

HB

89



SPONSOR STATEMENT

HB 89 Shuyak Island State Park

House Bill 89, and companion Senate Bill 64 have been introduced by the Kodiak delegation at the request of the Kodiak Island Borough Assembly. The bills represent the outcome of a long and complex effort by state and federal authorities along with locally affected entities to compensate for the effects of the Exxon Valdez oil spill. The bill adds specific land and water areas to the Shuyak State Park. Shuyak Island was heavily impacted by pollution streaming westward from the 1989 accident.

In 1984, the Shuyak State Park was established from part of the state's holdings to protect the area's fish and wildlife habitat and public recreation opportunities, while maintaining customary hunting and fishing uses. The two largest land owners on Shuyak Island are the State of Alaska and the Kodiak Island Borough.

One provision of the oil spill settlement was the establishment of a joint federal and state council to manage remediation and recovery efforts. Previous litigation imposed management restrictions that required the state to maintain wildlife habitat and public recreation values while the borough was partially prohibited from commercial or industrial uses on its lands.

It is for this purpose that the Oil Spill Trustee Council, on which I serve, selected the Borough's Shuyak Island lands and purchased them in 1996. Responsibilities of the group include the replacement of lost fish and wildlife habitat with the acquisition and protection of other high value habitat. The final effort is the consolidation of the lands under the protective management of the Shuyak State Park.

HB 89 completes the transaction by formally incorporating all state lands on the island into the Shuyak Island State Park. The expanded park retains the management goals, purposes, and allows uses of the original park.



Alaska State Legislature

House of Representatives
Special Committee on Fisheries

Memorandum

TO: Representative Ivan Ivan, Chairman
House Community and Regional Affairs Committee

FROM: Representative Alan Austerman *Alan*

DATE: January 30, 1997

RE: HB 89 - Relating to the Shuyak Island State Park

I respectfully request that a hearing for my bill, HB 89, be scheduled in House Community and Regional Affairs Committee at your earliest possible convenience.

My staff will be providing the referral file which includes backup. Your assistance with this matter is appreciated.

FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO. HB89

Revision Date: _____ Dept Affected: Natural Resources
 Title: An Act relating to the Shuyak Island BRU: Parks & Recreation Management
State Park Component: Parks Management
 Sponsor: Austerman
 Requestor: (H)CRA Component Serial No. 452

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY98	FY99	FY00	FY01	FY02	FY03
PERSONAL SERVICES	5.0	7.0				
TRAVEL	5.0	3.0				
CONTRACTUAL						
SUPPLIES	5.0	3.0	4.0	5.0	5.0	6.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	15.0	13.0	4.0	5.0	5.0	6.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	15.0	13.0	4.0	5.0	5.0	6.0
1037 GF/Mental Health						
Other						
TOTAL	15.0	13.0	4.0	5.0	5.0	6.0

Estimate of any current year (FY97) cost: \$ 0.0

POSITIONS

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Day-to-day management of the expanded park can be handled by existing staff and volunteer levels with some additional supply monies to pay for boat gas and other supplies. Those costs are necessary for expanded patrol areas. A new park brochure would need to be designed and printed in FY98.

\$10.0 is needed in FY98 and FY99 to revise the Shuyak Island State Park Master Plan. The first year is \$5.0 each for personnel and travel to gather baseline information on use patterns in the new park area. Second year is \$7.0 for personnel and \$3.0 for travel to prepare the written update and hold the requisite public meetings and public comment period leading to adoption of a revised park plan.

Prepared by: Jim Stratton, Director Phone: 269-8700
 Division: Parks Date: 28-Jan-97
 Approved by Commissioner: Jim Stratton for Peter Blais Date: 1-28-97
 Agency: Natural Resources

Kodiak Audubon Society
P.O. Box 1756
Kodiak AK 99615

RECEIVED
FEB 04 1997
Ans'd.....

A

Representative Alan Austerman
Alaska State Legislature
State Capitol
Juneau, Alaska 99801-1182

January 30, 1997

Dear Representative Austerman,

On behalf of the Kodiak Audubon Society, I would like to thank you for introducing HB 89, adding approximately 36,000 acres of land to Shuyak Island State Park. Preserving all of Shuyak Island has strong broad based support in the Kodiak Island community and your introduction of this legislation is greatly appreciated.

This legislation benefits citizens of the Kodiak Island Borough as well as the State of Alaska in several ways. Preserving Shuyak Island in it's natural state will provide hunting, fishing and other recreational opportunities for the people of Alaska and tourists. It will replace habitat that was damaged by the Exxon Valdez Oil Spill. Park designation also satisfies the conditions of the 1981 consent decree requiring the State of Alaska to manage their Shuyak Island lands for wildlife habitat and public recreation purposes.

Once again, thank you for introducing this legislation. Please contact me if there is any way we can help ensure HB 89's passage.

Sincerely,

Mary Forbes

Mary Forbes
President, Kodiak Audubon Society
907-486-2685

WAVETAMER KAYAKING
KAYAK KODIAK ADVENTURES
POB 228, KODIAK, ALASKA 99615
PH/FAX: 907-486-2614
e-mail: wavtamer@ptialaska.net

January 29, 1997

Alan
Willie Hensley, Commissioner,
Department of Commerce and Economic Development
Ninth Floor, State Office Building
POB 110800
Juneau, AK 99811-0800

Dear Commissioner Hensley,

In the process of reviewing the State of Alaska *Executive Budget Summary for FY98*, I read the comments about tourism in Alaska. The statement I wish to draw to your attention is: "...and a push for greater access to Alaska's public lands so the effects of tourism can be dispersed."

I encourage you to carefully consider the scope of that "push" and the affects it can have on areas that may not be capable or suitable for expanded or mass tourism efforts. Clearly there are many more opportunities to open areas for increased visitation. However, even those areas may have zones or sub-areas more suitable for mass tourism activities than others.

Currently there are issues in Katmai National Park *and Kodiak* directly related to the ever-increasing desire by visitors to view bears in the wild. Some of the issues that are related to this desire are: closing of hunting areas; issuance of mooring buoys in bays to allow for larger ships to anchor; and caps on concession permits in these areas.

Some operators in the state, for many reasons, prefer to be small, eco-sensitive operators who do not want, (nor do a percentage of their clientele want,) mass or developed tourism across the board in these resource areas. Clearly there are access issues that preclude too much mass intrusion. However in those areas where access can be enhanced, I hope the planning effort is particularly sensitive to those areas that may not be compatible with extensive increases in visitations that negatively impact the quality of the experience for other user groups.

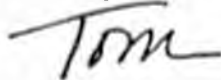
There has been discussions over that past several years to consider zonation as a possible way to sectionalize parks and other resource attraction areas. These zones could provide particular activities only in particular zones. These zones protect the resources and provide levels of activity in stages of impacts that can be more easily contained or mitigated at that level.

Other areas targeted for increased tourism must be review and, if necessary, broken out into different degrees of use. Operators, and the various factions of visitors with different levels of expectation and experiential interests, can all be reasonably assured of a quality experience in Alaska.

I have not seen the most current plans for tourism development in Alaska but know that ATMC, AVA and AWRTA all have agendas, many of which overlap, some of which conflict. Zonation has been discussed in tourism circles for some time now. Hopefully the state will see the need to continue funding at even higher levels so we can attract the visitor, but can also provide all levels of experiences to be enjoyed at optimum levels when and wherever possible.

Thank you for your considerations.

Sincerely,



Tom Watson, Owner
WAVETAMER KAYAKING

cc: Governor Knowles
Sen. Mackie
Rep. Austerman ✓
AWTRA
ATMC
AVA

Y Knot Charter *Port William Lodge*

P.O. Box 670556
Chugiak, Alaska 99567
(907) 688-2253

January 30, 1997

Rep. Alan Austerman
Alaska State Legislature
State Capitol
Juneau, Alaska 99801-1182

Letter of Support

Dear Sir:

This letter is re SB HB 89 which would add approximately 36,000 acres of land to Shuyak Island State Park.

I, along with all partner landowners of Port William on Shuyak Island, support the addition of the rest of Shuyak Island to the Shuyak Island State Park.

Thank you.

Sincerely,


H. Bruce Cooper

cc: Barbara Rudio

cc: file



RECEIVED

FEB 03 1997

Ans'd.....

January 29, 1997

Representative Alan Austerman
Alaska State Legislature
State Capitol
Juneau, Alaska 99801-1182

Dear Alan:

On behalf of the Kodiak Island Convention & Visitors Bureau (KICVB) Board of Directors and membership I am writing in support of SB/HB 89 which provides for the addition of 36,000 acres of land to Shuyak Island State Park. By adding these lands to the Park, the State of Alaska will reaffirm its past efforts and ensure the conservation of these lands for wildlife habitat and mixed-use recreational purposes.

Shuyak Island is an increasingly important destination for visitors to the Kodiak area. Expansion of Shuyak Island State Park will ensure the ongoing viability of small-scale, appropriate tourism and recreation in this area. In turn, this demand will necessitate protecting Shuyak's view shed, unique ecosystems and wildlife habitat. The addition of these lands, in a sense, makes Shuyak whole. It will be a coveted, uncrowded wilderness destination.

The best advocates for the Park may be the many Alaskans and visitors from around the world who have had the privilege to experience Shuyak (from the Management Plan for Shuyak Island State Park):

"Shuyak is a gem well worth preserving for its pristine-ness. A place that should be left ultimately wild as there are fewer and fewer places that offer just that."

"The beauty of Shuyak is in its remoteness and wild-ness. It is a natural area for kayakers and small boaters. The outer coast should be declared a critical habitat area on the Shelikof side."

"We came to watch sea otters and other animals, we saw more than we had expected."

"Keep this place natural forever!"

"This is the greatest place. Please continue your effort to maintain this nature."

"This is a very wild and beautiful place . . . I loved being here."

"Like all of Kodiak this park is an undiscovered paradise."

Kodiak Island Convention & Visitors Bureau
100 Marine Way, Kodiak, Alaska 99615 907-486-4782 Fax 907-486-6545

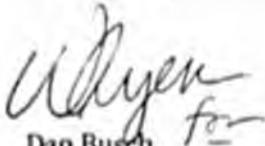
"This was my first visit. It is a very beautiful and wild place . . . I hope it stays a wonderful place to visit."

Preservation and protection of our area's natural resources are critical to our long term viability as a visitor destination. The Kodiak Island Convention & Visitors Bureau and our more than 130 member businesses support SB/HB 89, providing for the addition of 36,000 acres to Shuyak Island State Park.

Thank you for considering these comments during your upcoming deliberations. Should you require any further information or comments, please contact the KICVB at 486-4782.

Sincerely,

KODIAK ISLAND
CONVENTION & VISITORS BUREAU


Dan Busch
President

WHEREAS, the Kodiak Island Borough Assembly has enacted an ordinance to establish a Facilities Fund in which the proceeds from the sale of these Lands are to be deposited. As part of this ordinance, funding was authorized by the Assembly for the Kodiak Fishery Industrial Technology Center; and

WHEREAS, the Trustee Council adopted a resolution on December 2, 1994 to provide the funds for the State of Alaska to offer to purchase the Land in accordance with the Agreement for Sale and Purchase of Interests in Lands on Shuyak Island (hereinafter "Purchase Agreement") for a price equal to the final approved appraised fair market value of the land plus 20% of the final approved appraised fair market value, except that the price may not exceed \$42 million; and

WHEREAS, the Kodiak Island Borough Assembly, having reviewed the pertinent facts relating to this land disposal, approves the disposal of the Land for the price of \$42 million in accordance with the Purchase Agreement;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH THAT:

Section 1: The disposal of all Kodiak Island Borough lands on Shuyak Island to the State of Alaska for the purchase price of \$42 million is hereby approved on the terms and conditions of the Purchase Agreement.

Section 2: The mayor is authorized to execute the Purchase Agreement and all other documents required for the completion of this transfer.

ADOPTED BY THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH
THIS EIGHTH DAY OF DECEMBER, 1994



ATTEST:

Donna F. Smith
Donna F. Smith, CMC, Borough Clerk

KODIAK ISLAND BOROUGH

Jerome M. Selby
Jerome M. Selby, Borough Mayor

Mary A. Monroe
Mary A. Monroe, Presiding Officer

Exxon Valdez Oil Spill Trustee Council

Restoration Office

645 G Street, Suite 401, Anchorage, Alaska 99501-3451

Phone: (907) 278-8012 Fax: (907) 276-7178



MEMORANDUM

L.B.A. Request

TO: Nancy Slagle
Director
Division of Budget Review
Office of Management and Budget

FROM: Molly McCammon
Executive Director

DATE: December 20, 1995

RE: Exxon Valdez Oil Spill RPL ¹⁰⁻⁶⁴⁰¹¹ ~~11-6-8993~~

In accordance with Chapter 1, FSSLA 1992, the Department of Natural Resources requests authority to receive and expend \$42,000,000 from Exxon Valdez oil spill settlement trust funds to purchase 26,665.62 acres of surface estate on Shuyak Island from the Kodiak Island Borough.

This parcel of land was evaluated as part of the Trustee Council's Comprehensive Habitat Protection Process - Large Parcel Evaluation and Ranking (November, 1993) and found to be among the highest ranked parcels in the spill area.

This land provides important habitat for several species of fish and wildlife for which significant injury has been documented. These include harlequin ducks, black oystercatchers, marbled murrelets, pigeon guillemots, river and sea otters, harbor seals, Pacific herring, pink salmon, and Dolly Varden. Restoration of these injured species will benefit from acquisition of this important habitat through protection from activities and disturbances which may adversely affect their recovery. The area has exceptional scenic qualities and supports wilderness-based recreation activities including sport hunting and fishing. The area also possesses significant cultural resource values with fifteen documented historical/archaeological sites.

These lands will be managed by the Alaska Department of Natural Resources, with protection of fish and wildlife habitat and populations as the highest management

Trustee Agencies

State of Alaska: Departments of Fish & Game, Law, and Environmental Conservation
United States: National Oceanic and Atmospheric Administration, Departments of Agriculture and Interior

priority. Under the terms of the agreement, public use of these lands must be allowed and must include sport, personal use, and subsistence hunting, fishing, trapping and recreational uses, consistent with public safety and permitted under law or regulations of the Board of Fisheries and Board of Game. Limited commercial use may be allowed if consistent with state and federal laws and the goals of restoration.

As reflected in the Trustee Council resolution, the Trustee Council's appraisal process resulted in a finding that the Shuyak parcel has a fair market value in the range of \$27 million to \$33.32 million. Taking into account the basis for the various appraisal numbers, the position of the landowner as to its minimum selling price, and given the exceptional restoration values of the Shuyak lands, the Council felt an offer at the upper end of that range was appropriate. The appraised value is based upon a single cash payment of \$33.32 million. Because the payments will be over a period of eight years, in lieu of interest, the purchase price has been adjusted to a total purchase price of \$42 million. It should be noted here that the Kodiak Island Borough commissioned three separate appraisals on their own, and these ranged in value from \$36 million to \$54 million.

There has been widespread support for this acquisition. The Kodiak Island Borough has committed \$6 million to be received through this sale to expand the existing Fisheries Technology Center. This expansion, referred to as the Near Island Research Facility, will provide for the consolidation of federal and state fisheries agencies in Kodiak, which will greatly increase their ability to respond to fisheries management and research needs. Borough Mayor Jerome Selby has provided additional information on this facility in his enclosed letter of endorsement.

Additional documentation supporting this request is also being provided:

- Trustee Council Resolution dated December 11, 1995
- Restoration Benefits Report
- Map
- Appraisal Information (selections)
- Endorsement from Kodiak Island Borough
- Photos
- Letters of support

Since this is a capital project, authority to receive and expend subject to AS 37.25.020 is requested. If you have any questions about this RPL, please do not hesitate to contact me at 278-8012.

Department of Natural Resources

OL - NO 08 312-1-43

RPL # 10-6-4011

CIP

Exxon Valdez Trustee Council Projects

\$42,000,000 Exxon Valdez Oil Spill Settlement Trust Funds

Statutory Authority: AS 37.14.405

The Department of Natural Resources requests authority to receive and expend \$42,000,000 in EVOSS trust funds for purchase of approximately 26,665.6 acres of surface estate on Shuyak Island from the Kodiak Island Borough.

The Exxon Valdez Trustee Council adopted a resolution in December, 1995 finding that purchase of the Shuyak Island land is consistent with its final restoration plan for natural resources injured by the Exxon Valdez oil spill. The land was found to include habitat for injured species that will benefit from protection from activities that might adversely impact habitat and water quality. In addition, the Trustee Council found that the land has significant scenic, cultural resource, and recreational values.

An appraisal of the land prepared for the Trustee Council determined that the present fair market value was from \$27,000,000 to \$33,320,000. Appraisals prepared for the Kodiak Island Borough determined the fair market value to range from \$36,000,000 to \$54,000,000. The lowest price the Borough will accept is \$33,320,000, based on a single cash payment. A purchase price of \$42,000,000 has been agreed upon which is to be paid over a seven year period, as follows: \$8,000,000 at closing; \$2,194,266 on October 1, 1996; \$4,000,000 on October 1, 1997; \$4,000,000 on October 1, 1998; \$4,000,000 on October 1, 1999; \$4,000,000 on October 1, 2000; \$4,000,000 on October 1, 2001; and \$11,805,734 on October 1, 2002. This payment schedule is predicated on a rate of approximately 6.45% on the unpaid balance due, assuming a closing date of October 1, 1995. The payment schedule will conform with the cash flow requirements of the EVOSS trust fund, which cannot provide a single cash payment of \$33,320,000.

If the sale is completed, the Kodiak Island Borough will use at least \$6,000,000 of the sale proceeds for construction of its proposed Near Island Research Facility. Remaining sale proceeds will be deposited in the Borough's facilities fund, the earnings on which will provide funding for maintenance of Borough facilities.

✓
Legislative Fiscal Analyst's recommendation: Approval of the request.

Post-It brand fax transmittal memo 7671 # of pages 4

To: <i>DeVloray</i>	From: <i>Larkin</i>
Co: <i>1</i>	Co: <i>Leg. Aff.</i>
Dept:	Phone #:
Fax # <i>3517</i>	Fax #:

The meeting
that evening

at 5:00 p.m.

ke
car

Chairman Terry Martin RECONVENED the January 8, 1996 meeting of the Legislative Budget and Audit Committee at approximately 5:02 p.m.

REVISED PROGRAMS

10-6-4011 Natural Resources Requesting \$42,000,000 of EVOS Trust Funds to Purchase Shuyak Island. Approved

Sen. Adams MOVED to approve the action and discussion ensued.

Sen. Zharoff explained that the project would entail one month and that the EVOS Trustee Counsel had completed a number of appraisals and approved of the investment for the State. Sen. Zharoff described the area as rich in fish and wildlife. Chairman Martin requested clarification regarding the agreement with the Trustee Counsel, in view that a number of special interest groups in the past have requested State monies to purchase land, and then have subsequently resold the land to another special interest group. Sen. Zharoff expressed his concern that the agreement would also allow for public use to continue.

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JEROME SELBY, Mayor of the Kodiak Island Borough, expressed his view that the land acquisition is the best land purchase that the Exxon Valdez Trustee Counsel will consider, and the best investment that the State of Alaska could make with the \$900 million settlement. He further explained that the State of Alaska owns the rest of Shuyiak Island, with the exception of the parcel in question; with the acquisition of the parcel, the State of Alaska will own the entire island, enabling the implementation of a comprehensive land management plan.

In terms of land restoration, Mr. Selby described the parcel as a prime habitat in terms of impact on species damaged by the Exxon Valdez oil spill, thereby maximizing the opportunity for recovery. The parcel is also a heavily used recreational property for the State of Alaska, with a great deal of hunting and fishing activity on Shuyiak Island from residents of Anchorage, the Kenai Peninsula, and Kodiak. Therefore, the acquisition presented a unique opportunity whereby the State may forward the recovery of fish and wildlife species, while encouraging public activities, and implement land management. One third of the island is a state park; one quarter of the island is a state wildlife refuge. The parcel is situated to the southwest of those two parcels and completes the island.

Mr. Selby expressed his view that the acquisition is in full keeping with the Municipal Lands Act as a means to convert a capital asset. He further explained that \$6 million of the funds will be used to develop the Near Island Research Facility, which is a part of a \$16 million dollar facility planned to provide fisheries research in the Gulf of Alaska. Scientists from Federal National Fisheries, Alaska Fish and Game, and the University of Alaska will be co-located into the facility, where they will share research efforts to produce "world class" fisheries data to be used to managed fisheries in the Gulf of Alaska. Mr. Selby expressed his concern that if a research project was not implemented, fisheries in Alaska would face long-term jeopardy. The Near Island facility would be completed at no additional cost to the State. The balance of the funds would then be placed in a Facilities Fund by the Kodiak Island Borough, in order to maintain school facilities, thereby preventing future appropriation requests for the purpose. Mr. Selby reiterated that the acquisition would convert a capital asset, an island parcel worth \$42 million, into programs which would benefit the State in many areas.

Sen. Frank recalled an earlier purchase of property of the Exxon Valdez Trustee Counsel that required its conversion into a State Park, and questioned if there were any such restrictions placed on the State in the current acquisition agreement.

MOLLY MC CAMMON, Executive Director of the Exxon Valdez Oil Spill Trustee Counsel, explained that the current acquisition proposal contained no such language as was put forth in the Seal Bay Acquisition, to which Sen. Frank referred. Ms. McCammon explained the intent of the Department of Natural Resources to manage the Shuyak Island parcel as State land for recreation and wildlife habitat, with no "blackmail clause" stating that if is not placed in a State Park that it will be reverted to the Nature Conservancy or the Federal Government. In response to a question by Sen. Phillips, Ms. McCammon explained that the current acquisition proposal takes into account the legislature's response to language in the prior agreement.

Sen. Davis requested clarification as to whether there was written agreement guaranteeing that the balance of the funds, minus \$6 million for fisheries research, will be placed in a facilities fund, and whether annual earnings on the fund will be known to the public. Mr. Selby explained that the fund has already been established to manage the \$36 million, and that an ordinance restricted spending to interest only for the following uses: maintaining existing facilities, renovating existing facilities, and repaying bonded debt on existing facilities. In addition, he explained that 15% of the interest would return to the principal each year to keep the fund up with inflation. Responding to a question by Sen. Phillips, Mr. Selby explained that the ordinance required a public bill in order to be changed.

In response to a question by Sen. Phillips, Ms. McCammon pointed out that the Counsel was currently committed to spend approximately \$450 million, roughly half of the total settlement. Of that expenditure, close to \$200 million was spent on land acquisition. She further noted that in September, during her presentation on the Counsel's overall work plan, it was discovered that many people desired to spend the entire \$900 million on land acquisition, while others wanted to spend the entire amount on research projects. The Counsel adopted a plan three years ago committing approximately one third of the funds toward habitat protection. Following the commitment, they met with Federal counterparts to determine the priorities for Federal and State acquisitions. She explained that the Counsel continues to proceed according to the restoration plan.

Providing further clarification for Sen. Phillips, Ms. McCammon explained that approximately 60% of the settlement funds would be placed in research efforts. The Counsel has adopted a restoration reserve, in anticipation of further development over the next 15 to 20 years; currently \$36 million are placed in the restoration reserve earning interest, with a commitment of to place \$12 million in the reserve. By the year 2000, this amount would reach a total of \$150 million, and, if inflation-proofed, could provide \$5 to \$6 million a year of revenue for the Counsel.

Addressing Sen. Phillips' concern that the Counsel would once again approach the Legislature to request funding for land acquisition, Ms. McCammon confirmed the Counsel's intention to request a state, joint venture acquisition of a large parcel on Frog Neck Island. In addition, she explained that there are smaller, discreet areas which the Department of Natural Resources would like to use for marine parks and recreation. She also referenced the small parcel program for lands under one thousand acres, through which the Counsel has authorized agencies to make offers on approximately \$16 million's worth of small properties, in areas such as Seward, Palmer, and other locations along the Kenai River, which are key habitat areas. As the transaction progress, the Counsel intends to approach the Legislature for approval.

In response to a question by Sen. Bunde, Ms. McCammon explained the restrictions on the use of the land acquisition. Since the main purpose for the acquisition was to ensure protection of habitation, commercial timber harvest is restricted. Other activities on State Lands, such as hunting and fishing, would still be allowed.

CRAIG TILLERY, Assistant Attorney General, Civil Division, Environmental Section, Alaska Department of Law, responded to Sen. Halford's question about the language of these restrictions by referring to the Conservation Easement, on page 9 of Exhibit B. He also referenced the Warranty Deeds themselves, containing a covenant which states that "public use of land shall

be so guaranteed: hunting, fishing, trapping etc. Mr. Tillery explained that all the language was subject to existing rights.

In response to a concern voiced by Sen. Phillips regarding restriction of motorized vehicles, Ms. McCammon clarified the use of motorized boats or planes was not prohibited. Mr. Tillery explained that the tide lands are not part of the acquisition, and therefore airplanes or boats would not be able to reach the acquired parcel. All access to the island is salt water borne; no ATV's or snow machines have ever gained access to the area.

Sen. Rieger raised a question as to how heavily the Near Island fisheries research project figured into the Trustees justification for the \$42 million acquisition. Mr. Tillery confirmed that the \$6 million for fisheries technology was a consideration in deciding to proceed with the current acquisition, since the State trustees viewed the research as a valid restoration benefit. Regarding the Federal Trustees, Ms. McCammon explained that they considered the fisheries facility as an added benefit, and not a driving factor in the acquisition. Mr. Tiller noted that the resolution adopted by all EVOS Trustees contains a statement that the Near Island Research Facility will have a positive benefit on natural resources injured by the Exxon Valdez oil spill.

Rep. Bunde expressed his concern regarding inflated appraisals which occurred in the past, and their reflection on future land acquisitions proposals. Rep. Bunde questioned whether the Conservation Easements applied to other state land already in the state park, and Mr. Tiller explained that it the defined terms applied only to the land transferred from the Kodiak Islands.

Chairman Martin raised a concern regarding the cost of managing these lands, and requested a list of long range and immediate cost to the State of land management. Ms. McCammon explained that the majority of current land acquisitions exist within Federal or State land holdings, thereby facilitating better quality and ease of land management. State Trustees believe that the proposed acquisition should be managed by personnel currently managing adjacent state lands, and would not increase management costs.

In response to Chairman Martin's suggestion that a portion of settlement funds be set aside for land management costs, it was pointed out that during 1995 such a motion was made regarding Seal Bay State Park, and was defeated; Federal Trustees did not agree to allocating such funds. The Department of Natural Resources do not believe that there will be any additional management costs with the proposed acquisition. Mr. Tiller agreed to inquire about language which would guarantee that, in the case that management costs did increase in the future, these monies would come from the settlement fund and not from the state.

In response to a question by Sen. Frank, Jerome Selby clarified that it was a unanimous decision by the Kodiak Island Assembly to approve the acquisition plan. He went on to explain that they did not consider a local designation of the land, because Shuyak is

JAN 31 '97 RECEIVED FROM THE DIV OF LEGAL COUNSEL

not located near enough to Kodiak Island in order to adequately manage the land, making it more effective to delegate the management to state park personnel. Sen. Adams questioned whether current cash flow necessitated the payment plan proposed in the RPL, and it was explained that it was difficult to ascertain cash flow demands over the next eight years, and payment over time appears to be a more conservative course. Funds are currently earning interest, and there are plans to move them to a higher interest bearing account.

Rep. Kohring expressed concern over the intent behind the proposed acquisition, whether that be to assist programs for Kodiak Island or for the benefit of the entire State, and questioned whether there was an impending threat to the land or resources of the island that necessitated the proposed purchase. Mayor Selby pointed out that some of the greatest bird losses resulting from the oil spill occurred on the Barons Island to the north of Shuyak Island, making it critical habitat for these bird species, as well as for sea mammals in that area which were hard hit by the spill. From the standpoint of restoration of species damage, the area is a priority.

Regarding the fishing industry, it was pointed out that the area contains excellent salmon streams for preservation. Mayor Selby conceded that while Kodiak Island stood to benefit from the acquisition, the benefits clearly impact the entire state of Alaska. He also pointed out the opportunity for tourism development in the Kodiak archeopleglio, which would benefit the economy of Kodiak and the State. In addition, Mayor Selby reiterated the benefit of adequate facilities to fisheries researchers in the State and University. Molly McCammon pointed out that the Seward research facility would be used predominantly for marine mammals, sea bird and fisheries genetics, while the facility in Kodiak is oriented toward commercial fisheries technology, byproducts, processing techniques, etc. Rep. Zharoff pointed out that the research facility in Kodiak is one of only five of its kind in the nation.

Molly McCammon explained that the Trustees have examined the expenditure of funds in order not only to address restoration needs, but to leave lasting benefit to communities within the spill area. Therefore, any major acquisitions and research projects implement not only restoration benefits, but also community benefits.

CARL ROBIER, retired Trustee Member and member of the Alaska Outdoor Council, explained that the Council believes there to be many benefits from the land acquisition. The benefits include state management of lands, hunting and fishing resources, restoration of wildlife species, and conservation of habitat. The Council believes that the benefits will be clarified during the years to come and strongly supports passage of the RPL.

Sen. Adam's MOTION on RPL 10-6-4011 to approve appropriation of \$42 million for the purchase of Shuyak Island was continued. No

objections being raised, the motion was APPROVED by unanimous consent.

Discussion Regarding Anchorage Data Center

Motion to Conduct Special Audit of Department of Information Systems, Amended to include Statewide Analysis of customer service.

Approved.

MARK BOYER, Commissioner, Department of Administration, supported by KAREN MORGAN, Deputy Director of Division of Information Services, and RON HENSLING, addressed concern over the decision to realign data processing in the State of Alaska. He explained that the realignment was a business decision, based on economics, and referenced two studies conducted relating to state data processing, pointing to the direction of consolidating into one center that utilized a client/server format for accessing data.

Mr. Boyer referred to a study reportedly done by an earlier administration, which indicated that a shift away from Anchorage to Juneau would cost millions of dollars; he and his staff have been unable to locate such a study in their research. Rep. Bunde requested that the search for the study be continued and offered the assistance of an outside auditor, questioning the long term operating expense involved in the realignment.

Mr. Boyer pointed out cost savings in the near term, stating that the long term situation was difficult to determine due to the nature of change in the computer industry. In the next fiscal year, the Department of Administration (DOE) anticipates cost savings of nearly \$1 million, manifested through a combination of factors -- not purchasing duplicate licenses, nor additional software caused by redundant operations in Anchorage, in addition to reducing four vacant PCNs in the 1997 budget. A total \$925,000 in anticipated savings would be reflected in the budget introduced by the Governor.

In addition to direct savings, Mr. Boyer noted costs avoided by a change in business methods, such as adding additional disc drive space which would cost \$250,000, and adding uninterrupted power supply to the Anchorage facility which would cost \$150,000, as well as ongoing hardware maintenance costs of \$21,000 per month, and \$48,000 per month of software expenses.

Rep. Bunde expressed concern over the Governor's increase in the budget of \$5.8 million for telecommunications. Chairman Martin clarified that the figure refers to the Department of Administration's increase of software and enhancement of telecommunication.

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE AUSTERMAN

TO: HB 89

- 1 Page 1, line 10, following "fishing.":
- 2 Insert "commercial fishing."