

**HB**

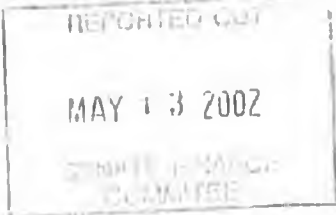
**51**

SFIN

FILE

**SENATE FINANCE COMMITTEE REPORT**

DATE: 5/5/01



FURTHER:

DATE TURNED IN TO OFFICE: 13 May 2002

Finance Committee considered CS FOR HOUSE BILL NO. 51(FIN)

*HB 51 LEGISLATIVE APPROVAL OF SEAFOOD/FOOD SAFETY LAB*

"An Act giving notice of and approving the entry into and the issuance of certificates of participation for a lease-purchase agreement for a seafood and food safety laboratory facility; relating to the use of certain investment income for certain construction costs; and providing for an effective date."

and recommends:

- be replaced with 5 CS CS HB 51 (FIN)
- adopt previous CS CS forthcoming ( )
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

**Senate Bill:**

- same title
- new title

**House Bill:**

- same title
- technical title
- new: SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

*forthcoming  
f/n's*

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>			<input checked="" type="checkbox"/>	
<i>[Signature]</i>			<input checked="" type="checkbox"/>	
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COCHAIR:				
COCHAIR: <i>[Signature]</i>			<input checked="" type="checkbox"/>	



**STATE OF ALASKA  
2002 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SCS CS HB 51 (FIN)  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Administration  
 Title: "An Act relating to entry into and finan BRU Leases  
of a lease purchase for a seafood Component Leases  
 Sponsor: (H)Rules for Governor  
 Requester: (S)Finance Component No. 81

**Expenditures/Revenues (Thousands of Dollars)**

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual	0.0	0.0	0.0	(54.9)	(113.7)	(117.7)
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(54.9)</b>	<b>(113.7)</b>	<b>(117.7)</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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**FUND SOURCE (Thousands of Dollars)**

FUND SOURCE	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	0.0	0.0	(54.9)	(113.7)	(117.7)
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type - do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>(54.9)</b>	<b>(113.7)</b>	<b>(117.7)</b>

Estimate of any current year (FY2002) cost: 0.0  
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

The bill would authorize financing and construction of a new laboratory facility that would replace the current leased location in Palmer. The Division will execute a lease purchase agreement for the lease purchase of a new seafood and food safety laboratory in Anchorage.

Lease savings would begin mid way through (January) FY2005 when we anticipate occupying the new facility. The specific lease and current costs are shown on the attached page. Annual costs for the Palmer lease in FY2001 are budgeted in the Department of Administration's (DOA) Leases component as \$98.0 of General Funds and in the Department of Environmental Conservation's operating budget and paid to DOA via a \$17.7 RSA. Future years estimated lease savings have been adjusted to reflect the January occupancy date and probable Consumer Price Index adjustments.

Costs for the design, construction, acquisition and construction contract compliance are not included in this fiscal note as those costs and associated work will be borne by other state departments.

Prepared by: Chris Parco, Director  
 Division: Division of General Services  
 Approved by: Jim Duncan, Commissioner  
 Agency: Department of Administration

Phone: 465-2250  
 Date/Time: 5/13/02 5:45 PM  
 Date: 5/13/2002

# FISCAL NOTE

MAY 13 2002

**STATE OF ALASKA**  
**2002 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: CSHB 51 (FIN)  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Environmental Conservation  
 Title: Seafood/Food Safety Lab Facility Construction BRU: Environmental Health  
 Component: Laboratory Services  
 Sponsor: Rules  
 Requester: Senate Finance Component No.: 2056

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	97.8	178.1	184.0	190.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>97.8</b>	<b>178.1</b>	<b>184.0</b>	<b>190.0</b>

<b>CAPITAL EXPENDITURES</b>	<b>11,705.8</b>					
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

FUND SOURCE	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	97.8	178.1	184.0	190.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1163 Certificates of Participation	11,595.8	0.0	0.0	0.0	0.0	0.0
1173 Misc. Earnings	110.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>11,705.8</b>	<b>0.0</b>	<b>97.8</b>	<b>178.1</b>	<b>184.0</b>	<b>190.0</b>

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

POSITIONS	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

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

The current Food Safety Laboratory has operated in a leased facility in Palmer for over 30 years. The facility is now inadequate for current lab operations. In addition the lease will soon expire with no opportunity for long term renewal. This bill would authorize financing and construction of a new Seafood and Food Safety Laboratory to be operated by the Department of Environmental Conservation (DEC).

The Department of Administration (DOA) pays the current lease costs for the lab. DEC reimburses DOA for a portion of these costs through an RSA. DEC will directly pay all the utilities and maintenance costs for the new building. These new costs are shown in the contractual line. Annual lease savings partially offset these new utility and maintenance costs as shown on the attached page.

Prepared by: Janica Adair  
 Division: Environmental Health  
 Approved by: Kurt Fredriksson - Deputy Commissioner  
 Agency: Department of Environmental Conservation

Phone: (907) 269-7644  
 Date/Time: 5/13/02 2:45 PM  
 Date: 5/13/2002

**FISCAL NOTE**

**STATE OF ALASKA  
2002 LEGISLATIVE SESSION**

**BILL NO. CSHB 51 (FIN)**

**ANALYSIS CONTINUATION**

**FISCAL NOTE  
STATE OF ALASKA  
2002 LEGISLATIVE SESSION**

<u>Line Item Description</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
<b>Contractual Line 300</b>					
<b>* (Operating Expenses)</b>					
<b>Utilities (estimated)</b> DEC will incur costs for utilities at the new facility starting mid - 2005. Utility costs at the existing leased facility are included in the lease paid by DOA and DEC. These costs are offset by the lease savings shown below and shown on DOA's fiscal note.		\$52,965	\$105,930	\$110,040	\$114,310
<b>Building Maintenance (estimated)</b> DEC will incur costs for building maintenance at the new facility starting mid - 2005. Maintenance costs at the existing leased facility are also included in the lease paid by DOA and DEC. These costs are offset by the lease savings shown below and shown on DOA's fiscal note.		\$54,800	\$92,700	\$95,160	\$97,680
<b>(Lease Savings - Palmer Lab)</b> DEC portion of current lease paid to DOA/GS through a RSA, will no longer be required after completion of the new facility.		(\$9,916)	(\$20,527)	(\$21,245)	(\$21,990)
<b>Total Contractual:</b>	\$0	\$97,849	\$178,103	\$183,955	\$190,000

\* Adjusted annually by the probable Consumer Price Index.

REPORTED OUT

# FISCAL NOTE

MAY 13 2002

SENATE FINANCE  
COMMITTEE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SCSCSHB51(FIN)  
 () Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: \_\_\_\_\_ Revenue  
 Title Legislative Approval BRU Revenue Operations  
of Seafood / Food Safety Lab Component Treasury  
 Sponsor House Rules Committee  
 Requester Senate Rules Committee Component No. 121

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel	10.0					
Contractual	8.0	7.0	7.0	7.0	7.0	7.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Debt Service		923.8	921.6	919.9	925.7	923.0
<b>TOTAL OPERATING</b>	<b>18.0</b>	<b>930.8</b>	<b>928.6</b>	<b>926.9</b>	<b>932.7</b>	<b>930.0</b>

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

1002 Federal Receipts						
1003 GF Match						
1004 GF	18.0	930.8	928.6	926.9	932.7	930.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>18.0</b>	<b>930.8</b>	<b>928.6</b>	<b>926.9</b>	<b>932.7</b>	<b>930.0</b>

Estimate of any current year (FY2002) cost: 0.0  
 Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

Authorizes the issuance of \$11,595,900 in bonds for the construction and financing of a seafood and food safety laboratory to be operated by the Department of Environmental Conservation.

Assuming an interest cost of 4.96% (approximately the current rate), and a 20-year term, the annual debt service payment would be approximately \$924,000 beginning in fiscal year 2004 with a total repayment of approximately \$18.5 million. The cost of issuance, estimated at \$200,000, are included in the project budget.

It is possible that the State Bond Committee might prefer to shorten the term on these bonds by two to five years to maintain a higher credit rating on the bonds. In this event, the required annual payments could increase by as much as \$200,000 per year but total repayment would be reduced by as much as \$3.1 million.

Prepared by: Devon Mitchell, State Debt Manager Phone 465-3750  
 Division Treasury Division Date/Time 5/13/02 4:14 PM  
 Approved by: Larry Persily, Deputy Commissioner Date 5/13/2002  
 Agency Department of Revenue

1 \* Sec. 2. The uncodified law of the State of Alaska is amended by adding a new section to  
2 read:

3 NOTICE AND APPROVAL OF ENTRY INTO AND FINANCING OF A LEASE-  
4 PURCHASE AGREEMENT. (a) Subject to annual appropriation, the Department of  
5 Administration is authorized to enter into a lease-purchase agreement for a seafood and food  
6 safety laboratory facility to be constructed under the lease-purchase agreement and to be  
7 operated by the Department of Environmental Conservation.

8 (b) The state bond committee is authorized to provide for the issuance of certificates  
9 of participation in one or more series in the aggregate principal amount of \$11,595,800 for the  
10 construction of a seafood and food safety laboratory facility under the lease-purchase  
11 agreement authorized in (a) of this section. The remaining balance of the construction and  
12 equipping costs shall be paid from investment income of \$110,000 earned on the proceeds of  
13 the sale of the certificates of participation. The estimated total cost of construction,  
14 acquisition, and other costs of the project is \$11,705,800. The estimated annual amount of  
15 rental obligations under the lease-purchase agreement is \$913,000. The estimated total lease  
16 payments for the full term of the lease-purchase agreement is \$18,525,000. In this subsection,  
17 "cost of construction" includes credit enhancement and underwriting expenses, rating agency  
18 fees, bond counsel fees, financial advisor fees, printing fees, advertising fees, capitalized  
19 interest, and interest earnings used for lease payments.

20 (c) The state bond committee may contract for credit enhancement, underwriting,  
21 credit ratings, bond counsel, financial advisor, printing, advertising, and trustee services that  
22 the committee considers necessary in financing the project described in this section.

23 \* Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to  
24 read:

25 APPROVAL OF AGREEMENT. Section 2 of this Act constitutes the approval  
26 required by AS 36.30.085.

27 \* Sec. 4. This Act takes effect ~~immediately~~ under AS 01.10.070(c).

March 1, 2003

SENATE FINANCE COMMITTEE  
5 /13/ 2002 COMMITTEE ACTION

Bill Number	HB 51		
Amendment	#1		
Motion	A		
<b>Motion by</b>	Ward		
<b>Objection by</b>	No objections		
<b>Removed</b>			
<b>Second Objection by</b>			
<b><u>Committee Member</u></b>	<b>Y</b>	<b><u>Vote</u></b>	<b>N</b>
Senator Austerman			
Senator Green			
Senator Hoffman			
Senator Leman			
Senator Olson			
Senator Ward			
Senator Wilken			
Co-Chair Donley			
Co-Chair Kelly			
<b><u>Tally</u></b>			
Yea			
Nay			
Absent			
<b>MOTION</b>	<b>PASSED</b>		

Our Proof

OKed ~~for~~ same 5/13/02 22-GH1012AL

SENATE CS FOR CS FOR HOUSE BILL NO. 51(FIN)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:  
Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act giving notice of and approving the entry into and the issuance of certificates of  
2 participation for a lease-purchase agreement for a seafood and food safety laboratory  
3 facility; relating to the use of certain investment income for certain construction costs;  
4 and providing for an effective date."

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

6 \* Section 1. The uncodified law of the State of Alaska is amended by adding a new section  
7 to read:

8 INTENT. It is the intent of the legislature that the amount of money to be used for the  
9 construction and equipping of a new seafood and food safety laboratory facility is  
10 \$11,705,800. Of that amount, it is the intent of the legislature that

11 (1) \$11,595,800 shall come from the proceeds of the certificates of  
12 participation to be issued by the state bond committee under sec. 2 of this Act; and

13 (2) \$110,000 shall come from the investment income earned on the proceeds  
14 of the sale of the certificates of participation described in sec. 2 of this Act.

1 \* Sec. 2. The uncodified law of the State of Alaska is amended by adding a new section to  
2 read:

3 NOTICE AND APPROVAL OF ENTRY INTO AND FINANCING OF A LEASE-  
4 PURCHASE AGREEMENT. (a) Subject to annual appropriation, the Department of  
5 Administration is authorized to enter into a lease-purchase agreement for a seafood and food  
6 safety laboratory facility to be constructed under the lease-purchase agreement and to be  
7 operated by the Department of Environmental Conservation.

8 (b) The state bond committee is authorized to provide for the issuance of certificates  
9 of participation in one or more series in the aggregate principal amount of \$11,595,800 for the  
10 construction of a seafood and food safety laboratory facility under the lease-purchase  
11 agreement authorized in (a) of this section. The remaining balance of the construction and  
12 equipping costs shall be paid from investment income of \$110,000 earned on the proceeds of  
13 the sale of the certificates of participation. The estimated total cost of construction,  
14 acquisition, and other costs of the project is \$11,705,800. The estimated annual amount of  
15 rental obligations under the lease-purchase agreement is \$913,000. The estimated total lease  
16 payments for the full term of the lease-purchase agreement is \$18,525,000. In this subsection,  
17 "cost of construction" includes credit enhancement and underwriting expenses, rating agency  
18 fees, bond counsel fees, financial advisor fees, printing fees, advertising fees, capitalized  
19 interest, and interest earnings used for lease payments.

20 (c) The state bond committee may contract for credit enhancement, underwriting,  
21 credit ratings, bond counsel, financial advisor, printing, advertising, and trustee services that  
22 the committee considers necessary in financing the project described in this section.

23 \* Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to  
24 read:

25 APPROVAL OF AGREEMENT. Section 2 of this Act constitutes the approval  
26 required by AS 36.30.085.

27 \* Sec. 4. This Act takes effect March 1, 2003.

Adopted

WORK DRAFT

WORK DRAFT

WORK DRAFT

22-GH1012U

Bannister

5/11/02

**SENATE CS FOR CS FOR HOUSE BILL NO. 51(FIN)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-SECOND LEGISLATURE - SECOND SESSION**

**BY THE SENATE FINANCE COMMITTEE**

**Offered:**

**Referred:**

**Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act giving notice of and approving the entry into and the issuance of certificates of  
2 participation for a lease-purchase agreement for a seafood and food safety laboratory  
3 facility; relating to the use of certain investment income for certain construction costs;  
4 and providing for an effective date."

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

6 \* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section  
7 to read:

8 **INTENT.** It is the intent of the legislature that the amount of money to be used for the  
9 construction and equipping of a new seafood and food safety laboratory facility is  
10 \$11,705,800. Of that amount, it is the intent of the legislature that

11 (1) \$11,595,800 shall come from the proceeds of the certificates of  
12 participation to be issued by the state bond committee under sec. 2 of this Act; and

13 (2) \$110,000 shall come from the investment income earned on the proceeds  
14 of the sale of the certificates of participation described in sec. 2 of this Act.

1 \* Sec. 2. The uncodified law of the State of Alaska is amended by adding a new section to  
2 read:

3 NOTICE AND APPROVAL OF ENTRY INTO AND FINANCING OF A LEASE-  
4 PURCHASE AGREEMENT. (a) Subject to annual appropriation, the Department of  
5 Administration is authorized to enter into a lease-purchase agreement for a seafood and food  
6 safety laboratory facility to be constructed under the lease-purchase agreement and to be  
7 operated by the Department of Environmental Conservation.

8 (b) The state bond committee is authorized to provide for the issuance of certificates  
9 of participation in one or more series in the aggregate principal amount of \$11,595,800 for the  
10 construction of a seafood and food safety laboratory facility under the lease-purchase  
11 agreement authorized in (a) of this section. The remaining balance of the construction and  
12 equipping costs shall be paid from investment income of \$110,000 earned on the proceeds of  
13 the sale of the certificates of participation. The estimated total cost of construction,  
14 acquisition, and other costs of the project is \$11,705,800. The estimated annual amount of  
15 rental obligations under the lease-purchase agreement is \$913,000. The estimated total lease  
16 payments for the full term of the lease-purchase agreement is \$18,525,000. In this subsection,  
17 "cost of construction" includes credit enhancement and underwriting expenses, rating agency  
18 fees, bond counsel fees, financial advisor fees, printing fees, advertising fees, capitalized  
19 interest, and interest earnings used for lease payments.

20 (c) The state bond committee may contract for credit enhancement, underwriting,  
21 credit ratings, bond counsel, financial advisor, printing, advertising, and trustee services that  
22 the committee considers necessary in financing the project described in this section.

23 \* Sec. 3. The uncodified law of the State of Alaska is amended by adding a new section to  
24 read:

25 APPROVAL OF AGREEMENT. Section 2 of this Act constitutes the approval  
26 required by AS 36.30.085.

27 \* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

# COMPANION BILL

22-GS1012VA

## SENATE BILL NO. 24

IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/10/01

Referred: State Affairs, Resources, Finance

### A BILL

#### FOR AN ACT ENTITLED

1 "An Act giving notice of and approving the entry into, and the issuance of certificates of  
2 participation for, a lease-purchase agreement for a seafood and food safety laboratory  
3 facility; and providing for an effective date."

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

5 \* Section 1. The uncodified law of the State of Alaska is amended by adding a new section  
6 to read:

7 NOTICE AND APPROVAL OF THE ENTRY INTO AND FINANCING OF A  
8 LEASE-PURCHASE AGREEMENT. The state bond committee is authorized to provide for  
9 the issuance of certificates of participation for, and the Department of Administration is  
10 authorized to enter into, a lease-purchase agreement for a seafood and food safety laboratory  
11 facility to be constructed under the lease-purchase agreement and to be operated by the  
12 Department of Environmental Conservation. The anticipated total construction, acquisition,  
13 and other costs of the project are not to exceed \$13,655,000. The total anticipated annual  
14 amount of the rental obligation is \$1,220,000. The total anticipated lease payments for the

1 full term of the lease-purchase agreement amount to \$24,440,000. The state shall own the  
2 facility at the end of the lease term. This section constitutes the notice and approval required  
3 by AS 36.30.085.

4 \* Sec. 2. This Act takes effect July 1, 2001.

# STATE OF ALASKA

TONY KIIOWLES, GOVERNOR

## DEPT. OF ENVIRONMENTAL CONSERVATION

DIVISION OF ENVIRONMENTAL HEALTH  
DIRECTOR'S OFFICE  
555 CORDOVA STREET  
ANCHORAGE, ALASKA 99501  
<http://www.state.ak.us/dec/deh>

Telephone: (907) 269-7644  
Fax: (907) 269-7654  
e-mail: [Janice\\_Adair@envircon.state.ak.us](mailto:Janice_Adair@envircon.state.ak.us)

February 26, 2002

The Honorable Dave Donley  
Co-Chairperson, Senate Finance Committee  
Room 506, Capitol Building  
Juneau, AK 99801

The Honorable Pete Kelly  
Co-Chairperson, Senate Finance Committee  
Room 518, Capital Building  
Juneau, AK 99801

Re: CSHB 51 (FIN), Seafood and Food Safety Laboratory

Dear Senators Donley and Kelly:

I respectfully request that you hold a hearing on CSHB 51 (FIN). In April of last year, when this bill moved into your committee, I sent you information about this project. In a nutshell, this bill will allow for the sale of certificates of participation to construct a state-owned Seafood and Food Safety Laboratory to replace the current facility when its lease expires on December 31, 2003. I've enclosed a memo from Vern Jones, the Chief Procurement Officer, explaining why we cannot renew the current lease.

Last session, the Legislature included \$1,300,000 in the capital budget to complete the design work for the new laboratory which is well underway. As a result of this appropriation as well as changes in interest rates, CSHB 51 (FIN) requires amendment as indicated in the attached marked up bill.

Language that was included with the design appropriation last year stated that the total cost to construct and equip the new building should not exceed \$11,425,800. You'll see we are requesting a total of \$11,705,800. The additional \$280,000 is to reinstate the "Biosafety Level 3" ventilation in the microbiology laboratory. This was an item we had agreed to defer last year in order to bring the overall cost of the project down. However, after the anthrax scares and other biological contamination threats, we feel that postponing this upgraded ventilation is not in the State's best interests. With it, we can test food and water for *botulism*, *cyclospora*, and *anthrax*. Without the Biosafety level 3 ventilation, the State will lack this capacity for food and water.

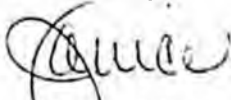
All of the testing conducted at the Seafood and Food Safety Laboratory is either required by a federal agency in order to place Alaska-produced foods into commerce or is part of an investigation into an alleged food or water borne illness outbreak. While the primary function of these tests is to protect public health, there is also an element of economic diversification. If we want to see our fisheries expand, our dairy products sold to the military and to the schools, and other types of food commercially produced in the state, we have to have this kind of laboratory capacity. There are no other laboratories in the state that can fill this niche.

The Honorable Dave Donley  
The Honorable Pete Kelly  
February 25, 2002  
Page Two

Last session, I provided you with several letters of support for this laboratory. I've enclosed them again with this letter, along with a letter from United Fishermen of Alaska that was sent to you by them earlier this month. I have also enclosed the updated project budget prepared by the Department of Transportation and an updated informational flyer.

Thank you for your consideration of this request. If you or your staff have any questions, please don't hesitate to call our Deputy Commissioner, Kurt Fredriksson at 465-5199 or me at 269-7645.

Sincerely,



Janice Adair  
Director

Attachment: CSHB 51 (FIN) markup with new financial numbers

Enclosures:

- Memo from Vern Jones, Chief Procurement Officer dated 4-18-01
- Letters of Support
- Updated Project Budget dated 12-13-01
- Updated Laboratory Flyer dated 2-6-02

cc: The Honorable Jerry Ward  
The Honorable Loren Leman  
The Honorable Alan Austerman  
The Honorable Gary Wilken  
The Honorable Lyda Green  
The Honorable Donny Olson  
The Honorable Lyman Hoffman  
(all w/attachment and enclosures)

**MEMORANDUM**

*Department of Administration  
Division of General Services  
vern\_jones@admin.state.ak.us*

**STATE OF ALASKA**

Phone Number: 465-2250  
FAX Number: 465-2189  
TDD Number: 465-2205

**TO:** Janice Adair  
Director  
Division of Environmental Health  
Department of Environmental  
Conservation

**DATE:** April 18, 2001

**FROM:** Vern Jones  
Chief Procurement Officer

**SUBJECT:** Palmer Seafood Safety Lab  
Lease #2359

This is in response to your inquiry regarding the Seafood Safety Lab in Palmer. Lease #2359 with Astro Enterprises has a current expiration date of December 31, 2001. The State has options to extend the lease for two more years. If both of those options are exercised, the lab could occupy this building through December 31, 2003\*. After that date, your agency would have no legal authority to remain in this facility.

The only way in which the lab could remain in the facility past December 31, 2003 is if an emergency procurement is authorized per AS 36.30.310. Such authorization would be valid only for the time necessary to secure replacement lab space through a competitive sealed bidding or competitive sealed proposals process per our procurement code. Such an extension would be subject to the lessor's approval and negotiation of lease terms and conditions. Your agency has an obligation to prevent non-competitive procurements whenever possible. I urge you to take the steps necessary to avoid an emergency procurement for this lab.

\* Upon verifying the expiration date in our lease file, I realized that this is different than the date that we discussed on previous occasions. I apologize if my office provided incorrect information or contributed to a miscommunication regarding this lease.



# UNITED FISHERMEN OF ALASKA

211 Fourth Street, Suite 110  
 Juneau, Alaska 99801-1172  
 (907) 586-2820  
 (907) 463-2545 Fax  
 E-Mail: [ufa@ufa-fish.org](mailto:ufa@ufa-fish.org)  
[www.ufa-fish.org](http://www.ufa-fish.org)

February 20, 2002

Senator Dave Donley  
 Senator Pete Kelley  
 Co-Chairs  
 Senate Finance Committee  
 Alaska State Legislature  
 State Capitol (MS 3100)  
 Juneau, AK 99801-1182

Dear Senators,

Subj: HB 51/SB 24 Legislative Approval Of Seafood/Food Safety Lab

The United Fishermen of Alaska, UFA, would like to express its support of HB 51 and SB 24, which provide funding for the construction of a new Seafood & Food Safety Lab in Anchorage.

The fishing industry currently uses the lab in Palmer for water testing, paralytic shellfish poisoning (PSP) testing, and other tests necessary for the conduct of commercial fisheries.

One of the main reasons to support this new lab is the new location. Relocating the lab from Palmer to Anchorage may, unfortunately, be a hit to Palmer residents, however, it will be better for the statewide users of the lab who will no longer need to have samples make the extra journey from Anchorage to Palmer. This can be a critical factor in getting samples to the lab in time. For example, the water samples, which are taken in remote areas of the Alaska, must make it to the lab within 30 hours in order to perform testing. If the samples are even one hour late, they must be taken again by sending boats and/or float planes out to the remote areas again, which is very costly.

Another reason to support the new lab is the current lab is very small and antiquated, as the legislators who have visited it will attest to.

#### MEMBER ORGANIZATIONS

Alaska Landline Fishermen's Association • Alaska Trappers Association • Alaska Processors Association • Bristol Bay District  
 Chignik Regional Aquaculture Association • Central Area M' Fishermen • Chukchi Aquaculture Association  
 Copper River Salmon Producers Association • Cordova District Fishermen United • Douglas Island Pike and Chum  
 KATK Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association • Kodiak Seniors Association • North Pacific Fishermen Association  
 Northern Southeast Regional Aquaculture Association • Old Harbor Fishermen's Association • Petersburg Vessel Owners Association  
 Prince William Sound Aquaculture Corporation • Puma Seniors Vessel Owners Association • Noodin Producers Cooperative  
 Southeast Alaska Regional Diver Fisheries Association • Southeast Alaska Seniors Association • Southern Southeast Regional Aquaculture Association  
 United Cook Inlet Diver Association • United Salmon Association • United Southeast Alaska Diverfishers

The final reason to support the new lab is that the fishing industry needs a testing facility in order to conduct certain fisheries. The current lab's lease is up; therefore, the lab has no choice about relocating.

Again, UFA would like to express its support of the new Seafood & Food Safety Lab in Anchorage.

Thank you for your consideration.

Sincerely,



Thomas M. Gemmell  
Executive Director



January 19, 2001

Janice Adair, director  
ADEC, Div. of Environmental Health  
555 Cordova Street  
Anchorage, AK 99501

Dear Ms. Adair:

I'm pleased to offer the support of shellfish growers for the construction of a new food safety laboratory in Anchorage. In addition to being cost effective for the state, the new lab will significantly improve service to the overwhelming majority of the customers it serves.

I have visited the lab on several occasions over the past 10 years and I am fully aware of the antiquated nature of the facility. The lapsing of the lease in the current facility may be a blessing in disguise since the facility should have been replaced years ago.

For shellfish growers, the shift to an Anchorage location makes a tremendous amount of sense, since logistics to Palmer have proven to be difficult and expensive. For example, when we send in water samples for analysis, we have 30 hours from the time they are collected until they have to be in the hands of lab technicians. While the leg from Anchorage to Palmer doesn't sound significant, courier service to Palmer is limited and expensive. I've had to have my father, who lives in Anchorage, pick up a sample at the airport and run it out to Palmer simply because my time window would have elapsed if the samples had to wait for a courier delivery.

It is my understanding that roughly 80 per cent of the lab's business involves seafood, and the Anchorage location would be considerably more convenient for most of the customers served by the lab. As a geoduck buyer, I am painfully aware of the difficult and expensive logistics of getting PSP samples to Palmer from the Anchorage airport. From my long involvement on the ASMI board, I am aware that this is a problem that many in the industry have in common.

According to information we received through briefings by DEC personnel, the shift to a facility in Anchorage also makes good fiscal sense since the building would be amortized over a 20-year period, resulting in significant savings in lease fees for the remaining life of the structure.

One of the concerns I've heard voiced about the new lab is that the services should be contracted out to the private sector, rather than investing in a new public structure. I have been active in PSP testing and water certification issues on a national level for ASGA, and have investigated the use of private laboratory services for my own farm. I

have found that there are no private labs providing PSP tests in the U.S. and the process of obtaining FDA certification for fecal coliform tests in marine waters is too difficult to attract interest from the private sector.

In summary, the aquatic farm industry strongly supports the construction of the new food safety lab in Anchorage. Please let me know if there's anything I can do to further support this important project.

Sincerely,



Rodger Painter



March 19, 2001

THE TENTH FLOOR  
2200 SIXTH AVENUE  
SEATTLE WA 98121-1820  
206.728.6000  
OPERATION FAX 206.441.9090  
SALES FAX 206.728.1855

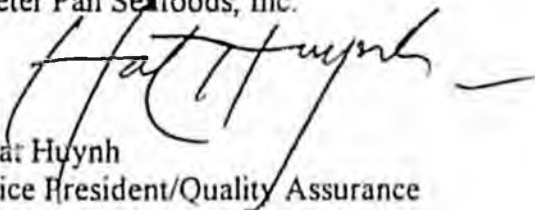
Janice Adair, Director  
Division of Environmental Health  
555 Cordova Street  
Anchorage, AK 99501

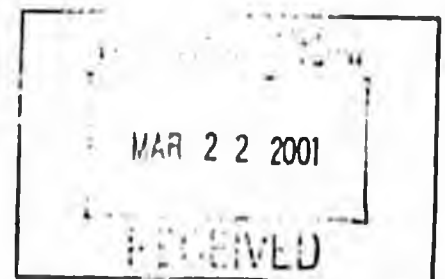
Re: New Seafood and Food Safety Lab

Dear Ms. Adair:

DEC's Seafood and Food Safety Lab provides services to the seafood industry that are critical for the industry's long-term growth. We support the legislation that would replace the current lab with a new facility located in Anchorage. The current location in Palmer is logistically problematic and increases the costs to processors who must pay to have their products delivered to the lab.

Sincerely,  
Peter Pan Seafoods, Inc.

  
Hat Huynh  
Vice President/Quality Assurance



Enclosure #9



**Alaska AquaFarms Inc.**

P.O. Box 7  
Moose Pass, Alaska 99631  
(907) 288-3667

Janet Adair, Director  
Department of Environmental Conservation  
555 Cordova Street  
5th Floor  
Anchorage, Alaska 99508

Dear Ms. Adair,

I am writing this letter in encourage keeping the Department of Environmental Conservation lab open to support the Aquatic Farm industry.

I have been a shellfish farmer since 1986 and have had nothing but good experience with working with DEC professionals and the sampling Lab.

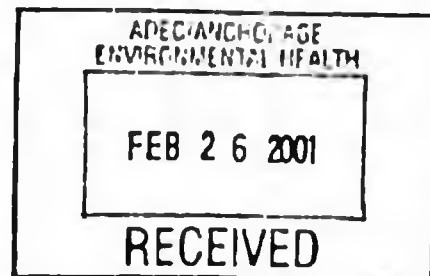
When I sell my product, customers know that it is safe from a Paralytic Shellfish Poisoning (PSP) standpoint and also with water quality issues. This guarantee can offset the extra expenses with production and transportation and allow our farm to compete in the marketplace. The lab has always been very professional, prompt and provided excellent service with water samples and PSP tests for my farm. Without this service I could not be in business.

I strongly suggest fully funding the lab and staff. If I can provide any assistance or information please let me know.

Sincerely,



Jeff Hetrick





Alaska  
Seafood  
International

January 15, 2001

AK Department of Environmental Conservation  
Attn: Janice Adair  
555 Cordova St.  
Anchorage, AK 99501-2617

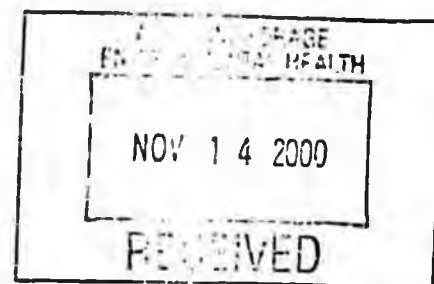
Dear Janice,

I am writing this letter in support of your endeavors in upgrading the state microbiology lab. I believe that the State of Alaska may better support the seafood industry by having applicable state of the art services to enhance already existing testing abilities. Moreover, the Alaska Department of Environmental Conservation (ADEC) Division of Environmental Health will be better prepared to meet the challenges of the evolving food industry needs such as a third party verifications.

Sincerely,

A handwritten signature in black ink, appearing to read "D. B. Kang".

David B. Kang  
Manager, Quality Control



November 7, 2000

Ms. Janice Adair  
Director, Division of Environmental Health  
555 Cordova Street  
Anchorage, Alaska  
USA 99501

Dear Ms. Adair;

I am writing to you to express Jellett Biotek's support for the development of an enhanced Food Testing Laboratory for Alaska.

As you know, Jellett Biotek has been closely partnered with the Department of Environmental Conservation Lab in Palmer for approximately two years. During this time we have developed and validated test kits for marine biotoxins, with the intention to make shellfish safer for consumers in Alaska, as well as ensure high quality fisheries export products.

The United Nations Food and Agriculture Organization (FAO) see aquaculture as the fastest growing protein source for the world, and has projected shellfish growth at 15% annually over the next 5 years.

We believe Alaska will participate in this growth and has the right combination of elements to permit a rapid expansion in the shellfish aquaculture industry. A critical factor in the growth of the industry is to ensure the products are of the highest sanitary quality. It is essential for the State of Alaska to maintain state of the art, comprehensive testing services to ensure this quality is maintained.

It is for these reasons we support the development of enhanced testing capabilities for Alaskan shellfish resources.

Attached are excerpts from an online discussion group discussing the shellfish aquaculture potential in Alaska. Please feel free to contact me if you would like to discuss this further.

Yours truly,

Joanne F. Jellett, PhD  
President

# MARINE ADVISORY PROGRAM

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UNIVERSITY OF ALASKA FAIRBANKS

SCHOOL OF FISHERIES AND OCEAN SCIENCES

January 18, 2001

2221 E. NORTHERN LIGHTS BLVD., #110

ANCHORAGE, ALASKA 99508-4140

PHONE: 907-274-9691

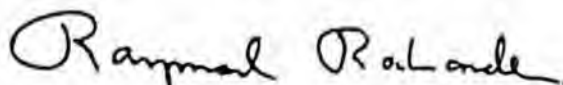
FAX: 907-277-5242

Subject: Proposal to move the Seafood and Food Safety Laboratory

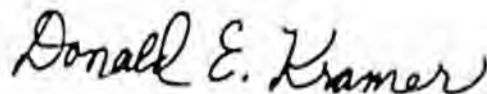
Dear Ms: Adair

The University of Alaska Marine Advisory Program (MAP) applauds the initiative of the Alaska Department of Environmental Conservation and legislative action contained in HB 51, SB 24 to move the Seafood and Food Safety Laboratory to Anchorage. Moving the laboratory to Anchorage is good news for the seafood industry. As an outreach program of the University of Alaska Fairbanks School of Fisheries and Ocean Sciences, MAP provides technical assistance, education, and applied research to the seafood and aquaculture industries. An Anchorage based Seafood and Food Safety Laboratory greatly assist shellfish farmers and seafood processors who often complain about the necessity to shuttle time sensitive seafood and water samples to Palmer. Since the amount of seafood and aquaculture products are expected to increase, an Anchorage based laboratory will best suit the testing needs of these important industries. If you need any additional support information, please contact us.

Respectfully,



Raymond RaLonde  
Aquaculture Specialist



Dr. Donald Kramer  
Seafood Safety Specialist

PACIFIC ALASKA SHELLFISH, INC  
P.O. BOX 7498  
NIKISKI, AK 99635

January 24, 2001

Janice Adair  
Director of Environmental Health  
555 Cordova St. Fifth Floor  
Anchorage AK 99501

Dear Janice,

I want to reiterate the point I made last year when we discussed the future of the Lab and its movement to a new location in Anchorage. I am totally behind such a move. A move to Anchorage is, in my opinion, best for everyone involved. And will better be able to serve the industry from a more centralized location.

Let me also give you a little history concerning my involvement with the Lab. I was the first person in the industry to lobby for the Lab to be moved to Anchorage in 1981. I flew to Juneau and personally discussed it with Senator Kurtula & Mr. Malone of the Finance committee.

That effort was successful and the Lab was moved, but to its present location instead of Anchorage. We were thankful to have it in South Central, but Anchorage still seemed a better location due to logistics and its proximity to the industry.

.....

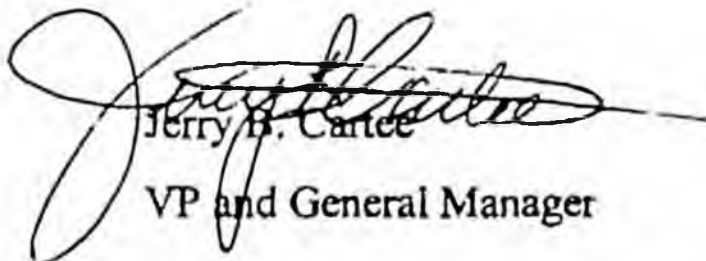
January 24, 2001  
Page 2

This year will be our 21<sup>st</sup> season of using the facility for water, tissue, PSP and all the other tests that are associated with the harvesting and processing of our razor clams for human consumption. We look forward to another 21 years.

Moving the Lab to Anchorage would most definitely enhance the logistics of our operation with regard to getting samples to the Lab. I am sure all the processors in South Central would benefit and support the move. Long term it can only be considered a positive move.

Janice, please cast my vote in favor and keep me posted as to the outcome of the move. If there is anything else I can contribute please call me. Thanks for your continued stellar support of our industry. Kudos to the entire crew.

Sincerely



Jerry B. Carter  
VP and General Manager



*Mission Statement: To develop, expand, and enhance new and existing dive fisheries in Southeast Alaska.*

Julie Decker, Executive Director  
Box 2138, Wrangell, AK 99929  
Ph: 907-874-3110; Fax: 907-874-4270  
gigjulie@aptalaska.net  
www.sardfa.org

Senator Dave Donley  
Senator Pete Kelley  
Co-Chairs, Senate Finance Committee  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

**RE: SB24 / HB 51 Funding for Construction of New Seafood & Food Safety Lab**

Dear Senators,

The Southeast Alaska Regional Dive Fisheries Association, SARDFA, would like to express its support of HB 51 and SB 24, which provide funding for the construction of a new Seafood & Food Safety Lab in Anchorage.

The geoduck fishery currently uses the lab in Palmer for water testing and paralytic shellfish poisoning (PSP) testing. SARDFA is also attempting to develop a horse clam fishery in Southeast Alaska which would require the same uses of the lab.

Relocating the lab to Anchorage will actually be better for the majority of the users of the lab, such as SARDFA. Having the lab in Anchorage will cut down one extra leg of transportation for getting samples to the lab. This extra leg often makes the difference in getting time sensitive water samples to the lab within the 30 hour time limit.

The commercial dive fisheries in the state need this lab in order to conduct its fisheries. The current lab is the only one in the state with the proper certification to do PSP testing.

Thank you for your consideration.

Sincerely,

Members of:  
Southeast Conference,  
United Fishermen of Alaska, &  
Alaska Fisheries Development Foundation

Julie Decker, Executive Director

**PROJECT BUDGET**

PROJECT NAME: DEC Food Safety Laboratory - ANCHORAGE

Date Budget Prepared: 12/13/01

Budget Revision: After Concepts

PROJECT NO: 54814

Client Concurrence: \_\_\_\_\_

DOT&PF MANAGER: Matt Tanaka PE (269-0824)

(signature & date)

CLIENT AGENCY: Dept. of Environmental Conservation

CONTACT: Laura Beason (465-5273) FAX 465-5099 or Jim Galea (269-7662) FAX 269-7654

Palmer Lab, Dick Barrett (745-3236)

**STAGE OF PROJECT:**

Startup \_\_\_\_\_ Programming   X   Schematic Design \_\_\_\_\_ Design development \_\_\_\_\_  
 Constr. Document \_\_\_\_\_ Bid Period \_\_\_\_\_ Award \_\_\_\_\_ Constr. ( \_\_\_\_\_ % Complete) \_\_\_\_\_ Closeout \_\_\_\_\_

DESIGN PHASE:	BUDGET	COMMENTS:
<b>FY01</b>		
Design Fees Concepts	\$170,062	Consulting fees for conceptual design
Design Administration Bldg Concepts	\$10,000	DOT&PF project management
Technical Services	\$8,000	Advertise and award design contract
Pre-Award Audit	\$3,500	Audit consultant prior to contract award
ICAP	\$1,831	2% for DOT administration
Subtotal FY01:	\$195,393	
PDA Programmed Amount:	\$211,000	
<b>FY02</b>		
Design Fees Schematics to Constr. Docs	\$782,767	Consulting fees for final design
Design A/E Contingency	\$163,529	Allowance for design amendments
Design Administration Bldg	\$66,888	DOT&PF project management
Right-of-way	\$12,000	Acquire land interests easements
Utilities	\$30,000	Utility permits, easements
Technical Services	\$10,000	Advertise and award construction contract
MOA Plan Reviews	\$35,720	Plan review fee
Misc. Meetings	\$25,000	Public meetings, P&Z, UDC presentations
ICAP	\$22,878	2% for DOT administration
Subtotal FY02:	\$1,166,783	
PDA Programmed Amount:	\$0	
<b>DESIGN PHASE TOTAL</b>	<b>\$1,362,200</b>	

CONSTRUCTION PHASE:	BUDGET	COMMENTS:
Construction Contract - CP	\$7,845,000	19,000 sq. ft. 1 FFE, utilities, access
Bidding Contingency - CP	\$275,350	3% bidding contingency
Change Order Reserve	\$784,500	10% change order reserve
Subtotal for Construction Contract:	\$8,864,850	
A/E Bid/Constr. Assistance	\$224,400	Partial bid, construction assistance by A/E
Special Inspection	\$40,000	per 1997 UBC
Site Clearing	\$10,000	prevention of migratory bird nesting
Constr. Administration	\$330,445	DOT&PF construction administration, inspection
Artwork, AS 35.27.020	\$88,450	1% for Art per ARCA
Group II Furnishing, Fixtures, Equip (FFE)	\$1,021,360	Type II FFE budget per DEC
Legal (NB)	\$7,000	Contract reviews and protests
Concurrent Review (NB)	\$1,000	Project review and closeout
Project Contingency	\$392,160	3% of constr contr for scope creep, unknowns
ICAP Construction Phase (NB)	\$233,000	2% for DOT administration
Bio Safety Level 3 (BSL3) Features	\$288,000	Complete design and construction cost to convert micro area to BSL3
<b>CONSTRUCTION PHASE TOTAL</b>	<b>\$11,505,800</b>	
PDA Programmed Amount:	\$0	

Plus Project Financing 200,000 (see below)

**TOTAL CONSTRUCTION HB 51 11,705,800**

TOTAL DOT&PF BUDGET	\$12,868,000
PROJECT FINANCING	\$200,000
<b>TOTAL PROJECT BUDGET</b>	<b>\$13,068,000</b>

COMMENTS: Assume site on EMVA pad.  
 Costs adjusted from 2/16/00 estimate  
 to include elements of conceptual design.

# Seafood & Food Safety Laboratory

State of Alaska  
Department of Environmental Conservation  
Division of Environmental Health

**We're running out of time** to pursue the most cost-effective solution. The State's Food Safety Laboratory must be replaced. Studies previously funded by the Legislature show that a state-owned facility is the most cost effective replacement solution – some 56% less than leasing.

## What's needed

Passage of CSHB 51 (FIN), amended as outlined below, is needed to sell the Certificates of Participation to fund the construction:

Proceeds from sale of certificates	\$11,350,000
Investment income	\$110,000
General fund (nonbondable)	\$245,800
<b>Total construction cost</b>	<b>\$11,705,800</b>

Total cost =  
\$11,425,800 Limit from last year's capital budget  
\$ 280,000 BioSafety Level 3  
\$11,705,800

## BioSafety Level Three

This indicates a laboratory area with special ventilation to allow for the testing of particularly virulent strains of bacteria, such as botulism, cyclospora, and anthrax.

As part of the negotiations last year to reduce the construction costs of the new lab, we suggested delaying installation of the upgraded ventilation. However, in light of recent events, we do not believe delay is prudent.

Intentional tampering of food and water has long been an environmental health concern. The first successful bioterrorism attack in modern U.S. history involved the intentional contamination of restaurant salad bars that left 751 people ill. The goal was to affect the outcome of a local election.

Alaska is not immune from these types of threats. In 1998, a person threatened to contaminate the primary source of drinking water for the Municipality of Anchorage. And just this year, several totes of halibut were likely intentionally contaminated with a strong oxidizing agent. The investigation is continuing. In addition, requests for laboratory investigations into possibly tampered food have dramatically increased since 9/11.

The addition of the BioSafety level three ventilation, which increases the total cost of the laboratory by just \$280,000, will establish investigatory capacity for biological threats that not too long ago seemed remote.

## Previous Appropriations



In FY98, the Legislature appropriated \$145.7 to evaluate the best option for replacing the Seafood & Food Safety Lab. The private consultant reported that a state-owned facility was the most cost-effective option.



In FY01, the Legislature appropriated \$240.0 to do preliminary design work in order to come up with a reasonable cost estimate for constructing the new state-owned facility.



In FY02, the Legislature appropriated \$1,300.0 to complete the design of the new facility on a parcel of state-owned land near Boniface and Tudor, next door to the Public Health Lab. This design work is well under-way.

**Total State Investment to date: \$1,685.7**

Images of the current lab.

## What The Seafood And Food Safety Lab Does

- ☞ Conducts product and water sampling required by the National Shellfish Sanitation Program (NSSP) so that bivalve shellfish can be commercially marketed.
- ☞ Routinely tests commercial bivalve shellfish for marine toxins responsible for paralytic shellfish poisoning and domoic acid poisoning.
- ☞ Evaluates and randomly samples fish for parasites and chemical and bacterial contaminants.
- ☞ Conducts on-site evaluations and certifies drinking water laboratories and water system operators for bacteriological monitoring as required by SDWA.
- ☞ Works with commercial food industry to develop safe, ready-to-eat, shelf-stable food products by working with them to make sure the water activity, water phase salt, and salt moisture of their products are within acceptable levels.
- ☞ Evaluates raw and finished dairy products for bacterial contamination, antibiotics, butter fat content, and effectiveness of pasteurization.
- ☞ Investigates, tests, and provides emergency response to complaints of food or water contamination including intentional tampering.
- ☞ Performs animal testing to maintain USDA brucellosis- and TB-free certification, which is required for interstate and international shipment of cattle.
- ☞ Tests for equine infectious anemia in horses intended for interstate shipment or that will be entered in state fairs or other special events.

## How This Lab Differs From The Public Health Lab

The Seafood and Food Safety Lab and the Public Health Lab are two sides of the same coin. They work together to protect the health of Alaskans but each provides different services using different equipment or different test methodologies.

The Seafood and Food Safety Lab conducts surveillance and monitoring of Alaska's public food supplies to ensure their safety. Each year, the Seafood and Food Safety Lab conducts about 9,000 routine tests on a variety of food products from shellfish to milk to finished food products like smoked fish. Pathogens tested include: paralytic shellfish poison, Domoic acid, *Salmonella*, *Campylobacter*, *Listeria*, *Escherichia coli* (*E. coli*), and *Staphylococcus* to name a few. The Seafood and Food Safety Lab also certifies any laboratory that wishes to monitor public water supplies for pathogens by ensuring the laboratory has the capacity to properly conduct the required tests.

Routine tasks undertaken by the Public Health Lab include detection of viruses, bacteria, yeasts, protozoans and other endo- and ecto- parasites in clinical (human) samples. Examples include sexually transmitted diseases, bacterial influenza, tuberculosis, and pertussis.

During an outbreak of human illness associated with food or water, the labs work together to determine the nature and the source of the outbreak, each using its own special talents and skills. Locating these two complementary but different laboratories close together will enhance their ability to coordinate these important yet basic public health protection efforts.

<b>S</b>	Southeast
<b>A</b>	Alaska
<b>R</b>	Regional
<b>D</b>	Dive
<b>F</b>	Fisheries
<b>A</b>	Association



*Mission Statement: To develop, expand, and enhance new and existing dive fisheries in Southeast Alaska.*

Julie Decker, Executive Director  
 Box 2138, Wrangell, AK 99929  
 Ph: 907-874-3110; Fax: 907-874-4270  
 gigjulie@aptalaska.net  
 www.sardfa.org

Senator Dave Donley  
 Senator Pete Kelley  
 Co-Chairs, Senate Finance Committee  
 Alaska State Legislature  
 State Capitol  
 Juneau, AK 99801-1182

**RE: SB24 / HB 51 Funding for Construction of New Seafood & Food Safety Lab**

Dear Senators,

The Southeast Alaska Regional Dive Fisheries Association, SARDFA, would like to express its support of HB 51 and SB 24, which provide funding for the construction of a new Seafood & Food Safety Lab in Anchorage.

The geoduck fishery currently uses the lab in Palmer for water testing and paralytic shellfish poisoning (PSP) testing. SARDFA is also attempting to develop a horse clam fishery in Southeast Alaska which would require the same uses of the lab.

Relocating the lab to Anchorage will actually be better for the majority of the users of the lab, such as SARDFA. Having the lab in Anchorage will cut down one extra leg of transportation for getting samples to the lab. This extra leg often makes the difference in getting time sensitive water samples to the lab within the 30 hour time limit.

The commercial dive fisheries in the state need this lab in order to conduct its fisheries. The current lab is the only one in the state with the proper certification to do PSP testing.

Thank you for your consideration.

Sincerely,

<p>Members of:          Southeast Conference,          United Fishermen of Alaska, &amp;          Alaska Fisheries Development Foundation</p>
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Julie Decker, Executive Director

TONY KNOWLES  
GOVERNOR  
governor@gov.state.ak.us

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January 10, 2001

The Honorable Brian Porter  
Speaker of the House  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear Speaker Porter:

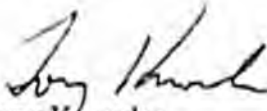
The state's food safety laboratory plays a vital role in protecting the health of Alaskans. It tests finfish, shellfish and dairy products to be certain they're safe for human consumption, certifies private drinking water laboratories, and works with commercial processors in developing food products.

The laboratory facility is now outdated and woefully inadequate. In addition, the current lease will soon expire requiring the facility to be relocated. The Legislature has recognized the need for replacement through previous planning and design appropriations. This bill I transmit today is the next and final step in providing Alaskans with a worthwhile facility by setting up a bonding structure for its construction. The proposed method is the issuance of certificates of participation for a lease-purchase agreement.

The anticipated total construction, acquisition, and other costs of the project under the lease-purchase agreement are not to exceed \$13,655,000 and the total anticipated annual amount of the rental obligation is \$1,220,000. The total anticipated lease payments for the full term of the lease-purchase agreement amount to \$24,440,000. The state would own the facility at the end of the lease term under the operation of the Department of Environmental Conservation.

In the interest of the public health for Alaskans and consumers of our food, fish and dairy products as well as the economic health of these industries, I urge your prompt and favorable action on this measure.

Sincerely,

  
Tony Knowles  
Governor

HB 51

Lease # 2359

May 7, 2001

We are willing, according to the procurement code and the requirements there-of, to meet the 15% reduction when we re-negotiate our lease with the state.

David Psenak  
Mary Psenak  
Executive Trustees for Astra Enterprises

HB 51

Distributed By  
Representative Scott Ogan  
District 27

# SENATE COMMITTEE REPORT

DATE: 5/1/01

FURTHER: Finance

DATE TURNED IN TO OFFICE: 05/05/01

Health, Education and Social Services Committee considered CS FOR HOUSE BILL NO. 51(FIN)

### LEGISLATIVE APPROVAL OF SEAFOOD/FOOD SAFETY LAB

"An Act giving notice of and approving the entry into and the issuance of certificates of participation for a lease-purchase agreement for a seafood and food safety laboratory facility; relating to the use of certain investment income for certain construction costs; and providing for an effective date."

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to \_\_\_\_\_ Committee

**Senate Bill:**

- same title
- new title
- House Bill:**
- same title
- technical title
- new: SCR # \_\_\_\_\_

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Zero	FN#
DoA	1/10/01	x		1
DEC	1/10/01	x		2
Revenue	4/28/01	x		4

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Alan S. Lewis</i>	✓			
<i>Betty Davis</i>	✓			
<i>Gayle Hill</i>			✓	
<i>[Signature]</i>			✓	
CHAIR: <i>[Signature]</i>			✓	