

SCOMM

122:27

COMMISSION ON PRIVATIZATION AND DELIVERY OF GOVERNMENT SERVICES
Anchorage, Alaska
November 18, 1999
9:12 a.m.

COMMISSION MEMBERS PRESENT

Representative Cowdery, Co-Chair (via teleconference)
Senator Ward, Co-Chair
Representative Brice (via teleconference)
Senator Al Adams
Emil Notti
Mike Harper, President, Kuskokwim Corporation (via teleconference)
Kathryn Thomas, Former Chair of Alaska State Chamber of Commerce
(chairing meeting)
George Wuerch, Alaska Municipal League

COMMISSION MEMBERS ABSENT

Bill Allen, Former Mayor of Fairbanks
Tom Fink, Former Mayor of Anchorage
Don Valesko, Business Manager of Public Employees Local 71

COMMITTEE CALENDAR

Reports from the following Privatization Subcommittees:

Department of Natural Resources
Department of Transportation and Public Facilities
Department of Community and Economic Development
Office of the Governor
Department of Law

PREVIOUS ACTION

See Commission on Privatization minutes dated 7/20/99, 8/16/99, 9/20/99, 10/28/99, 11/04/99 and 11/10/99.

WITNESS REGISTER

MARCO PIGNALBERI, Commission Director and
Legislative Assistant to Representative John Cowdery
POSITION STATEMENT: Answered questions and presented information
on behalf of the commission and various subcommittees.

HUGH ASHLOCK, Member
Subcommittee on the Department of Natural Resources (DNR)
POSITION STATEMENT: Briefly addressed land development; presented

portion of DNR subcommittee report on Parks and Recreation.

BOB MOTZNIK, Member

Subcommittee on the Department of Natural Resources

POSITION STATEMENT: Presented portion of DNR subcommittee report relating to the State Recorder's Office (Information and Data Management).

RON ANDERSON, Member

Subcommittee on the Department of Natural Resources

POSITION STATEMENT: Asked questions and presented portion of DNR subcommittee report relating to Agricultural Development.

DALE URICH, Member

Subcommittee on the Department of Natural Resources

POSITION STATEMENT: Briefly addressed land development; presented portion of DNR subcommittee report on Forest Management and Development.

BOB LOEFFLER, Director

Division of Mining, Land and Water

Department of Natural Resources (DNR)

POSITION STATEMENT: Attended at request of DNR subcommittee member Marty Rutherford to discuss subcommittee report; agreed to pass requests on to Deputy Commissioner Rutherford.

JIM STRATTON, Director

Division of Parks and Outdoor Recreation

Department of Natural Resources

POSITION STATEMENT: Attended at request of DNR subcommittee member Marty Rutherford to discuss DNR subcommittee report; spoke briefly about camping passes.

RANDY RUEDRICH, Member

Subcommittee on the Department of Natural Resources

POSITION STATEMENT: Presented portion of DNR subcommittee report relating to Oil and Gas.

KURT PARKAN, Deputy Commissioner

Department of Transportation and

Public Facilities (DOTPF)

POSITION STATEMENT: Responded to questions about DOTPF's operations and the recommendations included in the DOTPF subcommittee report.

JOHN D. HORN, Regional Director

Central Region

Department of Transportation and

Public Facilities

POSITION STATEMENT: Responded to questions arising from DOTPF subcommittee report about contract possibilities for road maintenance.

STEVE LEVI, Member

Subcommittee on the Department of Community and Economic Development (DCED)

POSITION STATEMENT: Presented and discussed recommendations in the DCED subcommittee report.

JEFF BUSH, Deputy Commissioner

Department of Community and Economic Development

POSITION STATEMENT: Replied to questions about the department's response to the DCED subcommittee report.

ANDREE McLEOD, Member

Subcommittee on the Office of the Governor and Staff to the Commission on Privatization and Delivery of Government Services

POSITION STATEMENT: Presented report of the Subcommittee on the Office of the Governor.

MARK JOHNSON, Member

Subcommittee on the Department of Law

POSITION STATEMENT: Presented and discussed DOL subcommittee report.

CYNTHIA COOPER, Deputy Attorney General

Criminal Division

Department of Law

POSITION STATEMENT: Answered questions about performance measurement indicators relating to DOL subcommittee report.

BARBARA RITCHIE, Deputy Attorney General

Civil Division

Department of Law

POSITION STATEMENT: Answered questions relating to DOL subcommittee report, including DOL's procurement policy, management information system and the collections section.

PETER KINNEEN, Member

Subcommittee on the Department of Law

POSITION STATEMENT: Participated in discussion of DOL subcommittee report; addressed rates charged for attorney fees by DOL.

ACTION NARRATIVE

TAPE 99-13, SIDE A

COMMISSIONER THOMAS called the Commission on Privatization and Delivery of Government Services meeting to order at 9:12 a.m. Members present at the call to order were Representative Brice; Senator Adams; and Commissioners Thomas, Harper, Notti and Wuerch. Representative Cowdery and Senator Ward joined the meeting in progress. Marco Pignalberi, Commission Director, was also present. Commissioners Allen, Fink and Valesko were not in attendance.

APPROVAL OF PREVIOUS MINUTES

COMMISSIONER THOMAS announced that the first order of business would be to approve the minutes from the meetings held November 4, 1999, and November 11, 1999.

COMMISSIONER WUERCH made a motion to approve the November 4, 1999, minutes and to bring the November 10, 1999, minutes before the commission at the next meeting; he noted that the latter had just been distributed and that he had suggested changes to the staff. There being no objection, it was so ordered.

COMMISSIONER THOMAS informed members of a correction on Davis-Bacon information, provided as an attachment to the November 10, 1999, minutes, in reference to remarks on pages 11 and 12 of those minutes. She proposed that it be addressed at the following week's meeting.

COMMISSIONER THOMAS welcomed Co-Chair Ward to the meeting and offered to turn over the gavel to him.

CO-CHAIR WARD suggested that Commissioner Thomas continue chairing the meeting.

SENATOR ADAMS informed Commissioner Thomas that he had to leave at 10 a.m. for Fairbanks.

OLD BUSINESS

COMMISSIONER THOMAS next addressed old business. First, comments by the Department of Environmental Conservation were still pending. Second, comments by the Department of Labor were included in that day's package; Commissioner Thomas asked whether any action on that was required.

MARCO PIGNALBERI, Commission Director and Legislative Assistant to Representative John Cowdery, answered that no action was necessary. When the commission votes on the Department of Labor's

recommendations, however, members should have those comments for reference.

COMMISSIONER THOMAS noted that comments from the Alaska Court System, requested by the commission, were included in packets. She confirmed that the information would become part of the commission's packet on the Alaska Court System.

NEW BUSINESS - Reports by Subcommittees

[Most of the information contained in subcommittee reports will be available at the commission's website at www.privatizealaska.org.]

Subcommittee Report on the Department of Natural Resources

COMMISSIONER THOMAS announced that the commission would first hear the Subcommittee Report on the Department of Natural Resources (DNR). A written copy was provided that included recommendations but no department comments.

MR. PIGNALBERI informed the commission that the subcommittee chairman, Leo MarkAnthony, was in Mexico and had asked members of his subcommittee to present the report. Mr. Pignalberi suggested inviting them to the table, along with DNR representatives, to go through the recommendations.

REPRESENTATIVE BRICE, speaking via teleconference from Fairbanks, advised the commission that he didn't have the appropriate materials, which had apparently been e-mailed late the previous evening.

COMMISSIONER THOMAS noted that subcommittee member Del Moss of Fairbanks was on teleconference. She asked the presenters to introduce themselves.

HUGH ASHLOCK, Member, Subcommittee on the Department of Natural Resources, introduced himself as the U.S. Forest Service and U.S. Fish and Wildlife campground concessionaire for Alaska; he advised listeners that he had addressed Parks and Recreation in the report.

BOB MOTZNIK, Member, Subcommittee on the Department of Natural Resources, introduced himself next, noting that he had addressed the portion of the report relating to the State Recorder's Office (Information and Data Management).

RON ANDERSON, Member, Subcommittee on the Department of Natural Resources, introduced himself and advised listeners that he had addressed Agricultural Development in the report.

DALE URICH, Member, Subcommittee on the Department of Natural Resources, introduced himself next, saying he had chaired the subcommittee on Forest Management and Development.

BOB LOEFFLER, Director, Division of Mining, Land and Water, Department of Natural Resources, introduced himself. He noted that Marty Rutherford, Deputy Commissioner of DNR and a member of the subcommittee, had requested his presence that day because of a scheduling conflict. Mr. Loeffler said he was quite familiar with the subcommittee's recommendations on mining, land and water, although he wasn't as familiar with the rest of the report.

JIM STRATTON, Director, Division of Parks and Outdoor Recreation, Department of Natural Resources, introduced himself and noted that he was also there at the request of Marty Rutherford, who herself would provide comments at the commission meeting on November 24, 1999.

MR. PIGNALBERI expressed his understanding that they would go through the DNR subcommittee report section-by-section. To the extent that the person who had worked on a particular section was present, that person would discuss the recommendations.

COMMISSIONER THOMAS welcomed Co-Chair Cowdery, who had joined the meeting via teleconference from Washington, D.C.

CO-CHAIR COWDERY indicated he had to meet with U.S. Senator Ted Stevens in about a half-hour, but would try to rejoin the meeting.

MR. MOTZNIK presented the portion of the DNR subcommittee report relating to the State Recorder's Office, set forth under "Information and Data Management." Recommendation 1, pages 3 and 11, read: "Establish some sort of punishment procedure for deliberate lies/distortions made on budget request documents." Mr. Motznik mentioned examples where the State Recorder's Office had made misrepresentations in trying to get more money in its budget. Information about those distortions had come out in the last legislative session in the finance committee, he said, suggesting punishment for attempting to lie might discourage such behavior.

MR. MOTZNIK summarized the three examples under Recommendation 1 on page 11. First, submitted as Attachment S-2, was a Y2K-related request for \$225,000 to convert some of the mainframe network to personal computers (PCs). However, because the mainframe network is "dumb" and doesn't know what day it is, it has nothing to do with problems in the year 2000. Although the office didn't get the money and had "back-pedaled" when confronted with this in the finance committee, there was no punishment involved.

MR. MOTZNIK discussed the second example, submitted as Attachments S-3 and S-4 to the report. In the FY00 budget, an increase of \$300,000 was requested for additional personnel because the volume of documents recorded had increased yearly from 1995 through 1998, with the same number of front-line employees. However, the 1994 volume, not included, was higher than any year on the chart, and with fewer total employees. Mr. Motznik suggested that not including 1994 distorted the data.

MR. MOTZNIK addressed the third example, submitted as Attachments S-5 and S-6. A supplemental budget request of \$92,000 from the previous session had said the size of recorded documents had increased 158 percent in the last five years. However, Mr. Motznik had calculated the average number of pages for documents over the last twenty years, and he found the average size in the last five years had gone up by only 1/100th of a page [from 2.54 pages in 1994 to 2.55 pages in 1999]. He restated concern about the lack of a penalty for putting misleading arguments into budget requests.

REPRESENTATIVE BRICE asked whether the State Recorder's Office had received the requested money.

MR. MOTZNIK said no, but if it weren't for a lot of volunteer effort, they would have gotten away with it.

REPRESENTATIVE BRICE replied that that's democracy.

MR. MOTZNIK countered that there is no discouragement from trying it again the next year, and it perpetuates the game.

CO-CHAIR COWDERY asked whether his understanding is correct that in the past the State Recorder's Office processing was done for free, but that a couple of years ago the DNR had decided to do it on its own, at quite an increase in cost to taxpayers.

MR. MOTZNIK explained that Motznik Computer Services, Inc. (MCS), his own company, had done the processing for free since June 1986. As of January 1999, it was brought in-house over the objections of the legislature. He commented that maybe it is coincidental timing that they then requested \$200,000 in capital money, \$300,000 in operating money, and \$92,000 in supplemental funds. He believes there was no justification for those increased requests because the volume had not increased.

CO-CHAIR COWDERY asked how MCS had received fees if they did it for free.

MR. MOTZNIK answered that the state had been using a system he

himself wrote in 1971. In 1986, when he was putting files online, the state was still on that old, slow system, using keypunch cards and mailing items all around the state. He had offered to take over the processing and programming at no charge, to get up-to-date, usable data.

CO-CHAIR COWDERY asked how many new employees were requested, at least approximately, because of doing away with the free service and performing it in-house. He said he didn't want to hold up the meeting but thought that should be stated. He recalled that someone from the State Recorder's Office was in his own office in Juneau several times lobbying for funds.

MR. MOTZNIK informed Co-Chair Cowdery that it wasn't on the chart he had.

REPRESENTATIVE BRICE suggested someone from the DNR could provide the information.

CO-CHAIR COWDERY asked that it be given to his staff, Annette Deal or Marco Pignalberi.

MR. LOEFFLER advised the commission that he would ask DNR Deputy Commissioner Rutherford to provide, at the next meeting, the number of positions requested by the State Recorder's Office. In response to Commissioner Wuerch, he also agreed to convey the request for a response to the following: Why would the state take on the cost of doing a service that has been provided for free?

MR. MOTZNIK informed listeners that the original agreement in 1986 was that he would do the programming and processing on the MCS machine. The file remained public, he had no priority rights, and anyone wanting a copy could get one that night. In fact, MCS sent copies of the daily data to the state for public release. Mentioning competitors, he said Geonorth, Inc., provides online access to the State Recorder's Office and got their data from that office. It worked great for years. By putting information online, the state didn't have to transfer reports and data between Fairbanks and Juneau, for example, and it was much less time-consuming.

MR. MOTZNIK continued. With the last Recorder, the drive came to bring the system in-house. An update was needed, and they wanted more things in the system. It got beyond what his company could do for free, Mr. Motznik said, although he believes MCS could have done it for considerably less than it cost the state. In 1997 the State Recorder's Office requested \$1.2 million to purchase a new system that involved imaging. However, the legislature denied the

request, saying it didn't make sense to provide \$1.2 million to replace something they were getting for free. At that point, the State Recorder wrote Mr. Motznik a letter, signed by Commissioner Shively, saying they weren't going to process with MCS anymore; it was to end July 1, 1997. However, the State Recorder's Office didn't have anything else to run; the State Recorder wrote the title companies predicting disaster on July 1 and asking them to contact legislators for money for the office. Representative Rokeberg, chairman of the House Labor and Commerce Standing Committee, then put together an oversight hearing in the last two days of the session. In the next year, MCS gradually got another agreement with the state, although they operated six months without one.

MR. MOTZNIK continued. In 1998, after session was over, there were two oversight hearings in which the State Recorder's Office said they wouldn't bring it in-house but wanted a backup system in case MCS's system failed. Following the 1998 special session, however, Mr. Motznik said he was called in and told, "That's it: We're taking it in-house, and we're going to have it in-house on November 1." That was despite the agreement's requirement of six months' notice. Mr. Motznik told the commission there has been much bickering and it has been "a mess" for years. He concluded by saying the State Recorder's Office made a lot of enemies by pulling this in-house. He mentioned a letter signed by 12 legislators, included in packets, that advised against it.

MR. MOTZNIK concluded that this system, privatized for 12.5 years, obviously could be privatized again. However, because the office risked so much bringing it in-house, he doubts that it could be "extracted" again. Furthermore, he isn't sure he would even want to bid on it if it were privatized again, because of the present personnel. Trying to force someone who doesn't want to be a customer into being one, and doing it for free, wouldn't work. He suggested it would require a different State Recorder.

CO-CHAIR COWDERY asked whether Mr. Motznik or the committee has a recommendation now.

UNIDENTIFIED SPEAKER noted that it used to be in the Alaska Court System. Adding that he has known every State Recorder, he said they had much preferred being in the court system rather than DNR; it was not nearly as political, and they could operate more efficiently.

COMMISSIONER THOMAS asked whether part of the recommendation is that it go to the Alaska Court System rather than DNR.

MR. MOTZNIK said he thinks it would take some studying. As far as privatization, it obviously can be privatized because it worked fine that way for 12.5 years. He asked how they can get back to that situation with people who don't want it privatized, however. He suggested the three choices are to change the people, move it to a different department or forget about privatizing it.

CO-CHAIR COWDERY suggested it could also be done through the budget process.

COMMISSIONER WUERCH pointed out two recommendations in the summary: Recommendation 3, to re-privatize the recorder's office index processing (page 11), and Recommendation 4, to consider contracting out the entire recorder's office process. He told Co-Chair Cowdery the subcommittee is making recommendations to privatize these functions.

UNIDENTIFIED SPEAKER responded, "We're recommending it, but I'm not sure how you're going to accomplish it."

COMMISSIONER THOMAS asked if Mr. Motznik wished to comment on the two other items in this area.

MR. MOTZNIK explained that a title company, to maintain a plant and do title searches, needs a copy of every document going back 20-some years. For example, Western Microfilm Services, Inc., is a representative of the title companies and had microfilm equipment in the State Recorder's Office. This whole process of recorded documents is duplicated over and over. Each title company maintains its own plant that duplicates what the State Recorder's Office does. The State Recorder's Office microfilms every document, and Western Microfilm microfilms every document again in that office, then distributes that data to the title company. Mr. Motznik mentioned that he had provided a letter indicating Sharon Young had written Western Microfilm, telling them they couldn't do that anymore, stopping their access to microfilmed documents. Whereas a title company could get a copy of a document from Western Microfilm for 35 cents or 30 cents a document, that company now has to pay the State Recorder's Office \$3 a document. He characterized it as holding the documents hostage for a large fee. Furthermore, that state office now makes more copies and therefore needs more employees and microfilming equipment. He suggested they are making their own business out of copying this data by blocking private enterprise from doing it at a fraction of the cost.

CO-CHAIR WARD asked how other states do it.

MR. MOTZNIK said he isn't sure. Reiterating that this has all

happened in the last few years, he recounted how Sharon Young, the new State Recorder, had decided that the way documents were indexed for the last 25 years was wrong. She believed they needed to be indexed exactly as they were on the documents, he explained. This created several situations. One function her office performs is to scrutinize every document coming in for recording to make sure it is acceptable; without a valid legal description, Ms. Young considers it unacceptable. Now, thousands of documents in the system were accepted, but when it came to indexing them, the office put in a comments card that says "Incomplete legal description, not indexed." This has bad ramifications, and Mr. Motznik believes those documents should have been rejected to begin with.

MR. MOTZNIK cited an example. The recording districts in Kenai, Homer and Anchorage are all on the Seward Meridian; if a warranty deed for a house there comes in, listing the property location including section, township and range but not "Seward Meridian," the office may accept the document but not index it. However, it is known to be the Seward Meridian; prior recorder just added that language and indexed it. Now, however, thousands of these documents are not indexed.

MR. MOTZNIK recounted how Pacific Rim Title (ph), some time ago, had issued title insurance on a piece of property, missed the document, and the recorder had to write an affidavit that said the State Recorder's Office had indexed it under the wrong name and property description. There was no way to find that document, nor any way Pacific Rim Title could know that document had anything to do with this piece of property on which they were issuing title insurance. Therefore, the bankruptcy judge ruled they weren't liable. Mr. Motznik commented, "Well, that says that these thousands of documents that people have brought in - the recorder's office accepted the money, put the document in the system, didn't tell them that there was anything wrong, did not index - that those documents are the same as not recorded. To me, that's just a horrible situation."

MR. MOTZNIK cited a further example. He had come across a document the previous day with a little information in the index, plus a comments card saying "handwriting illegible." However, the office is supposed to refuse a document if it is illegible. He emphasized that the last couple of years the indexing has deteriorated horribly. He has known all the prior recorders, some of whom have contacted him, upset about what is going on, he said. To him, the worst thing about the State Recorder's Office is that the quality of the data is deteriorating considerably. However, that has nothing to do with privatization, he added.

COMMISSIONER THOMAS asked how to go back and correct this, and whether there is some way the DNR is going to be able to take care of that.

MR. MOTZNIK replied that some previous oversight hearings, which Co-Chair Cowdery had attended, addressed some of these concerns. This spring he himself had brought them up to Marty Rutherford, who met with representatives from some of the title companies. However, there was only one meeting; Deputy Commissioner Rutherford and Commissioner Shively just met with the title companies, got them interested, and then "disappeared." Mr. Motznik also indicated he can't get Deputy Commissioner Rutherford to return his monthly telephone calls.

CO-CHAIR WARD referred to the beginning of Mr. Motznik's presentation, agreeing there is probably nothing quite as frustrating as misinformation in a budget process. Specifically referring to the desire for a penalty, as well as numbers 7 and 8 of Mr. Motznik's attachment regarding the cry to have the legislature lobbied, Co-Chair Ward commented that almost any sanctions, however, other than requiring good government, would penalize the people who own the government. He then asked whether Mr. Motznik believes there would be any takers, in Alaska or in the computer industry, if the entire procedure were put out to a request for proposals (RFP).

MR. MOTZNIK answered that the recorder's office, in toto, is a filing job: "Here's a document. Make a copy of it. Index it so I can find it. And if anybody wants a copy of it, make the copy for them." Emphasizing that it isn't a complicated procedure, he noted that each title company does exactly the same thing. Furthermore, every county in every state has its own recording system. Mr. Motznik said he isn't sure why somebody wouldn't want to try it. Mentioning a pilot project, he noted that Homer's recording office has one employee, as does Kotzebue's. "If you fly to Nome to search title, and you get to Nome and that employee is sick that day, then you [sit] until she gets well, or you fly back," he said. "It's quite costly because the office has no backup, because there's only one employee there. I would think that if the Kotzebue recording office was a contract office, there has got to be some business in Kotzebue that has a business with two employees that could operate that."

MR. ANDERSON mentioned that, during subcommittee hearings, it was suggested that if a person presenting facts at a budget hearing were under oath, that person's statements would more likely be true; if a person lied, there could be some legal recourse.

COMMISSIONER THOMAS referred Mr. Motznik to the DNR's official departmental recommendations, items 1 and 2, found on page 5 of the subcommittee report; she asked whether he had any comments on those items. [Item 1 read: "Film old recording books currently located in 14 different offices. (Page 66)."] Item 2 read: "Implement imaging technology. (Page 66)."]

MR. MOTZNIK responded that until 1971, all documents were photocopied. Microfilming started in 1971. Indexes were written ... [ENDS MID-SPEECH BECAUSE OF TAPE CHANGE]

TAPE 99-13, SIDE B

MR. MOTZNIK said they are old documents, not used a lot. Imaging gets cheaper over time, he pointed out. The main cost is holding all the documents. However, a computer image is not as secure as a microfilm image. Images scanned into a computer digitally can be altered. If the official record of a deed to a piece of property were a computer image, there would be a worry that someone could change it in the computer, thereby changing the deed. Right now, to his knowledge, a computer image won't legally stand up in court in Alaska. It would require legislation before the savings could occur, because a microfilm system would have to be maintained too, and they wouldn't really be saving much money.

COMMISSIONER THOMAS asked whether anyone wished to comment on resource development; there was no discernible response. She then asked whether anyone wished to comment on land development.

MR. ASHLOCK addressed land development from his own experience in talking with DNR representatives. He acknowledged that DNR is encumbered with a number of different processes, saying he doesn't have a specific solution but believes something needs to be done to streamline the state land leasing process. He believes the DNR staff is, for the most part, somewhat frustrated too because the process is so lengthy. Millions of acres are under DNR stewardship, and the process is cumbersome. Even to get it to the point of a competitive bid notice for the newspaper, money must be spent on surveying and whatnot. Although streamlining is needed, he doesn't know if it is necessarily an area for privatization.

MR. URICH also briefly addressed land development, adding that there was a bill, a "family entitlement land Act," pertaining to putting up a certain amount of land every year; however, that bill had gone nowhere. He indicated Fran Ulmer wouldn't sign off on it because the DNR would be selling off the state's assets. To his understanding, it will be presented again in a different manner, under leasing. He asked why that never went anywhere, and whether

Co-Chair Ward had ever looked at it.

CO-CHAIR WARD replied that it was one of many introduced. The particular bill he himself was thinking of was part of a combination of six bills introduced by Senator Taylor to try to free up some 2 to 5 million acres of the state's 103 million acres. Co-Chair Ward said the bills will be reintroduced. He added that Senator Taylor's thought process was to move existing state lands into private ownership so they could be taxed. The Municipality of Anchorage, the City of Kenai and others rely on property tax revenues. The state doesn't pay property taxes, nor should it. But if the land could be transferred to private parties in some fashion, that money would be on the tax rolls and there would be no budget deficit problem.

CO-CHAIR WARD pointed out that some people are reluctant to develop the state's resources and adamantly oppose that. He doesn't know whether that exactly fits under privatization, but if talking about funding essential government services through privatization, he believes there can be no purer way than to transfer resources from the people of Alaska to [private entities] so that the state or local municipalities could tax them through property taxes.

UNIDENTIFIED SPEAKER commented, "As long as somebody's paying for the transfer."

CO-CHAIR WARD replied, "Yes, and that's part of what Mr. Ashlock was talking about, the cost of transferring. And I don't know that anybody wants to go back to the just-metes-and-bounds of the 1940s, when we transferred homesteads, but it did work well, and most of our cities are developed because of those homestead Acts at this time. But there are ways to transfer properties fee simple without going through all the hoops that we now are going through. It worked well since the 1800s, and I'm sure it'd work well again without a bureaucrat under every tree."

UNIDENTIFIED SPEAKER responded that the good old days weren't always that good, as there were tremendous numbers of land disputes, fights and "wars" about trying to keep track of who owned what. He added, "Let's get that land out in the public hands; that's not a problem. But let's make sure we're not selling it to three different people. And I think that comes into question, and you need a state agency ... that's adequately funded that can ensure that the land's only sold once."

COMMISSIONER THOMAS returned the commission's attention to the DNR subcommittee report. She called on Dale Urich to address Forest Management and Development.

MR. URICH advised the commission that it was hard to unravel this budget and establish costs that are fair to the forest management section. Fire pre-suppression is mixed in, for example, with \$4.3 million going to that, whereas about \$8 million goes to fire suppression on its own. Mr. Urich wants to see breakdowns about costs per board foot, road costs, production costs and the costs of putting the sales up; however, they [the state agency] could never come up with that, and they weren't compelled by the legislature to have checks and balances in that area. He questioned how a business could be run without such cost breakdowns, adding that he wouldn't expect the production of raw materials to cover the road crew, for example, when maybe somebody else could build that road for half the cost.

MR. URICH continued, saying at this point the only thing he really sees is that the mission statement says they are to develop, conserve, enhance and manage the state's forests. Noting the \$1.4 million in gross receipts, Mr. Urich said if they don't get serious about putting up some sales, maybe they should get out of the business. Noting that 4.7 million acres of classified forest land probably could be boosted to 20 million acres, he attributed that statement to DNR Deputy Commissioner Rutherford. He asked: Why don't we get it classified? The biggest problem is opposition from some environmentalists about putting up these sales, he said, then acknowledged there are a lot of hoops to jump through.

MR. URICH characterized the forest as a renewable resource, like a crop, noting that he has managed his own tree farms and has seen large ones. He acknowledged that they might not look good when first harvested, but suggested thinking about the long term, 100 years. He referred to cutbacks in the Tongass National Forest, then mentioned putting up 140 sales. As for small operations with crews of four or five people and little sawmills, he said those people should be taken care of, and it appears they are covering the bases pretty well there as far as sales. However, he expressed concern about larger firms that would be interested in entertaining the idea of coming in to the area, because there aren't enough raw materials. He stated, "When I questioned that, they said ... what they're working on now is value-added sales."

MR. URICH noted that value-added sales would include a veneer plant, for example, which would require one or two lathes turning a log to create one thin layer of face stock or filler. Although there wouldn't be the expense of establishing a plywood mill, even a veneer plant takes a lot of raw materials. Mr. Urich stated, "The ones I've talked to would like to look at, maybe, like a 20-year commitment. This value-added sale program ..., they're talking of 10 years. And providing they meet all the criteria and

... fair-market value and all the other criteria that goes along with it, and reforestation, et cetera, then ... these sales would be continually put up for them. But this still is not enough. It's not enough. It should be extended to 20 years ... if they meet ... all the criteria." He suggested an industry could be enticed into the area.

MR. URICH pointed out the two different types of forests in Alaska. In Southeast Alaska, roads cost more because of solid rock requiring drilling and blasting. Production costs are also a little higher. However, the timber is of an extremely higher value. In the Interior, in contrast, there is smaller timber, although the road costs per thousand probably aren't as much. "But at this point we don't even have any costs," he added. "We don't know."

MR. URICH concluded by again suggesting perhaps expanding the commitments from 10 to 20 years in order to entice industry. Furthermore, they should be mandated to break down the costs. Restating the figure of 140 sales, he added that it doesn't cost a whole lot more to put a big sale rather than a little one, as they must go through the same hoops: flagging the sale, laying it out and the engineering, for example. And it is just as easy to manage a large sale, because the logging occurs a unit or two at a time. There is more opposition, however. He restated the need to put up more sales, saying \$1.4 million in gross receipts is ridiculous. Mr. Urich stated that the legislature had said it would monitor forest management, and they should follow through on that. He then restated that opponents to the sales are a major problem.

REPRESENTATIVE BRICE referred to the suggestions in the subcommittee report (pages 3 and 24) and requested more written detail, one page perhaps.

MR. URICH agreed to that, adding he hadn't devoted as much time as he would like to, as one could spend a whole lot more time on it.

REPRESENTATIVE BRICE said he knows, as he himself has spent about three years on it. He commented on having a regulatory system that is identical for both large and small producers, saying it has frustrated him not only with forestry but with mining and a lot of other resource development as well.

MR. URICH asked whether Representative Brice felt he was leaving out the small operations.

REPRESENTATIVE BRICE said no, not at all. He stated his understanding that Mr. Urich was expressing frustration that small

operations face the same regulatory schemes as do large operations, leaving small operators in a bind because of having to hold their capital as long as large operators do, which is prohibitive. In addition, it prohibits large operators from being interested because the state never offers contract sales long enough to allow them to recoup their costs.

COMMISSIONER THOMAS asked that Mr. Urich provide comments to Mr. Pignalberi to be taken up at another meeting.

CO-CHAIR WARD requested that Mr. Urich include the amount of product wasted yearly because of bark beetles, fire and nonharvesting. He noted that large timber industries have related to him personally the amount of timber being lost "because Mother Nature won't put up with bureaucracy." He suggested it be not the dollar amount going back into Mother Earth every year but an estimate of what may be lost by not harvesting this product.

COMMISSIONER THOMAS next called upon Ron Anderson to address agriculture.

MR. ANDERSON advised members that the DNR's Division of Agriculture has 19 employees who do a tremendous variety of jobs required by law, from inspection to ensuring grass is planted on grounds renovated after mining. In many cases, they bring in money doing their work. Therefore, he had found very little need for privatization there; their costs aren't that great to the state.

MR. ANDERSON suggested that the Agricultural Revolving Loan Fund (ARLF), however, should be done away with as a state agency. It was given a large amount of money years ago to help develop farming in Alaska, but almost all of the projects have fallen short of their goals. Now the ARLF is down to about \$5 million, with an expenditure from the principal of about \$750,000 per year. It won't be too long before the state has to inject another large sum of money if it continues this way. Mr. Anderson recommended that it be turned over to some bank or financial organization; he believes the banks could run this loan program in such a way that there would be profits to be shared. Furthermore, the Office of the Attorney General could contract out to collection agencies the recouping of funds due the state, which are now written off for some reason. At least four other groups make agricultural loans in Alaska, Mr. Anderson noted.

COMMISSIONER THOMAS thanked Mr. Anderson, then called upon Hugh Ashlock to address Parks and Recreation.

MR. ASHLOCK noted the presence of Jim Stratton, Director of DNR's

Division of Parks and Outdoor Recreation ("State Parks"); he advised members he had met with Mr. Stratton, and he expressed appreciation for the time and information provided by his office.

MR. ASHLOCK reported that State Parks is an agency that is really stretched thin, with a lot of properties to take care of, including parks, campgrounds, recreational facilities and boat launches. Their staff is stretched all across Alaska, and with increasing numbers of tourists coming to the state in recreational vehicles (RVs) - especially in areas such as the Kenai Peninsula, Fairbanks and Tok - there is particularly a need for roadside rest stops and their maintenance.

MR. ASHLOCK restated that he is a concessionaire for both the U.S. Forest Service and the U.S. Fish and Wildlife Service. The former has a very successful private concessionaire program, he noted, implemented all throughout the United States, in almost every national forest with recreational facilities; they use a number of different techniques that he has submitted in his report. Mr. Ashlock indicated some parts of his own report coincide with some U.S. Forest Service staff recommendations, such as the idea of campground "bundling" of so-called winners and losers. For example, Kenai Peninsula's Deep Creek has 100-some sites and is probably full all the time. In contrast, Little Stariski Creek, right down the road, only has 8 or 9 sites; although it loses money, people still enjoy its different atmosphere. Both need to be maintained for the public. Similarly, the Valdez campgrounds aren't used as much as those in other areas of the state, yet residents and tourists need to have those facilities maintained.

MR. ASHLOCK advised the commission that State Parks has already gone in the direction of privatization to some extent. They have some privatized campgrounds in and around Tok, which have met with various degrees of success, and they are currently looking at privatizing the Eagle River campground, for example. They are going in the right direction, Mr. Ashlock emphasized. They have been saddled with some systemic impediments for a long time but are making the best situation they can.

MR. ASHLOCK reported that the state park pass is a popular program with Alaskans and tourists from the Lower 48. According to Director Stratton, however, they will be phasing out the pass for out-of-staters beginning next year. Mr. Ashlock explained:

When I'm looking at a group of campgrounds, and I'm looking at a national forest, and I go out and I competitively bid these in the Lower 48, not just here in Alaska - we just did a campground, the Tonto (ph)

National Forest outside of Phoenix, Arizona, that had 800-and-some-odd campsites throughout the whole national forest - we use a calculation where we take the number of campsites, multiply it times the season, roughly 100 days here in Alaska. And we multiply that times the fee, an average given fee, and then we multiply that times 50 percent occupancy, because not everything is a Russian River - that's one of the campgrounds I operate that's 110 percent full all the time. We find that a calculation is within 5 percent of the actual numbers that [have] been done, both here in Alaska and in the Lower 48.

Based on that calculation, State Parks should be taking in about roughly \$1.2 million a year ... in fees. ... They're taking in, instead, \$456,000 in fees; and I based this upon four areas - Chugach, Kenai, Mat-Su and northern areas - which are the biggest revenue generators for State Parks. I think the \$800,000 dollar annual discrepancy lies mostly in the fact that there's a state park pass, and that they're not getting the revenue collection that they need.

MR. ASHLOCK extended credit to State Parks for going in a lot of the right directions, and for their candor with him. However, they need to keep phasing out the state park pass, he said, and to look at phasing out the local park pass. With only getting \$200,000 a year in revenue for the park pass, they are missing \$800,000 in revenue out in the field. Mr. Ashlock also emphasized that those in charge of campgrounds now have a lot of different jobs and are stretched thin; he believes, with budget cuts, State Parks has been doing more than less than just about any other agency. With privatization, he suggested a reservation system could be implemented more readily out in the field, although a reservation system could be implemented regardless. In addition, some campground management systems could be used. Furthermore, customer service and staffing levels could be higher, and search-and-rescue or first response systems could be done in conjunction with both State Parks rangers and law enforcement such as the Alaska State Troopers. "We provide many of those things right now in the Cooper Landing area with the Russian River campground," Mr. Ashlock noted.

MR. ASHLOCK acknowledged that total elimination of the state park pass may be a "political pill" about which constituents may complain. He again mentioned doing that in conjunction with developing a reservation system, then expressed belief that if people are given something for their money, they don't mind as much. He stressed the importance of a reservation system. Living

in Anchorage as he does, working five days a week, he is under a distinct disadvantage if he wants to go down to Deep Creek on the Kenai Peninsula for the weekend, he said, "because that blue-haired couple from Florida that's been here all summer in their RV has been squatting down there since last Tuesday." Mr. Ashlock suggested that many locals in Kenai and Anchorage, as well as locals in Fairbanks who want to enjoy the lakes, have the same problem as well. All this can be solved by privatization, he added.

MR. ASHLOCK recalled that Jim Stratton had also mentioned to him that there are a number of ways that State Parks could be funded; he asked whether Mr. Stratton wished to speak to that, but the response was indiscernible.

COMMISSIONER THOMAS suggested sticking to the agenda somewhat, including comments and recommendations. She also shared with the commission that the DNR subcommittee hadn't had an opportunity to come back together, meet and vote on the recommendations; members hadn't reviewed each other's recommendations, which was why this was being done a little differently. Therefore, these are individual reports and comments. She expressed the desire to have DNR personnel's comments, which she understood to be about the whole report, provided all at once unless there were specific questions to answer.

MR. STRATTON reported that the comments about the camping pass were right on the mark. He indicated those buying out-of-state camping passes use them a lot more than those buying in-state passes. Next summer, as they phase out the out-of-state camping pass, which has been identified as 30-40 percent of the total pass usage, it will be interesting to see whether there is a commensurate rise in revenue, he said, or whether those people, instead of basically camping for \$2 a night - which is the benefit they get now - will start camping alongside the road or go to private campgrounds. That may play into a decision about in-state camping passes because 3,500 Alaskans buy those, whereas only 350 out-of-state passes are sold. He specified that he agrees with Mr. Ashlock that it might be a difficult political pill to swallow because a lot of Alaskans really like that program.

COMMISSIONER THOMAS asked if there were further questions of Mr. Ashlock. She noted that comments on statewide fire suppression are included in the DNR subcommittee report, as are DNR's recommendations.

COMMISSIONER THOMAS next called upon Del Moss in Fairbanks, advising him that the commission had all of his materials and

comments, which staff had reviewed; there were nine points listed. She asked whether Mr. Moss wished to comment on those points, but he declined unless there were questions.

COMMISSIONER THOMAS, hearing no questions, asked Mr. Ruedrich if he wished to comment, either on the one portion of the Oil and Gas section of the DNR subcommittee report that he had worked on, or on the portion prepared by John Swanson.

RANDY RUEDRICH, Member, Subcommittee on the Department of Natural Resources, indicated he had also worked on the portion prepared by Mr. Swanson, which he would address. Specifying that he lives in Anchorage, he first advised commissioners he would share a thought relating to the Alaska Oil and Gas Conservation Commission (AOGCC). The AOGCC, by its own definition, has 11 principal functions. In thinking of not necessarily privatizing, but rather modernizing and reflecting upon what the industry has gone through in the last years, he said the British government had the opportunity to face something we will never want to see, and that was a significant tragedy. Out of that, they went back and reinvented their regulatory regime.

MR. RUEDRICH advised members that having lived under that regime and having seen the evolution in Alaska of quality assurance systems on the part of the operators - and even looking forward at the current proposed charter agreement - an operator that would come in to run Kuparuk is going to be one of basically no more than five worldwide oil companies, all with a similar level of expertise. The other potential operator for running Alpine has to be a very significant company, Mr. Ruedrich stated. Therefore, the thoughts he is sharing here are consistent with the potential spinoff of some assets to newcomers.

MR. RUEDRICH addressed the arena of well services and productions services (see report, page 95). He mentioned the tasks of approving drilling and workover operations; inspecting rigs; witnessing the mechanical integrity of blowout preventers; approving casing, cementing and completions operations; and collecting and maintaining all well history and well files. On the production side are approving and monitoring gas flaring; witnessing of subsurface safety valves and mechanical integrity tests of existing wells; and, ultimately, collecting and maintaining all production data for oil and gas.

MR. RUEDRICH indicated that in thinking of where the industry has evolved to - in terms of having programs that can be best characterized as "define what you're going to do, do it and prove it - the regulatory scheme in Alaska allows that to be adopted

fairly readily, because state laws give direction as to what to do and require documentation proving what was done. For that reason, he has concluded that the field inspection effort is somewhat secondary verification, or reverification, and has been supplanted by a change in business philosophy. He stated:

Now, if we were to go one step further and put out reports in a new, modern database, where the operator can effectively upload all the nonconfidential documentation, then anybody could look at it tomorrow morning, we would have achieved open disclosure, full disclosure and self-verification.

MR. RUEDRICH indicated he believes that is the way to go. The only state consideration other than the fundamental change would be the need for a qualified petroleum operations professional, every five to seven years, to review the code and adjust it for true changes both worldwide and in our own environment here.

MR. RUEDRICH pointed out the one service he believes should be contracted out. If the state does away with the inspector function and some of those aspects, one remaining item is quite important, he said: witnessing of calibration of the meters and oil quality testing. He noted that professional firms do this worldwide. If the operator has a quality assurance program that documents this to a large extent, periodic certification by an outsider would be a great concept for privatization.

MR. RUEDRICH reported that the four remaining tasks are: approval and monitoring of oil pool development and plans for enhanced recovery; monitoring and enforcement of spacing rules and other production practices; issuing of pool rules and conservation orders; and administration of the Underground Injection Control (UIC) program. There is an agreed-to division of duties between the DNR's Division of Oil and Gas and this organization, he pointed out. He envisions moving all these tasks to their parallel functions, either leaving them to stand alone or consolidating them, as individual cases may be, to actually make the state government more efficient.

MR. RUEDRICH noted that there is a counter-argument that this leads to some wonderful checks and balances, but he isn't sure that would gain the state much. Therefore, his proposal is that those four remaining functions would be moved to the DNR's Division of Oil and Gas, thereby eliminating at least nine state positions and reducing costs directly by a little more than \$1,050,000. Contracting out the data management and metering functions would be an offset on the order of \$250,000, for an ultimate potential benefit to the

state - and to the industry, because many of these dollars are billed straight back to the industry - of approximately \$800,000. Mr. Ruedrich concluded by offering his opinion that this would put the state in the same position that other regimes, which have needed to look at their businesses, have migrated to in the last seven to ten years.

CO-CHAIR WARD asked whether existing firms could do that contracting now.

MR. RUEDRICH answered that the meter proving activity clearly can be done. As to whether there is anyone who has an Alaskan presence today, however, he could not speak to that. Noting that they are talking about less than \$150,000 a year, he said potentially either someone would fly in to do this work or someone locally would be retained as a part-time employee of such a firm, operating under their certification to do this.

CO-CHAIR WARD referred back to discussion of nonconfidential documentation. He asked whether there is something that identifies what "nonconfidential" is.

MR. RUEDRICH replied that virtually everything in the production and development arena is nonconfidential. Off the top of his head, the only documents he recalls as being confidential would be drilling documents relative to exploratory wells and the production testing of those exploratory wells. Those would have to be kept on a private basis. He envisions at least one engineer who has been involved in this side of the business "staying in the head count" and being accountable for those types of things. He clarified that he doesn't believe there is a question of these people not being capable. Some of them, indeed, are very capable and might well find other relevant positions in government, he said, adding that some of the commissioners over the years have been outstanding, and some of the inspectors could participate in various facets of work in the industry.

COMMISSIONER THOMAS asked if there were further questions. She asked whether anyone from DNR wished to speak, then thanked participants.

MR. PIGNALBERI referred commissioners to the report prepared by John Swanson, specifically, page 28 of the DNR subcommittee report. He explained that Mr. Swanson's approach to this was to take each Business Revenue Unit (BRU) relating to oil and gas, and to break it down into four elements: the BRU name; a summary of statistics, which was the total budget for that program or programs; the number of people or employees involved; and the number of dollars

contracted out. Then he had an opinion section ... [ENDS MID-SPEECH BECAUSE OF TAPE CHANGE]

TAPE 99-14, SIDE A

MR. PIGNALBERI continued:

It was one of the BRUs that he reviewed, then the amount of the dollars that he recommended that had privatization potential, and then I just referred you back to the page where his opinion is because I found a bit of a disconnect between the language in the opinion section and the amount that he recommended be privatized. I'll try to get with him and make that a tighter connection for you before you get to the final deliberations. That's the way it's laid out, and I hope it helps when you read the whole report.

COMMISSIONER THOMAS thanked subcommittee members for their work. She announced that the commission would be relocating to a different conference room after 12:30 p.m.

Subcommittee Report on the Department of Transportation and Public Facilities

COMMISSIONER THOMAS informed the commission that Mr. Pignalberi would now begin the presentation of the Department of Transportation and Public Facilities (DOTPF) subcommittee report.

CO-CHAIR WARD asked any members of the DOTPF subcommittee and other participants to introduce themselves.

KURT PARKAN, Deputy Commissioner, Department of Transportation and Public Facilities, introduced himself; John Horn, Regional Director of the Central Region; Mike Downing, Director of Design and Engineering Services; and Gene Darling, Manager of the Statewide Equipment Fleet Section.

MR. PIGNALBERI distributed DOTPF's response to the subcommittee report. He pointed out that the subcommittee had asked DOTPF for a lot of information, which Deputy Commissioner Parkan did a great job of providing. Mr. Pignalberi noted that he would address the specific recommendations that he had discussed with subcommittee members.

MR. PIGNALBERI directed attention to page 19. He explained that the subcommittee had made an overarching recommendation that the legislature answer the question of which functions are core

government responsibilities (CGRs). Once CGRs are identified, the question of whether privatizing them is in the best interest of the state can be addressed. The subcommittee had attempted to identify DOTPF's CGRs in its report.

MR. PIGNALBERI advised commissioners that Recommendation 2 pertains to maintenance and operations, and it suggests that ownership and maintenance of local roads should devolve to the lowest level of local government. A subgroup of the subcommittee had looked at the different operating agreements between DOTPF and local governments. DOTPF maintains some roads within the municipal boundaries of Anchorage; the subgroup found that arrangement to be inefficient and to cause confusion. The subcommittee believes, as a first step, the state should get out of the business of subsidizing local roads. They recognize that inadequate revenue sharing or the inability of local communities to pay for maintenance could prevent the implementation of that recommendation.

MR. PIGNALBERI pointed out that the subcommittee's report lists each recommendation, followed by its rationale and barriers that could impede implementation of the recommendation.

DEPUTY COMMISSIONER PARKAN apologized for DOTPF's brief response to the recommendations but noted that the report was only distributed to staff for review on Monday. He stated that DOTPF staff is available for follow-up discussions at the commission's request. Deputy Commissioner Parkan said DOTPF supports, in concept, many of the recommendations made by the subcommittee, and that the subcommittee was able to identify some of the challenges DOTPF faces in its attempt to perform services less expensively.

COMMISSIONER WUERTZ said that having spent the last several years working with the Alaska Municipal League, he has become aware that local residents share a common problem: how to balance the maintenance of state-owned roads with locally-owned roads. The current situation seems fraught with inefficiencies, for example, two sets of equipment are being used when one would be sufficient. He asked whether there is an approach it could take whereby the state could contract with local governments to take on that job.

DEPUTY COMMISSIONER PARKAN responded that DOTPF currently contracts with some local governments, such as the Municipality of Anchorage (MOA).

JOHN D. HORN, Regional Director, Central Region, Department of Transportation and Public Facilities, explained that DOTPF has contracted with the MOA since about 1981 for all traffic signal maintenance. DOTPF is paying the MOA slightly over \$1 million for

signal maintenance, but the MOA estimates maintenance costs to be closer to \$1.5 million. The MOA has actually asked DOTPF which signals it should shut off. DOTPF is unable to pay more for that service without a legislative appropriation. In Anchorage, DOTPF swaps out routes with the MOA to improve plowing efficiency in the winter. The MOA plows the downtown area even though 5th and 6th Avenue actually belong to the state. One problem that occurs when DOTPF approaches a local government about contracting is that DOTPF cannot pay the local government more than DOTPF would spend. That amount is not sufficient for those who want to contract, and DOTPF does not have additional funds. DOTPF would welcome a proposal from the MOA if it would like to pursue further contracts.

COMMISSIONER WUERTZ asked if that same scenario applies to other areas of the state.

DEPUTY COMMISSIONER PARKAN said it does. For example, the City and Borough of Juneau and the Matanuska-Susitna Borough cover some state roads and vice versa. He added that many local governments do not want to take on another responsibility because they do not know how much they will receive in revenue sharing.

COMMISSIONER WUERTZ commented that he has a fairly pessimistic view of what may happen next November if the tax limitation initiative gets on the ballot. He noted that at a call-in radio show that morning, callers unanimously supported the ten-mill limit on property taxes. He thanked John Horn for the excellent job he does.

CO-CHAIR WARD asked Mr. Horn if he would accept a contract proposal from a private contractor for snow removal.

MR. HORN said he would have reservations about doing that because he has tried that approach a number of times without success. DOTPF went through an extensive process in 1992 to contract plowing of the Dalton Highway; that endeavor was not successful. If the MOA expressed interest, he would be reluctant to just go out to bid and see what happens. DOTPF would need bids from more than one contractor. DOTPF is involved in many contracts in Anchorage and currently spends over \$600,000 on snow hauling with the private sector.

MR. PIGNALBERI explained that Recommendation 4 suggests that DOTPF, in consultation with Associated General Contractors (AGC) and other interested parties, implement a demonstration project for privatized road maintenance. DOTPF's response is that it is willing to discuss this recommendation further but it cites several instances where this approach has been tried unsuccessfully. Mr.

Pignalberi noted that the subcommittee had that information when it made the recommendation. It suggested that an RFP be developed in consultation with AGC because of the economy of scale. This approach might not work with a small station, such as Seldovia, but it might work with the Anchorage station. The key point is that the RFP must contain terms that are realistic to the contractors; therefore, consulting with the AGC to develop the criteria could make the proposal workable for the private sector. Mr. Pignalberi asked DOTPF to consider that part of the recommendation and to provide an additional response.

REPRESENTATIVE BRICE maintained that the RFP must be realistic for the state as well.

MR. PIGNALBERI asserted that he does not think the state has ever written an RFP that was not good for itself.

REPRESENTATIVE BRICE contended that the commission needs to make sure it is not pushing forward an idea that is good for only one party.

MR. PIGNALBERI agreed.

COMMISSIONER NOTTI asked what DOTPF does with its employees when it implements a contract.

MR. HORN replied:

Sometime during the 1980s when I was assigned to the Fairbanks office - I wasn't a part of it - the attempt was made to line the municipality with our own forces here. I'm going a little bit from hearsay now because I, again, was not involved directly in it, but I believe there were two major issues there. And one of them was the union issue, and the other issue I think was finance. At that time they may have gotten a little closer on the finance than they did on the union issue, but the effort was eventually scrubbed because there was too much controversy over that whole thing. If we were to look into something like that, we would certainly want the employees to be considered, at least for some length of time. I don't think we want to see everybody out in the street all of a sudden, that might cause some other problems, and certainly there is enough work to do out there to keep everybody busy. Right now in Anchorage, as in every place else, we're shorthanded in our ability to respond to, for example, an average snowfall.

COMMISSIONER THOMAS thanked the participants from DOTPF.

Subcommittee Report on the Department of Community and Economic Development

COMMISSIONER THOMAS asked for a presentation from the Subcommittee on the Department of Community and Economic Development (DCED).

STEVE LEVI, Member, Subcommittee on the Department of Community and Economic Development, reported that the subcommittee was faced with dealing with two departments that had combined shortly before the subcommittee began examining it. The subcommittee found that three public sector services are being served by DCED: businesses interested in international connections; economic development within the state of Alaska; and a wide variety of services provided to the Bush.

MR. LEVI continued. Overall, the general impression of the subcommittee was that DCED is experiencing three problems: first, there is a duplication of services with other departments; second, DCED staff lack specific "nuts and bolts" business experience, which makes interaction difficult for small businesses; and third, economic development within the department has become a buzzword, as a lot of people talk about it but have little experience with it. One shortcoming of the subcommittee was that no member has substantial experience in the Bush. Mr. Levi noted that he was thankful to see that Emil Notti was appointed to the commission.

COMMISSIONER THOMAS commented that Senator Adams and Michael Harper are also on the commission.

MR. LEVI continued. The recommendations provided by the subcommittee suggest that the establishment of the Alaska Tourism Information Association will allow for consolidation of the tourism functions within the private sector and enable the state to have a smaller financial position within the association as time goes on. A second recommendation is to reestablish the Alaska Film Commission, which is in limbo right now. Recommendations for the Municipal and Regional Assistance Division include the elimination of three programs which, in essence, only exist on the books: the Alaska Products Preference Program, the Recycled Products Preference Program, and the Forest Products Preference Program. The subcommittee recommends that the Alaska Industrial Development and Export Authority (AIDEA) and the Alaska Housing Finance Corporation (AHFC) be combined. It also recommends that the Division of Investments be placed within the Department of Revenue. The hot issue was the recommendation that the Division of Trade and Development should stop doing the day-to-day nuts and bolts

business dealings and be made smaller. Currently, five different organizations are involved in helping Alaska businesses with international development. The subcommittee believes the Division of Trade and Development should focus on upper-level negotiations and dealings with consulates rather than assisting businesses to sell their products.

CO-CHAIR WARD asked whether, when the subcommittee looked at the consolidation of AIDEA and AHFC, it looked at underlying bonding capabilities.

MR. LEVI said the subcommittee had discussed that issue but was assured by Jim Crawford, who is in the business, that the consolidation would not cause a bonding problem.

REPRESENTATIVE BRICE asked what DCED's response was to that recommendation.

MR. LEVI said DCED did not respond to that recommendation.

REPRESENTATIVE BRICE asked if DCED was involved in the discussion about the consolidation.

JEFF BUSH, Deputy Commissioner, Department of Commerce and Economic Development, said that particular recommendation has raised more concern within the department than any other because AIDEA was not consulted by any member of the subcommittee, despite repeated efforts by AIDEA staff to set up meetings. No discussion with AIDEA staff occurred about the bonding implications either. Deputy Commissioner Bush noted that his response to that recommendation was distributed to commissioners this morning. He indicated that AIDEA staff are willing to meet with subcommittee members to discuss the consolidation and that AIDEA believes a consolidation will have serious bonding implications.

CO-CHAIR WARD asked that AIDEA and AHFC submit their concerns about the bonding implications to the commission in writing.

REPRESENTATIVE BRICE asked for clarification of the recommendation that pertains to the Division of Trade and Development.

CO-CHAIR WARD said he believes Mr. Levi was suggesting that the Division of Trade and Development should operate on a government-to-government basis and allow another agency to focus on helping private enterprise acquire market shares in other countries.

MR. LEVI replied that Co-Chair Ward was correct. The subcommittee found that there are two functions necessary to deal with

international trade. One is the nuts and bolts of dealing with Alaska businesses and foreign businesses, which should be handled by an organization such as the World Trade Center. The second function is the top-level negotiations between the State of Alaska and the consulates of foreign countries. That function should be handled appropriately by the state. The subcommittee recommends that the division focus exclusively on the high-level meetings.

REPRESENTATIVE BRICE remarked that the recommendation he was looking at said that business was going well within the Division of Trade and Development.

MR. PIGNALBERI clarified that Representative Brice was referring to Mr. Davidge's original report and that Mr. Levi was speaking to the recommendations that were suggested by the full subcommittee.

DEPUTY COMMISSIONER BUSH added that Mr. Davidge wrote a report on behalf of the subcommittee but the subcommittee took that division up independently and wrote a different recommendation.

COMMISSIONER HARPER asked whether AHFC has reacted to the recommendation to combine it with AIDEA.

DEPUTY COMMISSIONER BUSH indicated that AHFC is not part of DCED and it was not invited to participate; therefore, AHFC has no comments at this time.

CO-CHAIR WARD noted that he has asked for comments from both AHFC and AIDEA in writing.

COMMISSIONER THOMAS pointed out that the Department of Revenue subcommittee is reviewing AHFC.

MR. PIGNALBERI mentioned that that report will be presented at the next meeting and should be forthcoming in the next day or two. He said that he will provide a copy to AHFC and AIDEA and ask representatives of those agencies to appear at the meeting.

COMMISSIONER HARPER asked whether the commission has already discussed the other quasi-state lending agencies, such as the Commercial Fishing and Agricultural Bank (CFAB) and the lending side of the Division of Investments. He noted that if the Commission is looking at a comprehensive picture, it should discuss all of those banking functions.

COMMISSIONER THOMAS replied that some of the subcommittees did not take up those agencies while others decided to overlook them.

MR. PIGNALBERI said that is correct. He pointed out that CFAB was discussed earlier today, and that the subcommittee recommended that it be disbanded. He noted that the lending agencies are being presented out of sequence, and that those recommendations have not been coordinated yet. He said he would help pull the remarks of the different subcommittees on the same subjects together for commissioners.

Subcommittee Report on the Office of the Governor

COMMISSIONER THOMAS next requested the report of the subcommittee on the Office of the Governor.

MR. PIGNALBERI distributed a supplement to the subcommittee's report and explained that the subcommittee had made five recommendations, which are in the style of problem statements. Mr. Pignalberi noted that a serious concern expressed by almost every subcommittee is that the format of the state budget is incomprehensible. That concern was expressed by the subcommittee on the Legislature, of which Mark Hanley, a former House Finance Chairman, was a member. The Office of Management and Budget is now within the Office of the Governor. Mr. Pignalberi turned the presentation on the Office of the Governor over to Andree McLeod.

ANDREE McLEOD, Member, Subcommittee on the Office of the Governor, and staff to the commission, noted the lengthy discussions on the budget, which is very hard to understand in its current format. The fact that the Division of Finance is within the Department of Administration and that the Office of Management and Budget is within the Office of the Governor causes a lot of dysfunction, she said. The subcommittee also found that no process is available for employees to make anonymous suggestions for improvement, which they believe prevents employees from coming forward.

MR. PIGNALBERI stated that the subcommittee recommends that the legislature design a process to foster employee involvement. He referred to a second subcommittee handout, which contains more specific information and describes a task-based budget format and compares it to the current budget format. The subcommittee recommends that the legislature devise a task-based budget format and require by statute that the Governor's budget be submitted in that format.

CO-CHAIR WARD asked if the Governor's office had responded to that recommendation.

MR. PIGNALBERI said the report was only made available last night, so the commissioners are the first to see it.

CO-CHAIR WARD said he thought the Governor's office may not oppose that recommendation.

MS. MCLEOD maintained that concern about the complexity of the current budget format has been uniform in every subcommittee.

COMMISSIONER THOMAS announced that the commission would recess until 12:30 p.m.

Subcommittee Report on the Department of Law

COMMISSIONER THOMAS reconvened the meeting and introduced Mark Johnson, Chairman of the Department of Law Subcommittee, and Cynthia Cooper, Department of Law representative.

BARBARA RITCHIE, Deputy Attorney General, Civil Division, Department of Law, and JOAN KASSON, Special Assistant, Department of Law, introduced themselves via teleconference from Juneau.

MR. PIGNALBERI noted that Pete Kinneen, a subcommittee member, was also present.

MARK JOHNSON, Member, Subcommittee on the Department of Law (DOL), informed commissioners that the subcommittee had advanced ten recommendations based on meetings it had. The subcommittee believes its recommendations should be considered as ideas that deserve further pursuit by the commission or by the legislature. The subcommittee did not have extensive staff resources to flush out more details.

MR. JOHNSON gave the following presentation. The DOL's authority is currently constituted both by statute and, in the subcommittee's view, by DOL by its own interpreting memoranda. DOL's authority is almost unlimited. The subcommittee believes that broad authority serves the best interest of the department, not the citizens of Alaska. All professional employees of DOL, with the exception of a handful of administrative people, are exempt and partially exempt state employees, which the subcommittee believes may pose some dangers. The subcommittee also believes the legislature needs to engage in more extensive oversight of DOL, and that it should review the authorizing legislation of DOL because a department that believes it has extremely broad powers is likely to exercise those powers. Mr. Johnson offered to answer questions.

CO-CHAIR WARD commended subcommittee members on the thorough job. He referred to Recommendation 8, which pertains to the "pay to play" issue, and asked Mr. Johnson to address that in more detail, especially the American Bar Association's (ABA) review of the

problem in other states and its recommendations.

MR. JOHNSON drew commissioners' attention to DOL's response to Recommendation 8. He noted that the subcommittee initially addressed this issue with DOL in August. The extent of DOL's response was to say they were aware of the issue. Subcommittee members were given materials generated by a task force of the ABA. Since that time, the ABA House of Delegates acted on a proposal for the selection of outside counsel that its task force put together. The ABA did not adopt that proposal for a variety of reasons. One reason DOL gave for not adopting that proposal is that it believes this issue is more a matter of campaign finance reform than an issue of professional responsibility for lawyers.

MR. JOHNSON pointed out that in Alaska all outside counsel for the State of Alaska are potentially selected by the attorney general. In many other states, the ability to acquire the services of outside counsel is divided up among district attorneys at the county level. The defeat of the ABA proposal may be sound on a national level. However, the dangers posed by the "pay to play" issue in Alaska may be greater because of the centralization of procurement authority.

MR. JOHNSON also pointed out constitutional issues about what kind of restrictions could arise that can be placed on an individual. He feels the ultimate question is whether this question is one of professional responsibility for attorneys, and he believes the subcommittee provided enough information for the commission to look at that issue. Although DOL had assured the subcommittee that the "pay and play" scheme is not an issue, DOL runs the program, which is where the danger lies. Mr. Johnson said he does not doubt the good faith of employees, but when they have been with DOL for many years and are all selected by the attorney general, the centralization of that authority poses unique dangers.

CO-CHAIR WARD asked whether the subcommittee was supplied with a list of private attorneys who have received contracts in the last two years and the dollar amount of those contracts.

MR. JOHNSON pointed out that DOL staff were very responsive to requests for information by the subcommittee, and that the subcommittee has that information but hadn't had time to review it in detail; he offered to submit it to the commission. He noted that the list contains the names of law firms and the dollar amounts back to about 1994. He pointed out that although some law firms get contracts year after year, some do not. Subcommittee members were concerned that the same firm has been retained as bond counsel for the state for at least the last six years, and maybe

for as long as 16 years. Continuation of that contract may be justified by the need of expertise in that area, but in such a case, competitive procurement ceases and it almost looks like an entitlement for that particular firm.

CO-CHAIR WARD asked whether any other state has accepted the ABA's model rules for professional conduct concerning political contributions, or whether those rules are to be viewed as suggestions.

MR. JOHNSON replied that the rules are suggestions. A task force of the Standing Committee on Ethics and Professional Responsibility of the ABA promulgated amendments to the model rules of professional conduct. Alaska adopted an older version. Those rules set forth what an attorney can do, can't do, and ought to do. Although the new ABA rules have not been adopted at the federal level, he suggested that commissioners look at the rules to see if elements of them make sense for Alaska. Mr. Johnson pointed out that the struggle between the legislature and court system over whether or not legislative enactment would result in changing a court rule could arise. He himself has not investigated whether any other jurisdictions have adopted the draft rules, but he believes this issue is a big one in New York.

MR. PIGNALBERI asked why, in Recommendations 1 and 2, the subcommittee recommended that the Legislative Finance committees hold hearings rather than the Judiciary committees.

MR. JOHNSON replied that the Judiciary committees might be good initial referrals to determine whether there is a need for substantive legislation. And to the extent that changes need to be made to the procurement code, the State Affairs committees might also review the legislation. The decision about whether the functions and monies should be moved from a 100 line to a 300 line would have to be made by the Finance committees, he added.

MR. PIGNALBERI referred to DOL's response to Recommendation 1, and asked whether the subcommittee had talked about identifying performance measurement indicators for DOL.

MR. JOHNSON said no. He asked commissioners to keep in mind that the difficult cases go to trial and, as a result, there is a tendency to lose cases that go to trial.

MR. PIGNALBERI acknowledged that the win-loss record is not the only type of performance measurement indicator available for legal work. He wondered whether DOL could identify performance measurement indicators in light of the new impetus in the budget

process for them.

MR. JOHNSON said the pressure of using a win-loss record on prosecutors is exceedingly dangerous because cases can be lost because of what is happening at the screening level or crime detection level. He felt it would be unwise to go down that road.

MR. PIGNALBERI suggested the legislature is going down that road. He requested for more information on performance measurement indicators.

CYNTHIA COOPER, Deputy Attorney General, Criminal Division, Department of Law, said DOL is working on those and is focusing on violent crimes and domestic violence crimes. She echoed Mr. Johnson's concern about using a win-loss record because if one looks at the quality of an appellate court brief, one side may have a better written work product but the appellate court may choose to interpret the constitution differently. Or sometimes a mistake is made at the trial level, so no matter how good the appellate attorney is, the mistake is serious enough to determine the outcome of the case. She added that, in terms of actual prosecutions, the quality of investigative work is an important factor. Ms. Cooper said that when DOL is looking at internal reviews, it looks at written work product; at what it hears from judges, victims and law enforcement officers; and at numbers.

MR. PIGNALBERI asked, in regard to DOL's response to Recommendation 7, whether DOL's timekeeping system contains productivity measures or whether it is strictly used for setting rates because of federal requirements.

BARBARA RITCHIE, Deputy Attorney General, Civil Division, Department of Law, spoke via teleconference from Juneau, saying that is a function of the Civil Division. The division implemented a new timekeeping system last year because the initial system created by DOL was working but not Y2K compliant. The management information that can be derived from the new system is quite vast and useful to DOL. It can track a particular open file because the billing goes to the file number. The number and type of attorney hours can be specified, as can all hours spent on a particular case. The system is helping DOL to allocate its resources to the areas of greatest need. DOL uses it as another tool to determine what is going on within the department.

MR. PIGNALBERI asked if DOL has an "MIS" system that generates reports regularly.

DEPUTY ATTORNEY GENERAL RITCHIE replied that they can generate

reports which are reviewed to track where resources are going and the amount of hours being put into different cases.

MR. PIGNALBERI asked Ms. Ritchie to provide a copy of the regularly generated report to the commission.

DEPUTY ATTORNEY GENERAL RITCHIE responded that she would speak to DOL's administrative services director to get that report.

MR. PIGNALBERI noted that other subcommittee reports contained ten items of boiler plate type information about department budgets and BRUs. He asked Ms. Ritchie if she could provide that information about DOL if he provides her with the outline.

DEPUTY ATTORNEY GENERAL RITCHIE said she would try.

MR. PIGNALBERI commented that the question of why DOL's billing rate differs from its cost was raised at a subcommittee meeting. He asked why DOL bills hours out at a higher rate than cost, and whether it is moral to charge citizens more than the cost.

MR. JOHNSON interjected that DOL provided justification for its billing rate in its response. DOL charges agencies about \$91 per hour, but it charges higher rates when it collects attorney fees.

DEPUTY ATTORNEY GENERAL RITCHIE replied that DOL files the standard motion for attorney fees and the affidavit of counsel in support of that motion. The state gets a very small portion of attorney fees back, compared to what DOL has expended in a particular case. The Criminal Division gets no fees back, and the Civil Division is involved with many public interest litigants from which the state can get no attorney fees reimbursed. If, however, the public interest litigant prevails in the case, the state can be ordered to pay full reasonable attorney fees. Civil Rule 82 only allows for reimbursement of a fraction of the attorney fees expended. Regarding market rate, the courts have uniformly approved that DOL receive attorney fees at a rate comparable to fees charged by the private sector. That policy was determined when a committee made recommendations to the attorney general after it found that this policy is standard procedure for the federal government and other agencies.

MR. JOHNSON noted that subcommittee members were in sharp disagreement about what the prevailing market rate is. The rates cited by DOL in its affidavit would maintain attorneys in a style to which they would like to become accustomed rather than one they could realistically obtain. He concluded that there is substantial room for discussion on this point.

PETER KINNEEN, Member, Subcommittee on the Department of Law, pointed out that very few attorneys would take on a case for less than \$92 per hour. He maintained that DOL's rationale means that the one citizen who gets stuck with the bill gets charged more than anyone else.

MR. PIGNALBERI asked how DOL calculates the rates it pays to attorneys it hires on contract.

DEPUTY ATTORNEY GENERAL RITCHIE replied that the procurement process for selecting outside counsel is detailed in DOL's response to the subcommittee's recommendations. She explained that the number of cases handled by outside counsel is very small compared to the volume of the cases handled by DOL. The rate paid depends on the type of expertise that DOL is seeking and the particular situation. DOL may seek outside counsel who specialize in investment law or Federal Energy Regulatory Commission proceedings regarding the Trans-Alaska Pipeline, for example. Attorneys submit proposals on a competitive basis, and some firms give a discount to the State of Alaska, which is taken into consideration.

MR. PIGNALBERI said he hears Deputy Attorney General Ritchie to say that the process is discretionary and no formula or objective measure is used.

DEPUTY ATTORNEY GENERAL RITCHIE explained that DOL reviews the proposals, and cost is a big factor in the decision. DOL does not have unlimited funds to spend on cases. She emphasized that the proposals vary, depending on the manner in which the case needs to be handled and the amount of expertise required.

MR. PIGNALBERI asked whether DOL has an exemption from the procurement statute, issued by the Commissioner of the Department of Administration.

DEPUTY ATTORNEY GENERAL RITCHIE referred Mr. Pignalberi to DOL's response ... [END OF TAPE - ANSWER INAUDIBLE]

TAPE 99-15, SIDE A

CO-CHAIR WARD referred to Recommendation 10 and asked Mr. Johnson if the subcommittee believes a constitutional amendment is necessary to allow the Office of the Attorney General to continue to function as it currently does.

MR. JOHNSON said that is a philosophical question. He noted that, in regard to the source of powers for the attorney general, one can find no reference to the position of attorney general in the Alaska

constitution. To the extent that the position of attorney general does exist, it is considered as one of the heads of a principal department, and those positions are not identified in the constitution. Discussion about the role of the attorney general and whether that position should be appointed had occurred during the constitutional convention, Mr. Johnson noted; the subcommittee report contains copies of that discussion in the appendices. The only source of powers for the functions of the Office of the Attorney General are contained in Title 44, except for an additional provision in Title 9 that relates to the ability to settle cases. The primary sections are AS 44.23.010 and AS 44.23.020. The subcommittee took a look at trying to amend those sections. The statute identifies a number of powers given to the attorney general but the significant section is paragraph 7, which reads:

Sec. 44.23.020. Duties; and powers; waiver of immunity.

(b) The attorney general shall

(7) perform all other duties as required by law, or which usually pertain to the office of attorney general in a state; and...

MR. JOHNSON said that provision is a residual, meaning that if one can find that an attorney general elsewhere in the country has done something, Alaska's attorney general can do the same thing. He feels that grant of authority is a very broad check and is rather extraordinary. That refers to common law powers of the attorney general. The subcommittee believes the balance has been lost and that the state government would be better served by an attorney general with a limited scope of powers.

CO-CHAIR WARD commented that he had not realized that the framers of the constitution suggested establishing limitations for the position of attorney general.

MR. JOHNSON said much of the debate during the constitutional convention was about whether or not to elect the attorney general, but there was also a certain amount of discussion about who the client of the attorney general should be. To his knowledge, the only statement that relates to who will define the authority of the attorney general is that of delegate Davis. Mr. Johnson said he would be fascinated to hear from anyone who could identify other discussions on that point. He maintained that it is always a bit unfair to extract comments made by an individual delegate and imply that was what the group was thinking about.

CO-CHAIR WARD said he did not realize that Davis wanted the legislature to define these powers.

MR. JOHNSON pointed out that DOL's response to Recommendation 10 cites the National Association of Attorneys General (NAAG), an organization of 56 attorneys general from every state, the District of Columbia and the possessions. He asked commissioners to keep in mind that 43 of those individuals are elected. He maintained that the goals of that association are to identify and disseminate key information relating to the independence, scope and management of the office of the attorney general. NAAG comes from the perspective that its intent is to preserve the independence of the organization, which may be great from the standpoint of the organization and of attorneys general who are provided for in state constitutions.

MR. JOHNSON cautioned that in Alaska's case, the materials provided by the Department of Law are offered to prejudge and decide the issue of what Alaska should do, when Alaska's constitution leaves that to the legislature. Although he said he appreciates that NAAG wants to make attorneys general as efficient, effective and independent as possible, it is not an unbiased organization.

COMMISSIONER HARPER pointed out that no member of the subcommittee was a former attorney general or deputy attorney general. He said he would be curious to see if any former attorneys general would care to respond to some of the findings and recommendations in this report.

MR. JOHNSON responded that Mr. Satterburg, a subcommittee member, worked for DOL's Civil Division for about five years in Fairbanks, where he is now in private practice. Other attorneys with governmental legal experience are on the subcommittee as well.

COMMISSIONER HARPER said he would be interested in comments from former attorneys general, such as John Weber (ph), Charlie Cole, John Rader and Av Gross.

COMMISSIONER THOMAS commented that Mr. Pignalberi offered to put that portion of the report together and ask for comments from all former attorneys general still residing in Alaska.

COMMISSIONER HARPER referred to the schedule provided by the Department of Law in response to Mr. Johnson's request for information about contract expenditures, which amounted to over \$100 million over five years, of which \$78 million was for oil and gas litigation. He asked the representative from the Department of Law what benefits were derived from that schedule.

DEPUTY ATTORNEY GENERAL RITCHIE replied that the department does have information regarding the oil and gas litigation, which she

would provide to the commission.

COMMISSIONER HARPER said he was thinking that the State of Alaska won about \$1 billion from some of the oil companies.

DEPUTY ATTORNEY GENERAL RITCHIE restated that she would provide that information to the commission.

MR. PIGNALBERI indicated that two subcommittees have raised the issue of the collection of fines, which falls under the purview of the Department of Law. Those fines involve restitution, student loan payments, and bad debts to the Agricultural Revolving Loan Fund. The subcommittees found the collection rate in the Department of Law to be about zero. He asked department staff to provide the commission with written information describing how they plan to do the state's collection work. He pointed out that the collection function is one area that has been proposed for privatization. He also asked for a list of the state agencies for which the Department of Law collects.

DEPUTY ATTORNEY GENERAL RITCHIE replied that the list will take some effort to compile, so it will not be immediately forthcoming. She pointed out that she hadn't had an opportunity to study the other subcommittee reports to know what is being recommended in this area. She explained that the department has a Collections and Support Section, for child support enforcement work for court matters as well as a whole host of state collection matters.

COMMISSIONER THOMAS questioned whether the department uses any criteria to determine whether it will go forward to collect a debt.

DEPUTY ATTORNEY GENERAL RITCHIE clarified that the Alaska Court System collects restitution, and she offered to send information to the commission.

MR. PIGNALBERI maintained that there is a difference of opinion on the record regarding that matter.

COMMISSIONER THOMAS pointed out that the same problem was identified in the Subcommittee Report on the Department of Corrections.

DEPUTY ATTORNEY GENERAL RITCHIE repeated that she will provide the commission with information.

COMMISSIONER THOMAS thanked subcommittee members for their efforts. She asked Mr. Pignalberi whether he has received a response from commissioners on the proposed meeting schedule.

MR. PIGNALBERI said he has, and he will distribute it to members. He noted that the next meeting will be November 24, 1999.

There being no further business to come before the commission, Commissioner Thomas adjourned the meeting at 1:39 p.m.