

SCR

53

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: Small businesses in the state

Agency Affected: Commerce & Economic Dev.  
BRU: Business Development

Sponsor: Pearce et al.  
Requestor: Senate Labor & Commerce

Components: \_\_\_\_\_

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS		100		105		110
MISCELLANEOUS						
TOTAL OPERATING						

CAPITAL		0		0		0
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REVENUE		0		0		0
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**FUNDING:** (Thousands of Dollars)

GENERAL FUND		100		105		110
FEDERAL FUNDS						
OTHER						
TOTAL						

**POSITIONS:**

FULL-TIME		0		0		0
PART-TIME						
TEMPORARY						

**ANALYSIS :** (Attach a separate page if necessary)

Grant would be awarded on the basis of a 50-50 match with funds from private industry.

Prepared by: Jamie Parsons, Director  
Division: Business Development

Phone: 465-2017  
Date: 2/16/90

Approved by Commissioner: Larry Mercuri  
Agency: Department of Commerce & Economic Development

Date: 2/26/90

**Distribution (by preparer) :**

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

SENATE COMMITTEE REPORT  
FIRST COMMITTEE OF REFERRAL

DATE: 2/12/90

FURTHER:

*No Further  
Finance*

Date of 5-Day Notice: 2/15/90  
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 2/26/90

L & C Committee considered

SCR 53

Relating to small businesses in the state.

*do pass*

and recommended:

- replace with \_\_\_\_\_ CS \_\_\_\_\_  same title
- attached amendment(s)  new title
- \_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to Finance Committee

*FN*

ATTACHES NEW FISCAL NOTE(S):

Department(s)/Date:

Department(s)/Date:

fiscal note(s) Dept of Commerce, 2/16/90

zero fiscal note(s)

appropriation-no fiscal note

Governor's bill w/fiscal note

SIGNING DO PASS:

*[Signatures]*

OTHER RECOMMENDATIONS:

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

Chair: Signature and Recommendation

S(L&C) REPORT

## STATE OF ALASKA

LEGISLATIVE

February 26, 1990

Mr. Jack Jessee  
Chairman  
Steering Committee  
Governor's Conference on  
Small Business  
P.O. Box 240288  
Anchorage, AK 99524-0288

Dear Jack,

Here are my thoughts on the recommendations and resolutions of the Governor's Conference on Small Business. I've outlined my positions on the enclosed Executive Summary and followed that with more detailed comments.

Let me thank you again for your time and energy in identifying problems and proposing solutions to those problems. I hope your interest will persist as we enter the second phase of this process--working together to improve the Alaskan business climate now and for the future. Jamie Parsons will be my point man for this work. I hope you'll share your ideas with him.

Sincerely,

s/s Steve Cowper  
Steve Cowper  
Governor

Enclosure

cc: Steering Committee  
Governor's Conference on  
Small Business

Virginia A. Samson  
Executive Director  
Governor's Conference on  
Small Business

Jamie Parsons, Director  
Division of Business Development  
Department of Commerce and  
Economic Development

## EXECUTIVE SUMMARY

### Governor Steve Cowper's Comments on Governor's Conference on Small Business

#### Recommendations:

- 1A. My administration indeed has a long-term economic development strategy, developed not by a formal commission but by common sense. To put it colloquially, "We've beaten the bushes and chased every economic development rabbit that's jumped up." I think we've been very successful.
- 1B. Proper handling of waste is a continuing priority of my administration. We've expanded many programs and are working to reach small businesses with pertinent information.
- 1C. Legislation I signed into law two years ago is working; workers' compensation rates are coming down.
- 4A. I'm working legislatively to improve the Loan Guaranty Program; we've initiated the Business Development Information Network to complement other information networks.
- 4B. I support neither SJR 3 nor the concept of automatic periodic sunset of regulations, but we are working on specific ways to simplify regulatory and licensing processes.
- 4C. We're improving access to equity capital through Permanent Fund programs, the Alaska Science and Technology Foundation, the Uniform Limited Offering Registration program and creation of a \$30 million venture capital fund.
7. Many employee benefits are mandated by law or required subjects of collective bargaining; progress is slow, but we're seeing some success in containing costs.
8. We will not form the recommended 12-member commission, but will work on specific problems of government competition brought to our attention.
9. Job Training Partnership Act training programs are available, but funding is limited; the State Board of

Education and the State Vocational Education Board will remain united.

10. We indeed have a transportation plan and are working on several fronts to refine and improve it; I've introduced legislation to allow the Alaska Marine Highway System to keep the money it generates--that should improve efficiency and service. We welcome community and private sector participation in infrastructure development.
11. State permitting processes are largely timely and effective, but I'd like businesses with specific problems to inform me of them.
12. Separation of powers and different agency missions mean the State will likely never have totally uniform bidding and contracting procedures. We always recruit in Alaska before resorting to outside sources; State law also requires agencies to buy products F.O.B. final destination.
13. Risk pooling is already allowed; new legislation may help further. Bonding on small projects is not required.
14. We've significantly expanded our efforts to disseminate information to small businesses.
15. My administration continues to coordinate efforts among agencies to maintain or expand business education; funding is limited.
16. We're already marketing Alaska on a number of fronts, despite tight budgets.
17. My administration's performance in international trade is top-notch and still improving; we'll continue to work with Alaska businesses to open overseas markets.
18. Tourism infrastructure development is a serious concern being addressed by the interagency Tourism Coordinating Committee; again, funding is a problem.
19. I've held the line throughout my term on public employee wages--no easy task.
20. The Little Davis-Bacon Act is applied uniformly in all regions of the state.

Resolutions:

We've appointed a small businessman as Director of the Division of Business Development and will work to identify small business candidates for board and commission vacancies.

GOVERNOR'S CONFERENCE ON SMALL BUSINESS  
Comments by Governor Steve Cowper

RECOMMENDATIONS

1A. Long-Term Economic Development Policy

My administration's policy has been clear since I took office. Simply put, I've directed my agencies to "beat the bushes and chase every economic development rabbit that jumps up." Our record shows the success of this approach: tremendously expanded trade with Pacific Rim nations, significant new potential markets opened with the Soviet Union, a large new Federal Express presence in Alaska, several new Foreign Trade Zones, active involvement with both the Organization of Petroleum Exporting Countries (OPEC) and the Independent Petroleum Exporting Countries, promotion of resource extraction and sale (e.g., Wishbone Hill), and formation and endowment of the Alaska Center for International Business and the Alaska Science and Technology Foundation, to mention a few. All these success stories have important long-range implications for Alaska, and we'll continue our efforts toward long-term stabilization of our economy.

Still, other states have documented substantial benefits from formal policy development exercises. Realistically, I hesitate to develop such a policy shortly before a new administration takes office. A policy would stand a better chance of enthusiastic implementation if it were developed and implemented by a new Governor at the beginning of the term. I will recommend this activity in my transition documents.

In the meantime, we'll work to strengthen planning efforts with an eye toward the long term. The Department of Commerce and Economic Development's (DCED's) Alaska Regional Development Organizations (ARDOR) program is alive and well and actively engages in economic stabilization and development at the regional level. The Division of Tourism is completing a five-year strategy that includes both tourism marketing and attraction development elements. These efforts are typical of how Cowper administration agencies commonly engage in strategic planning.

The Alaska Constitution states, "It is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest." This is a

clear statement of the economic development policy for State-owned land and resources.

To be useful, economic plans for State-owned resources should be built upon the State's regional and area plans and coordinated with the development plans of federal agencies, Native corporations and other private landowners. Where State area plans delineate resource development as an appropriate land use, economic development implementation plans could be produced. State agencies, including the Department of Natural Resources (DNR) and DCED, would be involved because Alaska Statutes require specific procedures for the conservation, use and development of State-owned resources.

The State has numerous policies and procedures in place to protect fisheries, as well as wildlife, from the impacts of oil and gas and mineral development. Economic development policies should concentrate on the multiple use of resources and the coordinated coexistence of all resource users.

A fisheries policy supporting management of the fisheries resource for the Alaskan people is strongly implied in the Alaska Constitution. I've directed the Fisheries Cabinet to develop a narrowly-focused set of specific actions the State should pursue in the next three to five years. That plan will be an important feature of my transition briefings to the next Governor. In 1988, we filled the position of Director of External and International Fisheries Affairs and created a special section within the Commissioner's Office of the Department of Fish and Game (DFG).

At present, Alaska's fisheries resources generate more than \$2.5 billion a year and provide an estimated 70,000 seasonal jobs. More than 400,000 sport fishing licenses are sold annually. Unlike petroleum, our fishery resource is renewable and, with a sincere financial commitment on the part of the people of the state, can in future years support a large portion of the state's economy. At present, however, DFG receives slightly less than two percent of the State's General Fund budget. For FY 90, DFG received \$43.7 million in General Fund dollars. That's less than we distribute each year as longevity bonus payments. In the prior fiscal year, the raw fish tax alone returned almost that much (\$41.3 million) to the General Fund. You might point that out to your legislators.

I agree that the "policy should look at fishing areas as permanent industrial bases that can be developed and

managed" and that it should "emphasize the needs of coastal communities for capital to build infrastructure so products can be processed on shore." This commitment must only be made when there is clear and convincing evidence that an infusion of capital is supported by realistic economic studies undertaken by both State and local governments and industry. Government cannot "create" a fishery economy without private industry support and cooperation.

Recent budget cuts mean the DFG's ability to manage fisheries is decreasing, not increasing. Lack of precise, timely information demands that DFG manage conservatively. That means harvests are restricted or eliminated, sometimes resulting in unharvested resources and unrealized income for the state's commercial fleets. Again, you should share that information with your legislators.

The State's fisheries enhancement program has had tremendous impact on Alaska's economy. Studies suggest that the programs of the Fisheries Rehabilitation, Enhancement and Development (FRED) Division benefit not only the salmon industry itself, but also the regional economies of the state. In addition to the direct impact on the industry and the commercial harvest, State and private enhancement efforts produce large numbers of fish for the recreational fishery, thus generating additional dollars in local economies.

According to Institute of Social and Economic Research (University of Alaska) studies, the state could expect, because of FRED programs, substantial gains in personal income and employment levels of Alaskans in many parts of the state. A recent simulation of the impacts of proposed FRED budgets for FY 89 suggests the total projected personal income and employment impacts of the statewide program would be \$80 million in resident wages and approximately 2,300 resident jobs. Again, your legislators need to know that.

In 1988, departments with roles in the seafood industry developed a draft fisheries strategy under the auspices of the Fisheries Cabinet. This document is a compendium of the agencies' existing programs and ideas for additional work. Most of the specific programs raised by the Conference were included in that strategy document. Increments required to address the Conference's concerns have been generally included by the various departments in their budget requests. Last year's budgets included increments for management and enforcement, and the State continues to fund an observer program.

Rapid turnaround of fisheries business tax revenues to communities should be implemented. DCED and the Department of Revenue are working together to improve delivery of these important revenues.

Over the years, there have been many proposals for a cabinet-level fisheries position. Neither of the past two administrations created such a position, partly because it would become a lightning rod for a myriad of problems that are often allocative in nature. The Board of Fish already addresses such issues. On the national and international scene, there are other bodies whose Alaskan members are nominated or appointed by the Governor. Generally, these bodies are left to deal with the issues without an overtly direct role being played by the Governor's Office.

Given that the responsibilities for dealing with the seafood industry are spread over many departments, it makes sense that Governor's Office involvement is necessary and desirable to bring issues to resolution. Short of a new cabinet position, having a Governor's Office representative chair the Fisheries Cabinet meetings is one way to keep the main focus on the departments and to reach resolution on budgets and issues involving several agencies. I plan to follow that suggestion for the Fisheries Cabinet's upcoming strategy development exercise.

I agree that transportation policy should facilitate economic development. This is one of seven long-term goals of the Department and Transportation and Public Facilities (DOT&PF) Management Plan. The DCED has a small capital project underway now to identify projects with enough private sector backing to fund or partially underpin infrastructure development. A plan for harbors and docks is reportedly under development by Ports Alaska.

Both DCED and DOT&PF have proposed some type of endowment or continuing appropriation to permit planning and to provide matching funds for federal port and harbor monies. Several proposals suggest the formation of an ongoing source of funds for economic development-related infrastructure. Recommendations include bond sales, endowing a fund and further capitalizing and modifying the Municipal Bond Bank. Since major policy issues are involved in determining the best mechanism, Office of Management and Budget analysis and cabinet-level discussions are necessary. I'll pursue that analysis and discussion.

The Alaska Marine Highway System (AMHS) earns about \$35 million of its \$65 million operating costs. No specific route earns a profit. Revenues from summer tourist traffic on the southeast mainline system partially defray expenses incurred in operating feeder vessels and providing winter service. Should summer mainline routes be abandoned in favor of private enterprise, the overall operating costs of the System would be reduced. Revenues would decline significantly. The State "subsidy" level, as a percentage of operating costs, would increase. Service levels to communities would, in all likelihood, be drastically reduced, due to commensurate fleet reductions. This also presumes the willingness of the private sector to meet this need, which is speculative at best. See my additional comments on the AMHS in Section 10.

Before the sale, lease or other disposal of State land or resources, the DNR is required by law to determine in writing that the sale, lease or disposal is in the best interest of the people of the state. Development of resources can provide benefits beyond direct revenues, including infrastructure development and increased employment opportunities. However, neither the Constitution nor the statutes provide for an emphasis on renewable resource development.

State resources are not being given away without compensation, as the problem statement suggests. Analysis of opportunities and liabilities associated with increases in the "economic rents" charged for use or extraction of the State's resources is ongoing. It isn't likely that new policies regarding the revenue opportunities available from a revised resource strategy will be formulated prior to a new administration.

CSSB 181 and CSHB 159, introduced during the 1989 session, would provide the minerals industry with a two-year delay in local taxation of underground reserves. The oil and gas industry is currently exempt from this tax. The minerals industry is seeking the same exemption. The named bills provide an opportunity to review the issue.

My Administrative Order No. 113, signed June 12, 1989, establishes several findings that pertain to the issue of a human resources policy and, in particular, Alaska hire. It directs State agencies to 1) mutually implement Alaska's Employment and Training Policy, 2) work in concert with the private sector, 3) assist Alaskans seeking full employment opportunities within the Alaska job market, and 4) provide

viable opportunities to ensure that Alaskans become qualified and are able to successfully compete for employment opportunities.

Administrative Order No. 113 further sets forth the idea that the Employment and Training Mini-Cabinet will be formally organized as the administrative policy board for human resource development. The Alaska State Job Training Coordinating Council (SJTCC) is slated to play a major role in reviewing and recommending policy in the human resources development arena. The SJTCC is composed of one-third private sector representatives. My administration has provided the tools necessary to develop a comprehensive human resources development plan under the auspices of the Governor's Coordination and Special Services Plan required by the Job Training Partnership Act. The Alaska SJTCC and the Employment and Training Mini-Cabinet will work on this plan for implementation July 1, 1990. For more information, contact Bill Mailer in the Department of Community and Regional Affairs' Anchorage Office at 273-9433.

#### 1B. Disposal of Wastes

I'm pleased that the small business community shares my concern for proper handling of solid, hazardous, toxic and other wastes. I've nearly tripled the Department of Environmental Conservation's (DEC's) budget during my term to better address this important issue.

Alaska doesn't produce sufficient quantities of hazardous waste to support even a small commercial treatment or disposal facility. However, we are investigating the feasibility of establishing hazardous waste collection and transfer facilities. DEC has proposed a capital improvement project in FY 91 to work on pilot facilities for regional management of hazardous wastes; local governments are normally responsible for waste disposal.

DEC does pursue enforcement actions when warranted, but emphasizes technical assistance to help local and regional entities improve solid waste disposal systems on their own. Small businesses that generate hazardous wastes are not required to carry liability insurance; only hazardous waste treatment, storage or disposal facilities are required to do so.

The State conducts annual hazardous waste collection projects and maintains ongoing efforts to educate communities, regulated businesses and the public on proper

management, disposal and reduction of waste. At my direction, DEC has expanded these efforts and will continue to do so. The same is true of underground storage tank problems, recycling policy and waste reduction programs. As economics for recycling improve, we'll surely see greater success on this front.

DEC has authority to respond to spills of hazardous substances. Spills which threaten drinking water sources are the highest priority for response among the 3,000 spill reports received by DEC each year.

#### 1C. Workers' Compensation Insurance

Legislation I signed into law two years ago is beginning to pay dividends; rates are coming down. I resisted pressure to change it because I knew it would work, and now it's clear that rates are declining--in some cases, dramatically so. State-run workers' compensation insurance pools are experiencing considerable financial difficulty in other states. Rates are too subject to political manipulation--I don't recommend such a pool for Alaska.

Many of the concerns expressed apparently stem from an inadequate understanding of existing workers' compensation law. The Department of Labor's Division of Workers' Compensation publishes a booklet called "Guide to Workers' Compensation" and provides speakers for employer seminars and meetings. For more information, contact Workers' Compensation Division Director Jacquelyn McClintock at 465-2790.

#### 4A. Access to Loans

The Loan Guaranty Program should attract more participation with these changes:

- a) require Alaska Industrial Development and Export Authority (AIDEA) participation in collection and foreclosure costs of bad loans;
- b) raise guaranty percentage from 70 to 80 percent;
- c) set maximum guaranty at \$1 million, not 70 percent of \$1 million, or \$700,000; and
- d) alter 2 percent delinquency rule.

House Bill 123, which I introduced, would make these changes. Remember that the guaranty program is still a secondary program requiring bank origination.

At my direction, dissemination of information to businesses has become a high priority of DCED's Division of Business Development (DBD). Loan and general small business assistance information is available from DBD through the computerized business information network (AKBizNet) Small Business Development Center workshops, monthly newsletters, informational brochures distributed to schools and libraries, public service announcements and in cooperation with the Division of Occupational Licensing via business licensing mailouts.

Worth special notice is the Business Development Information Network (BDIN), newly established by my Administrative Order No. 117. The BDIN will provide "one-stop shopping" for people seeking information about doing business in Alaska. For more information, call DBD Director Jamie Parsons at 465-2017.

The Michigan Strategic Fund's Capital Access program is eminently adoptable to meet Alaska's capital needs. Such a program would require legislation and a minimum of \$2 million. We are evaluating the possibility of introducing such a measure; realistically, my inclination is to save it for the next administration.

The recently-passed Thrift Bailout Bill amended the Community Reinvestment Act so that each bank's community reinvestment record must be made public; that may loosen purse strings. Additionally, we are examining reactivation of the Tourism Revolving Loan Fund to stimulate small business development in tourism.

#### 4B. Cumbersome and Allegedly Misdirected Regulations

Senate Joint Resolution 3, proposing a constitutional amendment authorizing legislative repeal of administrative regulations, would present to voters essentially the same question they've already rejected three times in ten years. Besides, the Legislature already has the authority to nullify regulations. I do not support SJR 3.

Nor can I support automatic periodic sunset of all regulations. They receive regular scrutiny now; formal review and/or revision would be prohibitively expensive. A regulatory review commission could reasonably be established

by private business, not the State, and could provide testimony during public hearings or comment periods on proposed regulatory changes. Small business might even consider hiring a lobbyist to present views in a coordinated and consistent fashion.

In isolated cases, 90-day review and issuing of regulations following passage of new laws is appropriate. Most frequently, this is an unrealistic period to draft regulations, clear them with the Department of Law, issue public notice and compile public comments. Additionally, many regulations must be adopted by boards that meet only twice a year. As an alternative, State agencies could notify business representatives and inform them of specific effects of proposed regulations prior to public hearings. I would welcome establishment of focal points within the small business community to help disseminate such information.

Simplification of forms is worth pursuing. We may be able to create a joint data base for all licensing. Applicants could fill out basic information once and then select needed items from a menu of licenses, permits and services. This selection could trigger requests for additional information specific to the items needed. Research, coordination, planning and funding are necessary for this effort to succeed, but I feel the end result would be worth the investment. We'll pursue it further.

Likewise, application of common sense and use of understandable language in regulations has always been a goal of Cowper administration agencies. I welcome the assistance of the business community in identifying problems. The Division of Insurance, recognizing that the subject matter of their regulations can be confusing, requires a section-by-section analysis of all proposed regulations, specifically identifying the purpose, statutory authority, intent and expected impact. This analysis is available to the public concurrent with the public review process.

The Ombudsman's Office, an arm of the Legislature, suggests that one additional assistant ombudsman in Anchorage could provide needed services to small business. The budget increment required would need legislative approval. If such an item reached me for action, I'd give it serious consideration.

#### 4C. Equity Capital Availability

The Alaska Permanent Fund's expansion into international investing will broaden the State's contacts with foreign corporations and financiers. This will lead to opportunities to learn about, visit and invest in Alaska.

The DCED Venture Capital program, when operational, will bring money presently invested outside back to Alaska, where it will be invested in Alaskan and Alaskan-related businesses. This program has the potential to become a \$30 million-plus investment fund.

I will continue strong support of my Alaska Science and Technology Foundation (ASTF). ASTF staff are working to identify businesses interested in presenting funding proposals and have begun a series of forums to help potential proposers understand how to apply and, ultimately, commercialize successful projects. For more information, call John Sibert at 272-4333.

The Division of Banking, Securities and Corporations is in the process of adopting regulations which would implement a Uniform Limited Offering Registration (ULOR) similar to Washington State's program. The ULOR will allow greater access to equity capital through additional opportunities to offer stock to investors.

Initiating a system similar to the Washington State Investment Network is possible, but may not be feasible. Such a system would proceed in conjunction with ongoing venture capital activities. We'll keep it in mind as we work on venture capital projects. If it makes sense, we'll consider installing it.

#### 7. Employee Benefits

Debate over the virtues and costs of mandated benefits will no doubt continue--it's a tough issue. We must ensure worker protection without unduly burdening business people and/or compounding the uncompensated care problem. This issue deserves rigorous examination through the legislative process.

State employee insurance benefits are a mandatory subject of collective bargaining. We have aggressively negotiated for health insurance changes with modest success, but have been unsuccessful in either increasing deductibles or requiring employees to pay for any portion of dependent coverages. We

can't do either ourselves, unless the Legislature directs otherwise. The Legislature's Health Care Cost Containment Task Force is examining pooling, but only among public employers statewide. Legislation (SB 254) has been introduced to require public employer pooling.

One potential improvement is to negotiate a defined contribution instead of a defined benefit plan. The negotiated defined contribution could then be used as pre-tax dollars for each employee to select from a "menu" of insurance options. To date, labor unions have strongly opposed any move toward a defined contribution.

One way to provide alternatives to current insurers is to pass a bill to create health maintenance organizations (HMOs). Staff medical care providers and emphasis of problem prevention are two main features that would allow HMOs to be cost efficient. Senate Bill 335 addresses HMOs and is currently pending before the Legislature.

#### 8. Government Competition With the Private Sector

My administration has made a concerted effort to contract with private entities whenever feasible. I hesitate to go to the trouble and expense of creating a 12-member commission to review and evaluate commercial enterprises operated and services provided by the State. Realistically, assuming clear sailing through the appropriation process, such a commission would be functioning about the time the new administration moved in. I prefer to direct my administration's energies more informally to problems as they come to our attention. I will renew my charge to cabinet members to minimize competition with private enterprise, and I call upon small business to bring specific problems to our attention.

Privatization of income-producing government enterprises is certainly worth considering. Ideally, health care would be completely privatized, but escalating costs have forced government involvement; this trend is likely to continue. Entities such as the Alaska Railroad and the Alaska International Airport System are important economic development tools; maintaining public ownership is probably in the best interests of Alaskans. We are actively working with the Legislature to restructure the Alaska Housing Finance Corporation to facilitate privatization.

Excessive and unnecessary government competition with private enterprise should be eliminated. However, we should

review competition between public and private functions before considering any statutory changes. If business would like to provide specific information on instances of what they consider unfair or unnecessary competition, they should contact the appropriate Commissioner with a copy to me. We'll review those cases and then determine our course of action. The same holds for grants and contracts to nonprofit organizations.

If private sector Alaska laboratories will provide descriptions of their facilities to the Division of General Services and Supply (DGSS), Department of Administration, we'll circulate that information to all agencies needing laboratory services. For more information, call DGSS Director Bob Link at 465-2250.

Business people concerned with competition should remember that the Office of Management and Budget continues to review all budget requests for more personnel to determine if contracting out would be more appropriate than creating new State positions.

#### 9. Education and Small Business

Under the Job Training Partnership Act (JTPA), training programs could be operated by the private sector and/or labor organizations to train workers in occupations for which demand exceeds supply. JTPA also offers pre-apprenticeship programs. The recently-enacted State Employment and Training Program (SETP) provides apprenticeship programs with either organized labor or the U.S. Department of Labor's Bureau of Apprenticeship and Training. For more information, contact JTPA Program Manager Mark Mickelson, Department of Community and Regional Affairs, at 465-4890.

The SETP requires that "employment assistance and training entities" will receive funds to carry out the legislation's intent. Regulations being promulgated now will define those "entities." The intent of the program is to increase numbers of jobs in the state, which necessitates private sector involvement in designing and participating in local-level training. Private, for-profit training agencies may be involved in the delivery of training services.

Separating the State Board of Education and the State Vocational Education Board would not be appropriate. Integration of basic education and vocational education is necessary to prepare a workforce with strong academic skills

along with occupational skills. Splitting it between two governing bodies would make that task even more difficult. Since the program is not yet fully operational, I do not recommend altering it at this time.

#### 10. Transportation Policy

The State has a transportation policy plan that was adopted in 1982. It needs updating, but covers all modes of transportation. The DOT&PF is currently refining their statewide transportation planning process. A major goal of that work is to provide a systematic means for the public to comment on planning and policy processes. Another goal is to develop a process through which a new multimodal transportation plan will be prepared and updated on an ongoing basis. A specific goal of the new plan is to provide policy guidelines to all interested parties on the role of transportation in economic development. A draft of the plan should be available by December 1990.

Separate commissions for specific functions of DOT&PF would represent a significant change--one that deserves more debate, especially on the ways in which commissions would be structured and empowered. Separate commissions for the various modes of transportation would make comprehensive intermodal connections more difficult. Allowing income from transportation users to remain within the agency requires a constitutional dedication of those fees. I've introduced a bill (HB 439) to allow the Alaska Marine Highway System (AMHS) to receive and expend the money it generates; this would provide system managers incentive to improve efficiency and increase revenues.

The AMHS presently provides year-round service to Kodiak, Seldovia, Cordova, Valdez, Seward and the southeast panhandle. Monthly service from May to October is extended to Dutch Harbor and other communities west of Kodiak. Traffic beyond Kodiak is inadequate to justify the cost of winter service. Even if it did, weather conditions would severely limit the schedule and time necessary to sail to and beyond Dutch Harbor. That schedule would, of course, reduce service to Kodiak and other southwest coast communities. Expansion could also entail considerable capital expense for dock facilities and upgrade of harbors.

Refurbishment of AMHS vessels causes temporary reduction, but not cessation, of service to given communities. However, the M/V TUSTUMENA is the only certified oceangoing vessel in the fleet. When it is out of service, some

communities are lost to the System. We are exploring affordable alternatives to offset the loss in service due to scheduled maintenance of the M/V TUSTUMENA.

The AMHS contracts with some communities for ticketing and terminal services. It is not clear that we could reduce our costs by transferring terminal operation leases and port powers to local governments in other locations.

The repeal of the Jones Act (limiting the use of foreign-built vessels to transport cargo and passengers between American ports) would lead to direct competition with the AMHS for its most profitable routes, resulting in either an increase in State general fund contributions to fleet operations or a reduction in service. If the law were amended to allow the AMHS to operate foreign-built vessels, we might replace some vessels with more modern ships at a lesser cost than constructing similar vessels in American shipyards. I join the DOT&PF in supporting repeal of the Jones Act as it relates to general marine commerce for Alaska.

A surface transportation link between Nome and Fairbanks would provide access to potentially marketable natural resources as well as for tourists. Despite obvious benefits, there is little support for completion of this link. Realistically, it does not warrant extensive effort at this time.

The "Alaska International Airport System (AIAS) Air Service Analysis/Route Planning Project" seeks to analyze international air service to Alaska, identify new routes that may be economically feasible for an airline to operate, and determine which airlines should be contacted about establishing new services. The contractor will prepare marketing proposals and define required changes to international aviation bilateral agreements. Clearly, the inability to easily cross the long Alaska-Canada border inhibits commerce not only with Canada, but also Asia and Europe. Tour operators in Europe and Japan would likely package tours to Alaska in combination with western Canada if timely, dependable air transportation were available.

The current U.S.-Canada bilateral is very restrictive; it is unlikely that it will be substantially liberalized soon. We are, however, actively pursuing special provisions for open skies between Canada and Alaska by garnering support for this action from carriers on both sides of the border. Success at the carrier level will take us to Washington,

D.C., and Ottawa to secure an open skies arrangement until we can negotiate a liberal bilateral.

Increased competition and service to rural Alaska poses difficult economic feasibility questions. The present deregulated environment simply does not favor multiple operators in already thin markets. Without a federal subsidy program, the ability to foster greater competition in rural Alaska will remain limited.

DOT&PF welcomes community and private sector participation in helping develop infrastructure that would support airport activity. A good example of State involvement in the development of such infrastructure is the agreement reached between Federal Express and the Anchorage International Airport. Expansion of the ground transportation system and deep-water ports are presently addressed on a case-by-case basis (e.g., Wishbone Hill, Klondike Highway, Red Dog Mine, St. Paul port, St. George port), or through the six-year capital budget development process. Of course, the State can only promote projects that make economic sense. The DOT&PF has worked with communities on port development projects in the Pribilof Islands; similar arrangements could be made with any coastal community with a feasible proposal. I encourage local representatives to come forward with such proposals.

#### 11. Regulations

The State has made a substantial commitment to ensure that the State's responsibilities in the project permit review process are fulfilled quickly and completely. Alaska's project review process was automated six years ago; improvements in timeliness and overall effectiveness are clearly evident.

The State's permitting processes have definite, fairly short review timeframes. Agencies are largely successful at processing requests within the required time limits. Reduced staffing levels because of program budget cuts have caused backlogs in the past, but permits and licenses have not and should not be granted simply because a deadline has passed. The public's best interest is served by following the full review process.

Regulations are not promulgated in a vacuum. Public review helps ensure that rules are reasonable and appropriate. If agency officials attempt to enforce conditions not pertinent to permit or license stipulations, aggrieved business people

should appeal to the Commissioner of the appropriate department. Agencies have clearly defined appeals processes in place for most regulatory decisions. Establishing additional appeal bodies in agencies, including "non-regulators," would require significant additional funding. I'd prefer to work within the present system and hope business people will let me know of specific instances if it isn't working. My staff can evaluate complaints on a case-by-case basis and keep me apprised of the scope of any problem.

## 12. Procurement

As attractive as it may sound, the State will probably never adopt completely consistent bidding/contracting procedures for all agencies. Constitutional separation of powers divides authority for executive, judicial and legislative branches of government; school districts are independent of the State; the railroad is an independent corporation. Even if the procurement code applied exactly the same to all State-funded agencies, they would operate differently simply because they have different missions. All private sector businesses must meet statutory requirements, but do not operate exactly the same; the State is no different.

Treating vendors differently simply because they are located in other states is blatantly unconstitutional. An extra handling fee charged to out-of-state bidders would be inappropriate. It costs the same to send a bid package to Seattle as it does across town in Anchorage.

The State is careful to recruit within Alaska before going out of state. Sometimes we have little choice but to go outside to secure services needed by the public. I strongly support hiring Alaskans and working with Alaskan contractors, but it's inappropriate to ban outside advertising outright.

State law (AS 36.30.090) requires agencies to buy products F.O.B. final destination--unless an agency can demonstrate that some other F.O.B. point is in the State's best interest.

## 13. Insurance and Bonding

As discussed earlier, the level of health care coverage for State employees is set in collective bargaining. My administration has taken an aggressive approach to

containing costs in all bargaining sessions, with some success.

Risk pooling is already allowed under the Federal Risk Retention Act, whereby small businesses can form risk purchasing or risk retention groups for most types of liability insurance. Senator Jim Duncan has a health risk pool bill (SB 254) in the works which may also help address this problem. Uncompensated care and mandated benefits were discussed earlier.

Tort reform is a complex subject, to say the least. Any legislation will be hard-fought. My administration, primarily through the DCED, Division of Insurance, is assisting the Liability Insurance and Tort Reform Task Force in identifying appropriate measures to ease the crisis. I look forward to the task force's report.

Increasing bond requirements for a general contractor's license would make life more difficult for small contractors, unless the increase were adopted hand-in-hand with the suggested written competency test. With no basic competency exams, surety insurers require high collateralization of all types of contractors' bonds. Exams would help reduce required collateral and assist small contractors in securing bonding. Construction trades have traditionally opposed such exams. They've been concerned with the ability of examiners to produce a fair, valid test. The DCED's Division of Occupational Licensing would be the entity to develop competency requirements; I encourage interested parties to share their views. Contact Director Randall Burns, Division of Occupational Licensing, at 465-2534.

Licensure should be a matter of technical competence, not whether a person is able to secure a bond. I support the concept of eliminating unnecessary bonding requirements. The business/contractor community should help the State identify appropriate situations for such action.

Because of changes I initiated several years ago, State statutes and regulations do not require bonds for projects of \$100,000 or less, except as provided in the procurement code. Contract alterations that boost costs past the \$100,000 limit are problems; sometimes agencies may require bonds on projects starting below \$100,000 that are likely to exceed that limit later.

Streamlining processes and dividing up large projects to benefit smaller contractors are worthy goals. I've asked DOT&PF, the Alaska Industrial Development and Export Authority (AIDEA), the Alaska Energy Authority (AEA) and others to present specific ideas on how we might pursue this.

#### 14. Business Information Dissemination

As discussed earlier, the DCED/DBD Business Development Information Network (BDIN) should help greatly in spreading accurate information on Alaska business. Establishing a small business-oriented data base is feasible. The DBD has an extensive data base on file, but it is inadequate for small businesses at this time because 1) it is organized at the state, not local or regional, level and 2) it does not include several items directly relevant to small business. The Division's regional economist plans to identify and collect the relevant data and then compile those data into a consistent form. This will take about six months. For more information, contact Jamie Parsons at 465-2017.

#### 15. Business Education

Employer/employee/entrepreneurial training was the subject of a special effort of my administration, a conference called "Alaska Youth: Ready for Work." Schools, private industry councils, the Alaska State Job Training Coordinating Council and others, under the direction of the Institute for Social and Economic Research at the University of Alaska Anchorage, focused attention on the issues you've identified. An additional conference is desirable, but may be difficult to fund in Alaska's current austere climate. I see tremendous value in such gatherings, however, and will be alert for opportunities to promote this idea.

In the meantime, the State will continue its work via Small Business Development Centers and the State plan for vocational education. The FY 91-93 plan is now in draft form; the State Board of Education will review and approve the final plan by May. The plan provides for continued support of teacher inservice and additional model programs in school-based enterprises. A videotape to promote economic development through school-based enterprises and entrepreneurship education should be complete in March.

Federal funds have been the prime source of funding for training school district personnel in entrepreneurship education, school-based enterprises and public information.

The State provides additional money as part of foundation formula funding for vocational education. We expect the State will take responsibility for more and more such programs as federal funding dwindles. Stable State funding for education is essential to Alaska's future social and economic health. My Education Fund amendment will provide that stability. I encourage you to contact your State Senator and urge him or her to support my proposal. Their approval would put the idea on a statewide ballot, and Alaskans could then decide the issue. It's an important concept; I hope you'll support it.

#### 16. Marketing Alaska

The ongoing success of the Alaska Grown and Buy Alaska/Alaska Product Preference programs and the Alaska Seafood Marketing Institute demonstrates my commitment to marketing Alaska's resources and products. Budget constraints have prevented us from doing all we wanted in the past as far as promoting Alaska, but we've accomplished a lot with available resources. The DNR, charged with management and disposition of Alaska's State-owned natural resources, works regularly with the DCED in planning resource marketing to ensure that 1) prospective purchasers are fully informed about sale procedures and requirements and 2) the State receives the greatest possible return.

Favorable southbound freight rates would probably help sales of Alaskan goods, but there's not much the State is able to do to affect them. If you have specific suggestions, please share them.

The legislative prohibition of finfish mariculture persists, but invertebrate and sea vegetable farming is expanding in Alaska. Mariculture holds great economic potential for the State, and I look forward to acting on the reports of the finfish farming task force and the mariculture interagency working group. I support the economically and ecologically sound application of mariculture techniques. State-owned tidelands in southeast Alaska were recently opened to shellfish mariculture; DNR is now reviewing applications for other sites.

Despite the wreck of the EXXON VALDEZ, Alaska's tourism industry experienced its biggest year ever. Research conducted as a part of the emergency tourism marketing campaign in response to the oil spill has revealed two important facts: 1) Potential visitors changed their plans to visit Alaska in 1989 and 2) concern of potential visitors

was affected positively by the campaign. In other words, we brought some of them back. We'll be ready as the first anniversary of the spill approaches. The DCED's Division of Tourism and the Alaska Tourism Marketing Council (ATMC) will help the various media spread accurate information about Alaska as a tourist destination.

It's important to remember that Alaska's capacity to house and feed visitors is barely adequate during the peak summer season. To me, that means we should devote our efforts to developing a year-round tourist industry, starting with promotion of the so-called "shoulder seasons." Since our capacity to provide tourists with a high-quality experience is limited by available facilities, any expansion of infrastructure should follow in a coordinated manner with increased promotion. Promotion without infrastructure expansion may well be counter-productive.

The Buy Alaska and Alaska Grown campaigns are successful because they were developed with the help of knowledgeable people, often at a local or regional level. The DCED/DBD is continuing this successful pattern with the establishment of the Alaska Regional Development Organizations (ARDOR) program. Through ARDOR, the State assists regional entities in developing their respective areas. The resultant expanding network of State, municipal and private entities strengthens and diversifies the economy.

Expanded State contact with tour, charter and transport operators will encourage both tourism businesses to serve Alaskan food and beverage products and visitors to buy Alaskan products. The Division of Tourism will also pursue a campaign to acquaint visitors with available Alaskan gifts and art by regions of the State. Gift shops aboard the vessels of the Alaska Marine Highway System are vendor-operated. We'll encourage those vendors once again to expand their inventories of Alaskan products.

Availability of sorted address labels is a complex issue. The Department of Law recently ruled that the labels, as public information, are available to anyone who asks for them. The ATMC, Alaska Visitors Association (AVA) and DCED, Division of Tourism, have reviewed the present partnership framework that governs distribution of labels. Legislation addressing this matter was recently introduced (HB 442); I encourage you to share your views with your legislators.

The Anchorage Convention and Visitors Bureau (ACVB) operates brochure racks at both Anchorage terminals under an

agreement with the Alaska International Airport System (AIAS). The ACVB absorbs virtually all costs in maintaining its visitor centers and requires membership in its bureau to place brochures in those centers. Opening the racks to all businesses would require a change in the current agreement or perhaps assumption of center operation by the State--at a considerable cost.

Alaska's resource development project review system, in place for six years now, has a successful, documented record. Brochures describing the system are available to any interested party; pre-application conferences with permitting agencies are arranged on request. Depending on the complexity of the application, reviews take either 30 or 50 days. The program has an excellent on-time record. Conference concerns may well indicate that a new round of education of the small business sector is in order. Division of Governmental Coordination (DGC) and DBD officials will work together to arrange orientation sessions; DGC brochures on the permit review process will be distributed through DBD's small business advisory network.

State dollars are indeed spent to attract film companies that use non-Alaskans. In fact, a small expenditure outside has again resulted in a big boost to local and regional economies--as a major film project proceeds in Haines this winter. Some expertise and capacity simply doesn't exist within the Alaska business community. We are occasionally faced with little choice but to contract outside.

#### 17. International Trade

I'm particularly proud of my administration's promotion of international trade. From \$987 million in 1980, Alaska exports have grown to about \$2.5 billion in 1989. On a per capita basis, Alaska's export record leads the nation. Obviously, we're doing something right, but that doesn't mean we can't do even better.

My Office of International Trade (OIT) publishes an extensive newsletter containing trade lead bulletins that goes to over 3,500 business people, as well as a weekly fisheries report that reaches nearly 100 contacts across the State. Also, upon learning of or receiving notice of trade leads, OIT contacts Alaskan businesses potentially able to provide goods or services. OIT makes use of an extensive network of foreign contacts; they also coordinate with the Alaska Center for International Business and the Alaska World Trade Center, making use of their international trade

data bases. Business people wishing placement on OIT's mailing list should call Bob Poe at 561-5585.

OIT regularly sponsors seminars and public information events, providing how-to-do-business hints on protocol, import/export requirements, etc. These events are advertised in a number of ways and have been well-attended. OIT staff continue their strong efforts to cooperate and participate in a wide range of speaking engagements throughout the state to provide assistance to Alaskan businesses and organizations.

Clearly, the commitment of personnel and pursuit of the Conference's well-reasoned recommendations depend to a large extent upon the budget. With increased personnel, OIT could take a more active role in a larger variety of events and markets. This is certainly true of OIT's overseas offices, but it is important to remember to proceed not just with a bigger budget, but within a carefully-laid plan. Due to budget limitations, OIT has focused on the Pacific Rim, historically Alaska's largest trading partner. Europe is important and deserves increased attention.

We regularly promote export of natural resources and the use of Foreign Trade Zones (now in Anchorage, Valdez and St. Paul). Recent successes include working with Konkor to export round logs to Taiwan and bringing Federal Express to Anchorage to establish an international cargo hub. Our overseas offices are actively promoting Foreign Trade Zone use, ranging from manufacturing to "just-in-time" inventory systems.

We also regularly include the private sector in the international trade development process. An excellent example of this cooperation is the annual Korea-Alaska Trade Fair, involving the Alaska State Chamber of Commerce and the Alaska-Korea Business Council.

High seas fish interception and the 200-mile limit are largely federal issues, but we continue to convey our concerns to both U.S. and foreign governments.

#### 18. Tourism Infrastructure and Marketing

The quality and carrying capacity of our tourism infrastructure are of continuing concern. As we succeed in attracting more visitors to Alaska, our parks, campgrounds, turnouts and stream banks become more congested. To maintain the quality of life of Alaskans and to avoid

degradation of visitors' experiences here, the Tourism Coordinating Committee has evaluated and is pursuing a list of interagency recommendations with appropriate State entities. The State, as a significant holder of lands with potential for development of accommodations, attractions and recreation, is in a good position to stimulate private investment in Alaska and promote growth in the visitor industry. Efforts to develop Hatcher Pass and South Denali projects exemplify my interest in improving Alaska's visitor industry.

Cooperative ventures are essential to the continued vitality of the tourism industry; the State will continue to look for every opportunity to encourage these relationships.

Marketing Alaska as a year-round destination must proceed with development of attractions and accommodations that will fulfill the wishes of "shoulder season" visitors. To broaden the mostly seasonal nature of Alaska tourism, the State will actively support sound infrastructure development while continuing to promote statewide events and marketing programs to stimulate visits by friends and relatives. The State will continue to support programs designed to dispel weather stereotypes and increase awareness of "off season" Alaska.

At present funding levels, Alaska is losing its share of voice in the marketplace due to increasing media costs and competitive clutter. If we are to sustain visitor numbers and seek growth, we'll need increased promotional funding. Of course, we'll continue to make every attempt to keep that marketing money in Alaskan hands.

#### 19. Government Wages and Benefits

Public employees are important to the State, and they work hard. They are also well-compensated for their efforts. Recent studies indicate that Alaska's public employees are paid considerably better than their counterparts outside, even after removing geographic cost-of-living differentials. That's why I've resisted the political pressures to grant substantial raises in pay. Private sector businesses have only maintained or even reduced wages and benefits in the past few years. Reliable data on private sector employee turnover caused by public sector competition would be useful to the State's bargaining team. I encourage private business to work with the Department of Administration in accumulating that information.

Voter approval of wage and benefit increases is unrealistically cumbersome. Budgeting would be difficult, contracts would have to contain complex retroactive clauses and this idea would require a statutory change that has little support. State employee wage and benefit increases are already subject to legislative approval and appropriation.

Overtime compensation requirements are set in Alaska statute (AS 21; Alaska Wage and Hour Act) and federal law (Fair Labor Standards Act). Neither permits use of "compensatory time" for private sector employees. Support to modify either is not presently apparent.

An exemption from overtime exists, however; AS 23.10.055(i) exempts employers with fewer than three employees from overtime requirements. They must pay straight time for all hours worked.

State wages and benefits should reflect competitive variances by geographic area. Geographic differentials attempt this, but really are more reflective of cost-of-living variances. We're working on a salary survey to compare public and private sectors. No wage increase since 1985 has served to bring public and private rates closer. When funding permits, we ought to conduct more research.

Any modification of retirement systems requires statutory change. Proposed changes will no doubt meet strong resistance. I doubt that change is likely.

#### 20. Davis-Bacon Wages

One specific goal of the Little Davis-Bacon Act is to protect construction workers from exploitation by requiring that prevailing wages be paid employees working on public construction projects. To deny these employees, who are especially susceptible to wage-cutting competition, the remedies available through the Little Davis-Bacon Act would undermine its very essence. The DOL requires uniform interpretation of the Little Davis-Bacon Act and associated rules and regulations in all regions of the state.

The Department of Labor (DOL) continuously updates its lists of job classifications and associated prevailing rates of minimum pay and presently lists 595 job classifications with a published prevailing minimum rate of pay. State law

contains a provision for obtaining special wage rates on public construction for job classifications not listed.

### Resolutions

With regard to the Governor's Conference on Small Business Resolutions, let me state generally that I feel the exercise has been very valuable. I suggest the delegates form working groups to pursue the courses of action we've identified, with a follow-up statewide meeting perhaps one to two years into the next administration. I'll work with you to develop an appropriate Administrative Order to demonstrate Executive Branch support for this ongoing effort. Keep in mind that money for commissions and councils is increasingly tight. The future clearly belongs to those who don't wait around for funding but get right to work and make things happen through available means.

We have indeed already appointed a small business person as Director of the DCED, Division of Business Development. Jamie Parsons has been on the job since last year; I trust the Conference approves of this appointment.

The concept of including small business people in Alaska's boards and commissions is attractive. I call on the state's business community to help identify appropriate applicants for vacancies on these bodies. Contact Penny Forsmo in my Juneau office at 465-3500 for more information.

# Alaska State Legislature

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During Session:  
P.O. Box V  
Juneau, Alaska 99811  
(907) 465-4993

**Senator Drue Pearce**  
District G

## MEMORANDUM

TO: Senator John Binkley, Chair  
Senate Finance Committee

Senator Rick Uehling, Chair  
Senate Finance Committee

FROM: Senator Drue Pearce *Drue Pearce*

DATE: March 6, 1990

RE: SCR 53 Relating to small businesses  
in the state

After reading the November, 1989, Governor's Conference on Small Business Final Report to Governor Cowper, I felt it was important for the legislature to recognize the group's efforts and to encourage the governor to implement their final recommendations.

Senate Concurrent Resolution 53 requests the governor to hold a small business conference every other year; to appoint a small business person to state boards and commissions that are pertinent to small business issues; to designate the Division of Business Development as the coordinating agency with other state agencies for small business issues; and, to the extent possible, to implement the group's recommendations.

DP:tej

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**GOVERNOR'S CONFERENCE ON SMALL BUSINESS**

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**FINAL REPORT  
TO  
GOVERNOR STEVE COWPER**

**NOVEMBER, 1989**

## FINAL REPORT

This document highlights the top twenty problem statements and recommendations on economic impediments commonly faced by Alaskan small businesses. It also gives a brief history of the Governor's Conference on Small Business, and outlines the process implemented by the Steering Committee on the Governor's Conference on Small Business to achieve its end results.

**FINAL REPORT**  
**GOVERNOR'S CONFERENCE**  
**ON**  
**SMALL BUSINESS**  
**NOVEMBER, 1989**

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THIS PROJECT IS FUNDED IN PART BY THE DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT, DIVISION OF BUSINESS DEVELOPMENT, THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS ON BEHALF OF THE STATE JOB TRAINING COORDINATING COUNCIL AND BY PRIVATE SECTOR DONATIONS.

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## INTRODUCTION

### BACKGROUND

In January, 1989, Governor Steve Cowper, in response to his campaign pledge and recommendations of Alaskan delegates to the 1986 White House Conference on Small Business, named a statewide task force of small business persons to plan and implement the Governor's Conference on Small Business.

This task force, known as the Steering Committee for the Governor's Conference on Small Business, generally utilized the format of the White House Conference on Small Business as its model.

To facilitate the Conference, the Steering Committee formed the Small Business Consortium, Inc. which had three purposes:

- 1) Spotlight the economic role of small business in Alaska;
- 2) Establish and maintain a channel of communication for small businesses to positively influence government to support small business issues; and
- 3) Network small business entrepreneurs throughout Alaska to promote opportunities for economic activities.

### PROCESS

The goal was to clearly define and seek solutions to the top twenty economic impediments faced by small business entrepreneurs in twelve broad categories<sup>1</sup>:

Economic Policy	International Trade
Education/Training	Payroll Costs/Benefits
Environment/Waste	Procurement
Finance	Regulation/Paperwork
Government Competition	Taxation
Insurance/Bonding	Transportation/Marketing

To accomplish this goal and to achieve a result which was fair, open and accurately reflected the voice of the small business person, the Steering Committee implemented the following multi-level process:

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<sup>1</sup> At both the regional and statewide conferences, these twelve categories were used to organize separate issue sessions which were run by a moderator, resource person and session recorder.

- 1) It conducted a series of thirteen regional conferences to define the top twenty-four problems in each region of the state; this resulted in 297 problem statements statewide. The conference locations were:

Anchorage	Barrow	Bethel
Dillingham	Dutch Harbor	Fairbanks
Juneau	Kenai Peninsula	Ketchikan
Kodiak	Kotzebue	Mat-Su
Nome		

- 2) It asked the participants from each region to elect delegates to represent their region at the state conference. The delegates had to qualify as a small business<sup>2</sup> and had to be certified by the Conference Rules committee. A total of 99 delegates were selected statewide.
- 3) The delegates were asked to meet with themselves and other small businesses in their communities to refine the problem statements they had identified and propose recommend solutions. These revisions were forwarded to the Conference office for compilation.
- 4) Through a process of combining similar issues, the Steering Committee compiled a Briefing Book of 156 problem statements and proposed recommendations which formed the basis of the statewide conference and distributed the Book to all delegates.
- 5) It conducted a statewide conference at which regional delegates a) debated, refined and revised each problem statement; b) prioritized the problem statements; c) debated, refined and revised proposed recommendations to each problem statement; and d) through a series of two general voting sessions arrived at the top twenty problem statements and recommendations for small businesses statewide.

At the end of the conference, the Steering Committee also conducted a resolution session to address issues which were not raised in the issue sessions.

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<sup>2</sup> A small business was defined as having 100 or fewer employees and \$10,000,000 or less in gross annual revenues; the delegate had to be an owner, officer, employee or partner of a qualifying small business.

**PUBLIC AND PRIVATE  
DONORS**

## DONORS

### PRIVATE SECTOR SPONSORS

Large and small businesses and organizations have joined together to sponsor the 1989 Governor's Conference on Small Business. We are pleased to present this list of sponsors and thank them for their support.

**INVESTOR (\$5000 +)**  
National Bank of Alaska  
Pacific Telecom, Inc.

**PARTNER (\$2500-\$4999)**  
Totem Ocean Trailer Express

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Arco Alaska, Inc.  
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**BOOSTER (\$999 or less)**  
Tesoro Alaska, Inc.  
Foss Maritime  
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Alaska Pulp Corp.  
MAPCO  
Ak. State Chamber  
Dawson Construction Comp.  
Ernst & Whinney  
Fireman's Fund Insurance  
Homer Electric Assoc.  
Alaska Window

### IN-KIND

Providing accounting services for the Conference were Alicia George and Richard Baker from the firm of Cooper's & Lybrand.

Assisting with legal needs were Tony Smith and John Steiner of Davis, Wright & Jones.

Tony Bloomfield of The Bloomfield Company donated a portion of the office rent.

Jack Jessee, Chairman of COMRIM, INC. donated xerox services, FAX, computer and some office furniture.

Planus owner Vern Craig donated the use of a computer and printer.

The Xerox Company, through Jackie Rosen, donated the use of a Xerox 1075 copier during the State Conference.

Bill Wood of Wood & Associates helped with training for moderators and resource people for both the Regional and State Conferences.

## **PUBLIC SECTOR GRANTS**

The Steering Committee of the Governor's Conference on Small Business has worked in a public/private partnership with the Department of Commerce & Economic Development to put on this conference. Our thanks to the Commissioner Larry Mercurieff, Assistant Commissioner Jane Angvik, Director of Business Development, Tom Lawson, and Development Officer Jim Wiedeman for their help and support.

The Department of Community and Regional Affairs Job Training Partnership Office has been supporting the promotion of small business interests in Alaska as a means of increasing job opportunities and training for economically disadvantaged people who are served under the federal Job Training Partnership Act (JTPA). The Steering Committee is pleased to thank Commissioner David Hoffman, Director of Rural Development Mike Harper, JTPA Program Coordinator William Mailer, the Alaska State Job Training Coordinating Council, and Rural Development Division Grants Administrator Jim Gurke for their support.

## **LIST OF TOP 20 PROBLEMS GOVERNOR'S CONFERENCE ON SMALL BUSINESS**

The top 20 small business priorities of the 1989 Governor's Conference on Small Business are:

- 1A. Alaska lacks a statewide long term economic development policy for human and natural resources.
- 1B. There is no safe way for many small businesses to dispose of waste products such as oil, hazardous wastes, and solid waste.
- 1C. Worker's compensation costs too much, is confusing, is difficult to obtain, has a classification system that is inaccurate and encourages lawsuits. This system also is also unfair to small businesses, which must compete with big businesses which can self-insure.
- 4A. Small businesses require better access to loans in the \$10,000 to \$100,000 range.
- 4B. Regulations are often difficult to read, hard to understand and contrary to legislative intent.
- 4C. Small businesses need better access to equity capital.
7. The increasing trend to mandate benefits, such as health insurance, increasing the minimum wage and parental leave, has a negative impact on small business.
8. Many public services could be provided better and less expensively by the private sector. Likewise, non-profits competing with small businesses is a problem.
9. There is a lack of networking between the education sector and the small business sector on such issues as what programs are needed.
10. The State does not have a transportation policy.
11. Small businesses can be put out of business by over-regulation.
12. There is inconsistency of bidding and contracting procedures between state-funded agencies.
13. The cost of health and other insurance/bonding is prohibitive for most small businesses.
14. The State does not have a central repository of business information, access to existing business information nor a mechanism to disseminate business information to small businesses.
15. Curriculum is lacking on basic skills and general business education in the schools.
16. There is an inadequate effort by the state to market both the natural and human resources of Alaska and to attract business to Alaska.
17. There is a lack of State government assistance to small businesses concerning international trade.
18. There are inadequate attractions, facilities and access to meet the demands of tourists in various regions of the state.
19. Small businesses have a hard time competing with wages and benefits offered by local and state governments.
20. The required use of Davis-Bacon wages causes conflicts and problems to small businesses.

## **EXECUTIVE SUMMARY**

## EXECUTIVE SUMMARY OF TOP 20 PROBLEMS

(Note that the top 3 problems tied for first place and the the next 3 problems tied for fourth place.)

### 1A. PROBLEM: ECONOMIC POLICY

Alaska lacks a statewide long-term economic development policy for human and natural resources. (93 votes)

#### RECOMMENDATIONS

1. Establish a statewide economic development planning process involving public and private sectors.
2. Increase the budget for business development.
3. Draft a statewide fisheries economic policy.
4. Develop more infrastructure.
5. Increase local hire.
6. Emphasize renewable resource development.

### 13. PROBLEM: ENVIRONMENT/WASTE

There is no safe way for many small businesses to dispose of waste products such as oil, hazardous wastes, and solid waste. (93 votes)

#### RECOMMENDATIONS

1. Construct environmentally safe hazardous waste treatment, disposal and recycling facilities in various regions of the state.
2. Develop lower liability insurance rates.
3. Develop better technology to deal with solid and hazardous wastes.
4. Educate small business owners about all aspects of hazardous wastes and their effect on business.
5. Assist with underground storage tank construction.
6. Develop a policy on recycling and waste reduction.
7. The state should protect public wells and water systems.

### 1C. PROBLEM: INSURANCE AND BONDING

Worker's compensation costs too much, is confusing, is difficult to obtain, has a classification system that is inaccurate, and encourages lawsuits. This system also unfairly causes small businesses to compete with big businesses who can self-insure. (93 votes)

#### RECOMMENDATIONS

1. Develop an insurance pool specifically for small businesses.
2. Assure a safe work environment for small business employees.
3. Develop appropriate job classifications.
4. Have reasonable rates.
5. Change the classification system.

#### **4A. PROBLEM: FINANCE**

Small businesses require better access to loans in the \$10,000 to \$100,000 range. (92 votes)

##### **RECOMMENDATIONS**

1. State guaranteed loan program should be simplified and require less paperwork.
2. Get financial information out to small business people.
3. Provide incentives to banks to make more loans in rural areas.
4. Change the Alaska Industrial & Export Authority to allow greater flexibility for smaller loans.

#### **4B. PROBLEM: REGULATION/PAPERWORK**

Regulations are often difficult to read and hard to understand and contrary to legislative intent. (92 votes)

##### **RECOMMENDATIONS**

1. A Constitutional amendment allowing the legislature to repeal regulations should be presented to the voters.
2. There should be a sunset date on regulations.
3. Establish a Regulatory Review Commission with small business people as members specifically to review regulations as to their impact on small business.
4. Issue regulations within 90 days of passage of new laws.
5. Simplify forms, combine like forms, etc.
6. Coordinate federal, state, and local agencies to decrease duplication of services.
7. Use common sense in regulations.
8. The Ombudsman's office should deal with regulatory problems of small business.
9. Provide a clearinghouse to eliminate duplication and simplify regulations.

#### **4C. PROBLEM: FINANCE**

Small businesses need better access to equity capital. (92 votes)

##### **RECOMMENDATIONS**

1. The State should encourage investments in Alaska using state funds and the Permanent Fund as incentives.
2. Support the Science & Technology Foundation.
3. The State should implement an investment network.

## **7. PROBLEM: PAYROLL COSTS/BENEFITS**

The increasing trend to mandate benefits, such as health insurance, increasing the minimum wage and parental leave, has a negative impact on small business. (91 votes)

### **RECOMMENDATIONS**

1. Discourage mandated benefits.
2. The State should increase the deductible for state employees health insurance.
3. The State should take an active role in coordinating a group insuring pool for health care for its citizens.

## **8. PROBLEM: GOVERNMENT COMPETITION WITH THE PRIVATE SECTOR**

Many public services could be provided better and less expensively by the private sector. Likewise, non-profits competing with small businesses is a problem. (89 votes)

### **RECOMMENDATIONS**

1. Establish a private/public commission (Mini-Grace Commission) to review and evaluate commercial enterprises operated and services provided by the state government.
2. Income producing enterprises such as utilities and corrections should be privatized.
3. Stop government contracts with non-profits where the service could be provided by a for-profit business.
4. Stop government services that could be provided by the private sector - the State should not act as a surrogate business.

## **9. PROBLEM: EDUCATION/TRAINING**

There is a lack of networking between the education sector and the small business sector as to what programs are needed, etc. (88 votes)

### **RECOMMENDATIONS**

1. Provide funding and/or tax credits for an apprentice training program.
2. The Job Training Partnership Act (JTPA) program should be expanded.

## **10. PROBLEM: TRANSPORTATION/MARKETING**

The state does not have a transportation policy. (87 votes)

### **RECOMMENDATIONS**

1. Develop a transportation policy that includes highways, ports, airports, barge service and rail.

2. Establish one commission each for the Department of Transportation and Public Facilities, the Alaska Marine Highway System, and airports similar to the Alaska Rail Road to set policy and long range goals.
3. Provide year-round marine highway service to coastal communities.
4. Encourage more airline competition.
5. Expand the infrastructure at airports and ports.
6. Expand the ground transportation system.
7. Develop deep water port facilities throughout coastal regions.

#### **11. PROBLEM: REGULATIONS/PAPERWORK**

Small businesses can be put out of business by over- regulation. Helping businesses overcome regulatory problems does not seem to be the government's attitude. There is also inconsistent application of regulations. (86 votes)

##### **RECOMMENDATIONS**

1. Regulators should attempt to help businesses resolve problems.
2. The Ombudsman's office should assist small businesses with regulatory problems.
3. There should be a fixed time for agencies to decide permits.
4. An appeal process for regulatory decisions is needed.
5. The Governor's office should have people with authority to assist small businesses in resolving problems with agencies over regulations.

#### **12. PROBLEM: PROCUREMENT**

There is inconsistency of bidding and contracting procedures between state-funded agencies. (84 votes)

##### **RECOMMENDATIONS**

1. Stop advertising for services and products out of state.
2. Charge a handling fee for all out-of-state bid packets.
3. The State should adopt uniform bidding and contracting procedures.

#### **13. PROBLEM: INSURANCE/BONDING**

The cost of health and other insurance/bonding is prohibitive for most small businesses. (79 votes)

##### **RECOMMENDATIONS**

1. Organize and set up pools for self-insurance.
2. Enact risk pooling legislation.
3. Explore measures to help reduce health cost- shifting created by uncompensated care.
4. Discourage mandated insurance/benefits coverage.
5. Tort reform where appropriate.
6. Increase bond requirements to \$50,000 for a general contractors license.

7. Eliminate any requirement for bonding where no reason for bonding exists.
8. Small state and local construction projects (less than \$100,000) should allow exemption of contract bonding requirements.
9. Streamline the bonding process to reduce time and cost to small business.
10. Divide large State-funded jobs into phases in order that more Alaskan businesses can qualify for bonding.

#### **14. PROBLEM: ECONOMIC POLICY**

The State does not have a central repository of business information, access to existing business information nor a mechanism to disseminate business information to small businesses. (77 votes)

##### **RECOMMENDATIONS**

1. Establish a data base on regional basis for use statewide.
2. The State should develop a system to disseminate information relevant to small businesses in a timely manner.

#### **15. PROBLEM: EDUCATION/TRAINING**

Curriculum on basic skills and general business education is lacking in the school systems. (75 votes)

##### **RECOMMENDATIONS**

1. Hold a statewide conference on the development of the workforce within the next year.
2. Need training for employees on how to be employees.
3. Offer entrepreneurship courses in the schools.

#### **16. PROBLEM: TRANSPORTATION/MARKETING**

There is an inadequate effort by the state to market both natural and human resources of Alaska and to attract business to Alaska. (73 votes)

##### **RECOMMENDATIONS**

1. Provide sufficient funding for the Department of Commerce & Economic Development to develop a marketing plan.
2. Encourage better southbound freight rates.
3. Mount a major marketing effort to overcome the negative impact of the Prince William Sound oil spill.
4. The State should have a central place to distribute marketing information.
5. The Governor should name a task force to evaluate the competence of existing agencies to do marketing.
6. The State should more aggressively educate small businesses about available programs.

7. Where appropriate, the State should spend state dollars with Alaska film companies and talent.
8. Seek repeal of Jones Act.

#### **17. PROBLEM: INTERNATIONAL TRADE**

There is a lack of state government assistance to small businesses concerning international trade. (71 votes)

##### **RECOMMENDATIONS**

1. Implement a foreign trade information system.
2. There should be a central place for information on importing and exporting.
3. Regional customs offices are needed.
4. Increase funding and personnel for the existing State office on international trade.
5. Distribute more information on European trade.
6. The State should encourage more export trade of natural resources.
7. The State should include the private sector more in the international trade development process.
8. The State and Congressional delegation should be more forceful in getting high seas piracy stopped.
9. Enforce 200 mile limit.
10. Develop foreign trade zones.

#### **18. PROBLEM: ECONOMIC POLICY**

There are inadequate attractions, facilities and access to meet the demands of tourists in various regions of the state. (66 votes)

##### **RECOMMENDATIONS**

1. Seek cooperative ventures between public and private sector for developments.
2. Market Alaska as a year round destination.
3. Increase the state tourism marketing budget.

#### **19. PROBLEM: PAYROLL COSTS/BENEFITS**

Small businesses have a hard time competing with wages and benefits offered by local and state governments. (65 votes)

##### **RECOMMENDATIONS**

1. Put wage/benefit increases out for public vote.
2. Allow comp time as substitute for overtime pay.

3. Lengthen vesting requirements for retirement and health benefits for state employees.
4. The State should raise its deductible on health coverage and reduce the level of health coverage.

## **20. PROBLEM: PAYROLL COSTS,/BENEFITS**

The required use of Davis-Bacon wages causes conflicts and problems to small businesses. (64 votes)

### **RECOMMENDATIONS**

1. Employees should not be allowed to collect back wages when they knowingly accept less than the prevailing wage.
2. The State should add more crafts/job classifications to reflect actual work being performed.
3. The State should require uniform interpretation for Dept. of Labor rules to be the same in all regions of the state.
4. The Department of Labor should modify the current Davis-Bacon system and average the wages from all sources of employment to determine current prevailing wages.

**TOP 20  
PROBLEMS AND RECOMMENDATIONS**

**TOP 20**  
**PROBLEMS AND RECOMMENDATIONS 1,2**

**1A. PROBLEM: ECONOMIC POLICY**

Alaska lacks a long term economic development policy for both human and natural resources.

**RECOMMENDATIONS**

1. The State should establish and implement a statewide economic development planning process involving both the public and private sectors that will develop central and regional economic development plans for the highest and best use of resources. This process should:
  - a. Ensure the sustained future economic welfare of the entire state;
  - b. Help keep Alaska's wealth in the state;
  - c. Be all-inclusive for development of renewable and non-renewable resources; and
  - d. Serve as a guide to the Administration and Legislature.

The economic development plans produced by this process should be, to the extent possible, brief action documents, flexible enough to respond to changing conditions and new administrations, involve industry groups that will be affected, have regional components prepared by Alaska Regional Development Organizations (ARDORs), and be done as soon as possible.

The lead agency for development of the plans should be the Division of Business Development, Department of Commerce and Economic Development, in conjunction with a statewide Economic Policy Task Force appointed by the Governor.

2. Elements of an Economic Development Policy
  - a. Fisheries policy that would support management of the fisheries resource for the Alaska people. The policy would include increased state funding for fisheries enforcement and management agencies in addition to the domestic observer programs. The policy needs to emphasize the needs of coastal communities for capital to build infrastructure, so that products can be processed on shore in Alaska. The state policy should include the quick processing (mandatory time limit) of the raw fish tax to allow communities to continue to develop their infrastructure which results in the growth of fisheries activities. To implement this policy, there needs to be a cabinet level fisheries person who would be responsible for coordinating all government agencies, individuals and foreign nations in fisheries activities as well as involving Alaskans in the planning process at all levels. This economic policy should look at fishing areas as permanent industrial bases that can be developed and managed. Further, the state needs to develop policy that protects fisheries from impacts of oil, gas and mineral development.

- b. Transportation policy that would enhance economic development through infrastructure such as ports, roads, airports, docks and free trade zones. The state also has a huge investment in the Alaska Marine Highway System (AMHS) which it needs to market and operate for maximum use. There should be a mechanism in the policy for the state to allow or encourage the privatization of some of the profitable runs in the AMHS.
- c. Resource development policy that does not give away the state's resources without receiving any revenue from them (the current exception: oil). Emphasis should be on renewable resource development as a priority. For example: development of a policy on tourism that focuses on infrastructural support which in turn encourages investment in tourism in rural Alaska, such as grants to communities for Visitor Information Centers that campaign in favor of local attractions.
- d. Human resources policy that places emphasis on local hire, especially in rural areas.

#### **IB. PROBLEM: ENVIRONMENT/WASTE**

There is no safe way to dispose of waste products (including, but not limited to hazardous wastes, oily wastes, solid wastes, and waste products off boats) in the State of Alaska. Proper statutes of limitation are not in place, and we are at the mercy of the Court System. Liability insurance costs discourage small businesses from getting involved in the hazardous waste disposal business.

#### **RECOMMENDATIONS**

- 1. a. Design and construct environmentally safe hazardous waste treatment, disposal and recycling facilities in various regions of the State.
- b. Make it a policy that fishing vessels and processors and all other generators of large quantities of waste disposing of wastes in shoreside community landfills must certify (on approved Environmental Protection Agency (EPA) and/or Department of Environmental Conservation (DEC) approved containers prior to disposal; lack of certification as above may force denial of onshore landfill facilities, with subsequent penalties to be imposed on communities by the state or federal government.
- 2. Recommend that the state identify means to lower insurance rates because liability insurance costs discourage small businesses from getting involved with hazardous waste business.
- 3. The state and federal governments need to recognize and assume the responsibility for the disposal of solid and hazardous waste - this includes providing the facilities and the technology for dealing with solid and hazardous waste. For example, many small areas do not have adequate landfills to deal with waste products off boats as required by the Marpol Agreement.
- 4. The state needs to assist in the education of communities on various types of hazardous wastes, storage, and disposal such as outreach seminars, education for communities through training programs (CHME through the Alaska Health Project).

5. Support House Bill 220 which would:
  - a. Assist the owners of underground storage tanks to comply with Federal and State requirements governing their tanks.
  - b. Provide a means for owners of underground storage tanks to obtain affordable liability insurance which currently is not available to small businesses.
  - c. Provide funding to assist owners of leaking underground storage tanks with the cost of upgrading or replacing their tanks and the costs of cleaning up contamination related to their tanks.
6.
  - a. The state should develop a recycling and waste reduction policy, economic incentives, financial assistance, and technical information, that will assist rural Alaska communities in disposing of wastes cost effectively.
  - b. Assist in funding transportation for recyclables.
  - c. Encourage businesses in a waste reduction program-Waste Reduction Assistance Program (WRAP).
7. Upon discovery of contaminants, the state shall take immediate steps to protect public wells and water systems at State expense.

#### **1C. PROBLEM: INSURANCE/BONDING**

##### **Worker's Compensation:**

1. Costs too much.
2. Small businesses are unable to self-insure, therefore, are locked into classification rates.
3. Lacks employee responsibility for an accident and does not allow the employer a defense and involvement in the claim process.
4. Difficult for small businesses to obtain information on the operations of the worker's compensation system.
5. Current rate classifications systems are often inaccurate and inappropriately determined.
6. Worker's compensation does not adequately address needs of many Alaskan occupations, i.e. self-employed boat owners as well as crew members.
7. Worker's compensation insurance does not preclude law suits of parties other than the employer to supplement or substitute for the relief available under the Workman's Compensation System.

#### **RECOMMENDATIONS**

1. Develop an insurance pool. Name a task force of small business owners to advise boards and review the process of setting rates.
2. Take care of our own problems by providing a safe work environment. A merit system should be initiated for the employer and employee. The State Division of Insurance shall review high rates in all areas of insurance and recommend and implement changes.
3.
  - a. Develop appropriate rating of all job classifications to allow for actual job performance while protecting insurance industry exposure to claims.
  - b. Increase funding for fraud investigations.
  - c. Require frequent and periodic medical reviews.

- d. Support tort reform.
  - e. Work to place disabled workers into vocational rehab programs at the earliest possible time. This may require increased funding to training programs.
  - f. Give incentives to industry for providing employee safety training; and
  - g. Increased training to prevent on the job injuries.
4. Develop workers' compensation rate system to more adequately classify workers' categories and review process to assure reasonable rates commensurate with risks and experience.
  5. Worker's Compensation Rate Classifications be clearly defined to represent the actual tasks performed and an appeal system be available to businesses. Total compensation for an on-the-job injury shall be limited to the amount established by the Workmen`s Compensation System for that injury regardless of the ultimate source of compensation.
  6. Reasonable coverage and rates need to be provided under Worker's Compensation. Coverage needs to be provided for work performed on or off the boat regardless of time frame, i.e. 24 hour fishing period and/or season.

#### **4A. PROBLEM: FINANCE**

Small business requires better access to loans from \$10,000 to \$100,000.

#### **RECOMMENDATIONS**

1. The State guaranteed loan program should be simplified and have less costly documentation process.
2. The State needs to provide for the dissemination of information broadly throughout the state. This can be done through:
  - a. Local workshops, seminars;
  - b. Low cost computer networking;
  - c. Use of local facilities, schools, libraries, etc.;
  - d. PSA announcements;
  - e. Mailings etc. through business license mailing; and
  - f. Installing an 800 number.
3. The State should provide incentives to banks to make \$10,000 - \$100,000 loans to small businesses in rural communities.
4. Support House Bill 123 which would:
  - a. Increase the current AIDA loan guarantees to 80%;
  - b. Require AIDA to share in 80% of the collection and foreclosure expenses;
  - c. Let the banks control the collection and foreclosure status of the loans; and
  - d. Raise the current 2% level for delinquency so the local banks can participate in the loan program.

#### 4B. PROBLEM: REGULATIONS/PAPERWORK

Regulations, in general, are difficult to read and understand. Many times an agency implements regulations which are contrary to or fail to follow the apparent intent of the legislature. This often results in the formulation and establishment of regulations which respond to motivations and agendas contrary to or not in accordance to what the legislature had intended.

#### RECOMMENDATIONS

1. SJR3 proposes a constitutional amendment that would permit the legislature to repeal any regulations adopted by a state agency when the regulation does not reflect the intent of the law passed by the legislature. SJR3 should be brought out of committee and passed into law by the House, Senate and Governor before the end of the current session.
2. To ensure that all existing and new regulations will be scrutinized for their appropriateness and effectiveness, a sunset date of five to seven years should be applied to all regulations.
3. Establish a Regulatory Review Commission to review all existing regulations affecting small business in Alaska for appropriateness and effectiveness. The top 20 issues of this initial Governor's Conference on Small Business will provide the basis for the initial review process. This initial review process will complete its work by June 30, 1991, with the results presented to the second Governor's Conference on Small Business in September, 1991.
4. Regulations covering a new law should be issued within 90 days as some new laws are passed for a specific purpose and regulatory interpretation often impacts the small business for whom the law was passed.
5. Include in the regulatory review commission small business representatives composed of owners and representatives to:
  - a. Review existing rules, regulations and forms to suggest adaptations more appropriate to small businesses. Emphasis should be on simplification, combining related forms, simultaneous due dates, increased consistency between state and federal forms, and increased computer compatibility.
  - b. Each government agency must make a special effort to educate small business owners about existing state rules and regulations.
  - c. Mandate follow-up review of implemented rules by small business advisory group(s).
  - d. Interpretation of rules must be consistent where conditions are the same.
  - e. The number of regulations which must be followed in order to assure the communal health, safety, and welfare should be kept to an absolute minimum.
  - f. The legislature should, when drafting laws, determine the effect of the proposed law on small businesses; and
  - g. All agencies must, when promulgating regulations, review them for conflicts with other agency regulations prior to adoption. Regulations must also be reviewed in light of their effect on small business.

6.
  - a. Provide a clearinghouse/marketing center for small businesses.
  - b. Coordinate federal, state, regional and municipal agency service to eliminate undue duplication of services.
  - c. Simplify regulation and application procedures by streamlining operation and agency mandates.
7. Agencies and legislators need to use common sense in their approach to regulations.
8. A person will be assigned to each ombudsman's office to deal with regulatory concerns of small business and will only be assigned to tasks addressing small business concerns.
9.
  - a. Provide a clearinghouse/marketing center for small businesses.
  - b. Coordinate federal, state, regional and municipal agency service to eliminate undue duplication of services.
  - c. Simplify regulation and application procedures by streamlining operation and agency mandates.

#### **4C. PROBLEM: FINANCE**

Small businesses need better access to equity capital.

#### **RECOMMENDATIONS**

1. The state should try to maximize their contacts to influence and encourage investments in Alaska using state funds and Permanent Fund Investments as leverage.
2. The state should support the role of the Alaska Science & Technology Foundation in providing seed capital for economic development.
3. Use of Uniform Limited Offering Registration (U.L.) similar to Washington State.
4. The state should implement an investment network such as Washington State's investment network (WIN) to match businesses in need of capital with investors.

#### **7. PROBLEM: PAYROLL COSTS/BENEFITS**

There is an increasing trend in Congress and legislature to mandate benefits that will adversely affect small businesses. Small businesses will have a problem if the following occur:

1. Mandatory health insurance.
2. Increasing minimum wage.
3. Parental (men and women) leave and continuing medical benefits with extended leave/leave without pay benefits.

#### **RECOMMENDATIONS**

1. Impress on legislators that mandated benefits and insurance must be discouraged. The two types of mandated benefits involved are as follows:

- a. Those that require all employers to provide a certain level of benefits such as health insurance.
  - b. Those that require all employers to provide certain benefits such as health insurance (i.e. maternity, psychological health benefits, etc.)
2. The state needs to raise its deductible on health coverage and require employees to bear a portion of the cost of dependent coverage. The state needs to take an active role as coordinator in forming a group insuring pool for health care for its citizens.
  3. Mandated benefits must be discouraged. A 20% to 30% rate increase for health insurance in one year simply is prohibitive. Many small business employers would be put out of business if required to carry health insurance. Both are harmful to small business.

The first type is harmful to small business because of the onerous expense it creates for the employer with no lower cost alternatives. For example, in many cases employers would not be able to continue in business if required to provide health insurance for all of their employees. This is especially true for start-up businesses and business hit hard by economic difficulties.

The second type of mandated insurance coverage adds significantly to the cost of insurance. This in turn forces employers to drop coverage because the mandated coverage is so expensive, even though they may be willing and able to provide less comprehensive coverage.

Legislators and the administration should instead be encouraged to enact legislation which would help reduce the cost of benefits; which would encourage more employers to cover their employees. For example, measures should be explored which will help reduce health care costs shifting created by uncompensated care.

## **8. PROBLEM: GOVERNMENT COMPETITION WITH THE PRIVATE SECTOR**

There are many public services that could be provided better and less expensively by the private sector. State financed non-profits compete with for-profit businesses on state, local, private and federal contracts. Also, non-profit organizations compete with private small business to provide services and goods.

### **RECOMMENDATIONS**

1. Establish a private/public commission (Mini-Grace Commission) to review and evaluate commercial enterprises operated and services provided by the state government. This commission would then mandate the state to make public the cost of these various projects to see if the private sector can do them more economically by contracts with small business firms.

This commission should consist of at least 12 members with 6 representatives from the small business sector and 3 representatives from the financial community. It is recommended these 9 be appointed to the commission by the Governor from a list of representatives prepared by the delegates to the Governor's Conference on Small Business. The other 3 representatives

would be appointed by the Governor from various branches of the state government.

As the individual projects are studied, evaluated and selected as candidates for a cost comparison study, the approved projects would then be put out for competitive bidding by small business firms, with the state also submitting a sealed bid. The bids would be opened at a public bid opening and the low bidder, be it the state or a small business firm, being awarded the contract to provide the service. If the state is the low bidder, the service would continue to be performed by the state. Otherwise, it would be awarded to the small business firm. The specific details in implementing this procedure would be worked out within state guidelines and coordinated with the appointed representatives on the established commission.

This commission is a very fair and impartial means of reducing state in-house costs and letting private firms prove they can perform a service more efficiently than the state.

2. Privatization of potential income producing enterprises or portions thereof owned by State and local governments should be considered. Examples which should be considered are utilities, agriculture, housing, finance, transportation, printing, publishing, maintenance, human resource development training/and management, recreation, health care, mental health care, tourism, corrections, and real estate.
3. Federal and state governments should stop the practice of giving grants to non-profits rather than contract with existing businesses who can provide the same services.
4. Reinforce the need for the Federal Government to avoid issuance of grants that compete with private enterprises.
5. a. Recognize that geographic isolation and historically small private sector have created a situation in which state and local governments provide some services more typically filled by private businesses (e.g. document copying, FAX transmission, engine and machine repairs, etc.) We must adhere to the principle that state or local governments and agencies that derive their funding from such governments are put in place to provide necessary public services and not to act as surrogate businesses.  
b. Limit and/or restrict government agencies from competing with small business, with oversight to be provided by a small business advocacy commission whose charge would be to:
  - (1) Prohibit unfair competition in which non-profit, tax-exempt organizations use their tax-exempt status and other advantages in selling products and services also offered by small business;
  - (2) Draft legislation to Congress forbidding direct competition by public agencies or public-funded agencies in providing unrelated services;
  - (3) Draft legislation with similar provisions in a state income tax bill;
  - (4) Review the nature and scope of commercial activities by public agencies and non-profit entities and determine the impact of these on small businesses in the state; and
  - (5) Draft regulations for the IRS with greater specificity.

- c. Definitively state in statutes that non-profit agencies providing services not directly related to their main purpose and which are identified as being in direct competition with an existing business or hindering the establishment of a new profit-making business, must either cease providing that particular service to the public or must pay taxes on those services as "unrelated profit-making ventures."
- 6. The state should stop competing and contract to private labs with the state being more aware of private services that are available and not duplicate.

## 9. **PROBLEM: EDUCATION/TRAINING**

There is a lack of networking between the education sector and the small business sector as to what programs are needed, the ability of businesses to train employees or have apprentice programs.

### RECOMMENDATIONS

- 1. Provide funding and/or tax credits for an apprentice training program to assist small business to develop an effective and more productive work force.
- 2. The State Board of Education and State Vocational Education Board should be separated into two boards to better service Alaskan students.
- 3. The state funded SB191 program similar to the "Job Training Partnership Act" (JTTPA) should be expanded with an emphasis on the private sector designing and delivering the training through the RFPO process.

## 10. **PROBLEM: TRANSPORTATION/MARKETING**

The state does not have a transportation policy.

### RECOMMENDATIONS

- 1.
  - a. Develop a transportation policy that includes highways, ports, airports, barge service and the railroad; and
  - b. Establish one commission each for DOT, Alaska Marine Highway System, and airports similar to the Alaska Railroad to set policy and long range goals. Each should have their own budget with income generated remaining in the department directly related - i.e. gas tax to DOT, airport feed to airports, etc.
- 2. The Alaska Marine Highway System serves as a vital link to the continental surface transportation network:
  - a. Provide year-round marine highway service to Kodiak, Prince William Sound, Dutch Harbor and all other coastal communities presently served in Southwest Alaska, without lapse.
  - b. The Alaska Marine Highway System should request proposals for emergency replacement vessels immediately upon scheduling of refurbishment.
  - c. Extend the AMHS to include service to Western Alaska.

- d. Transfer terminal operation leases and port powers to local government.
  - e. Seek repeal of the Jones Act.
3. Construct a direct transportation link between Nome and Fairbanks. Develop year-round barge service among Anchorage, Kenai Peninsula and Dutch Harbor.
  4. Airline competition to Southeast Alaska, specifically a Juneau/Vancouver link, opens the Vancouver market to all of Alaska and similar increased competition and service in rural Alaska.
  5. Local communities should work with state to develop infrastructure at airports, terminals, parking, cargo and cold storage facilities so that they can sell space with guaranteed availability.
  6. Expand and improve the ground transportation system to provide better access and resource development.
  7. Promote deep water port facilities throughout all coastal regions for expanded tourism, employment and resource development.

#### **11. PROBLEM: REGULATIONS/PAPERWORK**

Field regulators or low level personnel have the power to put constraints on permits or even put you out of business by over-regulation. Their attitude is not to help you solve problems but to create them. Regulators have too much control over businesses with regulations. They can tell you what you can and cannot do with your own business. There is too much "government regulation." There are often differences between regulations in various agencies in applying their regulations to the same situation.

#### **RECOMMENDATIONS**

1. Regulators should attempt to help businesses resolve problems. Their enforcement activities should be restricted to taking actions on those items specifically prohibited or restricted by a current valid regulation.
2. A person will be assigned to each ombudsman office to deal with regulatory concerns of small businesses and will only be assigned to tasks addressing small business concerns.
3. Each application for permit, regulatory decision or appeal should have a reasonable fixed time for completion by the agency.
4. An appeal process should be established for regulatory decisions. The body hearing the appeal should not be made up of only the regulators.
5. The governor should appoint staff in his office with the authority to facilitate and resolve any discrepancies or differences in the application of different regulations to a specific situation.

## 12. PROBLEM: PROCUREMENT

There is inconsistency of bidding and contracting procedures between state-funded agencies, for example, Legislative Affairs, Alaska Housing Finance Corporation, Alaska Energy Authority, line agencies, University of Alaska, school districts.

### RECOMMENDATIONS

1. All state funded agencies charge a handling fee to out-of-state bidders requesting bid packets.
2. All state funded agencies stop advertising outside Alaska--local (in Alaska) advertising only.
3. Bid prices must be FOB destination to show full price of item with shipping costs.

Concern was expressed about the State procurement procedures often having the state taking delivery of goods in an area convenient for out-of-state vendors, for example, a Seattle warehouse, even though the final destination is in Alaska. This procedure works to the benefit of out-of-state vendors since they can make local deliveries very easily. In-state vendors have no opportunity to use their expertise in expediting the goods to Alaska destinations.

If the cost of getting the goods to final destination were included in the bid prices, then in-state vendors could be more competitive. The state would also save money since the freight cost would be part of the competitive bids.

4. The state should adopt consistent bidding and contracting procedures for all state funded agencies.

## 13. PROBLEM: INSURANCE/BONDING

The cost of health and other insurance and bonding is prohibitive for most small businesses. At the same time, the level of health care coverage provided by the state sets an unrealistic expectation for the work force and causes a high level of turnover for small businesses.

### RECOMMENDATIONS

1. Organize and set up pools for self-insurance.
2. Risk pooling legislation should be encouraged.
3. Measures should be explored which help reduce health cost-shifting created by uncompensated care.
4. Mandated insurance benefits/coverage must be discouraged.
5. Tort reform should be encouraged where appropriate to help lower costs.
6. Increase bond requirements to \$50,000 for a general contractors license.

7. Require the principal(s) of a company to pass a written competency test to obtain a general contractors license.
8. Eliminate the requirement for bonding where no reason for bonding exists.
9. Small state and local construction projects (less than \$100,000) should allow exemption of contract bonding requirements.
10. Streamline the bonding process to reduce time and cost to small business.
11. Divide large state funded jobs into phases in order that more Alaskan businesses may qualify for bonding.

#### **14. PROBLEM: ECONOMIC POLICY**

The State of Alaska does not have a central repository of business information, access to existing business information nor a mechanism to disseminate business information to small businesses. The lack of information and business data on finance, marketing, international trade and other business topic hampers small business development and success.

##### **RECOMMENDATIONS**

1. Establish a data base on regional basis for use statewide.
2. The state must make a concerted effort to information relevant to small businesses. Suggestions include mailings enclosed with business renewals licenses, worker's compensation forms, PSA's, etc.

#### **15. PROBLEM: EDUCATION/TRAINING**

Curriculum is lacking on basic skills and general business education. Employees do not always know how to be good employees. They lack good work habits like getting to work on time, writing, math skills, etc. There is not always a positive and productive employer/employee relationship. There is a lack of entrepreneurial education in the schools. Young people are not understanding business and self-employment.

##### **RECOMMENDATIONS**

1. A statewide conference entitled "The Development of Alaska's Workforce - A Course of Action" should be undertaken within the coming year (before November 30, 1990). The conference should address:
  - a. School curriculum, offerings and expectations for our young people;
  - b. Professional training, in-service training and qualifications of our educators;
  - c. Network public institutional and private educators (trainers, consultants, private training organizations and professional organizations) to address human resource development on a macro-level. Address the need to educate, prepare, train, develop and support the need for improved human resource development in Alaska;
  - d. The role of business in education;

- e. Training and development of Alaska's workforce by non-public institutions, resources, consultants and trainers. Regulatory guidelines, fiscal responsibility and institutional needs, among many other topics to be addressed;
  - f. The training and development of entrepreneurs in Alaska; and
  - g. Distance delivery of business education, economic development, plus knowledge about Alaska's diverse economic conditions, role in the economy of the US, Pacific Rim, and the international trade scene.
2. Training programs must be developed for the following:
    - a. For employees on how to be employees;
    - b. For employers on how to build a positive and productive employee/ employer relationship; and
    - c. Continuous skill training and human development.
  3. Entrepreneurship and small business development courses should be offered in schools. These should include implementing model curriculum and school-based enterprises and include appropriate in-service education.
  4. Information on existing programs should be more accessible.

#### **16. PROBLEM: TRANSPORTATION/MARKETING**

There is an inadequate effort by the State to market both the natural and human resources of Alaska and to attract business to Alaska.

#### **RECOMMENDATIONS**

1. Need sufficient funding for the Department of Commerce and Economic Development to develop a marketing plan designed to market both natural and human resources in Alaska.
2. Need to develop favorable southbound freight rates between Anchorage and the Seattle area to help market Alaska goods.
3. Recommend aquaculture/mariculture be allowed in Alaska.
4. To market Alaska as a tourism destination to overcome the negative impact of the oil spill:
  - a. Market the strengths of the affected and unaffected areas;
  - b. Accommodations for tourists and prevent loss of visitors (whose spaces were taken by clean-up crews);
  - c. Return rental, gas, and grocery prices back to "normal" (pre-oil spill);
  - d. Periodic inspections of impacted areas;
  - e. Promote awareness through litter clean-up;
  - f. Correspond with news media from affected areas.
5. The state needs to have a central position to distribute information to small businesses.

6. a. Involve people with knowledge in a specific regional market; and  
b. "Buy Alaska" and "Alaska Grown" are good examples of good marketing.
7. a. Make sorted labels available to everyone;  
b. The brochure rack at the Anchorage airport should be available to everyone, not just Anchorage Visitor and Convention Board members; and  
c. Name a task force to evaluate the competence of existing agencies and to look at combining services pertaining to small businesses to assist with finance and marketing.
8. The state needs to educate small business about programs that are available.
9. State dollars are being spent in the Lower 48, not in Alaska with Alaskan film companies and Alaskan talent.
10. Once marketing has attracted a company to Alaska business plan review by regulatory agencies must be faster so the project can start in a timely manner.
11. Seek repeal of the Jones Act to facilitate development and transportation from foreign ports utilizing foreign bottoms.

#### **17. PROBLEM: INTERNATIONAL TRADE**

There is a lack of State government assistance in support of aggressively promoting awareness, marketing, and facilitating international trade. Information is not being disseminated in a timely and useful manner. Small businesses are not being made aware of the sources and types of assistance available from both State and Federal agencies. Small business is not involved in the planning and implementation of foreign trade missions. The activities and destinations of foreign vessels within the 200 mile zone are not being monitored and made available to small business. The infrastructure necessary to engage in foreign trade is not being developed.

#### **RECOMMENDATIONS**

1. Implement foreign trade information system as developed by Washington State.
2. The central places in state government (Anchorage and elsewhere in Alaska) where small businesses can get information on import/export needs to be more aggressively advertised.
3. Promote a state-wide regional customs office to provide better training opportunities for resources and services.
4. The existing State Office of International Trade needs more funding for overseas offices and personnel.
5. The State Trade Office needs to develop more information on European trade.

6. The state should encourage export trading of natural resources that have no value added. The state should encourage imports from Europe and Asia to our trade zones for value added assembly and manufacture of products destined for us consumers.
7. The state must include the private sector in the international trade development process.
8. a. The Governor, Legislature and Alaska Congressional delegation must be more forceful about getting high seas fish interception piracy stopped; and  
b. Funding for enforcement must be increased.
9. The 200 mile limit should be more forcefully monitored by the Coast Guard, including advising port of call of each ship and to which country and port it will return.
10. Use Alaskan cities as receiving, storage and transport areas for goods. Develop foreign trade zones.

#### **18. PROBLEM: ECONOMIC POLICY**

Attractions, facilities and access are inadequate to meet the demands of tourists to various regions of our State. In addition, there is a lack of marketing to attract visitors to these regions as destinations.

#### **RECOMMENDATIONS**

1. The State should provide additional:
  - a. turnouts, camping areas;
  - b. restrooms, reststops;
  - c. historic markers;
  - d. access to rivers, lakes and other attractions;
  - e. accessibility for the physically handicapped; and
  - f. land available for private development of tourist accommodations.
2. Seek cooperative ventures between the public and private sectors to develop and improve tourism opportunities in the various regions of Alaska and market them.
3. Market Alaska as a year round destination with increased emphasis on shoulder and winter seasons.
4. Alaska needs an increase in the state tourism marketing budget, implemented by Alaskan advertising and marketing agencies.

#### **19. PROBLEM: PAYROLL/BENEFITS**

Small businesses have a hard time competing with wages and benefits offered by local and state governments and agencies funded by those governments, such as school districts and grant recipient agencies. This makes it difficult to get and keep good employees.

**RESOLUTIONS**

## RECOMMENDATIONS

1. a. Policy setting bodies need to be educated with "hard-number" charts and valid examples of employees and their training lost to public sector jobs; and
  - b. State and local wage negotiators must put any wage/benefit increase for state employees to voter approval.
  - c. Comp time should be allowed as a substitute for overtime pay for small business.
  - d. State employees should be paid wages and benefits based upon the prevailing wages and benefits in the local area to private sector employees doing similar work.
2. Lengthen the vesting requirements for retirement and health benefits for state employees.
  3. State needs to raise its deductible on health coverage and reduce its level of health coverage.

### 20. PROBLEM: PAYROLL COSTS/BENEFITS

The required use of Davis-Bacon (Title 36) wages cause a conflict between employees paid D-B wages and employees who are not and do not reflect the reality of wages paid at the private, state and federal levels at the same job classifications. These wages make it impossible for small businesses to hold employees.

#### RECOMMENDATIONS

1. Employees knowingly accepting less than the prevailing wage should not be allowed to collect back wages, and all certified payroll should include employee's signature on the first payroll that they in fact, are receiving wages as stated;
2. The State of Alaska should add more crafts/job classification to reflect actual work being performed;
3. The State of Alaska should require uniform interpretation for Department of Labor rules to be the same in all regions of the state; and
4. The Department of Labor should modify the current Davis-Bacon system and average wages from all sources of employment to determine current prevailing wages.

- 
1. It should be noted that some of these problems might have previously been addressed by either the administration or legislature. But they were voted in the top 20 because Delegates felt that the previous whole or partial solution did not fully address or solve the problem.
  2. Text in parentheses after a problem or recommendation is added for clarification of intent.

## **RESOLUTIONS**

### **PASSED BY DELEGATES TO THE GOVERNOR'S CONFERENCE ON SMALL BUSINESS SEPTEMBER 30, 1989**

#### **RESOLUTION 89-1**

WHEREAS, All Alaskans wish to see stable and continued growth in the Alaska economy rather than the Boom and Bust cycles of the past, and because we believe in the future of Alaska, and because we feel the government and the private sector should work in harmony,

THEREFORE, The Delegates of the 1989 Governor's Conference on Small Business desire that this Conference be held on a continuing basis every two years to promote the economic growth of Small Business in the State of Alaska; and ask for legislation to authorize funds to continue this conference.

#### **RESOLUTION 89-2**

WHEREAS, Without follow-through, the Governor's Conference on Small Business will essentially have been in vain,

THEREFORE, The Fairbanks Delegation requests the formation of an ongoing organization to implement the final recommendations of the Governor's Conference on Small Business.

#### **RESOLUTION 89-3**

WHEREAS, The small business community from all regions of the State of Alaska have dedicated much time and effort to resolve problems facing small business,

THEREFORE, We propose that the Governor appoint a cabinet level task force to implement and carry forth the final recommendations from the Governor's Conference on Small Business.

#### **RESOLUTION 89-4**

WHEREAS, A continuing organization is necessary to ensure implementation of the Governors Conference on Small Business agenda,

THEREFORE, Be it resolved, that the delegates establish an association and each Delegation shall comprise a chapter of the association and Chapter chairs comprise the statewide Board of Directors. Present Steering Committee members shall automatically become members of their regional chapter. Chairs shall be the liaison to the Administration and the Legislature, and with the small business and other organizations in the region. The name of the Association shall be the **ALASKA SMALL BUSINESS CONFERENCE**.

#### **RESOLUTION 89-5**

**WHEREAS, Small business needs a strong consistent policy voice in this administration, and**

**WHEREAS, The conference has made it clear that many programs desired by small businesses are already in existence, but have not been communicated to the public, and**

**WHEREAS, There has been no Director of the Division of Business Development for over 11 months,**

**THEREFORE, Be it resolved, that the Governor appoint a small business person to be Director of the Division of Business Development by November 1, 1989.**

#### **RESOLUTION 89-6**

**WHEREAS, Small businesses have unique public policy considerations which are not adequately addressed at present,**

**THEREFORE, Be it resolved that the Governor's Conference on Small Business ask the Legislature to adopt a resolution expressing its intent that all relevant boards and commissions contain at least one small business person, and that the Governor appoint a small business advisory commission for the Division of Business Development.**

#### **RESOLUTION 89-7**

**WHEREAS, The Administrative staff, Steering Committee, and Volunteers have worked hard to produce the Governor's Conference on Small Business and have produced a successful conference,**

**THEREFORE, Be it resolved that the Delegates express their appreciation to the staff, Steering Committee and assistants of the Governor's Conference on Small Business, with particular thanks to the Executive Director.**

#### **RESOLUTION 89-8**

**WHEREAS, The March 24, 1989, Exxon Valdez oil spill in Prince William Sound has been described as the largest man made disaster since Hiroshima, and**

**WHEREAS, The entire State of Alaska has been adversely affected by the oil spill, and**

**WHEREAS, Alaskan coastal communities have suffered ecological, social, and economical losses due to the Exxon oil spill, and**

**WHEREAS, Coastal municipalities absorbed a tremendous financial responsibility due to the lack of fund availability, and**

WHEREAS, The State of Alaska needs to be able to respond immediately to containment and defense of such spills, and

WHEREAS, The local municipalities are the ones closest to the problems and are the best able to deal with the issues resulting from spills of oil and other hazardous wastes,

THEREFORE, Be it resolved that the Governor's Conference on Small Business support the passage of legislation that would provide funding for any oil or hazardous waste spill, in the form of a contingency fund, which would allow local municipalities to have the immediate ability to defend and clean up any future spills if they occur.

#### **RESOLUTION 89-9**

WHEREAS, Small business persons throughout the State have dedicated their time and efforts to identify, prioritize, and propose solutions to problems experienced by small businesses, and

WHEREAS, The only reward for time and efforts spent will be for the betterment of small business and government relations throughout the State of Alaska, and

WHEREAS, Legislative consideration and action is necessary for this betterment,

THEREFORE, We request that the administration make administrative bills in 1990, and if not passed in 1990 to encourage legislative consideration beyond the current administration term.

## APPENDICES

## APPENDIX A

### AGENDA

Thursday, Sept. 28, 1989

- 3:00 pm and on - Check-in to Sheraton Hotel
  - 4:00 - 5:00 pm - Training session for Moderators, Resource People #308
  - 5:00 - 6:00 pm - Executive Committee, Governor's Conference on Small Business, #308
  - 5:00 - 7:00 pm - Pre-registration - Hospitality Suite #315  
Regional Caucuses #308, #311
  - 7:00 - 7:30 pm - Rules Committee #311
  - 7:00 - 9:00 pm - Informal Reception for Delegates #303  
Ham & Cheese Croissants, Veggies, Cheese  
No-Host Bar
- 

Friday, Sept. 29, 1989

- 8:00 - 9:00 pm - Exhibits (Atrium)
- 8:00 - 8:30 am - Registration (will continue until 10)  
Coffee/Tea/Muffins/Croissants/Fruit
- 8:30 - 9:30 am - General session - Ballroom A  
Welcome: Jack Jessee, Chairman, Steering  
Committee, Governor's Conference  
on Small Business  
Welcome to Anchorage: Mayor Tom Fink  
Remarks: Larry Mercurieff, Commissioner,  
Dept. of Commerce & Economic  
Development  
  
Keynote Address: Honorable Steve Cowper,  
Governor, State of Alaska  
Goals/Process: Rosie Porter, Steering  
Committee
- 9:30 - 9:45 am - Break  
Coffee/Tea  
Brief Regional Caucuses

# 6 INSURANCE/BONDING  
Moderator: Vern Craig, Northland Systems  
Ballroom A Resource: Earlene Caress, S&S Welding, Jim  
Jordan, Div. of Insurance, C&ED  
Recorder: Frank Thomas-Mears, MRM

# 7 TRANSPORTATION/MARKETING  
Moderator: Rosie Porter, Tundra Drums  
#311 Resource:  
Recorder: Wendy Cucullu, SBDC

# 8 ECONOMIC POLICY  
Moderator: Jack Jessee, COMRIM  
Yukon Rm. Resource: Stan Stedman, KEDD, Walter  
Nayokpuk  
Recorder: Lisa Short, C&ED

3:15 - 3:45 Break  
Coffee/Tea/Iced Tea/Soft Drinks/Chocolate  
Chip Cookies  
Brief Regional Caucuses

3:45 - 5:45 ISSUE SESSIONS

# 9 EDUCATION/TRAINING  
Moderator: Ernie Hall, Limited Editions  
Ballroom A Resource: Linda Van Ballenberg, Office of  
Adult & Vocational Education, DOE, Janet  
Nye, State Director, SBDC, Josie Roetto,  
JTPA, C&RA  
Recorder: Chuck McGee, C&ED

# 10 PAYROLL COSTS/BENEFITS  
Moderator: Frank Thomas-Mears, MRM  
#308 Resource: Dick Ford, SBDC  
Recorder: Joanne McDowell, SBDC

# 11 TAXATION  
Moderator: Ellen Greenberg, BBNA  
#311 Resource: Larry Meyers, Cooper's & Lybrand  
Recorder: Wendy Cucullu, SBDC

# 12 GOVERNMENT COMPETITION WITH PRIVATE SECTOR  
Moderator: Britt Lively, Mapmakers  
Yukon Rm. Resource: Wally Carlo, Doyan, Jack Jessee,  
COMRIM Systems, Inc.  
Recorder: Lisa Short, C&ED

# 13 OTHER  
Moderator: Irene Anderson, Sitnasuak  
Resource: Earl Romans, Alaskan Battery  
Ballroom A Recorder:

9:45 - 11:45 am - ISSUE SESSIONS

- # 1 FINANCE  
Moderator: Jack Jessee, Chairman, COMRIM  
Yukon Rm. Resource: Tom Broderson, SBDC, Ed Watkins,  
Div. of Banking, C&ED, David  
Dougherty, Wash. Bus. Ctr.  
Recorder: Lisa Short, C&ED
- # 2 PROCUREMENT  
Moderator: Dennis Hanoski, Marquis Furn.  
#308 Resource: Ben Milem, SBDC, Wally Carlo,  
Doyan Native Corp.  
Recorder: Wendy Cucullu, SBDC
- # 3 REGULATIONS/PAPERWORK  
Moderator: Ernie Hall, Limited Editions  
Ballroom A Resource: Britt Lively, Mapmakers, Janet  
Nye, SBDC  
Recorder: Penny Graber, SBDC
- # 4 ENVIRONMENT/WASTE  
Moderator: Frank Thomas-Mears, MRM  
#311 Resource: Irene Anderson, Sitnasuak, Russ  
McCurdy, SBA, Seattle  
Recorder: Heather McQueen, SBDC

11:45 - 12:00 - Break

12:00 - 1:00 - Luncheon - Ballroom A

Welcome: Jack Jessee, Chairman  
Remarks: Russ McCurdy, SBA Regional Advocate  
Speaker: David Dougherty, Director  
Washington Business Assistance  
Center, Olympia, Wash.  
"How Can the State Make Small  
Businesses Stronger - How can  
Small Businesses Make the State  
Stronger?"

1:00 - 1:15 - Break  
Brief Regional Caucuses

1:15 - 3:15 - ISSUE SESSIONS

- # 5 INTERNATIONAL TRADE  
Moderator: Irene Anderson, Sitnasuak  
#308 Resource: Gary Jenkins, Jenkins Ent., Earl  
Romans, Alaskan Battery  
Recorder: Chuck McGee, C&ED

# 4 ENVIRONMENT/WASTE  
Moderator: Frank Thomas-Mears, MRM  
Kuskokwim Resource: Irene Anderson, Sitnasuak, Russ  
West McCurdy, SBA  
Recorder: Heather McQueen, SBDC

10:00 - 10:15 Break  
Coffee/Tea  
Brief Regional Caucuses

10:15 - 11:15 ISSUE SESSIONS

# 5 INTERNATIONAL TRADE  
Moderator: Irene Anderson, Sitnasuak  
Kuskokwim Resource: Gary Jenkins, Jenkins Ent.  
East Recorder: Chuck McGee, C&ED

# 6 INSURANCE/BONDING  
Moderator: Vern Craig, Northland Systems  
Ballroom A Resource: Earlene Caress, S&S Welding, Jim  
Jordan, Div. of Ins., C&ED  
Recorder: Frank Thomas-Mears, MRM

# 7 TRANSPORTATION/MARKETING  
Moderator: Rosie Porter, Tundra Drums  
Kuskokwim Resource:  
West Recorder: Wendy Cucullu, SBDC

# 8 ECONOMIC POLICY  
Moderator: Jack Jessee, COMRIM  
Yukon Resource: Stan Stedman, KEDD, Walter  
Rm. Nayokpuk  
Recorder: Lisa Short, C&ED

11:15 - 12:15 ISSUE SESSIONS

# 9 EDUCATION/TRAINING  
Moderator: Ernie Hall, Limited Editions  
Ballroom A Resource: Linda Van Ballenberg, DOE, Janet  
Nye, SBDC, Josie Roetto, JTPA  
Recorder: Chuck McGee, C&ED

# 10 PAYROLL COSTS/BENEFITS  
Moderator: Frank Thomas-Mears, MRM  
Kuskokwim Resource: Dick Ford, SBDC  
East Recorder: Joanne McDowell, SBDC

# 11 TAXATION  
Moderator: Ellen Greenberg, BBNA  
Kuskokwim Resource: Larry Meyers, Cooper's & Lybrand  
West Recorder: Wendy Cucullu, SBDC

5:45 - 6:00 Break  
Regional Caucuses

6:00 - 6:45 GENERAL SESSION  
Issue Sessions summaries  
Distribution of ballots (#1 ballot - yellow)  
for First Conference Vote to determine  
the top 50 recommendations  
Ballots must be turned in by 9:15 pm

Our thanks to Cooper's & Lybrand for their  
assistance with the vote count.

7:00 - 9:00 RECEPTION/BUFFET - Ballroom B  
Sponsored by: AK. State Chamber of Commerce  
ARCO ALASKA, Inc.

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Saturday, Sept. 30, 1989

7:00 Results of First Vote available

7:00 - 8:15 am - Meeting of Regional Delegation Chairs,  
Sheraton Bistro Restaurant

8:00 - 2:00 pm - Exhibits (Atrium)

8:00 - 8:30 am - Coffee/Tea/Muffins/Croissants/Fruit

8:30 - 9:00 am - GENERAL SESSION - Ballroom A  
Results of First Vote - Top 50

9:00 - 10:00 am - ISSUE SESSIONS

# 1 FINANCE  
Moderator: Jack Jessee, COMRIM  
Yukon Rm. Resource: Tom Broderon, SBDC, Ed Watkins,  
C&ED  
Recorder: Lisa Short, C&ED

# 2 PROCUREMENT  
Moderator: Dennis Hanoski, Marquis Furn.  
Kuskokwim East Resource: Ben Milem, SBDC, Wally Carlo,  
Doyan  
Recorder: Wendy Cucullu, SBDC

# 3 REGULATION/PAPERWORK  
Moderator: Ernie Hall  
Ballroom A Resource: Britt Lively, Mapmakers, Janet  
Nye, SBDC  
Recorder: Penny Graber, SBDC

**APPENDIX B**  
**RULES OF THE**  
**GOVERNOR'S CONFERENCE ON SMALL BUSINESS**

**I. Rules Committee**

**A. Objective.**

It is the objective of the Rules Committee to encourage maximum Delegate participation, discussion, and deliberation, within a procedural framework that guarantees fairness and equity to all Delegates.

**B. Membership.**

The Rules Committee will be composed of seven members. The Chair shall be a member of the Steering Committee. The Chair shall appoint six members consisting of one Delegate from each of the following areas:

Anchorage	Fairbanks
Southeast	Kenai/Mat-Su
Northwest/Arctic	Aleutian Chain

- C. The members of the Rules Committee shall interpret, and enforce the rules and procedures governing the Statewide Governor's Conference on Small Business. The Rules Committee will approve the Conference Calendar, the List and petitions. It will direct petitions to the appropriate Issue Sessions and oversee Delegate voting. Although the primary responsibility for certification of the Delegates lies with the Regional Chairs, a Credentials Subcommittee of the Rules Committee shall be appointed by the Rules Chair to resolve any certification disputes that cannot be resolved by the Regional Chairs. The Rules Committee will also establish the following subcommittees:**

Petitions Subcommittee  
Resolutions Subcommittee.

**D. Participation**

Each member of the Rules Committee may attend any Issue Session, and may be an active Issue Session participant. Members of the Rules Committee will receive official ballots for Conference voting and may vote. Members of the Steering Committee will be appointed by the Rules Committee Chair to act as assistant parliamentarians for the Rules Committee during the Issue Sessions and to provide such parliamentary assistance as may be needed.

**E. Organization.**

The Rules Committee shall elect a Vice Chair. The spokesperson for the committee shall be the Chair. The Rules Committee shall have the right to designate and appoint subcommittees other than those in C. to assure that the business of the committee is carried out. The members of such subcommittees shall be Delegates.

**II. Parliamentarian**

A conference Parliamentarian shall be appointed by the Chair of the Rules Committee to provide such parliamentary assistance as may be needed. If circumstances arise which are not covered by these rules, ROBERT'S RULES OF ORDER shall be in force.

# 12 GOVERNMENT COMPETITION WITH PRIVATE SECTOR  
Moderator: Britt Lively, Mapmakers  
Yukon Rm. Resource: Wally Carlo, Doyan, Jack Jessee,  
COMRIM Systems, Inc.  
Recorder: Lisa Short, C&ED

12:15 - 12:30 Break  
Brief Regional Caucuses

12:30 - 1:00 General Session - Ballroom A  
Brief Summary of Issue Sessions  
Final Vote (#2 ballot - green)  
on top 20 recommendations

1:00 - 3:00 Lunch - Ballroom B  
RESOLUTION SESSION - Frank Thomas-Mears  
Top 20 Announcement  
Conference Wrap-up

3:00 - 4:00 Steering Committee, Governor's Conference on  
Small Business, #315

### III. Issue Sessions

#### A. Purpose of the Issue Sessions shall be to:

1. Refine problems;
2. Prioritize problems to discuss; and
3. Discuss, debate and amend the recommendations.

#### B. Delegate Participation.

##### 1. Session Leadership.

Issue Sessions will be led by Moderators who have substantial expertise and experience in the relevant issue area. Each Moderator will be assisted by a Resource person or persons who have been active in their fields and have demonstrated expertise in a particular issue area, and by a Recorder.

##### 2. Attendance at Issue Sessions.

Delegates may attend any Issue Session of the State Conference. They shall enjoy free access in and out of any Issue Session.

##### 3. Speaking Rights.

Delegates will have equal right to express opinions or make recommendations in any issue Session. Only those individuals accredited as Delegates will be recognized to speak. Alternates or observers may be recognized by the Moderator to take part in the discussion at the request of a Delegate. In order to accommodate everyone, a Delegate's remarks in the Issue Sessions will be limited to three minutes. After a Delegate has spoken to a particular issue, the Moderator will call on all other Delegates who wish to speak on that topic before recognizing the same Delegate again. Any Delegate may offer an amendment to any recommendation as long as, in the judgement of the Moderator, it is timely and germane to the recommendation being discussed.

##### 4. Delegate Credentials.

All delegates will receive credentials upon registration at the Conference. Should a Delegate resign, his or her credentials may be transferred to an authorized Alternate as designated by the Regional Chair. After the Chair has certified the transfer with the Credentials Subcommittee of the Rules Committee, the Alternate will take a position as a Delegate for the remainder of the Conference. There will be no change in the registration fee. Any dispute regarding an individual's credentials will be resolved by the Regional Chair within his or her delegation. Should there be a dispute among the Regional delegation that cannot be resolved by the Chair, the Rules Committee shall resolve the dispute.

#### C. Amendments.

##### 1. Sponsorship.

Only Delegates may offer amendments to recommendations. Upon introduction of an amendment, the Delegate sponsoring the amendment shall deliver to the Rules Chair or their designee, a copy of said amendment.

##### 2. Forms.

Amendment forms are available by contacting the GCSB office. Blank amendment forms will also be available in each of the Issue Session areas during the Conference. Only the approved GCSB form will be accepted.

##### 3. Submission.

Amendments to the recommendations listed on the initial Issue/Recommendation List will be accepted prior to the State Conference and at the Issue Sessions taking place on September 29/30, 1989.

- D. Voting.  
Voting on amendments in Issue Sessions. Passage or failure of amendments to issues/recommendations under consideration in the various Issue Sessions shall be by simple majority vote of Delegates present.
- E. Issue/Recommendation List.  
The List is the comprehensive listing of all recommendations under active consideration. Any of these recommendations may be amended in the appropriate Issue Session of the Conference. Recommendations on the Initial List will be ordered by the Rules Committee within each of the 13 issue areas and will be presented on the List in alphabetical order by issue area.
- F. Petitions.
  - 1. Format.  
Recommendations not appearing on the initial List may be placed before the Conference in the form of petitions. Each petition must have at least twenty Delegate signatures with no more than five coming from one Region. A recommendation which the petition is intended to bring forward must be stated exactly as the sponsor wishes it to be considered. If more than one form is used to obtain the required signatures, the wording of the recommendation must be exactly the same on each form.
  - 2. Submission Date.  
All petitions must be submitted to the Rules Committee for validation under the criteria set forth in the Format section above, no later than 9:00 pm on Friday September 29, 1989. They may be submitted to the GCSB office any time prior to the aforementioned due date. Petitions turned into the GCSB office prior to the start of the Conference will be turned over to the Rules Committee for validation.
  - 3. Consideration of Petitions.  
Petitions validated by the Rules Committee will be added to the List and discussed in the appropriate Issue Sessions on Friday September 29, 1989. Each validated petition will be assigned to an Issue Session and given a number for consideration in Conference votes. Petitions may be amended.
  - 4. Definition of a Sponsor.  
For purposes of this section, sponsor is defined as the person whose name appears in the section of the GCSB petition which is labeled "circulated by". If a Region or other organization appears in the "circulated by" section, the chair of the Region shall be considered the sponsor of the petition.

#### IV. Conference Votes

- A. The Two (2) Conference Votes.  
Each Delegate may vote for up to 50 items at the first conference vote and up to 20 items on the second and final conference vote from the Issue/Recommendation List. The List is the comprehensive listing of all recommendations under active consideration. On Friday September 29, 1989, Delegates will receive an updated List that includes amendments adopted in the Friday Issue Sessions. The vote on Friday evening will reduce the list to the top 50 items. Results of the Friday vote will be made available early Saturday September 30. Saturday September 30, 1989, the second and final vote will then produce an overall ranking order list from all recommendations of the top 20. These shall constitute the Final Recommendations of the 1989 Governor's Conference on Small Business.
- B. Voting Procedures for Conference Votes.  
Votes will be cast by means of ballots. Vouchers for these ballots will be distributed to each Delegate at Registration and will not be replaced if lost or

stolen. Vouchers will be exchanged for a ballot at the time of voting. Voting times and locations will be announced in the Conference Agenda distributed at Registration.

#### V. Resolution Session: "Small Business Futures Session".

##### A. Purpose.

The Resolution Session will be devoted to areas of concern not specifically addressed by recommendations in the Issue Sessions. The session will be for discussion of issues such as, but not limited to:

1. Small business's place in the economy of the next decade;
2. Changes in the labor force which will affect small business;
3. Changes in technology which will affect small business; and
4. Determining the role of the private sector in strengthening small business and increasing public awareness of its contributions to our economy.

This session will not be for the purpose of further amendments to others. Thus, resolutions must not repeat recommendations discussed and voted on in the Issue Sessions. Resolutions must be submitted on prescribed forms.

##### B. Attendance at the Resolution Session.

The time of the Resolution Session will be announced on the Conference Agenda and will be open to any Delegate. Only Delegates may offer Resolutions or speak to Resolutions. Alternates and observers may attend.

##### C. Voting at the Resolution Session.

In order to hold a Resolution Session, at least 66 Delegates must be present. Voting will be after discussion on each Resolution. Delegates may vote on as many Resolutions as are presented. All Resolutions passed by this session will be forwarded to the Governor in the Final Report. In order to pass as a Conference Resolution, a Resolution must receive a minimum of two thirds (44) of the minimum of 66 Delegates present.

#### VI. General Sessions

##### A. Session Leadership.

Each General Session will be chaired by the GCSB Steering Committee Chair or their designee with the assistance of the Parliamentarian.

##### B. Purpose.

General Sessions will be scheduled for the purpose of presenting speakers to the Delegates as well as to make housekeeping and procedural announcements.

##### C. Attendance at General Sessions.

General Sessions are open to all Conference participants. Delegates will be seated by Regional delegations in designated sections of the floor. Observers, alternates and others will be seated in other designated areas.

#### VII. Definitions

A. Amendment: a proposal for addition or modification to an item on the Issue/Recommendation List.

B. Delegate: a person who is an owner, partner, corporate officer or employee of a for-profit small business with 100 or fewer permanent employees and that grosses less than \$10 million per year. There cannot be more than one person per business. Delegates must have been elected at a Regional Conference or appointed by the Steering Committee. Delegates shall be apportioned as follows:

Anchorage	36
Barrow	3
Bethel	3
Dillingham	3
Dutch Harbor	3
Fairbanks	15
Juneau	10
Kenai	7
Ketchikan	5
Kodiak	3
Kotzebue	3
Mat-Su	5
Nome	3
<u>TOTAL</u>	<u>99</u>

- C. Petition: a formal request, needing at least 20 Delegate signatures, asking that an additional recommendation be considered that is not on the Issue/Recommendation List.
- D. Recommendation: an issue area developed at a Regional Conference or by petition that identifies a problem area and suggests how it can be addressed by the private sector, regulatory or administrative changes or by legislation.
- E. Resolution: a formal proposal for consideration that concerns small business and that has not been considered in any Issue Session.

**APPENDIX C**  
**DELEGATES TO THE CONFERENCE**

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Marine Construction & Engineering  
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Ernst & Whinney  
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Anchorage, AK 99503  
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NPC Management Consultants  
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Chairman, Ketchikan Delegation  
Cheshire & Haeskyld  
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201 E Dimond  
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344-6690

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Cullinane Corp.  
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Juneau, AK 99801  
586-2323

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Davison & Davison  
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\* Served on the Rules Committee

## APPENDIX D

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Al Williams  
1577 C St. Plaza, Suite 200  
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---

**GOVERNOR'S CONFERENCE ON SMALL BUSINESS**

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**FINAL REPORT  
TO  
GOVERNOR STEVE COWPER**

**NOVEMBER, 1989**

## FINAL REPORT

This Document highlights the top twenty problem statements and recommendations on economic impediments commonly faced by Alaskan small businesses. It also gives a brief history of the Governor's Conference on Small Business, and outlines the process implemented by the Steering Committee on the Governor's Conference on Small Business to achieve its end results.

**FINAL REPORT**  
**GOVERNOR'S CONFERENCE**  
**ON**  
**SMALL BUSINESS**  
**NOVEMBER, 1989**

**STEERING COMMITTEE**  
**JACK JESSEE, CHAIRMAN**

IRENE ANDERSON, NOME  
BILL BLACHMAN, ANCHORAGE  
WALLY CARLO, FAIRBANKS  
VERN CRAIG, ANCHORAGE  
GEORGE EASLEY, ANCHORAGE  
ERNIE HALL, ANCHORAGE  
DENNIS HANOSKI, HOMER  
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GARY JENKINS, JUNEAU

BRITT LIVELY, PALMER  
WALTER NAYOKPUK, SHISHMAREF  
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DUTCH HARBOR  
FRAN TATE, BARROW

**STAFF**

VIRGINIA A. SAMSON, EXECUTIVE DIRECTOR  
CAROL WILSON, ASSISTANT DIRECTOR (MARCH 6-MAY 31, 1989)  
SYLVIA THOMAS, ASSISTANT (AUGUST 30-SEPTEMBER 15, 1989)  
EUGENIA POTYLICKI, ASSISTANT (SEPTEMBER 14-OCTOBER 6, 1989)

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THIS PROJECT IS FUNDED IN PART BY THE DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT, DIVISION OF BUSINESS DEVELOPMENT, THE DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS ON BEHALF OF THE STATE JOB TRAINING COORDINATING COUNCIL AND BY PRIVATE SECTOR DONATIONS.

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## INTRODUCTION

### BACKGROUND

In January, 1989, Governor Steve Cowper, in response to his campaign pledge and recommendations of Alaskan delegates to the 1986 White House Conference on Small Business, named a statewide task force of small business persons to plan and implement the Governor's Conference on Small Business.

This task force, known as the Steering Committee for the Governor's Conference on Small Business, generally utilized the format of the White House Conference on Small Business as its model.

To facilitate the Conference, the Steering Committee formed the Small Business Consortium, Inc. which had three purposes:

- 1) Spotlight the economic role of small business in Alaska;
- 2) Establish and maintain a channel of communication for small businesses to positively influence government to support small business issues; and
- 3) Network small business entrepreneurs throughout Alaska to promote opportunities for economic activities.

### PROCESS

The goal was to clearly define and seek solutions to the top twenty economic impediments faced by small business entrepreneurs in twelve broad categories<sup>1</sup>:

Economic Policy	International Trade
Education/Training	Payroll Costs/Benefits
Environment/Waste	Procurement
Finance	Regulation/Paperwork
Government Competition	Taxation
Insurance/Bonding	Transportation/Marketing

To accomplish this goal and to achieve a result which was fair, open and accurately reflected the voice of the small business person, the Steering Committee implemented the following multi-level process:

---

<sup>1</sup> At both the regional and statewide conferences, these twelve categories were used to organize separate issue sessions which were run by a moderator, resource person and session recorder.

- 1) It conducted a series of thirteen regional conferences to define the top twenty-four problems in each region of the state; this resulted in 297 problem statements statewide. The conference locations were:

Anchorage  
Dillingham  
Juneau  
Kodiak  
Nome

Barrow  
Dutch Harbor  
Kenai Peninsula  
Kotzebue

Bethel  
Fairbanks  
Ketchikan  
Mat-Su

- 2) It asked the participants from each region to elect delegates to represent their region at the state conference. The delegates had to qualify as a small business<sup>2</sup> and had to be certified by the Conference Rules committee. A total of 99 delegates were selected statewide.
- 3) The delegates were asked to meet with themselves and other small businesses in their communities to refine the problem statements they had identified and propose recommend solutions. These revisions were forwarded to the Conference office for compilation.
- 4) Through a process of combining similar issues, the Steering Committee compiled a Briefing Book of 156 problem statements and proposed recommendations which formed the basis of the statewide conference and distributed the Book to all delegates.
- 5) It conducted a statewide conference at which regional delegates a) debated, refined and revised each problem statement; b) prioritized the problem statements; c) debated, refined and revised proposed recommendations to each problem statement; and d) through a series of two general voting sessions arrived at the top twenty problem statements and recommendations for small businesses statewide.

At the end of the conference, the Steering Committee also conducted a resolution session to address issues which were not raised in the issue sessions.

---

2 A small business was defined as having 100 or fewer employees and \$10,000,000 or less in gross annual revenues; the delegate had to be an owner, officer, employee or partner of a qualifying small business.

**PUBLIC AND PRIVATE  
DONORS**

## DONORS

### PRIVATE SECTOR SPONSORS

Large and small businesses and organizations have joined together to sponsor the 1989 Governor's Conference on Small Business. We are pleased to present this list of sponsors and thank them for their support.

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National Bank of Alaska  
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Alaska Pulp Corp.  
MAPCO  
Ak. State Chamber  
Dawson Construction Comp.  
Ernst & Whinney  
Fireman's Fund Insurance  
Homer Electric Assoc.  
Alaska Window

### IN-KIND

Providing accounting services for the Conference were Alicia George and Richard Baker from the firm of Cooper's & Lybrand.

Assisting with legal needs were Tony Smith and John Steiner of Davis, Wright & Jones.

Tony Bloomfield of The Bloomfield Company donated a portion of the office rent.

Jack Jessee, Chairman of COMRIM, INC. donated xerox services, FAX, computer and some office furniture.

Planus owner Vern Craig donated the use of a computer and printer.

The Xerox Company, through Jackie Rosen, donated the use of a Xerox 1075 copier during the State Conference.

Bill Wood of Wood & Associates helped with training for moderators and resource people for both the Regional and State Conferences.

## PUBLIC SECTOR GRANTS

The Steering Committee of the Governor's Conference on Small Business has worked in a public/private partnership with the Department of Commerce & Economic Development to put on this conference. Our thanks to the Commissioner Larry Mercurieff, Assistant Commissioner Jane Angvik, Director of Business Development, Tom Lawson, and Development Officer Jim Wiedeman for their help and support.

The Department of Community and Regional Affairs Job Training Partnership Office has been supporting the promotion of small business interests in Alaska as a means of increasing job opportunities and training for economically disadvantaged people who are served under the federal Job Training Partnership Act (JTPA). The Steering Committee is pleased to thank Commissioner David Hoffman, Director of Rural Development Mike Harper, JTPA Program Coordinator William Mailer, the Alaska State Job Training Coordinating Council, and Rural Development Division Grants Administrator Jim Gurke for their support.

## LIST OF TOP 20 PROBLEMS GOVERNOR'S CONFERENCE ON SMALL BUSINESS

The top 20 small business priorities of the 1989 Governor's Conference on Small Business are:

- 1A. Alaska lacks a statewide long term economic development policy for human and natural resources.
- 1B. There is no safe way for many small businesses to dispose of waste products such as oil, hazardous wastes, and solid waste.
- 1C. Worker's compensation costs too much, is confusing, is difficult to obtain, has a classification system that is inaccurate and encourages lawsuits. This system also is also unfair to small businesses, which must compete with big businesses which can self-insure.
- 4A. Small businesses require better access to loans in the \$10,000 to \$100,000 range.
- 4B. Regulations are often difficult to read, hard to understand and contrary to legislative intent.
- 4C. Small businesses need better access to equity capital.
7. The increasing trend to mandate benefits, such as health insurance, increasing the minimum wage and parental leave, has a negative impact on small business.
8. Many public services could be provided better and less expensively by the private sector. Likewise, non-profits competing with small businesses is a problem.
9. There is a lack of networking between the education sector and the small business sector on such issues as what programs are needed.
10. The State does not have a transportation policy.
11. Small businesses can be put out of business by over-regulation.
12. There is inconsistency of bidding and contracting procedures between state-funded agencies.
13. The cost of health and other insurance/bonding is prohibitive for most small businesses.
14. The State does not have a central repository of business information, access to existing business information nor a mechanism to disseminate business information to small businesses.
15. Curriculum is lacking on basic skills and general business education in the schools.
16. There is an inadequate effort by the state to market both the natural and human resources of Alaska and to attract business to Alaska.
17. There is a lack of State government assistance to small businesses concerning international trade.
18. There are inadequate attractions, facilities and access to meet the demands of tourists in various regions of the state.
19. Small businesses have a hard time competing with wages and benefits offered by local and state governments.
20. The required use of Davis-Bacon wages causes conflicts and problems to small businesses.

**EXECUTIVE SUMMARY**

## EXECUTIVE SUMMARY OF TOP 20 PROBLEMS

(Note that the top 3 problems tied for first place and the the next 3 problems tied for fourth place.)

### 1A. PROBLEM: ECONOMIC POLICY

Alaska lacks a statewide long-term economic development policy for human and natural resources. (93 votes)

#### RECOMMENDATIONS

1. Establish a statewide economic development planning process involving public and private sectors.
2. Increase the budget for business development.
3. Draft a statewide fisheries economic policy.
4. Develop more infrastructure.
5. Increase local hire.
6. Emphasize renewable resource development.

### 1B. PROBLEM: ENVIRONMENT/WASTE

There is no safe way for many small businesses to dispose of waste products such as oil, hazardous wastes, and solid waste. (93 votes)

#### RECOMMENDATIONS

1. Construct environmentally safe hazardous waste treatment, disposal and recycling facilities in various regions of the state.
2. Develop lower liability insurance rates.
3. Develop better technology to deal with solid and hazardous wastes.
4. Educate small business owners about all aspects of hazardous wastes and their effect on business.
5. Assist with underground storage tank construction.
6. Develop a policy on recycling and waste reduction.
7. The state should protect public wells and water systems.

### 1C. PROBLEM: INSURANCE AND BONDING

Worker's compensation costs too much, is confusing, is difficult to obtain, has a classification system that is inaccurate, and encourages lawsuits. This system also unfairly causes small businesses to compete with big businesses who can self-insure. (93 votes)

#### RECOMMENDATIONS

1. Develop an insurance pool specifically for small businesses.
2. Assure a safe work environment for small business employees.
3. Develop appropriate job classifications.
4. Have reasonable rates.
5. Change the classification system.

#### **4A. PROBLEM: FINANCE**

Small businesses require better access to loans in the \$10,000 to \$100,000 range. (92 votes)

##### **RECOMMENDATIONS**

1. State guaranteed loan program should be simplified and require less paperwork.
2. Get financial information out to small business people.
3. Provide incentives to banks to make more loans in rural areas.
4. Change the Alaska Industrial & Export Authority to allow greater flexibility for smaller loans.

#### **4B. PROBLEM: REGULATION/PAPERWORK**

Regulations are often difficult to read and hard to understand and contrary to legislative intent. (92 votes)

##### **RECOMMENDATIONS**

1. A Constitutional amendment allowing the legislature to repeal regulations should be presented to the voters.
2. There should be a sunset date on regulations.
3. Establish a Regulatory Review Commission with small business people as members specifically to review regulations as to their impact on small business.
4. Issue regulations within 90 days of passage of new laws.
5. Simplify forms, combine like forms, etc.
6. Coordinate federal, state, and local agencies to decrease duplication of services.
7. Use common sense in regulations.
8. The Ombudsman's office should deal with regulatory problems of small business.
9. Provide a clearinghouse to eliminate duplication and simplify regulations.

#### **4C. PROBLEM: FINANCE**

Small businesses need better access to equity capital. (92 votes)

##### **RECOMMENDATIONS**

1. The State should encourage investments in Alaska using state funds and the Permanent Fund as incentives.
2. Support the Science & Technology Foundation.
3. The State should implement an investment network.

## **7. PROBLEM: PAYROLL COSTS/BENEFITS**

The increasing trend to mandate benefits, such as health insurance, increasing the minimum wage and parental leave, has a negative impact on small business. (91 votes)

### **RECOMMENDATIONS**

1. Discourage mandated benefits.
2. The State should increase the deductible for state employees health insurance.
3. The State should take an active role in coordinating a group insuring pool for health care for its citizens.

## **8. PROBLEM: GOVERNMENT COMPETITION WITH THE PRIVATE SECTOR**

Many public services could be provided better and less expensively by the private sector. Likewise, non-profits competing with small businesses is a problem. (89 votes)

### **RECOMMENDATIONS**

1. Establish a private/public commission (Mini-Grace Commission) to review and evaluate commercial enterprises operated and services provided by the state government.
2. Income producing enterprises such as utilities and corrections should be privatized.
3. Stop government contracts with non-profits where the service could be provided by a for-profit business.
4. Stop government services that could be provided by the private sector - the State should not act as a surrogate business.

## **9. PROBLEM: EDUCATION/TRAINING**

There is a lack of networking between the education sector and the small business sector as to what programs are needed, etc. (88 votes)

### **RECOMMENDATIONS**

1. Provide funding and/or tax credits for an apprentice training program.
2. The Job Training Partnership Act (JTPA) program should be expanded.

## **10. PROBLEM: TRANSPORTATION/MARKETING**

The state does not have a transportation policy. (87 votes)

### **RECOMMENDATIONS**

1. Develop a transportation policy that includes highways, ports, airports, barge service and rail.

2. Establish one commission each for the Department of Transportation and Public Facilities, the Alaska Marine Highway System, and airports similar to the Alaska Rail Road to set policy and long range goals.
3. Provide year-round marine highway service to coastal communities.
4. Encourage more airline competition.
5. Expand the infrastructure at airports and ports.
6. Expand the ground transportation system.
7. Develop deep water port facilities throughout coastal regions.

#### **11. PROBLEM: REGULATIONS/PAPERWORK**

Small businesses can be put out of business by over- regulation. Helping businesses overcome regulatory problems does not seem to be the government's attitude. There is also inconsistent application of regulations. (86 votes)

##### **RECOMMENDATIONS**

1. Regulators should attempt to help businesses resolve problems.
2. The Ombudsman's office should assist small businesses with regulatory problems.
3. There should be a fixed time for agencies to decide permits.
4. An appeal process for regulatory decisions is needed.
5. The Governor's office should have people with authority to assist small businesses in resolving problems with agencies over regulations.

#### **12. PROBLEM: PROCUREMENT**

There is inconsistency of bidding and contracting procedures between state-funded agencies. (84 votes)

##### **RECOMMENDATIONS**

1. Stop advertising for services and products out of state.
2. Charge a handling fee for all out-of-state bid packets.
3. The State should adopt uniform bidding and contracting procedures.

#### **13. PROBLEM: INSURANCE/BONDING**

The cost of health and other insurance/bonding is prohibitive for most small businesses. (79 votes)

##### **RECOMMENDATIONS**

1. Organize and set up pools for self-insurance.
2. Enact risk pooling legislation.
3. Explore measures to help reduce health cost- shifting created by uncompensated care.
4. Discourage mandated insurance/benefits coverage.
5. Tort reform where appropriate.
6. Increase bond requirements to \$50,000 for a general contractors license.

7. Eliminate any requirement for bonding where no reason for bonding exists.
8. Small state and local construction projects (less than \$100,000) should allow exemption of contract bonding requirements.
9. Streamline the bonding process to reduce time and cost to small business.
10. Divide large State-funded jobs into phases in order that more Alaskan businesses can qualify for bonding.

#### **14. PROBLEM: ECONOMIC POLICY**

The State does not have a central repository of business information, access to existing business information nor a mechanism to disseminate business information to small businesses. (77 votes)

##### **RECOMMENDATIONS**

1. Establish a data base on regional basis for use statewide.
2. The State should develop a system to disseminate information relevant to small businesses in a timely manner.

#### **15. PROBLEM: EDUCATION/TRAINING**

Curriculum on basic skills and general business education is lacking in the school systems. (75 votes)

##### **RECOMMENDATIONS**

1. Hold a statewide conference on the development of the workforce within the next year.
2. Need training for employees on how to be employees.
3. Offer entrepreneurship courses in the schools.

#### **16. PROBLEM: TRANSPORTATION/MARKETING**

There is an inadequate effort by the state to market both natural and human resources of Alaska and to attract business to Alaska. (73 votes)

##### **RECOMMENDATIONS**

1. Provide sufficient funding for the Department of Commerce & Economic Development to develop a marketing plan.
2. Encourage better southbound freight rates.
3. Mount a major marketing effort to overcome the negative impact of the Prince William Sound oil spill.
4. The State should have a central place to distribute marketing information.
5. The Governor should name a task force to evaluate the competence of existing agencies to do marketing.
6. The State should more aggressively educate small businesses about available programs.

7. Where appropriate, the State should spend state dollars with Alaska film companies and talent.
8. Seek repeal of Jones Act.

#### **17. PROBLEM: INTERNATIONAL TRADE**

There is a lack of state government assistance to small businesses concerning international trade. (71 votes)

##### **RECOMMENDATIONS**

1. Implement a foreign trade information system.
2. There should be a central place for information on importing and exporting.
3. Regional customs offices are needed.
4. Increase funding and personnel for the existing State office on international trade.
5. Distribute more information on European trade.
6. The State should encourage more export trade of natural resources.
7. The State should include the private sector more in the international trade development process.
8. The State and Congressional delegation should be more forceful in getting high seas piracy stopped.
9. Enforce 200 mile limit.
10. Develop foreign trade zones.

#### **18. PROBLEM: ECONOMIC POLICY**

There are inadequate attractions, facilities and access to meet the demands of tourists in various regions of the state. (66 votes)

##### **RECOMMENDATIONS**

1. Seek cooperative ventures between public and private sector for developments.
2. Market Alaska as a year round destination.
3. Increase the state tourism marketing budget.

#### **19. PROBLEM: PAYROLL COSTS/BENEFITS**

Small businesses have a hard time competing with wages and benefits offered by local and state governments. (65 votes)

##### **RECOMMENDATIONS**

1. Put wage/benefit increases out for public vote.
2. Allow comp time as substitute for overtime pay.

3. Lengthen vesting requirements for retirement and health benefits for state employees.
4. The State should raise its deductible on health coverage and reduce the level of health coverage.

## **20. PROBLEM: PAYROLL COSTS/BENEFITS**

The required use of Davis-Bacon wages causes conflicts and problems to small businesses. (64 votes)

### **RECOMMENDATIONS**

1. Employees should not be allowed to collect back wages when they knowingly accept less than the prevailing wage.
2. The State should add more crafts/job classifications to reflect actual work being performed.
3. The State should require uniform interpretation for Dept. of Labor rules to be the same in all regions of the state.
4. The Department of Labor should modify the current Davis-Bacon system and average the wages from all sources of employment to determine current prevailing wages.

**TOP 20  
PROBLEMS AND RECOMMENDATIONS**

## TOP 20 PROBLEMS AND RECOMMENDATIONS <sup>1,2</sup>

### 1A. PROBLEM: ECONOMIC POLICY

Alaska lacks a long term economic development policy for both human and natural resources.

#### RECOMMENDATIONS

1. The State should establish and implement a statewide economic development planning process involving both the public and private sectors that will develop central and regional economic development plans for the highest and best use of resources. This process should:
  - a. Ensure the sustained future economic welfare of the entire state;
  - b. Help keep Alaska's wealth in the state;
  - c. Be all-inclusive for development of renewable and non-renewable resources; and
  - d. Serve as a guide to the Administration and Legislature.

The economic development plans produced by this process should be, to the extent possible, brief action documents, flexible enough to respond to changing conditions and new administrations, involve industry groups that will be affected, have regional components prepared by Alaska Regional Development Organizations (ARDORs), and be done as soon as possible.

The lead agency for development of the plans should be the Division of Business Development, Department of Commerce and Economic Development, in conjunction with a statewide Economic Policy Task Force appointed by the Governor.

2. Elements of an Economic Development Policy
  - a. Fisheries policy that would support management of the fisheries resource for the Alaska people. The policy would include increased state funding for fisheries enforcement and management agencies in addition to the domestic observer programs. The policy needs to emphasize the needs of coastal communities for capital to build infrastructure, so that products can be processed on shore in Alaska. The state policy should include the quick processing (mandatory time limit) of the raw fish tax to allow communities to continue to develop their infrastructure which results in the growth of fisheries activities. To implement this policy, there needs to be a cabinet level fisheries person who would be responsible for coordinating all government agencies, individuals and foreign nations in fisheries activities as well as involving Alaskans in the planning process at all levels. This economic policy should look at fishing areas as permanent industrial bases that can be developed and managed. Further, the state needs to develop policy that protects fisheries from impacts of oil, gas and mineral development.

- b. Transportation policy that would enhance economic development through infrastructure such as ports, roads, airports, docks and free trade zones. The state also has a huge investment in the Alaska Marine Highway System (AMHS) which it needs to market and operate for maximum use. There should be a mechanism in the policy for the state to allow or encourage the privatization of some of the profitable runs in the AMHS.
- c. Resource development policy that does not give away the state's resources without receiving any revenue from them (the current exception: oil). Emphasis should be on renewable resource development as a priority. For example: development of a policy on tourism that focuses on infrastructural support which in turn encourages investment in tourism in rural Alaska, such as grants to communities for Visitor Information Centers that campaign in favor of local attractions.
- d. Human resources policy that places emphasis on local hire, especially in rural areas.

## 1B. PROBLEM: ENVIRONMENT/WASTE

There is no safe way to dispose of waste products (including, but not limited to hazardous wastes, oily wastes, solid wastes, and waste products off boats) in the State of Alaska. Proper statutes of limitation are not in place, and we are at the mercy of the Court System. Liability insurance costs discourage small businesses from getting involved in the hazardous waste disposal business.

### RECOMMENDATIONS

1.
  - a. Design and construct environmentally safe hazardous waste treatment, disposal and recycling facilities in various regions of the State.
  - b. Make it a policy that fishing vessels and processors and all other generators of large quantities of waste disposing of wastes in shoreside community landfills must certify (on approved Environmental Protection Agency (EPA) and/or Department of Environmental Conservation (DEC) approved containers prior to disposal; lack of certification as above may force denial of onshore landfill facilities, with subsequent penalties to be imposed on communities by the state or federal government.
2. Recommend that the state identify means to lower insurance rates because liability insurance costs discourage small businesses from getting involved with hazardous waste business.
3. The state and federal governments need to recognize and assume the responsibility for the disposal of solid and hazardous waste - this includes providing the facilities and the technology for dealing with solid and hazardous waste. For example, many small areas do not have adequate landfills to deal with waste products off boats as required by the Marpol Agreement.
4. The state needs to assist in the education of communities on various types of hazardous wastes, storage, and disposal such as outreach seminars, education for communities through training programs (CHME through the Alaska Health Project).

5. Support House Bill 220 which would:
  - a. Assist the owners of underground storage tanks to comply with Federal and State requirements governing their tanks.
  - b. Provide a means for owners of underground storage tanks to obtain affordable liability insurance which currently is not available to small businesses.
  - c. Provide funding to assist owners of leaking underground storage tanks with the cost of upgrading or replacing their tanks and the costs of cleaning up contamination related to their tanks.
6. a. The state should develop a recycling and waste reduction policy, economic incentives, financial assistance, and technical information, that will assist rural Alaska communities in disposing of wastes cost effectively.
  - b. Assist in funding transportation for recyclables.
  - c. Encourage businesses in a waste reduction program-Waste Reduction Assistance Program (WRAP).
7. Upon discovery of contaminants, the state shall take immediate steps to protect public wells and water systems at State expense.

#### 1C. PROBLEM: INSURANCE/BONDING

##### Worker's Compensation:

1. Costs too much.
2. Small businesses are unable to self-insure, therefore, are locked into classification rates.
3. Lacks employee responsibility for an accident and does not allow the employer a defense and involvement in the claim process.
4. Difficult for small businesses to obtain information on the operations of the worker's compensation system.
5. Current rate classifications systems are often inaccurate and inappropriately determined.
6. Worker's compensation does not adequately address needs of many Alaskan occupations, i.e. self-employed boat owners as well as crew members.
7. Worker's compensation insurance does not preclude law suits of parties other than the employer to supplement or substitute for the relief available under the Workman's Compensation System.

#### RECOMMENDATIONS

1. Develop an insurance pool. Name a task force of small business owners to advise boards and review the process of setting rates.
2. Take care of our own problems by providing a safe work environment. A merit system should be initiated for the employer and employee. The State Division of Insurance shall review high rates in all areas of insurance and recommend and implement changes.
3. a. Develop appropriate rating of all job classifications to allow for actual job performance while protecting insurance industry exposure to claims.
  - b. Increase funding for fraud investigations.
  - c. Require frequent and periodic medical reviews.

- d. Support tort reform.
  - e. Work to place disabled workers into vocational rehab programs at the earliest possible time. This may require increased funding to training programs.
  - f. Give incentives to industry for providing employee safety training; and
  - g. Increased training to prevent on the job injuries.
4. Develop workers' compensation rate system to more adequately classify workers' categories and review process to assure reasonable rates commensurate with risks and experience.
  5. Worker's Compensation Rate Classifications be clearly defined to represent the actual tasks performed and an appeal system be available to businesses. Total compensation for an on-the-job injury shall be limited to the amount established by the Workmen `s Compensation System for that injury regardless of the ultimate source of compensation.
  6. Reasonable coverage and rates need to be provided under Worker's Compensation. Coverage needs to be provided for work performed on or off the boat regardless of time frame, i.e. 24 hour fishing period and/or season.

#### 4A. PROBLEM: FINANCE

Small business requires better access to loans from \$10,000 to \$100,000.

#### RECOMMENDATIONS

1. The State guaranteed loan program should be simplified and have less costly documentation process.
2. The State needs to provide for the dissemination of information broadly throughout the state. This can be done through:
  - a. Local workshops, seminars;
  - b. Low cost computer networking;
  - c. Use of local facilities, schools, libraries, etc.;
  - d. PSA announcements;
  - e. Mailings etc. through business license mailing; and
  - f. Installing an 800 number.
3. The State should provide incentives to banks to make \$10,000 - \$100,000 loans to small businesses in rural communities.
4. Support House Bill 123 which would:
  - a. Increase the current AIDA loan guarantees to 80%;
  - b. Require AIDA to share in 80% of the collection and foreclosure expenses;
  - c. Let the banks control the collection and foreclosure status of the loans; and
  - d. Raise the current 2% level for delinquency so the local banks can participate in the loan program.

#### 4B. PROBLEM: REGULATIONS/PAPERWORK

Regulations, in general, are difficult to read and understand. Many times an agency implements regulations which are contrary to or fail to follow the apparent intent of the legislature. This often results in the formulation and establishment of regulations which respond to motivations and agendas contrary to or not in accordance to what the legislature had intended.

#### RECOMMENDATIONS

1. SJR3 proposes a constitutional amendment that would permit the legislature to repeal any regulations adopted by a state agency when the regulation does not reflect the intent of the law passed by the legislature. SJR3 should be brought out of committee and passed into law by the House, Senate and Governor before the end of the current session.
2. To ensure that all existing and new regulations will be scrutinized for their appropriateness and effectiveness, a sunset date of five to seven years should be applied to all regulations.
3. Establish a Regulatory Review Commission to review all existing regulations affecting small business in Alaska for appropriateness and effectiveness. The top 20 issues of this initial Governor's Conference on Small Business will provide the basis for the initial review process. This initial review process will complete its work by June 30, 1991, with the results presented to the second Governor's Conference on Small Business in September, 1991.
4. Regulations covering a new law should be issued within 90 days as some new laws are passed for a specific purpose and regulatory interpretation often impacts the small business for whom the law was passed.
5. Include in the regulatory review commission small business representatives composed of owners and representatives to:
  - a. Review existing rules, regulations and forms to suggest adaptations more appropriate to small businesses. Emphasis should be on simplification, combining related forms, simultaneous due dates, increased consistency between state and federal forms, and increased computer compatibility.
  - b. Each government agency must make a special effort to educate small business owners about existing state rules and regulations.
  - c. Mandate follow-up review of implemented rules by small business advisory group(s).
  - d. Interpretation of rules must be consistent where conditions are the same.
  - e. The number of regulations which must be followed in order to assure the communal health, safety, and welfare should be kept to an absolute minimum.
  - f. The legislature should, when drafting laws, determine the effect of the proposed law on small businesses; and
  - g. All agencies must, when promulgating regulations, review them for conflicts with other agency regulations prior to adoption. Regulations must also be reviewed in light of their effect on small business.

6.
  - a. Provide a clearinghouse/marketing center for small businesses.
  - b. Coordinate federal, state, regional and municipal agency service to eliminate undue duplication of services.
  - c. Simplify regulation and application procedures by streamlining operation and agency mandates.
7. Agencies and legislators need to use common sense in their approach to regulations.
8. A person will be assigned to each ombudsman's office to deal with regulatory concerns of small business and will only be assigned to tasks addressing small business concerns.
9.
  - a. Provide a clearinghouse/marketing center for small businesses.
  - b. Coordinate federal, state, regional and municipal agency service to eliminate undue duplication of services.
  - c. Simplify regulation and application procedures by streamlining operation and agency mandates.

#### **4C. PROBLEM: FINANCE**

Small businesses need better access to equity capital.

##### **RECOMMENDATIONS**

1. The state should try to maximize their contacts to influence and encourage investments in Alaska using state funds and Permanent Fund Investments as leverage.
2. The state should support the role of the Alaska Science & Technology Foundation in providing seed capital for economic development.
3. Use of Uniform Limited Offering Registration (U.L.) similar to Washington State.
4. The state should implement an investment network such as Washington State's investment network (WIN) to match businesses in need of capital with investors.

#### **7. PROBLEM: PAYROLL COSTS/BENEFITS**

There is an increasing trend in Congress and legislature to mandate benefits that will adversely affect small businesses. Small businesses will have a problem if the following occur:

1. Mandatory health insurance.
2. Increasing minimum wage.
3. Parental (men and women) leave and continuing medical benefits with extended leave/leave without pay benefits.

##### **RECOMMENDATIONS**

1. Impress on legislators that mandated benefits and insurance must be discouraged. The two types of mandated benefits involved are as follows:

- a. Those that require all employers to provide a certain level of benefits such as health insurance.
  - b. Those that require all employers to provide certain benefits such as health insurance (i.e. maternity, psychological health benefits, etc.)
2. The state needs to raise its deductible on health coverage and require employees to bear a portion of the cost of dependent coverage. The state needs to take an active role as coordinator in forming a group insuring pool for health care for its citizens.
  3. Mandated benefits must be discouraged. A 20% to 30% rate increase for health insurance in one year simply is prohibitive. Many small business employers would be put out of business if required to carry health insurance. Both are harmful to small business.

The first type is harmful to small business because of the onerous expense it creates for the employer with no lower cost alternatives. For example, in many cases employers would not be able to continue in business if required to provide health insurance for all of their employees. This is especially true for start-up businesses and business hit hard by economic difficulties.

The second type of mandated insurance coverage adds significantly to the cost of insurance. This in turn forces employers to drop coverage because the mandated coverage is so expensive, even though they may be willing and able to provide less comprehensive coverage.

Legislators and the administration should instead be encouraged to enact legislation which would help reduce the cost of benefits; which would encourage more employers to cover their employees. For example, measures should be explored which will help reduce health care costs shifting created by uncompensated care.

## **8. PROBLEM: GOVERNMENT COMPETITION WITH THE PRIVATE SECTOR**

There are many public services that could be provided better and less expensively by the private sector. State financed non-profits compete with for-profit businesses on state, local, private and federal contracts. Also, non-profit organizations compete with private small business to provide services and goods.

### **RECOMMENDATIONS**

1. Establish a private/public commission (Mini-Grace Commission) to review and evaluate commercial enterprises operated and services provided by the state government. This commission would then mandate the state to make public the cost of these various projects to see if the private sector can do them more economically by contracts with small business firms.

This commission should consist of at least 12 members with 6 representatives from the small business sector and 3 representatives from the financial community. It is recommended these 9 be appointed to the commission by the Governor from a list of representatives prepared by the delegates to the Governor's Conference on Small Business. The other 3 representatives

would be appointed by the Governor from various branches of the state government.

As the individual projects are studied, evaluated and selected as candidates for a cost comparison study, the approved projects would then be put out for competitive bidding by small business firms, with the state also submitting a sealed bid. The bids would be opened at a public bid opening and the low bidder, be it the state or a small business firm, being awarded the contract to provide the service. If the state is the low bidder, the service would continue to be performed by the state. Otherwise, it would be awarded to the small business firm. The specific details in implementing this procedure would be worked out within state guidelines and coordinated with the appointed representatives on the established commission.

This commission is a very fair and impartial means of reducing state in-house costs and letting private firms prove they can perform a service more efficiently than the state.

2. Privatization of potential income producing enterprises or portions thereof owned by State and local governments should be considered. Examples which should be considered are utilities, agriculture, housing, finance, transportation, printing, publishing, maintenance, human resource development training/and management, recreation, health care, mental health care, tourism, corrections, and real estate.
3. Federal and state governments should stop the practice of giving grants to non-profits rather than contract with existing businesses who can provide the same services.
4. Reinforce the need for the Federal Government to avoid issuance of grants that compete with private enterprises.
5. a. Recognize that geographic isolation and historically small private sector have created a situation in which state and local governments provide some services more typically filled by private businesses (e.g. document copying, FAX transmission, engine and machine repairs, etc.) We must adhere to the principle that state or local governments and agencies that derive their funding from such governments are put in place to provide necessary public services and not to act as surrogate businesses.  
b. Limit and/or restrict government agencies from competing with small business, with oversight to be provided by a small business advocacy commission whose charge would be to:
  - (1) Prohibit unfair competition in which non-profit, tax-exempt organizations use their tax-exempt status and other advantages in selling products and services also offered by small business;
  - (2) Draft legislation to Congress forbidding direct competition by public agencies or public-funded agencies in providing unrelated services;
  - (3) Draft legislation with similar provisions in a state income tax bill;
  - (4) Review the nature and scope of commercial activities by public agencies and non-profit entities and determine the impact of these on small businesses in the state; and
  - (5) Draft regulations for the IRS with greater specificity.

- c. Definitively state in statutes that non-profit agencies providing services not directly related to their main purpose and which are identified as being in direct competition with an existing business or hindering the establishment of a new profit-making business, must either cease providing that particular service to the public or must pay taxes on those services as "unrelated profit-making ventures."
6. The state should stop competing and contract to private labs with the state being more aware of private services that are available and not duplicate.

## 9. PROBLEM: EDUCATION/TRAINING

There is a lack of networking between the education sector and the small business sector as to what programs are needed, the ability of businesses to train employees or have apprentice programs.

### RECOMMENDATIONS

1. Provide funding and/or tax credits for an apprentice training program to assist small business to develop an effective and more productive work force.
2. The State Board of Education and State Vocational Education Board should be separated into two boards to better service Alaskan students.
3. The state funded SB191 program similar to the "Job Training Partnership Act" (JTPA) should be expanded with an emphasis on the private sector designing and delivering the training through the RFPO process.

## 10. PROBLEM: TRANSPORTATION/MARKETING

The state does not have a transportation policy.

### RECOMMENDATIONS

1. a. Develop a transportation policy that includes highways, ports, airports, barge service and the railroad; and  
b. Establish one commission each for DOT, Alaska Marine Highway System, and airports similar to the Alaska Railroad to set policy and long range goals. Each should have their own budget with income generated remaining in the department directly related - i.e. gas tax to DOT, airport fee to airports, etc.
2. The Alaska Marine Highway System serves as a vital link to the continental surface transportation network:
  - a. Provide year-round marine highway service to Kodiak, Prince William Sound, Dutch Harbor and all other coastal communities presently served in Southwest Alaska, without lapse.
  - b. The Alaska Marine Highway System should request proposals for emergency replacement vessels immediately upon scheduling of refurbishment.
  - c. Extend the AMHS to include service to Western Alaska.

- d. Transfer terminal operation leases and port powers to local government.
  - e. Seek repeal of the Jones Act.
3. Construct a direct transportation link between Nome and Fairbanks. Develop year-round barge service among Anchorage, Kenai Peninsula and Dutch Harbor.
  4. Airline competition to Southeast Alaska, specifically a Juneau/Vancouver link, opens the Vancouver market to all of Alaska and similar increased competition and service in rural Alaska.
  5. Local communities should work with state to develop infrastructure at airports, terminals, parking, cargo and cold storage facilities so that they can sell space with guaranteed availability.
  6. Expand and improve the ground transportation system to provide better access and resource development.
  7. Promote deep water port facilities throughout all coastal regions for expanded tourism, employment and resource development.

#### **11. PROBLEM: REGULATIONS/PAPERWORK**

Field regulators or low level personnel have the power to put constraints on permits or even put you out of business by over-regulation. Their attitude is not to help you solve problems but to create them. Regulators have too much control over businesses with regulations. They can tell you what you can and cannot do with your own business. There is too much "government regulation." There are often differences between regulations in various agencies in applying their regulations to the same situation.

#### **RECOMMENDATIONS**

1. Regulators should attempt to help businesses resolve problems. Their enforcement activities should be restricted to taking actions on those items specifically prohibited or restricted by a current valid regulation.
2. A person will be assigned to each ombudsman office to deal with regulatory concerns of small businesses and will only be assigned to tasks addressing small business concerns.
3. Each application for permit, regulatory decision or appeal should have a reasonable fixed time for completion by the agency.
4. An appeal process should be established for regulatory decisions. The body hearing the appeal should not be made up of only the regulators.
5. The governor should appoint staff in his office with the authority to facilitate and resolve any discrepancies or differences in the application of different regulations to a specific situation.

## 12. PROBLEM: PROCUREMENT

There is inconsistency of bidding and contracting procedures between state-funded agencies, for example, Legislative Affairs, Alaska Housing Finance Corporation, Alaska Energy Authority, line agencies, University of Alaska, school districts.

### RECOMMENDATIONS

1. All state funded agencies charge a handling fee to out-of-state bidders requesting bid packets.
2. All state funded agencies stop advertising outside Alaska--local (in Alaska) advertising only.
3. Bid prices must be FOB destination to show full price of item with shipping costs.

Concern was expressed about the State procurement procedures often having the state taking delivery of goods in an area convenient for out-of-state vendors, for example, a Seattle warehouse, even though the final destination is in Alaska. This procedure works to the benefit of out-of-state vendors since they can make local deliveries very easily. In-state vendors have no opportunity to use their expertise in expediting the goods to Alaska destinations.

If the cost of getting the goods to final destination were included in the bid prices, then in-state vendors could be more competitive. The state would also save money since the freight cost would be part of the competitive bids.

4. The state should adopt consistent bidding and contracting procedures for all state funded agencies.

## 13. PROBLEM: INSURANCE/BONDING

The cost of health and other insurance and bonding is prohibitive for most small businesses. At the same time, the level of health care coverage provided by the state sets an unrealistic expectation for the work force and causes a high level of turnover for small businesses.

### RECOMMENDATIONS

1. Organize and set up pools for self-insurance.
2. Risk pooling legislation should be encouraged.
3. Measures should be explored which help reduce health cost-shifting created by uncompensated care.
4. Mandated insurance benefits/coverage must be discouraged.
5. Tort reform should be encouraged where appropriate to help lower costs.
6. Increase bond requirements to \$50,000 for a general contractors license.

7. Require the principal(s) of a company to pass a written competency test to obtain a general contractors license.
8. Eliminate the requirement for bonding where no reason for bonding exists.
9. Small state and local construction projects (less than \$100,000) should allow exemption of contract bonding requirements.
10. Streamline the bonding process to reduce time and cost to small business.
11. Divide large state funded jobs into phases in order that more Alaskan businesses may qualify for bonding.

#### **14. PROBLEM: ECONOMIC POLICY**

The State of Alaska does not have a central repository of business information, access to existing business information nor a mechanism to disseminate business information to small businesses. The lack of information and business data on finance, marketing, international trade and other business topic hampers small business development and success.

##### **RECOMMENDATIONS**

1. Establish a data base on regional basis for use statewide.
2. The state must make a concerted effort to information relevant to small businesses. Suggestions include mailings enclosed with business renewals licenses, worker's compensation forms, PSA's, etc.

#### **15. PROBLEM: EDUCATION/TRAINING**

Curriculum is lacking on basic skills and general business education. Employees do not always know how to be good employees. They lack good work habits like getting to work on time, writing, math skills, etc. There is not always a positive and productive employer/employee relationship. There is a lack of entrepreneurial education in the schools. Young people are not understanding business and self-employment.

##### **RECOMMENDATIONS**

1. A statewide conference entitled "The Development of Alaska's Workforce - A Course of Action" should be undertaken within the coming year (before November 30, 1990). The conference should address:
  - a. School curriculum, offerings and expectations for our young people;
  - b. Professional training, in-service training and qualifications of our educators;
  - c. Network public institutional and private educators (trainers, consultants, private training organizations and professional organizations) to address human resource development on a macro-level. Address the need to educate, prepare, train, develop and support the need for improved human resource development in Alaska;
  - d. The role of business in education;

- e. Training and development of Alaska's workforce by non-public institutions, resources, consultants and trainers. Regulatory guidelines, fiscal responsibility and institutional needs, among many other topics to be addressed;
  - f. The training and development of entrepreneurs in Alaska; and
  - g. Distance delivery of business education, economic development, plus knowledge about Alaska's diverse economic conditions, role in the economy of the US, Pacific Rim, and the international trade scene.
2. Training programs must be developed for the following:
    - a. For employees on how to be employees;
    - b. For employers on how to build a positive and productive employee/ employer relationship; and
    - c. Continuous skill training and human development.
  3. Entrepreneurship and small business development courses should be offered in schools. These should include implementing model curriculum and school-based enterprises and include appropriate in-service education.
  4. Information on existing programs should be more accessible.

**16. PROBLEM: TRANSPORTATION/MARKETING**

There is an inadequate effort by the State to market both the natural and human resources of Alaska and to attract business to Alaska.

**RECOMMENDATIONS**

1. Need sufficient funding for the Department of Commerce and Economic Development to develop a marketing plan designed to market both natural and human resources in Alaska.
2. Need to develop favorable southbound freight rates between Anchorage and the Seattle area to help market Alaska goods.
3. Recommend aquaculture/mariculture be allowed in Alaska.
4. To market Alaska as a tourism destination to overcome the negative impact of the oil spill:
  - a. Market the strengths of the affected and unaffected areas;
  - b. Accommodations for tourists and prevent loss of visitors (whose spaces were taken by clean-up crews);
  - c. Return rental, gas, and grocery prices back to "normal" (pre-oil spill);
  - d. Periodic inspections of impacted areas;
  - e. Promote awareness through litter clean-up;
  - f. Correspond with news media from affected areas.
5. The state needs to have a central position to distribute information to small businesses.

6. a. Involve people with knowledge in a specific regional market; and  
b. "Buy Alaska" and "Alaska Grown" are good examples of good marketing.
7. a. Make sorted labels available to everyone;  
b. The brochure rack at the Anchorage airport should be available to everyone, not just Anchorage Visitor and Convention Board members; and  
c. Name a task force to evaluate the competence of existing agencies and to look at combining services pertaining to small businesses to assist with finance and marketing.
8. The state needs to educate small business about programs that are available.
9. State dollars are being spent in the Lower 48, not in Alaska with Alaskan film companies and Alaskan talent.
10. Once marketing has attracted a company to Alaska business plan review by regulatory agencies must be faster so the project can start in a timely manner.
11. Seek repeal of the Jones Act to facilitate development and transportation from foreign ports utilizing foreign bottoms.

#### 17. PROBLEM: INTERNATIONAL TRADE

There is a lack of State government assistance in support of aggressively promoting awareness, marketing, and facilitating international trade. Information is not being disseminated in a timely and useful manner. Small businesses are not being made aware of the sources and types of assistance available from both State and Federal agencies. Small business is not involved in the planning and implementation of foreign trade missions. The activities and destinations of foreign vessels within the 200 mile zone are not being monitored and made available to small business. The infrastructure necessary to engage in foreign trade is not being developed.

#### RECOMMENDATIONS

1. Implement foreign trade information system as developed by Washington State.
2. The central places in state government (Anchorage and elsewhere in Alaska) where small businesses can get information on import/export needs to be more aggressively advertised.
3. Promote a state-wide regional customs office to provide better training opportunities for resources and services.
4. The existing State Office of International Trade needs more funding for overseas offices and personnel.
5. The State Trade Office needs to develop more information on European trade.

6. The state should encourage export trading of natural resources that have no value added. The state should encourage imports from Europe and Asia to our trade zones for value added assembly and manufacture of products destined for us consumers.
7. The state must include the private sector in the international trade development process.
8. a. The Governor, Legislature and Alaska Congressional delegation must be more forceful about getting high seas fish interception piracy stopped; and  
b. Funding for enforcement must be increased.
9. The 200 mile limit should be more forcefully monitored by the Coast Guard, including advising port of call of each ship and to which country and port it will return.
10. Use Alaskan cities as receiving, storage and transport areas for goods. Develop foreign trade zones.

#### 18. PROBLEM: ECONOMIC POLICY

Attractions, facilities and access are inadequate to meet the demands of tourists to various regions of our State. In addition, there is a lack of marketing to attract visitors to these regions as destinations.

#### RECOMMENDATIONS

1. The State should provide additional:
  - a. turnouts, camping areas;
  - b. restrooms, reststops;
  - c. historic markers;
  - d. access to rivers, lakes and other attractions;
  - e. accessibility for the physically handicapped; and
  - f. land available for private development of tourist accommodations.
2. Seek cooperative ventures between the public and private sectors to develop and improve tourism opportunities in the various regions of Alaska and market them.
3. Market Alaska as a year round destination with increased emphasis on shoulder and winter seasons.
4. Alaska needs an increase in the state tourism marketing budget, implemented by Alaskan advertising and marketing agencies.

#### 19. PROBLEM: PAYROLL/BENEFITS

Small businesses have a hard time competing with wages and benefits offered by local and state governments and agencies funded by those governments, such as school districts and grant recipient agencies. This makes it difficult to get and keep good employees.

## RECOMMENDATIONS

1. a. Policy setting bodies need to be educated with "hard-number" charts and valid examples of employees and their training lost to public sector jobs; and
  - b. State and local wage negotiators must put any wage/benefit increase for state employees to voter approval.
  - c. Comp time should be allowed as a substitute for overtime pay for small business.
  - d. State employees should be paid wages and benefits based upon the prevailing wages and benefits in the local area to private sector employees doing similar work.
2. Lengthen the vesting requirements for retirement and health benefits for state employees.
  3. State needs to raise its deductible on health coverage and reduce its level of health coverage.

## 20. PROBLEM: PAYROLL COSTS/BENEFITS

The required use of Davis-Bacon (Title 36) wages cause a conflict between employees paid D-B wages and employees who are not and do not reflect the reality of wages paid at the private, state and federal levels at the same job classifications. These wages make it impossible for small businesses to hold employees.

## RECOMMENDATIONS

1. Employees knowingly accepting less than the prevailing wage should not be allowed to collect back wages, and all certified payroll should include employee's signature on the first payroll that they in fact, are receiving wages as stated;
2. The State of Alaska should add more crafts/job classification to reflect actual work being performed;
3. The State of Alaska should require uniform interpretation for Department of Labor rules to be the same in all regions of the state; and
4. The Department of Labor should modify the current Davis-Bacon system and average wages from all sources of employment to determine current prevailing wages.

- 
1. It should be noted that some of these problems might have previously been addressed by either the administration or legislature. But they were voted in the top 20 because Delegates felt that the previous whole or partial solution did not fully address or solve the problem.
  2. Text in parentheses after a problem or recommendation is added for clarification of intent.

**RESOLUTIONS**

## **RESOLUTIONS**

### **PASSED BY DELEGATES TO THE GOVERNOR'S CONFERENCE ON SMALL BUSINESS SEPTEMBER 30, 1989**

#### **RESOLUTION 89-1**

WHEREAS, All Alaskans wish to see stable and continued growth in the Alaska economy rather than the Boom and Bust cycles of the past, and because we believe in the future of Alaska, and because we feel the government and the private sector should work in harmony,

THEREFORE, The Delegates of the 1989 Governor's Conference on Small Business desire that this Conference be held on a continuing basis every two years to promote the economic growth of Small Business in the State of Alaska; and ask for legislation to authorize funds to continue this conference.

#### **RESOLUTION 89-2**

WHEREAS, Without follow-through, the Governor's Conference on Small Business will essentially have been in vain,

THEREFORE, The Fairbanks Delegation requests the formation of an ongoing organization to implement the final recommendations of the Governor's Conference on Small Business.

#### **RESOLUTION 89-3**

WHEREAS, The small business community from all regions of the State of Alaska have dedicated much time and effort to resolve problems facing small business,

THEREFORE, We propose that the Governor appoint a cabinet level task force to implement and carry forth the final recommendations from the Governor's Conference on Small Business.

#### **RESOLUTION 89-4**

WHEREAS, A continuing organization is necessary to ensure implementation of the Governors Conference on Small Business agenda,

THEREFORE, Be it resolved, that the delegates establish an association and each Delegation shall comprise a chapter of the association and Chapter chairs comprise the statewide Board of Directors. Present Steering Committee members shall automatically become members of their regional chapter. Chairs shall be the liaison to the Administration and the Legislature, and with the small business and other organizations in the region. The name of the Association shall be the ALASKA SMALL BUSINESS CONFERENCE.

**RESOLUTION 89-5**

WHEREAS, Small business needs a strong consistent policy voice in this administration, and

WHEREAS, The conference has made it clear that many programs desired by small businesses are already in existence, but have not been communicated to the public, and

WHEREAS, There has been no Director of the Division of Business Development for over 11 months,

THEREFORE, Be it resolved, that the Governor appoint a small business person to be Director of the Division of Business Development by November 1, 1989.

**RESOLUTION 89-6**

WHEREAS, Small businesses have unique public policy considerations which are not adequately addressed at present,

THEREFORE, Be it resolved that the Governor's Conference on Small Business ask the Legislature to adopt a resolution expressing its intent that all relevant boards and commissions contain at least one small business person, and that the Governor appoint a small business advisory commission for the Division of Business Development.

**RESOLUTION 89-7**

WHEREAS, The Administrative staff, Steering Committee, and Volunteers have worked hard to produce the Governor's Conference on Small Business and have produced a successful conference,

THEREFORE, Be it resolved that the Delegates express their appreciation to the staff, Steering Committee and assistants of the Governor's Conference on Small Business, with particular thanks to the Executive Director.

**RESOLUTION 89-8**

WHEREAS, The March 24, 1989, Exxon Valdez oil spill in Prince William Sound has been described as the largest man made disaster since Hiroshima, and

WHEREAS, The entire State of Alaska has been adversely affected by the oil spill, and

WHEREAS, Alaskan coastal communities have suffered ecological, social, and economical losses due to the Exxon oil spill, and

WHEREAS, Coastal municipalities absorbed a tremendous financial responsibility due to the lack of fund availability, and

WHEREAS, The State of Alaska needs to be able to respond immediately to containment and defense of such spills, and

WHEREAS, The local municipalities are the ones closest to the problems and are the best able to deal with the issues resulting from spills of oil and other hazardous wastes,

THEREFORE, Be it resolved that the Governor's Conference on Small Business support the passage of legislation that would provide funding for any oil or hazardous waste spill, in the form of a contingency fund, which would allow local municipalities to have the immediate ability to defend and clean up any future spills if they occur.

#### **RESOLUTION 89-9**

WHEREAS, Small business persons throughout the State have dedicated their time and efforts to identify, prioritize, and propose solutions to problems experienced by small businesses, and

WHEREAS, The only reward for time and efforts spent will be for the betterment of small business and government relations throughout the State of Alaska, and

WHEREAS, Legislative consideration and action is necessary for this betterment,

THEREFORE, We request that the administration make administrative bills in 1990, and if not passed in 1990 to encourage legislative consideration beyond the current administration term.

APPENDICES

## APPENDIX A

### AGENDA

Thursday, Sept. 28, 1989

- 3:00 pm and on - Check-in to Sheraton Hotel
  - 4:00 - 5:00 pm - Training session for Moderators, Resource People #308
  - 5:00 - 6:00 pm - Executive Committee, Governor's Conference on Small Business, #308
  - 5:00 - 7:00 pm - Pre-registration - Hospitality Suite #315  
Regional Caucuses #308, #311
  - 7:00 - 7:30 pm - Rules Committee #311
  - 7:00 - 9:00 pm - Informal Reception for Delegates #303  
Ham & Cheese Croissants, Veggies, Cheese  
No-Host Bar
- 

Friday, Sept. 29, 1989

- 8:00 - 9:00 pm - Exhibits (Atrium)
- 8:00 - 8:30 am - Registration (will continue until 10)  
Coffee/Tea/Muffins/Croissants/Fruit
- 8:30 - 9:30 am - General session - Ballroom A  
Welcome: Jack Jessee, Chairman, Steering  
Committee, Governor's Conference  
on Small Business  
Welcome to Anchorage: Mayor Tom Fink  
Remarks: Larry Mercurieff, Commissioner,  
Dept. of Commerce & Economic  
Development  
  
Keynote Address: Honorable Steve Cowper,  
Governor, State of Alaska  
Goals/Process: Rosie Porter, Steering  
Committee
- 9:30 - 9:45 am - Break  
Coffee/Tea  
Brief Regional Caucuses

9:45 - 11:45 am - ISSUE SESSIONS

- # 1 FINANCE  
Moderator: Jack Jessee, Chairman, COMRIM  
Yukon Rm. Resource: Tom Broderson, SBDC, Ed Watkins,  
Div. of Banking, C&ED, David  
Dougherty, Wash. Bus. Ctr.  
Recorder: Lisa Short, C&ED
- # 2 PROCUREMENT  
Moderator: Dennis Hanoski, Marquis Furn.  
#308 Resource: Ben Milem, SBDC, Wally Carlo,  
Doyan Native Corp.  
Recorder: Wendy Cucullu, SBDC
- # 3 REGULATIONS/PAPERWORK  
Moderator: Ernie Hall, Limited Editions  
Ballroom A Resource: Britt Lively, Mapmakers, Janet  
Nye, SBDC  
Recorder: Penny Graber, SBDC
- # 4 ENVIRONMENT/WASTE  
Moderator: Frank Thomas-Mears, MRM  
#311 Resource: Irene Anderson, Sitnasuak, Russ  
McCurdy, SBA, Seattle  
Recorder: Heather McQueen, SBDC

11:45 - 12:00 - Break

12:00 - 1:00 - Luncheon - Ballroom A

Welcome: Jack Jessee, Chairman  
Remarks: Russ McCurdy, SBA Regional Advocate  
Speaker: David Dougherty, Director  
Washington Business Assistance  
Center, Olympia, Wash.  
"How Can the State Make Small  
Businesses Stronger - How can  
Small Businesses Make the State  
Stronger?"

1:00 - 1:15 - Break  
Brief Regional Caucuses

1:15 - 3:15 - ISSUE SESSIONS

- # 5 INTERNATIONAL TRADE  
Moderator: Irene Anderson, Sitnasuak  
#308 Resource: Gary Jenkins, Jenkins Ent., Earl  
Romans, Alaskan Battery  
Recorder: Chuck McGee, C&ED

- # 6 INSURANCE/BONDING  
 Moderator: Vern Craig, Northland Systems  
 Ballroom A Resource: Earlene Caress, S&S Welding, Jim  
 Jordan, Div. of Insurance, C&ED  
 Recorder: Frank Thomas-Mears, MRM
- # 7 TRANSPORTATION/MARKETING  
 Moderator: Rosie Porter, Tundra Drums  
 #311 Resource:  
 Recorder: Wendy Cucullu, SBDC
- # 8 ECONOMIC POLICY  
 Moderator: Jack Jessee, COMRIM  
 Yukon Rm. Resource: Stan Steadman, KEDD, Walter  
 Nayokpuk  
 Recorder: Lisa Short, C&ED
- 3:15 - 3:45 Break  
 Coffee/Tea/Iced Tea/Soft Drinks/Chocolate  
 Chip Cookies  
 Brief Regional Caucuses
- 3:45 - 5:45 ISSUE SESSIONS
- # 9 EDUCATION/TRAINING  
 Moderator: Ernie Hall, Limited Editions  
 Ballroom A Resource: Linda Van Ballenberg, Office of  
 Adult & Vocational Education, DOE, Janet  
 Nye, State Director, SBDC, Josie Roetto,  
 JTPA, C&RA  
 Recorder: Chuck McGee, C&ED
- # 10 PAYROLL COSTS/BENEFITS  
 Moderator: Frank Thomas-Mears, MRM  
 #308 Resource: Dick Ford, SBDC  
 Recorder: Joanne McDowell, SBDC
- # 11 TAXATION  
 Moderator: Ellen Greenberg, BBNA  
 #311 Resource: Larry Meyers, Cooper's & Lybrand  
 Recorder: Wendy Cucullu, SBDC
- # 12 GOVERNMENT COMPETITION WITH PRIVATE SECTOR  
 Moderator: Britt Lively, Mapmakers  
 Yukon Rm. Resource: Wally Carlo, Doyan, Jack Jessee,  
 COMRIM Systems, Inc.  
 Recorder: Lisa Short, C&ED
- # 13 OTHER  
 Moderator: Irene Anderson, Sitnasuak  
 Resource: Earl Romans, Alaskan Battery  
 Ballroom A Recorder:

5:45 - 6:00 Break  
Regional Caucuses

6:00 - 6:45 GENERAL SESSION  
Issue Sessions summaries  
Distribution of ballots (#1 ballot - yellow)  
for First Conference Vote to determine  
the top 50 recommendations  
Ballots must be turned in by 9:15 pm

Our thanks to Cooper's & Lybrand for their  
assistance with the vote count.

7:00 - 9:00 RECEPTION/BUFFET - Ballroom B  
Sponsored by: AK. State Chamber of Commerce  
ARCO ALASKA, Inc.

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Saturday, Sept. 30, 1989

7:00 Results of First Vote available

7:00 - 8:15 am - Meeting of Regional Delegation Chairs,  
Sheraton Bistro Restaurant

8:00 - 2:00 pm - Exhibits (Atrium)

8:00 - 8:30 am - Coffee/Tea/Muffins/Croissants/Fruit

8:30 - 9:00 am - GENERAL SESSION - Ballroom A  
Results of First Vote - Top 50

9:00 - 10:00 am - ISSUE SESSIONS

# 1 FINANCE  
Moderator: Jack Jessee, COMRIM  
Yukon Resource: Tom Broderson, SBDC, Ed Watkins,  
Rm. C&ED  
Recorder: Lisa Short, C&ED

# 2 PROCUREMENT  
Moderator: Dennis Hanoski, Marquis Furn.  
Kuskokwim Resource: Ben Milem, SBDC, Wally Carlo,  
East Doyan  
Recorder: Wendy Cucullu, SBDC

# 3 REGULATION/PAPERWORK  
Moderator: Ernie Hall  
Ballroom A Resource: Britt Lively, Mapmakers, Janet  
Nye, SBDC  
Recorder: Penny Graber, SBDC

# 4 ENVIRONMENT/WASTE  
Moderator: Frank Thomas-Mears, MRM  
Kuskokwim Resource: Irene Anderson, Sitnasuak, Russ  
West McCurdy, SBA  
Recorder: Heather McQueen, SBDC

10:00 - 10:15 Break  
Coffee/Tea  
Brief Regional Caucuses

10:15 - 11:15 ISSUE SESSIONS

# 5 INTERNATIONAL TRADE  
Moderator: Irene Anderson, Sitnasuak  
Kuskokwim Resource: Gary Jenkins, Jenkins Ent.  
East Recorder: Chuck McGee, C&ED

# 6 INSURANCE/BONDING  
Moderator: Vern Craig, Northland Systems  
Ballroom A Resource: Earlene Caress, S&S Welding, Jim  
Jordan, Div. of Ins., C&ED  
Recorder: Frank Thomas-Mears, MRM

# 7 TRANSPORTATION/MARKETING  
Moderator: Rosie Porter, Tundra Drums  
Kuskokwim Resource:  
West Recorder: Wendy Cucullu, SBDC

# 8 ECONOMIC POLICY  
Moderator: Jack Jessee, COMRIM  
Yukon Resource: Stan Stedman, KEDD, Walter  
Rm. Nayokpuk  
Recorder: Lisa Short, C&ED

11:15 - 12:15 ISSUE SESSIONS

# 9 EDUCATION/TRAINING  
Moderator: Ernie Hall, Limited Editions  
Ballroom A Resource: Linda Van Ballenberg, DOE, Janet  
Nye, SBDC, Josie Roetto, JTPA  
Recorder: Chuck McGee, C&ED

# 10 PAYROLL COSTS/BENEFITS  
Moderator: Frank Thomas-Mears, MRM  
Kuskokwim Resource: Dick Ford, SBDC  
East Recorder: Joanne McDowell, SBDC

# 11 TAXATION  
Moderator: Ellen Greenberg, BBNA  
Kuskokwim Resource: Larry Meyers, Cooper's & Lybrand  
West Recorder: Wendy Cucullu, SBDC

# 12 GOVERNMENT COMPETITION WITH PRIVATE SECTOR

Yukon  
Rm.

Moderator: Britt Lively, Mapmakers  
Resource: Wally Carlo, Doyan, Jack Jessee,  
COMRIM Systems, Inc.  
Recorder: Lisa Short, C&ED

- 12:15 - 12:30 Break  
Brief Regional Caucuses
- 12:30 - 1:00 General Session - Ballroom A  
Brief Summary of Issue Sessions  
Final Vote (#2 ballot - green)  
on top 20 recommendations
- 1:00 - 3:00 Lunch - Ballroom B  
RESOLUTION SESSION - Frank Thomas-Mears  
Top 20 Announcement  
Conference Wrap-up
- 3:00 - 4:00 Steering Committee, Governor's Conference on  
Small Business, #315

**APPENDIX B**  
**RULES OF THE**  
**GOVERNOR'S CONFERENCE ON SMALL BUSINESS**

**I. Rules Committee**

**A. Objective.**

It is the objective of the Rules Committee to encourage maximum Delegate participation, discussion, and deliberation, within a procedural framework that guarantees fairness and equity to all Delegates.

**B. Membership.**

The Rules Committee will be composed of seven members. The Chair shall be a member of the Steering Committee. The Chair shall appoint six members consisting of one Delegate from each of the following areas:

Anchorage	Fairbanks
Southeast	Kenai/Mat-Su
Northwest/Arctic	Aleutian Chain

- C. The members of the Rules Committee shall interpret, and enforce the rules and procedures governing the Statewide Governor's Conference on Small Business. The Rules Committee will approve the Conference Calendar, the List and petitions. It will direct petitions to the appropriate Issue Sessions and oversee Delegate voting. Although the primary responsibility for certification of the Delegates lies with the Regional Chairs, a Credentials Subcommittee of the Rules Committee shall be appointed by the Rules Chair to resolve any certification disputes that cannot be resolved by the Regional Chairs. The Rules Committee will also establish the following subcommittees:**

Petitions Subcommittee  
Resolutions Subcommittee.

**D. Participation**

Each member of the Rules Committee may attend any Issue Session, and may be an active Issue Session participant. Members of the Rules Committee will receive official ballots for Conference voting and may vote. Members of the Steering Committee will be appointed by the Rules Committee Chair to act as assistant parliamentarians for the Rules Committee during the Issue Sessions and to provide such parliamentary assistance as may be needed.

**E. Organization.**

The Rules Committee shall elect a Vice Chair. The spokesperson for the committee shall be the Chair. The Rules Committee shall have the right to designate and appoint subcommittees other than those in C. to assure that the business of the committee is carried out. The members of such subcommittees shall be Delegates.

**II. Parliamentarian**

A conference Parliamentarian shall be appointed by the Chair of the Rules Committee to provide such parliamentary assistance as may be needed. If circumstances arise which are not covered by these rules, ROBERT'S RULES OF ORDER shall be in force.

### III. Issue Sessions

#### A. Purpose of the Issue Sessions shall be to:

1. Refine problems;
2. Prioritize problems to discuss; and
3. Discuss, debate and amend the recommendations.

#### B. Delegate Participation.

##### 1. Session Leadership.

Issue Sessions will be led by Moderators who have substantial expertise and experience in the relevant issue area. Each Moderator will be assisted by a Resource person or persons who have been active in their fields and have demonstrated expertise in a particular issue area, and by a Recorder.

##### 2. Attendance at Issue Sessions.

Delegates may attend any Issue Session of the State Conference. They shall enjoy free access in and out of any Issue Session.

##### 3. Speaking Rights.

Delegates will have equal right to express opinions or make recommendations in any issue Session. Only those individuals accredited as Delegates will be recognized to speak. Alternates or observers may be recognized by the Moderator to take part in the discussion at the request of a Delegate. In order to accommodate everyone, a Delegate's remarks in the Issue Sessions will be limited to three minutes. After a Delegate has spoken to a particular issue, the Moderator will call on all other Delegates who wish to speak on that topic before recognizing the same Delegate again. Any Delegate may offer an amendment to any recommendation as long as, in the judgement of the Moderator, it is timely and germane to the recommendation being discussed.

##### 4. Delegate Credentials.

All delegates will receive credentials upon registration at the Conference. Should a Delegate resign, his or her credentials may be transferred to an authorized Alternate as designated by the Regional Chair. After the Chair has certified the transfer with the Credentials Subcommittee of the Rules Committee, the Alternate will take a position as a Delegate for the remainder of the Conference. There will be no change in the registration fee. Any dispute regarding an individual's credentials will be resolved by the Regional Chair within his or her delegation. Should there be a dispute among the Regional delegation that cannot be resolved by the Chair, the Rules Committee shall resolve the dispute.

#### C. Amendments.

##### 1. Sponsorship.

Only Delegates may offer amendments to recommendations. Upon introduction of an amendment, the Delegate sponsoring the amendment shall deliver to the Rules Chair or their designee, a copy of said amendment.

##### 2. Forms.

Amendment forms are available by contacting the GCSB office. Blank amendment forms will also be available in each of the Issue Session areas during the Conference. Only the approved GCSB form will be accepted.

##### 3. Submission.

Amendments to the recommendations listed on the initial Issue/Recommendation List will be accepted prior to the State Conference and at the Issue Sessions taking place on September 29/30, 1989.

- D. Voting.  
Voting on amendments in Issue Sessions. Passage or failure of amendments to issues/recommendations under consideration in the various Issue Sessions shall be by simple majority vote of Delegates present.
- E. Issue/Recommendation List.  
The List is the comprehensive listing of all recommendations under active consideration. Any of these recommendations may be amended in the appropriate Issue Session of the Conference. Recommendations on the Initial List will be ordered by the Rules Committee within each of the 13 issue areas and will be presented on the List in alphabetical order by issue area.
- F. Petitions.
1. Format.  
Recommendations not appearing on the initial List may be placed before the Conference in the form of petitions. Each petition must have at least twenty Delegate signatures with no more than five coming from one Region. A recommendation which the petition is intended to bring forward must be stated exactly as the sponsor wishes it to be considered. If more than one form is used to obtain the required signatures, the wording of the recommendation must be exactly the same on each form.
  2. Submission Date.  
All petitions must be submitted to the Rules Committee for validation under the criteria set forth in the Format section above, no later than 9:00 pm on Friday September 29, 1989. They may be submitted to the GCSB office any time prior to the aforementioned due date. Petitions turned into the GCSB office prior to the start of the Conference will be turned over to the Rules Committee for validation.
  3. Consideration of Petitions.  
Petitions validated by the Rules Committee will be added to the List and discussed in the appropriate Issue Sessions on Friday September 29, 1989. Each validated petition will be assigned to an Issue Session and given a number for consideration in Conference votes. Petitions may be amended.
  4. Definition of a Sponsor.  
For purposes of this section, sponsor is defined as the person whose name appears in the section of the GCSB petition which is labeled "circulated by". If a Region or other organization appears in the "circulated by" section, the chair of the Region shall be considered the sponsor of the petition.

#### IV. Conference Votes

- A. The Two (2) Conference Votes.  
Each Delegate may vote for up to 50 items at the first conference vote and up to 20 items on the second and final conference vote from the Issue/Recommendation List. The List is the comprehensive listing of all recommendations under active consideration. On Friday September 29, 1989, Delegates will receive an updated List that includes amendments adopted in the Friday Issue Sessions. The vote on Friday evening will reduce the list to the top 50 items. Results of the Friday vote will be made available early Saturday September 30. Saturday September 30, 1989, the second and final vote will then produce an overall ranking order list from all recommendations of the top 20. These shall constitute the Final Recommendations of the 1989 Governor's Conference on Small Business.
- B. Voting Procedures for Conference Votes.  
Votes will be cast by means of ballots. Vouchers for these ballots will be distributed to each Delegate at Registration and will not be replaced if lost or

stolen. Vouchers will be exchanged for a ballot at the time of voting. Voting times and locations will be announced in the Conference Agenda distributed at Registration.

#### V. Resolution Session: "Small Business Futures Session".

##### A. Purpose.

The Resolution Session will be devoted to areas of concern not specifically addressed by recommendations in the Issue Sessions. The session will be for discussion of issues such as, but not limited to:

1. Small business's place in the economy of the next decade;
2. Changes in the labor force which will affect small business;
3. Changes in technology which will affect small business; and
4. Determining the role of the private sector in strengthening small business and increasing public awareness of its contributions to our economy.

This session will not be for the purpose of further amendments to others. Thus, resolutions must not repeat recommendations discussed and voted on in the Issue Sessions. Resolutions must be submitted on prescribed forms.

##### B. Attendance at the Resolution Session.

The time of the Resolution Session will be announced on the Conference Agenda and will be open to any Delegate. Only Delegates may offer Resolutions or speak to Resolutions. Alternates and observers may attend.

##### C. Voting at the Resolution Session.

In order to hold a Resolution Session, at least 66 Delegates must be present. Voting will be after discussion on each Resolution. Delegates may vote on as many Resolutions as are presented. All Resolutions passed by this session will be forwarded to the Governor in the Final Report. In order to pass as a Conference Resolution, a Resolution must receive a minimum of two thirds (44) of the minimum of 66 Delegates present.

#### VI. General Sessions

##### A. Session Leadership.

Each General Session will be chaired by the GCSB Steering Committee Chair or their designee with the assistance of the Parliamentarian.

##### B. Purpose.

General Sessions will be scheduled for the purpose of presenting speakers to the Delegates as well as to make housekeeping and procedural announcements.

##### C. Attendance at General Sessions.

General Sessions are open to all Conference participants. Delegates will be seated by Regional delegations in designated sections of the floor. Observers, alternates and others will be seated in other designated areas.

#### VII. Definitions

A. Amendment: a proposal for addition or modification to an item on the Issue/Recommendation List.

B. Delegate: a person who is an owner, partner, corporate officer or employee of a for-profit small business with 100 or fewer permanent employees and that grosses less than \$10 million per year. There cannot be more than one person per business. Delegates must have been elected at a Regional Conference or appointed by the Steering Committee. Delegates shall be apportioned as follows:

Anchorage	36
Barrow	3
Bethel	3
Dillingham	3
Dutch Harbor	3
Fairbanks	15
Juneau	10
Kenai	7
Ketchikan	5
Kodiak	3
Kotzebue	3
Mat-Su	5
Nome	3
<u>TOTAL</u>	<u>99</u>

- C. Petition: a formal request, needing at least 20 Delegate signatures, asking that an additional recommendation be considered that is not on the Issue/Recommendation List.
- D. Recommendation: an issue area developed at a Regional Conference or by petition that identifies a problem area and suggests how it can be addressed by the private sector, regulatory or administrative changes or by legislation.
- E. Resolution: a formal proposal for consideration that concerns small business and that has not been considered in any Issue Session.

**APPENDIX C**  
**DELEGATES TO THE CONFERENCE**

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## APPENDIX D

### STEERING COMMITTEE MEMBERS AND REGIONAL COORDINATORS

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