor and the legislature by February 1, 1982 and annually thereafter.

Sec. 44.33.503 INTENT

It is the intent of the legislature that:

(a) the State encourage, and provide for, greater development and eventual maximization of Alaskan fisheries, consistent with public interest;

(b) the State do everything in its power to assure development and utilization of Alaskan fisheries by residents of the State, alleviating the effects of apparent ownership or control of major segments of the fishing industry by non-resident interests;

(c) the State combine the various government agencies dealing with fisheries development into a single, effective agency so that benefits of this developing industry accrue to Alaskans and the effort of the State is not fragmented.

# Alaska State Legislature



WHILE IN JUNEAU  
POUCH V  
JUNEAU, ALASKA  
99811  
(907) 465-3718  
465-3781

REPRESENTATIVE  
**ALVIN OSTERBACK**  
BOX 71  
SAND POINT, ALASKA 99681  
(907) 382-2387  
CO-CHAIRMAN  
HOUSE RESOURCES COMMITTEE

## House of Representatives

DISTRICT 18

ADAK  
AKNIGH  
ARUTAN  
ALITAK  
ATKA  
BELTORSKI  
CHIGNIK  
CHIGNIK LAGOON  
CHIGNIK LAKE  
COLD BAY  
FALSE PASS  
IVANOF BAY  
KARLUK  
KING COVE  
LARSEN BAY  
NELSON LAGOON  
NIROLSKI  
OLD HARBOR  
PERRYVILLE  
PORT LIONS  
SAND POINT  
SQUAW HARBOR  
ST. GEORGE  
ST. PAUL  
UBANIK BAY  
UNALASKA

### MEMORANDUM

DATE: February 20, 1980

TO: Terry Gardiner, Speaker  
House of Representatives

FROM: Representative Alvin Osterback

This is to request travel and two days per diem for Dr. Frank Orth of Bellvue, Washington to attend a House Resources hearing on February 26. On that day we plan to have a hearing on SSHB 516 and HB 697 which resulted from the conclusions of the 1980 Interim Bottomfish report. As Dr. Orth was instrumental in the drafting of these bills it would be most helpful to have him at the hearing. Please make arrangements for the travel and per diem.

Thank you.

Address:

Frank Orth and Associates  
225 108th Avenue, North East  
Suite 311  
Bellvue, WA 98004

Phone 206-455-3507

M E M O R A N D U M

To: House Resources Committee  
From: John Sund, A.A. Rep. Gardiner  
Date: February 27, 1980  
Re: HB 516

It is my understanding that during the committee's consideration of HB 516 on February 26, a memorandum consisting of two pages titled "Fisheries Legislation Analysis" with my name penned in as the author was circulated to the committee.

I wish to clarify several things regarding that memorandum. The memorandum consists of eight pages only of which the first two pages were given to the committee. Secondly, the memorandum was prepared by Mr. Wally Miller at the request of Representative Gardiner when Mr. Miller was a consultant to the Aquaculture Policy Study Committee. I have enclosed a copy of the entire memorandum for the committee's review as it was given to the staff of the House Resources Committee.

The basic thrust of the memorandum states that if the state is going to address the issue of a comprehensive fishery development approach, it should do so in an organized and comprehensive manner. The portions of the memorandum that were not distributed to the committee lay out basic areas that should be addressed and some basic elements to the plan that should be included.

A second memorandum which was not distributed to the staff of the House Resources Committee is also attached for your review. Although the first portion of the memorandum deals with discussion of discounting techniques as that applies to resource evaluation may not be of interest to the committee members, the latter portion of the memo deals with the establishment of the lead agency concept for developing programs which involve more than one state department. The proposed legislation which is attached to the memo is a copy of the Washington State lead agency statutes.

Since the proposed bill HB 516 uses the words "lead agency" in its draft it is perhaps appropriate for the committee to address the concept of how lead agencies operate in other states.

I apologize for the confusion this may have created with the committee, but I felt an obligation to provide the committee members an opportunity to be cognizant of the entire memorandum on this subject.

MEMORANDUM

February 4, 1980

TO: Members of the Aquaculture Policy Study  
Committee

FROM: Wallace G. Miller *WGM*

SUBJECT: Additional Comments - Final Report

I have been requested to elaborate upon two items contained in the final report. The first item has to do with why we did not explicitly recommend the use of discounting revenues and costs in the Return on Investment and Cost Benefit Analysis Models. The second is a request for additional information about the duties and responsibilities associated with the designation of a lead agency.

With regard to the use of discounting the current practice of most economists is to discount future revenues and costs in order to: (1) express future revenues and costs in terms of today's dollars and; (2) to provide a means for evening out differing peaks and valleys in cost and revenue streams.

In our report we gave considerable thought to the effect that discounting could have on the aquaculture project selection process. We recommended that discounting not be used unless it could be assured that it would not create a bias toward selecting short-term projects over long-term projects. We also recommend that the economic analysis be conducted using constant dollars (i.e., 1979) and current dollars (reflecting future estimates of costs and prices) in order to take into account possible economic changes in the fishery.

The following table shows a discount rate of 15% for a 10 year period.

<u>Year</u>	<u>Discount Factor*</u>
1	.850
2	.723
3	.614
4	.522
5	.444
6	.377
7	.321
8	.273
9	.232
10	.197

\* Slight error due to rounding.

As the table would indicate, a dollar of revenue obtained in year one would be roughly twice as valuable as a dollar obtained in year five and over four times as valuable as a dollar of revenue obtained in year ten. Fisheries resource development is a long-term proposition. An over emphasis on short-term rewards through the application of discounting could introduce a bias in the project selection process.

This problem with discounting has been recognized by other economists dealing with fisheries development projects.

The Food and Agriculture Organization of the United Nations and FAO Fisheries Technical Paper 149 entitled, Manual on the Identification and Preparation of Fishery Investment Projects makes the following comments regarding discounting. (pages 6-7) "...the present value of relatively longer-term (fisheries) benefits is very low. It must be said, because it has been all too often the basis of private decision-making, that in principle, and at high discount rates, larger immediate benefits can have a greater present value than a smaller stream of benefits continuing in perpetuity."

"The flaw in this argument is that the use of discounting methods expresses the present worth of a project to present people in a specified economic environment. It says nothing about the worth, or otherwise, of a present project to future people, whose calculus with respect to such a project would be quite different. It may reasonably be argued from the theory of Consumers Surplus that future generations would prefer some fish to no fish at all, and at the expense...of the present generation."

Notwithstanding this very valid concern about the bias which discounting could introduce in the project evaluation process, the author of the FAO report goes on to endorse the discounting procedure without recommending any satisfactory method to counteract the bias.

The author also states that, "The simple Rate of Return may be used because of its ease of calculation as a preliminary indication of particular use to the analyst at the (project) identification stage."

In summary, we have stopped short of recommending the use of a particular discounting technique because we see no way of counteracting the short-term bias which could be introduced by this procedure particularly in the species selected for aquaculture projects (i.e., pinks over coho because of the earlier return) as well as in the type of aquaculture project to be undertaken.

Finally, and perhaps most importantly the role of economic analysis needs to be placed in perspective along with other factors which much be considered in evaluating an aquaculture project. According to Gordon Campleman, author of FAO Fisheries Technical Paper 149, "This is to say that the purpose of project appraisal (economic analysis) is less to establish a uniquely probable rate of return on the capital involved than to reveal the financial and economic "bones" of a project and to establish its ranking among other competing possible projects in the economy at large, similarly measured." In the final analysis, the appraisal specialist cannot assume the role, of the investor. Even where none of the figures and computations are disputed, final acceptance or rejection of a project depends, in large part, upon the feel of the investor or financing institution for the degree of risk involved, their evaluation of non-quantifiable social effects, political factors, etc."

With regard to the request for additional information regarding the duties and responsibilities of a lead agency designation, I have attached a copy of a section of Washington Administrative Code WAC 197-10-200 through WAC 197-10-260 which deal with the application of the lead agency concept as it is used in the implementation of the State Environmental Policy Act.

This application of the lead agency concept is a general model which allows for different state or different local government agencies to assume lead agency responsibility for making threshold determinations of environmental impact and for preparing environmental impact statements.

The use of the lead agency is a relatively new concept in governmental organization. It serves a critically important role which is often overlooked or neglected by traditional governmentbureaucratic organizations. For example, Alaskan fisheries issues cut across federal agencies (NMFS, NPFMC) state agencies (ADF & G, C & ED, DE to name but a few. Without a formalized lead agency system in place, coordination and communication among the bureaucratic entities becomes hapenstance, if indeed they occur.

---

Emphasis supplied by underlining.

If a lead agency system were implemented for Alaskan fisheries the roles and responsibilities, where they are currently, clearly definable can be specified in the system. As new issues arise which have not been previously defined and assigned to a lead agency, the lead agency system has provisions for the assignment of this new responsibility. In essence the use lead agency concept is designed to overcome the two most often voiced complaints about bureaucratic organization. These are: bureaucratic statement, "That's not my responsibility," and the equally bureaucratic turfism position, "That program belongs in my organization." The lead agency concept can help overcome needless delay and reduce haggling over turf by afixing responsibility through a formal process.

The use of the lead agency concept is being implemented in new ways. For example, in a tri-county area, one county will assume lead agency responsibility for public transportation while another will assume the responsibility for public health services in the tri-county area. To be sure there is plenty of arguments as to whether preferential treatment is accorded to the residents of a county with lead agency status, however, the continued use of this new form of government suggests to me that it is preferable to each county unit of government attempting to be all things to its residents.

I believe the application of a lead agency concept which formally defines the roles and responsibilities of the federal, state and regional associations involved in the salmon aquaculture program is a critically important step forward toward creating a cohesive Alaskan Salmon Resource Development Program. In fact, without such a structural foundation, I believe it will be difficult, if not impossible, for such a program to exist in a state beyond only a hollow name.

## LEAD AGENCY

WAC 197-10-200 LEAD AGENCY--RESPONSIBILITIES. The lead agency shall be the only agency responsible for complying with the threshold determination procedures of WAC 197-10-300 through -390; and the lead agency shall be responsible for the supervision, or actual preparation, of draft EISs pursuant to WAC 197-10-400 through -495, including the circulation of such statements, and the conduct of any public hearings required by this chapter. The lead agency shall also prepare or supervise preparation of any required final EIS pursuant to WAC 197-10-550 through -695.

### WAC 197-10-203 DETERMINATION OF LEAD AGENCY--PROCEDURES.

(1) The first agency receiving or initiating a proposal for a major action, or for any part of a proposal when the total proposal involves a major action, shall determine the lead agency for that proposal. To ensure that the lead agency is determined early, agencies shall determine the lead agency for all proposals for a major action they receive, unless the lead agency has been previously determined or the agency receiving the proposal is aware that another agency is in the process of determining the lead agency. The lead agency shall be determined by using the criteria in WAC 197-10-205 through -245.

(2) If the acting agency determines that another agency is the lead agency, it shall mail to such lead agency a copy of the application it received, together with its determination of lead agency and explanation thereof. If the agency receiving this determination agrees that it is the lead agency, it shall so notify the other agencies with jurisdiction. If it does not agree, and the dispute cannot be resolved by agreement, the agencies shall immediately petition CEP for a lead agency determination pursuant to WAC 197-10-260.

(3) If the acting agency determines that it is the lead agency, it shall immediately mail a copy of its determination and explanation thereof to all other agencies with jurisdiction over the proposal. The acting agency shall then proceed, as the lead agency, to the threshold determination procedure of WAC 197-10-300 through -390. If another agency with jurisdiction objects to the lead agency determination, and the dispute cannot be resolved by agreement, the agencies shall immediately petition CEP for a lead agency determination pursuant to WAC 197-10-260.

(4) Any agency receiving a lead agency determination to which it objects shall either resolve the dispute, withdraw its objection, or petition to CEP for a lead agency determination within fifteen days of receiving the determination.

(5) To make the lead agency determination, an acting agency must determine to the best of its ability the other agencies with jurisdiction over the proposal. This can be done by requesting the information from a private applicant.

or through consultation with the information centers established pursuant to RCW 90.62.120 within the Environmental Coordination Procedures Act of 1973 (ECPA).

WAC 197-10-205 LEAD AGENCY DESIGNATION--GOVERNMENTAL PROPOSALS. The lead agency for all proposals initiated by an agency shall be the agency making the proposal. In the event that two or more agencies share in the implementation of a proposal, the agencies shall by agreement determine which agency will assume the status of lead agency. For the purposes of this section, a proposal by an agency does not include proposals to license private activity.

WAC 197-10-210 LEAD AGENCY DESIGNATION--PROPOSALS INVOLVING BOTH PRIVATE AND PUBLIC CONSTRUCTION ACTIVITY. When the total proposal will involve both private and public construction activity, it shall be characterized as either a private or a public project for the purposes of lead agency designation, depending upon whether the primary sponsor or initiator of the project is an agency or from the private sector. Any project in which agency and private interests are too intertwined to make this characterization shall be considered a public project. The lead agency for all public projects shall be determined pursuant to WAC 197-10-205.

WAC 197-10-215 LEAD AGENCY DESIGNATION--PRIVATE PROJECTS FOR WHICH THERE IS ONLY ONE AGENCY WITH JURISDICTION. For proposed private projects for which there is only one agency with jurisdiction, the lead agency shall be the agency with jurisdiction.

WAC 197-10-220 LEAD AGENCY DESIGNATION--PRIVATE PROJECTS REQUIRING LICENSES FROM MORE THAN ONE AGENCY, WHEN ONE OF THE AGENCIES IS A COUNTY/CITY. For proposals for private projects which require licenses from more than one agency when at least one of the agencies requiring a license is county/city, the lead agency shall be the county/city within whose jurisdiction is located the greatest portion of the proposed project area, as measured in square feet. For the purposes of this section, the jurisdiction of a county shall not include the areas within the limits of cities or towns within such county.

WAC 197-10-225 LEAD AGENCY DESIGNATION--PRIVATE PROJECTS REQUIRING LICENSES FROM MORE THAN ONE STATE AGENCY.  
(1) For private projects which require licenses from more than one state agency, but require no license from a county/city, the lead agency shall be one of the state agencies requiring a license, based upon the following order of priority:

- (a) Department of ecology.
- (b) Department of social and health services.
- (c) Department of natural resources.
- (d) Department of fisheries.
- (e) Department of game.
- (f) Utilities and transportation commission.
- (g) Department of motor vehicles.
- (h) Department of labor and industries.

(2) For private projects requiring a license from more than one state agency, but requiring no license from a county/city, and when none of the state agencies requiring a license is on the above list, the lead agency shall be the licensing agency which has the largest biennial appropriation.

(3) When, due to the provision of subsection (1) of this section, an agency would be the lead agency solely because of its involvement in a program jointly administered with another agency, the other agency shall be designated the lead agency for proposals for which it is primarily responsible under agreements previously made between the two agencies for joint operation of the program.

WAC 197-10-30 LEAD AGENCY DESIGNATION--SPECIFIC PROPOSALS. Notwithstanding the lead agency designation criteria contained in WAC 197-10-205 through -225, the lead agency for proposals within the areas listed below shall be as follows:

(1) For all governmental actions relating to thermal power plants for which certification is required under Chapter 80.50, RCW, the lead agency shall be the thermal power plant site evaluation council: PROVIDED, That for any public project requiring such certification and for which the study authorized by RCW 80.50.175 will not be made, the lead agency shall be the agency initiating the project.

(2) For all private projects relating to the utilization of geothermal resources subject to Chapter 79.16, RCW, the lead agency shall be the department of natural resources.

(3) For all private projects requiring a license or other approval from the oil and gas conservation committee pursuant to Chapter 78.52, RCW, the lead agency shall be the department of natural resources, except that for projects subject to RCW 78.52.125, the EIS shall be prepared in accordance with that section.

(4) For all private activity requiring a license or approval under the Forest Practices Act of 1974, Chapter 76-04, RCW, the lead agency shall be the department of natural resources: PROVIDED, That for any proposal which will require a license from a county/city acting under the powers enumerated in RCW 76.09.240, the lead agency shall be the county/city requiring the license.

(5) For all private projects requiring a license or lease to use or affect state lands, the lead agency shall be the state agency managing the lands in question: PROVIDED, That this subsection shall not apply to the sale or lease of state-owned tidelands, harbor areas or beds of navigable waters, when such sale or lease is incidental to a larger project for which one or more licenses from other state or local agencies is required.

(6) For all proposals which are being processed under the Environmental Coordination Procedures Act of 1973 (ECPA), Chapter 90.62, RCW, the lead agency shall be determined by the department of ecology; except that when county/city licenses are applied for prior to filing the ECPA application, a lead agency shall be determined pursuant to the standards of these guidelines prior to granting such county/city licenses.

(7) For private projects which require the issuance of a National Pollutant Discharge Elimination System (NPDES) permit under § 402 of the Federal Water Pollution Control Act (33 USC § 1251, et. seq.), for a pulp or paper mill or oil refinery, the lead agency shall be the department of ecology.

(8) For proposals to construct a pipeline greater than six inches in diameter and fifty miles in length, used for the transportation of crude petroleum or petroleum fuels or oil or derivatives thereof, or for the transportation of synthetic or natural gas under pressure, the lead agency shall be the department of ecology.

(9) For proposals that will result in an impoundment of water with a water surface in excess of forty acres, the lead agency shall be the department of ecology.

(10) For proposals to construct facilities on a single site designed for, or capable of, storing a total of one million or more gallons of any liquid fuel, the lead agency shall be the department of ecology.

(11) For proposals to construct any new oil refinery, or an expansion of an existing refinery that shall increase capacity by ten thousand barrels per day or more, the lead agency shall be the department of ecology.

(12) For proposals to construct any new metallic mineral processing plant, or to expand any such existing plant by ten percent or more of design capacity, the lead agency shall be the department of ecology.

WAC 197-10-235 LOCAL AGENCY TRANSFER OF LEAD AGENCY STATUS TO A STATE AGENCY. For any proposal for a private project where a city or town with a population of under five thousand or a county of fifth through ninth class would be the lead agency pursuant to the designation criteria of WAC 197-10-210 through -230, and when one or more state agencies are agencies with jurisdiction over the proposal, such local agency may at its option transfer the lead agency duties to that state agency with jurisdiction appearing first on the priority listing in WAC 197-10-225. In such event, the state agency so determined shall be the lead agency and the agency making the transfer shall be an agency with jurisdiction. Transfer is accomplished by the county, city or town transmitting a notice of the transfer together with any relevant information it may have on the proposal to the appropriate state agency with jurisdiction. The local agency making the transfer shall also give notice of the transfer to any private applicant and other agencies with jurisdiction involved in the proposal.

WAC 197-10-240 AGREEMENTS AS TO LEAD AGENCY STATUS. Nothing herein shall prohibit an agency from assuming the role of lead agency as a result of an agreement among all agencies with jurisdiction.

WAC 197-10-245 AGREEMENTS BETWEEN AGENCIES AS TO DIVISION OF LEAD AGENCY DUTIES. Two or more agencies may by agreement share or divide the responsibilities of lead agency through any arrangement agreed upon. In such event, however, the agencies involved shall designate one of them as the nominal lead agency, which shall be responsible for complying with the duties of the lead agency under these guidelines. Other agencies with jurisdiction shall be notified of the agreement and determination of the nominal lead agency.

WAC 197-10-260 DISPUTE AS TO LEAD AGENCY DETERMINATION  
--RESOLUTION BY CEP. (1) In the event that the agencies with jurisdiction are unable to determine which agency is the lead agency under these guidelines, any agency with jurisdiction may petition CEP for such determination. Such petition shall clearly describe the proposal in question, and include a list of all licenses and approvals required for the proposal. Any such petition shall be filed with CEP within fifteen days after receipt by the petitioning agency of the determination to which it objects. Copies of the petition shall be mailed to any private applicant involved, as well as to all other agencies with jurisdiction over the proposal. The applicant and agencies with jurisdiction may file with CEP a written response to the petition within ten days of the date of the initial filing.

(2) Within fifteen days of receipt of a petition, CEP shall make a written determination of the lead agency, which shall be mailed to the applicant and all agencies with jurisdiction. CEP shall make its determination in accordance with these guidelines; or in the event the guidelines do not control, the lead agency shall be the agency whose action, license, or licenses will have the greatest effect on the environment.

WAC 197-10-270 ASSUMPTION OF LEAD AGENCY STATUS BY ANOTHER AGENCY WITH JURISDICTION. When there has been an assumption of lead agency status by another agency with jurisdiction over a proposal, pursuant to WAC 197-10-345, the lead agency responsibilities regarding threshold determination procedures (WAC 197-10-300 through -390) transfer to the new lead agency.

## FISHERIES LEGISLATION ANALYSIS

### A. Proposed Legislation Analyzed

- HB 553 - The bill would require Alaska Department of Commerce and Economic Development to provide solutions to the Bristol Bay salmon marketing problem.
- HB 518 - The bill would create a Fisheries Development Committee.
- HE 517 - The bill would appropriate \$1,250,000 to ADC & ED to provide a grant to the Alaska Fisheries Development Foundation for bottomfish development.
- HB 519 - The bill would appropriate \$300,000 to the Fisheries Development Committee.
- HCR 36 - This Concurrent Resolution would require the Governor to create a bottomfish plan.
- HB 516 - The bill would establish an Office of Fisheries Development in ADC & ED.
- HCR 37 - The concurrent resolution would require ADC & ED to prepare a bottomfish plan.

### B. Major Legislative Goals

The major goals of the proposed legislation appear to be:

1. To establish a new office for fisheries development (which may encompass shellfish, bottomfish and salmon) which has lead agency responsibility in conducting studies and formulating recommendations as well as to provide a single point of responsibility and accountability for coordinating fisheries studies and development activities carried out by other state agencies.
2. To provide for legislative oversight over the development of bottomfish in Alaska and adjacent waters.
3. To encourage the executive branch to develop a bottomfish plan for the State of Alaska.
4. To provide solutions to the Bristol Bay salmon marketing problems.

### C. Analysis of Proposed Legislation

The goals expressed in the legislation are straight forward. Action and results are desired in several areas of the fishery and the importance of this desire is pointedly made by the proposed creation of an legislative oversight committee and the proposed language contained in HCR 36.

Based upon our recent analysis of the Alaskan fishery we have expressed many similar concerns addressed by the proposed legislation.

For example, whereas the proposed legislation calls for the creation of an Office of Fisheries Development, we recommend that a lead agency be designed to coordinate all Alaskan fisheries resource development activities including shellfish, bottomfish and salmon. The Alaskan fishery is very dynamic and while Bristol Bay salmon might be this year's problem, king crab could for example, be a major issue next year. What we have recommended is a more general fisheries authority which would allow the lead agency to stay on top of a broader spectrum of issues. Hopefully, this broader authority will help avoid the need in the future to resort to crisis management measures to obtain desired results.

For the most part the establishment of an Office on Fisheries Development and the designation of a lead agency goes after the same point: we need a central, responsible organization which can be held accountable for fisheries development. While we suggested ADF & G could be designed the lead agency, such a designation could also be assigned to ADC & ED.

A second recommendation included in our study which is not fully addressed in the proposed legislation is the scope and content of the plan to be prepared.

For example, we proposed that an Alaskan Fisheries Resource Development Plan be created. (This responsibility could be assigned to the proposed office or a lead agency, which in turn could be ADC & ED.)

The scope of the Alaskan Fisheries Resource Development plan would initially cover three areas. These are:

Bottomfish  
Salmon  
Shellfish  
(Others may be added later)

While we recognize the urgent need to get moving on bottomfish, unless some meaningful effort is undertaken in the other areas we could get back into a crisis management situation (like the Bristol Bay salmon problem) which typically results in last minute temporary fixes to the problem.

The content of the Alaskan Fisheries Development Plan, for each species as appropriate, would include:

1. A Stock Assessment - This portion of the plan would identify species demographics (number, size, geographic distribution, etc.) as well as estimates of harvest rates based upon such factors as reproduction cycle, predation, disease, growth and maturation characteristics, breeding, feeding, survival rates and other relevant factors.

2. A Harvest Capability Assessment - This portion of the plan would identify all of the vessels by gear type as well as other harvesting methods, including average harvest capability, maximum capability, minimum harvest rates to sustain operations. The number of crew and on-board personnel would also be identified.

3. A Processing Capability Assessment - This portion of the plan would identify all of the processing vessels, plants and other processing modes available in the Alaskan fishery.

4. A Market Capacity Assessment - This portion of the plan would identify current and potential markets by species and stocks, tonnage, quality, price and customer for Alaskan fisheries product.

5. Stock/Harvest/Processing/Marketing Alternatives - The intent of this portion of the plan is to identify the alternative rates under differing economic and biological assumptions at which the various stocks can be harvested, processed and marketed. Against these estimates the capability to harvest can be compared to determine averages and shortages in fleet composition by gear type and for targeted species.

The third element which can now be introduced is the processing capability

If we accept the idea that an allowable harvest rate by species and stocks can be established, and further that the existing fleet, or as supplemented by foreign vessels if necessary in selected fisheries, can accomplish the harvest, the next step is to ensure that processing facilities to support the harvest are available on land or on vessels.

The next critical steps in this chain of activities is the marketing of the catch. In Seattle recently a fisherman gave his catch of bottomfish away free because there was no market for them. Beyond this simple example market quotas need to be set which on the one hand ensure adequate compensation to fishermen and on the other, reasonable satisfaction of the market demand. These market quotas need to be compared to the species and stocks available as well as the harvest capability and finally, defining the alternative means for bringing each of these four elements into reasonable balance.

As you can see item 5 requires a substantial interaction between stocks; harvesting; processing and marketing. Many alternatives are available and the goal should be to achieve a reasonable balance among these interacting elements. Once a reasonable balance is agreed upon by the affected parties the next step would be to prepare a plan to achieve the desired balance. (Technically, the stock assessment, harvest capability assessment, processing capability assessment and market capacity assessment are not plans but instead are facts upon which a solid plan can be based.

Assuming that sufficient alternative mixes of the four elements are examined and general agreement is achieved on a particular mix, the next step is to prepare a plan to carry out the desired mix. The elements of the plan are:

6. A Harvest Regulation and Development Plan - The objective of this plan is to either through regulation and/or economic incentives to bring the harvest capability into balance with the allowable harvest rates.

7. A Processing Regulation and Development Plan - The objective of this plan would be to establish quality control and grading standards as well as economic incentives to help match the various processing capabilities required to the geography of the harvest volumes. (The quality control and grading aspect could be made a separate plan if additional emphasis is desired.)

8. A Marketing Plan - Based upon the stocks, harvest and processing capability as well as current market demands, the objective of this plan would be to define those courses of action which would result in achieving a full harvest of available species and stocks, which are fully processed to high standards and which allows fishermen to make a good living and processors a fair profit.

9. A Transportation and Port Facilities Plan - The objective of this plan will be to identify the transportation modes (air, water, land) and equipment necessary to support the marketing plan. Port and such ancillary facilities as repair, fuel storage, etc. need to be included to ensure that the post processing delivery system functions smoothly.

Realistically, if Alaska is to fully enjoy the benefits of its Alaskan fishery, three additional elements to the Alaskan Fisheries Resource Development Plan need to be included. These are described as follows:

10. An Alaskan Fisheries Research Plan - Even a casual reading of Alaskan Fishermen or in discussions with fisheries biologists, fishermen and processors the topic of the need for more information about many different aspects of the fishery invariably arises. Without a scientific and research information foundation, management of the fishery will continue to be based upon "gut feel" and other equally arbitrary bases. A consolidated federal/state research center, as we recommended could provide great support to ensuring that the resource is protected and harvested at biologically justifiable rates.

11. An Alaskan Fisheries Financing Plan - If Alaska is going to increase its share of the rewards (as compared to Seattle or foreign based fishermen) it must be prepared to invest in vessels, research and technology, transportation and port facilities. The plan should identify the types of economic incentives required as well as a realistic budget level for the new Office or lead agency.

12. An Alaskan Fisheries Legislation Plan - The proposed legislation provides an excellent start and with some consideration given to the points raised in this analysis could provide the full direction required to achieve the stated goals.

#### D. Organization Analysis

In the preceding Section C, an attempt was made to briefly define the elements of an Alaskan Fisheries Resource Development Plan which addresses the fishery in a functional manner. The suggested planning framework recognizes the need to obtain facts through assessments as well as the need to study the alternative means of achieving the desired balance among species availability, harvest capability, processing capability and market capacity.

In addition Section C identifies some specific steps which the State of Alaska should be prepared to take if the State is to realistically realize some of the desired benefits from the fishery.

The definition of the elements of a plan, of and by itself, is no guarantee that the plan will be accomplished. Two additional requirements are necessary. The first is for an organization to be created which has the expertise and resources to develop a good plan; the second is for an organization which has sufficient authority to ensure the plan is implemented.

Leaving aside for a moment, the expertise and resources requirement, the authority requirement is of critical importance because it, in the final analysis, will determine whether a good plan gathers dust on a shelf or becomes the roadmap for management decision-making.

In examining the present organizational entities now involved in managing the Alaskan fishery, it is clear that presently no single organization has sufficient authority to carry-out a plan.

Regardless of whether a new Office of Fisheries Development or a lead agency is designated, careful consideration must be given to providing the selected organization with sufficient authority so that the organization can be held accountable for its success or failure in achieving planned results. Some of the types of authorities which could be assigned to the proposed new Office or lead agency are listed below. Again, the point is made that an organization can only be held accountable if it has the authority to act.

1. Place new Office Director on the Board of ADF & G.
2. Place International Fisheries Coordinator in the office.
3. Place Bottomfish Coordinator in the office.
4. Place Office Director on North Pacific Council.
5. Place Aquaculture Coordinator in the office and formalize organization of regional aquaculture association.
6. Give office "A-95" review and approval authority over all government financial fisheries research and development activities including projects approved by the Renewable Resources Corporation as they pertain to fisheries development.
7. Place aquaculture loan approval in office.
8. Place office staff members on regional aquaculture planning teams.
9. Create a state/federal fisheries development task force with new office director as chairman.
10. Negotiate agreements with Forest Service, National Marine Fisheries and the North Pacific Council which clearly establishes Alaska's right to ensure heavy consideration is given to Alaska's Fisheries Development Plan.
11. Create a permanent legislative oversight committee on fisheries and charge it with responsibility to perfect the statutory framework necessary for the office to accomplish its job in a business-like manner.
12. Require annual reports showing progress against the plan.

At first glance the 12 organizational steps may seem excessive, however, it is important to remember that results can only be demanded from those who have the authority to act. This is not to suggest that all 12 organizational actions are fully inclusive or that all 12 are necessary to achieve the desired results. Others will have to decide on the most appropriate level of authority which is capable of producing the desired results.

Assuming that a balance between organizational authority and desired results can be achieved, the next step is to define the expertise and resources required to perform. Given the wide range of possible organizational options it is difficult to estimate the numbers of staff required to perform the work. However, it is possible to define some of the types of skills which will be required to perform the assigned work. These include:

1. Fisheries Biologists (species generalists)
2. Economists
3. Data Processing System Designers and Programmers
4. Fisheries Scientists (species or particular area specialists)
5. Fisheries Marketing Experts
6. Processing and Quality Control Experts
7. Fishing Fleet (gear type) Experts
8. Transportation/Port Facilities Experts
9. Fisheries Research Scientists
10. Competent Management