

**SB**

**75**

SFIN

FILE

SB 75

was referred to the  
Senate Finance  
Committee

Hearing(s) were held

The bill did not move  
from Committee

# STATE OF ALASKA

## OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET  
February 26, 2003

TONY KNOWLES, GOVERNOR

P.O. BOX 110020  
JUNEAU, ALASKA 99811-0020  
PHONE: (907) 465-4660  
FAX: (907) 465-3008

The Honorable Lyda Green  
The Honorable Gary Wilken  
The Honorable John Harris  
The Honorable Bill Williams  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801

Dear Finance Committee Co-Chairs:

Please consider the following amendment to the Fast Track supplemental bills, SB 75 and HB 100:

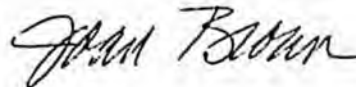
**Add a new section to read:**

DEPARTMENT OF ENVIRONMENTAL CONSERVATION. The sum of \$100,000 is appropriated from the general fund to the Department of Environmental Conservation, division of air and water quality, for legal services from the Department of Law to represent the State's petition before the U.S. Supreme Court regarding the Red Dog Mine air permit dispute with EPA for the fiscal year ending June 30, 2003.

(The effective date should be immediate or March 21, 2003, whichever will be earlier.)

Back-up information on the amendment is attached along with an updated spreadsheet. If you have any questions, please call me (465-4660) or Joan Brown (465-4681).

Sincerely,



*for* Cheryl Frasca  
Director

Attachments

cc: David Teal, Legislative Finance

FY2003 SUPPLEMENTALS

	A	B	C	D	E	F	G	H	I
1	Sec. No.	Department	BRU or Component	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
2	<b>FAST TRACK SUPPLEMENTAL</b>								
3	1	Administration	Office of Public Advocacy	Program shortfunding was estimated to be \$2,200.0 in May. Caseload growth has added an additional \$1,100.0. An additional \$2,473.5 is requested in the regular supplemental bill to meet the total need of \$3,300.0.	826.5				826.5
4	2(a)	Corrections	Inmate Health Care	Costs incurred due to the November 19, 2002 accident involving a prisoner transport van at mile 19.5 of the Seward Highway.	500.0				500.0
5	2(b)	Corrections	Anchorage Jail	Due to increased negotiated contract amount with Municipality of Anchorage, the department will realize increased manday billings and needs receipt authority to utilize those receipts.			500.0	Statutory Designated Program Receipts	500.0
6	3(1)	Health and Social Svcs	General Relief Assistance	Caseload growth. Current funds projected to be fully spent by mid-April	271.0				271.0
7	3(2)	Health and Social Svcs	Foster Care Special Needs	Formula program shortfunding \$445.3 and caseload growth \$170.0. Current funds projected to be fully expended in May.	615.3				615.3
8	3(3)	Health and Social Svcs	Subsidized Adoptions & Guard.	Formula program shortfunding \$2,000.0 and caseload growth \$833.3. Current funds projected to be fully expended in April.	2,833.3				2,833.3
9	3(4)	Health and Social Svcs	Old Age Ass/ALB Hold Harmless	Caseload growth. Current funds projected to be fully spent by the end of May.	110.0				110.0
10	3(5)	Health and Social Svcs	Kenai Peninsula Youth Facility	Funds to hire superintendent and unit leader and provide other operating funds needed to open the facility that will be completed April 15, 2003.	155.2				155.2
11	4(a)	Law	Criminal Division	Criminal Justice Litigation - Outside counsel and experts for the parental consent lawsuit \$432.6 and the sex offender registration lawsuit \$150.0	582.6				582.6
12	4(b)	Law	Oil & Gas Litigation	Oil and gas caseload shortfall. \$500.0 is needed for the reopener-specific casework and \$100.0 for ongoing D.C. casework primarily regarding Federal Energy Reserve (FERC) and TAPS (utility) reopener. Extended lapse date thru June 30, 2004	600.0				600.0
13	5	Public Safety	Fish and Wildlife Protection	Increased costs for vehicle, heating oil, electricity, airplane and helicopter fuel	229.3				229.3
14	6	Revenue	Muni Bond Bank	Additional bond issuance costs			142.0	Muni Bond Bank Rcpts	142.0
15	7(a)	Transportation	Capital	Title change: Nondalton: Airport Resurfacing to Nondalton: Airport Improvements and Airport Layout Plan					0.0
16	7(b)	Transportation	Capital	Title change: Anchorage: Muldoon Road Landscaping and Pedestrian Improvements - Glenn Highway to 36th Avenue to "... Improvements - Regal Mountain to Bartlett Drive"					0.0
17	7(c)	Transportation	Capital	Title change: Juneau West Douglas Highway Extension to Juneau: Gastineau Channel Second Crossing					0.0
18	7(d)	Transportation	Capital	Title change: Nunapitchuk Resurfacing and Lighting to Nunapitchuk Airport Relocation (SLA 2001)					0.0
19	7(e)	Transportation	Capital	Title change: Nunapitchuk Resurfacing and Lighting to Nunapitchuk Airport Relocation (FSSLA 1999)					0.0
20	7(f)	Transportation	Highways ar. Aviation, and Facilities	Restore highways and maintenance cuts as directed by Governor Murkowski on Dec 12.	2,562.0				2,562.0

FY2003 SUPPLEMENTALS

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1	Sec. No.	Department	BRU or Component	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
	7(g)	Transportation	Capital	Central Region Planning new capital project: Dillingham-Aleknagik Road Milepost 8-23 Resurfacing. Accelerated in the STIP to coincide with the airport runway repaving project scheduled for summer of 2003.		8,200.0			8,200.0
21									
	7(h)	Transportation	Capital	Central Region Planning new capital project: Glenn Highway Intersection Improvements & Resurfacing, Gambell to McCarrey. Accelerated in STIP to address increasing deterioration of the roadway surface.		6,000.0			6,000.0
22									
	7(i)	Transportation	Capital	Central Region Planning new capital project: Old Glenn Highway Reconstruction, N Eagle River Exit to Peters Creek. Accelerated in the AMATS TIP to accommodate substantial increase in traffic projections due to recent area developments.		5,625.0			5,625.0
23									
	7(j)	Transportation	Capital	Barrow runway apron paving and safety area expansion project		4,900.0			4,900.0
24									
	New	Environ Cons	Air and Water Quality	Feb 26 Amd: Legal services for Red Dog Mine air permit dispute	100.0				100.0
25									
26	8			Lapse Provisions					
27	9			Effective Date					
28									
				FAST TRACK BILL TOTAL	9,385.2	24,725.0	642.0		34,752.2
29									
30									
31	<b>REGULAR SUPPLEMENTAL</b>								
	1(a)(1)	Administration	Finance	The Division of Finance is incurring substantially more costs for accounting and payroll data processing charges, due to both increased usage and rate increases, and unanticipated increased costs due to conversion from ADABAS to DB2. (Savings in general relief program offsets \$300.0.)	400.0				400.0
32									
	1(a)(2)	Administration	Pioneers' Homes	Cost of the certified nurse aide and assisted living aide reclassifications which were effective December 1, 2002. The classification study found that the positions were underpaid by one range compared to other similar positions. Affects 323 positions at approximately \$175 per month per position.	390.7				390.7
33									
	1(a)(3)	Administration	AOGCC	Increased federal grant for the Underground Injection Control Program.		14.3			14.3
34									
	1(a)(4)	Administration	Office of Public Advocacy	Program shortfunding was estimated to be \$2,200.0 in May. Caseload growth has added an additional \$1,100.0. An additional \$826.5 is requested in the fast track supplemental bill to meet the total need of \$3,300.0.	2,473.5				2,473.5
35									
	1(a)(5) and (6)	Administration	Public Defender	Program shortfunding was estimated to be \$1,000.0 in May. Caseload has added an additional \$157.0. Funding is also included to continue the mental health court attorney.	1,157.0		73.0	MHTAAR	1,230.0
36									
	1(a)(7)	Administration	Labor Relations	Arbitration settlement with ASEA union on Fair Labor Standards Act (FLSA) residual claims including interest of \$9,238.36	209.3				209.3
37									
	1(b)	Administration	Senior Services	Caseload for general relief program is lower than anticipated. (Funds to help offset Finance's supplemental.)	(300.0)				(300.0)
38									
	2(a)	Community	Admin Services	Retroactive section to ratify the transfer of \$51,000 from the disaster relief fund back to the commercial fishing revolving loan fund in response to recommendation 20 in the FY01 Statewide Single Audit prepared by Legislative Audit.					0.0
39									
	2(b)	Community	Capital	Section to change RPL 08-3-0104 for Rural Internet Access from operating to capital					0.0
40									

**FY2003 SUPPLEMENTALS**

	A	B	C	D	E	F	G	H	I
1	Sec. No.	Department	BRU or Component	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
	2 (c)	Community	Insurance	Authority to receive and expend fees paid by licensees for background checks. The Division of Insurance will then enter into a contract (RSA) with Department of Public Safety who performs the background checks.			200.0	Receipt Supported Services	200.0
41									
	2(d)	Community	International Trade	Authority to receive and expend registration receipts from the Korea USA economic conference. The 2002 conference was held in Korea; 2003 will be in Anchorage. Subsequent years' conferences will be held in other western states.			115.0	Statutory Designated Program Receipts	115.0
42									
	2(e) and (f)	Community	Alaska Science and Technology Foundation	Income is insufficient to fund appropriation due to stock market declines. Fund source switch from income to endowment and a reduction of \$6,418.6 in the appropriation, leaving authorization of \$4.1m.			(6,418.6)	Sci/Tech Endowment	(6,418.6)
43									
	3	Corrections	Inmate Health Care	Prior year bill for dialysis services for an inmate in FY2002. The vendor inadvertently billed a wrong party and recently discovered the error. An appropriation is needed in order for the department to pay the bill of \$187,680.05.	187.7				187.7
44									
	4	Military & Vets	Disaster Relief Fund	Capitalize the fund for declared disasters: earthquake \$5,086.4 GF and \$14,848.1 Fed; interior flood \$1,268.0 GF and \$4,541.3 Fed; NW Arctic Borough fall sea storm \$351.0 GF; Kenai Peninsula flooding \$3,571.0 GF and \$11,704.5 Fed and \$830.0 GF for core emergency services.	11,606.4	31,093.9			42,700.3
45									
	5(a)	Education	Schools for the Handicapped	Out of State Placement educational cost increase due to increased number of clients and increased length of stay.	366.8				366.8
46									
	5(b)	Education	Foundation	General fund reduction due to preliminary actuals for foundation program that reconciles initial October student count to the electronic data.	(6,728.8)				(6,728.8)
47									
	6	Public Safety	Fish and Game Fund	Revise language appropriating criminal fines, penalties and forfeitures into the Fish and Game Fund based upon an analysis conducted by the Department of Public Safety and the Court System.					0.0
48									
	7	Natural Resources	Fire Suppression	Fixed costs and fire suppression costs incurred to date.	19,033.8				19,033.8
49									
	8(a)(1)	Health and Social Svcs	Adult Public Assistance	Program shortfunding was estimated to be \$1,750.0 GF in May. Caseload growth has added an additional \$333.0 GF and \$285.0 Fed. Average projected monthly caseload is 4.3% higher than the 1% caseload growth level funded last session.	2,083.0	285.0			2,368.0
50									
	8(a)(2)	Health and Social Svcs	Family Preservation	Unanticipated federal grant award to fund Child Abuse Treatment Plans for Alaska Native Children and Parents project		450.0			450.0
51									
	8(a)(3)	Health and Social Svcs	McLaughlin Youth Facility	Population increase of 18.9% has resulted in increased overtime of \$16.7 and laundry, food, and clothing costs of \$9.1. FY2002 average population was 179.6 while FY2003 has averaged 198.3.	25.8				25.8
52									
	8(a)(4)	Health and Social Svcs	Fairbanks Youth Facility	Extraordinary medical costs including MRI, extensive brain testing, weekly allergy shots, and surgery.	20.0				20.0
53									
	8(a)(5)	Health and Social Svcs	Nome Youth Facility	Staff for population increase. Average daily population has increased 36% over FY2002. Facility capacity is 6. Average population in FY2002 was 6.9 while FY2003 average population has been 9.3.	100.8				100.8
54									
	8(a)(6)	Health and Social Svcs	Johnson Youth Facility	Medical costs for physical therapy for 1 youth.	11.5				11.5
55									
	8(a)(7)	Health and Social Svcs	Bethel Youth Facility	Population increased 34.7% over FY2002 and extraordinary medical costs estimated at \$35.0.	66.1				66.1
56									

FY2003 SUPPLEMENTALS

	A	B	C	D	E	F	G	H	I
1	Sec. No.	Department	BRU or Component	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
57	8(a)(8)	Health and Social Svcs	Vital Statistics	Operating costs driven by increased number of licenses and certificates, including non-permanent positions to deal with backlogs. Also covers rent as were able to move into new facility earlier than anticipated.			195.0	Receipt Supported Services	195.0
58	8(b)	Health and Social Svcs	Medicaid Services	Claims growth and match rate adjustment	28,055.8	(16,064.5)	(1,000.0)	Statutory Designated Program Receipts	10,991.3
59	8(c) and (d)	Health and Social Svcs	Commissioner's Office	Suicide Follow-back Study; extend lapse date to June 30, 2004					0.0
60	9	Law	Deputy Attorney General	Judgements and Claims \$1,064,246.51 GF, \$72,053.97 PERS	1,064.3		72.1	PERS	1,136.4
61	10	Law	Fourth Judicial District	Fairbanks DA office had unexpected move and lease costs due to the Department of Transportation and Public Facility's closure of Fairbanks court building.	95.0				95.0
62	11(a) and (b)	Military & Vets	Commissioner's Office	Structure change to move Commissioner's Office and Unallocated Reduction components to National Guard BRU	0.0				0.0
63	11(c)	Military & Vets	Military Youth Academy	Technical correction for Ch 130 SLA2002 (SB 345) fiscal note - correct fund source amounts	0.0				0.0
64	12(a)	Natural Resources	Recorder's Office	Increased costs to process heavy volume of mortgage refinance activity and increased postage and supplies costs.			149.1	Receipt Supported Services	149.1
65	12(b)	Natural Resources	Parks Management	Increased fees for City of Kodiak park maintenance contract.			4.0	Statutory Designated Program Receipts	4.0
66	12(c)	Natural Resources	Capital	National Coastal Wetlands Conservation grant pass thru to Juneau for purchase of wetlands near Herbert River.		553.0			553.0
67	13	Revenue	Alcohol Beverage Control Board	Contractual expenses for hearing officers for increased number of formal hearings in contested liquor license complaints and suspensions, and staff travel and per diem for hearings.	26.0				26.0
68	14(a)	Transportation	Central Region Highways and Aviation	Carry forward excess Whittier Tunnel toll revenue above FY2002 appropriation to comply with federal code requiring all toll revenue to be spent on the toll facility.			819.1	Receipt Supported Services	819.1
69	14(b)	Transportation	Fairbanks International Airport	Federal Homeland authority fund source switch from federal funds to International Airport Revenue Fund for mandated security activities at Fairbanks airport.		(326.0)	326.0	International Airport Revenue Fund	0.0
70	14(c)	Transportation	Regional Admin Services	Increased costs per negotiated contract with the Confidential Employees Association, retroactive to September 2001 and full FY 2003 costs.	25.7		46.9	Various	72.6
71	14(d)	Transportation	Marine Highway System	Marine Highway System increased fuel costs. July 2 fuel cost projected at 81.4 cents per gal with 8.7mm gallon use; Jan 27 revised projection at 90.7 cents with 9.6mm gallon use. Increased use was due to cancellation of private service contract to Metlakalla.			450.0	Marine Highway System Fund	450.0
72	14(e)	Transportation	Capital	Title change: Scammon Bay: Snow Removal Equipment Building should include "and Airport Layout Plan"					0.0
73	14(f)	Transportation	Capital	Title change: Hatcher Pass: Milepost 34 to 39 - Rehabilitation should be Milepost 25 to 39 - Rehabilitation					0.0

**FY2003 SUPPLEMENTALS**

	A	B	C	D	E	F	G	H	I
1	Sec. No.	Department	BRU or Component	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
	15(a)	State Debt	Debt	The appropriation in sec 31(e), ch 94, SLA 2002, pg 71, lines 12-19 to pay airport bond debt is short \$2000.00			2.0	International Airports Revenue Fund	2.0
74									
	15(b)and (c)	State Debt	Debt	Reduce debt retirement fund appropriation for school debt reimbursement by amount of FY2002 cigarette tax carry forward and increased tax collections			(2,593.9)	Debt RF	(2,593.9)
75									
	15(b)and (c)	State Debt	Debt	Increase School Fund appropriation for school debt reimbursement by amount of FY2002 cigarette tax carry forward and increased collections			2,593.9	School Fund	2,593.9
76									
	15(b)and (c)	State Debt	Debt	School construction reimbursement estimate has decreased from 56,378.4 to 52,536.0, a reduction of 3,842.4 needed to capitalize the debt retirement fund. That amount plus the 2,593.9 debt retirement fund reduction above is the amount the debt retirement fund is overcapitalized in FY03.	(6,436.3)		(3,842.4)	Debt RF	(10,278.7)
77									
78	16(1)	Administration	Finance	Miscellaneous Claims and State-dated Warrants \$44,916.88	44.9				44.9
79	16(2)	Corrections	Admin Services	Miscellaneous Claims and State-dated Warrants \$3,385.35	3.4				3.4
80	16(3)	Education	Admin Services	Miscellaneous Claims and State-dated Warrants \$5,107.28	5.1				5.1
81	16(4)	Envir Cons	Admin Services	Miscellaneous Claims and State-dated Warrants \$568.03	0.6				0.6
82	16(5)	Fish and Game	Admin Support	Miscellaneous Claims and State-dated Warrants \$3,000.00 Feb 25 Amd: Increase by \$254.31 to \$3,254.31	3.3				3.3
83	16(6)	Health and Social Svcs	Admin Support	Miscellaneous Claims and State-dated Warrants \$42,267.93	42.3				42.3
84	16(7)	Law	Deputy Attorney General	Miscellaneous Claims and State-dated Warrants \$17,947.82	18.0				18.0
85	16(8)	Military & Vets		Miscellaneous Claims and State-dated Warrants \$580.88	0.6				0.6
86	16(9)	Public Safety	Admin	Miscellaneous Claims and State-dated Warrants \$47.50	0.0				0.0
87	16(10)	Transportation		Miscellaneous Claims and State-dated Warrants \$26.82	0.0				0.0
88				<b>REGULAR SUPPLEMENTAL BILL TOTAL</b>	<b>54,052.3</b>	<b>16,005.7</b>	<b>(8,808.8)</b>		<b>61,249.2</b>
89									
90	<b>TOTAL FOR BOTH BILLS</b>				<b>63,437.5</b>	<b>40,730.7</b>	<b>(8,166.8)</b>	<b>0.0</b>	<b>96,001.4</b>
91									
92				<b>Ratifications:</b>					
93	17(a)(1)(A)	Community		AR 56381-02 (Delta Junction Economic Recovery)	562.95				
94	17(a)(1)(B)	Community		AR 56385-02 (Rural Utility Mgt.)	0.83				
95	17(a)(2)(A)	Corrections		AR 50981-01 (Noncust Fingerprints)	219.77				
96	17(a)(2)(B)	Corrections		AR 50982-01 (ADAM Pgm/Univ AK Anc)	66.64				
97	17(a)(3)(A)	Health and Social Svcs		AR 22520-01 (Medicaid Services)	2,753,274.86				
98	17(a)(3)(B)	Health and Social Svcs		AR 22553-01 (Family and Youth Services Staff Training)	54,910.55				
99	17(a)(4)(A)	Fish & Game		AR43655-01 (9 EVOS Fish Pass)			8.05	Exxon Valdez	
100	17(a)(4)(B)	Fish & Game		AR42100-02 (Administrative Services)	16,437.65				
101	17(a)(5)	Public Safety		AR 47829-03 (RS DOT/AST DET .08)	2,615.00				
102	17(b) and (c)	Natural Resources	Fire Suppression	FY2002 Fire Suppression costs AR37313-02 Fire General Fund and AR37311-02 Fire Federal Receipts	13,340,900.00	3,000,000.00			
103	17(d)	Public Safety	Fish and Game Fund	Ratify prior year deposits from the General Fund to the Fish and Game Fund based upon an analysis conducted by the Department of Public Safety and the Court System.					

**FY2003 SUPPLEMENTALS**

	A	B	C	D	E	F	G	H	I
1	Sec. No.	Department	BRU or Component	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
104	18			Nonlapse of Appropriations					
105	19			Retroactivity					
106	20			Effective Dates					
107	21			Immediate Effective Date					

# MEMORANDUM

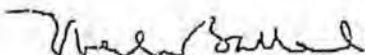
## State of Alaska

Department of Environmental Conservation  
Office of the Commissioner

TO: Cheryl Frasca, Director  
Office of Management & Budget

DATE: February 26, 2003

PHONE NO: 465-5065

FROM:   
Ernesta Ballard, Commissioner

SUBJECT: Supplemental request for Red Dog mine  
air permit petition

On February 21, 2003, the U.S. Supreme Court granted Alaska's petition for a writ of certiorari in our case against EPA over primacy of air permitting in Alaska. The Supreme Court will now hear Alaska's arguments in this case. \$100,000 in supplemental funding for FY 2003 is needed to cover the contractual costs to the state for the briefing and argument of the case before the US Supreme Court.

The State of Alaska's appeal to the U.S. Supreme Court is to overturn a lower court decision that threatens the autonomy of the state's approved air permit program. The case concerns a new diesel generator installed to provide additional power at the Red Dog mine near Kotzebue, Alaska.

The state's brief before the Court is due on April 10, 2003. Even before then, in March, the state must designate the portions of the record for the high court to consider. Designation of the record and preparation of the opening brief will require an unexpected expenditure of funds in FY 03. We expect that the preparation of a reply brief and argument of the case will occur in FY 04.

Cameron Leonard has been the lead Assistant Attorney General for Alaska working this case through the initial 9th Circuit Court of Appeals decision and then in preparing the petition to the U.S. Supreme Court. The Attorney General's office has contracted with John Roberts of Hogan and Hartson LLP of Washington D.C. to prepare the cert petition. Alaska intends to continue to use the unique expertise of Mr. Roberts and his firm in developing our case for presentation on the merits to the Supreme Court.

In 1998, Teck Cominco, Inc. owner of the Red Dog Mine requested a new air quality permit to install a seventh diesel generator at the mine for additional and backup power. The Department of Environmental Conservation issued an air permit under the Clean Air Act which allowed for more power generation at the mine without causing a significant increase in emissions. The permit required that emission controls be installed on the mine's new diesel generator, as well as on the existing six generators. Under the state's permit, nitrogen oxide emissions would not exceed local or national health or prevention standards even with the new power being generated.

THE  
FOLLOWING  
DOCUMENT(S)  
ARE  
POOR  
ORIGINAL  
COPIES

Cheryl Frasca

2

February 26, 2003

The federal Environmental Protection Agency (EPA) objected, filing an order to block the permit and threatened fines if Teck Cominco powered up the new generator. EPA mandated that a new technology - selective catalytic reduction - be used on the single new generator. This new technology is unproven in arctic conditions, and under EPA's plan, the six older generators would be allowed to emit more than under the state permit.

The state originally sued the federal EPA over this issue in 2000 after a series of meetings with EPA and Teck Cominco failed to resolve the issue. On July 30, 2002, the 9th Circuit Court of Appeals ruled that EPA had acted correctly in requiring Teck Cominco to install the new technology.

cc: Gregg Renkes, Attorney General

FRANK H. MURKOWSKI  
GOVERNOR  
GOVERNOR@GOV.STATE.AK.US



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

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February 18, 2003

The Honorable Gene Therriault  
President of the Senate  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear President Therriault:

Today I am transmitting two supplemental appropriation bills for Fiscal Year 2003. This bill is sometimes referred to as the "supplemental bill" because it includes items that have particularly unique requirements that are not accommodated by the usual passage of supplemental appropriations later in the spring.

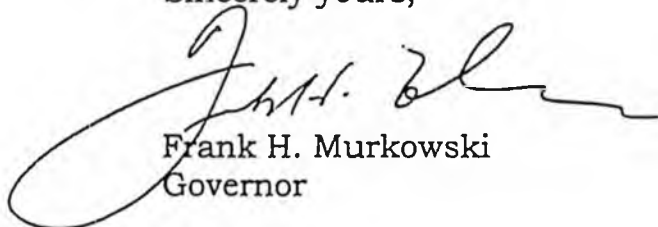
As you know, the Legislature's staff estimated the expected supplemental would total \$140 million. The two bills we are submitting total \$63.3 million. Our goal was to include general fund supported requests for circumstances that were not within management's control, such as disasters, caseload growth in formula-driven programs, and increased fuel costs.

We are also requesting Federal funds of \$19.8 million to begin three urgently needed highway projects sooner than waiting for the Fiscal Year 2004 capital budget. Two of the fast track supplemental requests are due to programs that were short-funded in last year's budget: subsidized adoptions and foster care special needs. The subsidized adoption program was funded \$2 million less than the department's projection. It now appears that a total of \$2.8 million more will be needed this year to meet state obligations to parents who have adopted children with special needs. The foster care special needs program was short-funded \$445,300, while now, due to additional caseload growth, a total of \$615,300 is required.

Senate President Gene Therriault  
February 18, 2003  
Page 2

I request that you put this bill on a "fast track" for final action in early March.

Sincerely yours,

A handwritten signature in black ink, appearing to read "F. Murkowski", with a large, sweeping flourish extending to the left.

Frank H. Murkowski  
Governor



**WILDLAND FIRE MANAGEMENT**  
**THE BASICS**

## STATE RESPONSIBILITY FOR FIRE PROTECTION

*The Department of Natural Resources protects state, private and municipal land from fire commensurate to the value of the resources at risk, as required by AS 41.15.010.*

Life and safety of the public and the fire fighters are the highest priority and will not be compromised.

Fire can be an emergency – but the fact is that our job is to respond in an organized, routine manner to this emergency every time.

Wildland fire occurs across the 106 million acres of state and private land from March through October each year. Fire protection levels are determined by a wide variety of issues including the positive effects of fire for wildlife habitat and forest regeneration, cabin protection, suppression costs and increased risk that current suppression may create for future fires.

Alaska is divided into three areas of fire protection responsibility for the Division of Forestry, Bureau of Land Management and U.S. Forest Service. Each agency fights fire on all ownership within their area. This innovative approach provides the quickest response to fires and significantly reduces costs compared to fighting fire on a checkerboard of individual ownership.

### State Land Selections



Populated areas, developed areas, the road net, and high value resources occur within the state's protection area. Quick response is critical to catch fires while they are small to minimize costs. Forestry's

fire fighters are a highly mobile work force. This mobility allows fewer fire suppression resources than would be required if every area provided its own wildland fire protection.

## WHAT IS NEEDED FOR AN EFFECTIVE FIRE MANAGEMENT PROGRAM

### - Operational Requirements -

A wide array of disciplines are needed to effectively manage an organization that fights 600 plus fires from campfire size to over a half million acres each year. An effective, efficient program requires administrative, personnel, fiscal and business management as well as logistics and dispatch support systems, scientific and technical specialties, aviation, equipment, and warehouse expertise.

Major functions essential to fire suppression include:

**Preparedness:** We don't know exactly where or when fires will occur, but we do know there will be fires, so we must be prepared for them. Fire fighters, equipment and all the support it takes must be ready when a fire starts. Fire fighters must be trained and ready. Fire engines and equipment must be in place. Retardant tankers and helicopters must be in place. *If you are well prepared the risk decreases.*

**Detection:** The sooner a fire is located, the quicker fire fighters are on the scene. Bush pilots and commercial airlines call in many fires, but a sophisticated lightning detection system identifies areas of concentrated lightning strikes where detection aircraft flights are then concentrated.

**Weather Forecasts:** A network of weather stations and a dependable forecasting service are essential for daily decision making and long range predictions. Personnel and equipment are frequently pre-positioned on the basis of weather information, allowing faster response times to fires.

**Fire Danger Rating System:** Weather information is the basis for a sophisticated computer generated fire danger rating system. This scientifically developed system provides basic data used to predict fire behavior, fire strategy and tactics after a fire start. This tool alone saves the state millions of dollars by improving allocation of forces.

**Information (the net):** Fire fighters, as well as managers, need to know the weather, the fire danger rating information, and where personnel or resources are prepositioned daily. An innovation in 1996 put all the critical fire information on the Internet with daily updates. Essential to fire management, this gives the professional and casual observer the actual data.

**Initial Attack:** A strong workforce to locate and attack fires while they are small is the backbone of the fire program. Successful initial attack can save the state a substantial amount. The cost of a small fire averages \$4 thousand compared to a large "project" fire that can range from \$2 million to \$30 million.

to national standards for every ICS job, must react immediately to a variety of dangerous situations, must ensure that procedures and policies are followed and that the most cost-effective decisions are made. Seasonal employees who are budgeted for 5 months a year fill many of the critical fire positions. A top fire position may require up to 15 years of training and experience. Retention of such an individual is extremely important to a cost effective and safe fire program.

**A single decision can save the state millions of dollars – and often it must be made immediately in the heat of a fire**



**Qualified Personnel:** People management is the hardest and the most rewarding aspect of fire management. They must be trained

**Organizational Expansion:** Within 48 hours Miller's Reach had 1800 personnel fighting fire or in support positions. The ability to

rapidly expand a small core organization to fight fires is critical. Training of a core staff, combined with strong cooperative agreements provides the phenomenal ability to expand very rapidly with a safe, well functioning organization. Similarly, Forestry may supply personnel for federal fire emergencies. Without this ability, the state would have a vastly larger, much more expensive and stand alone fire suppression organization.

**Dispatch:** In severe fire years, over 2000 emergency firefighters are hired and sent to fires. Dispatching, tracking and demobilizing personnel and aircraft rapidly is crucial to having the right tools in the right location at the right time.

**Logistical Support:** Every fire requires not only having fire fighters but a large inventory of equipment and supplies that is dispatched to fires all over the state, returned, repaired, refurbished and

restocked. State procurement and property management controls as well as adherence to national standards are required for interchangeable support with federal agencies. Fast, accurate response is provided by a dispatching system of highly qualified personnel, which must be in place and prepared.

**Administrative Support:**

The state bills federal cooperators for fighting fires, which start on their ownership. Historically this has provided a net reimbursement to the general fund of over \$3 million annually. Recovering state costs depends entirely on accurate and complete management of contracts, payroll, procurement, bill paying, accounting, personnel regulations, statistics, property management and audits. The regular field employees must have a working knowledge and a staff of skilled experts must be in place to support billing of up to \$16 million per agency.



## GOOD MANAGEMENT

### - Management -

Management is critical to successful and cost effective results in wildland fire fighting. People must get to a fire with the tools they need to fight it within a minimal period of time. Food, tents, and medical attention will be needed. Radios, weather data, terrain, ... the list grows of critical information needs, all of which must be managed if the fire itself is to be managed.

### - Managing Workloads -

**Smart management of workloads is essential to successful management of a fire.** Workloads are affected by a number of factors.

2000 FIRES		
Division of Forestry	260	35,196.8 acres
Alaska Fire Service (BLM)	90	721,085 acres
U.S. Forest Service	19	14.4 acres

**Number of Fires:** Alaska usually has 500 – 700 fires per year. Forestry has the majority of that workload.

Lightning is the major cause of fires outside the road system. Lightning storms commonly occur across the interior producing as many as 3500 strikes per day. Sophisticated detection and fire danger systems assist in minimizing the workload of determining if fires started from each strike. It is not uncommon to have 50 to 80 lightning fires burning in different locations simultaneously.

Since 1984, Humans cause 84% of the fires within Forestry's protection area, most of which occur in major populated areas. Fire Prevention education is the most effective tool for decreasing these numbers.

Because of immediate threat to life these are the most critical fires to stop with initial attack. As urban areas expand into the wildland, this workload continues to expand.

2000 Fires by Protection Area	
Division of Forestry	70%
Alaska Fire Service (BLM)	25%
U.S. Forest Service	5%

Human Caused fires by Protection Area 2000 fire season	
Division of Forestry	86%
Alaska Fire Service (BLM)	8%
U.S. Forest Service	6%

**Personnel and Resources** (airplanes, helicopters, retardant, equipment, etc.) workload are directly impacted by the number of fires burning concurrently. As shortages occur, priorities must be set to allocate personnel and equipment most effectively. Reliance on the fire plan greatly assists since decisions on which areas to protect at what levels are already made. Coordination occurs statewide moving forces to the most critical areas as needed. Managing the workforce rapidly and efficiently results in suppressing fires more quickly, which saves the state money by avoiding larger fires.

**Intensity of Fires:** Weather, fuel conditions such as moisture content in vegetation, depth of vegetative mat and a myriad of other factors affect the fire intensity. Fire can spread as much as eight miles in a single hour. During the wind driven Miller's Reach Fire in 1996, firebrands were transported up to a mile in advance of the main fire, causing new ignitions. Intensity of a fire can create severe fire conditions that require special management to

safely and effectively utilize technology, personnel, and resources.

**Complexity of Fires:** Fire complexity may arise from unusual fire behavior, resources threatened such as urban areas or villages, the number of fires in a particular area all requiring suppression, or evacuation of people, multiple agency responses, etc.

*The Miller's Reach Fire is a good example of a complex fire. Fire suppression involved 37 separate fire departments, over 1800 state and federal fire fighters, 103 agencies and organizations, local and national media, local and national political visits, and evacuation of more than 1500 people requiring emergency services.*

**The more complex a fire, the more important a pre-planned management response is to success.**

#### - Managing Fires -

Fire management methods are tried and true. They are utilized nationally and internationally not only for fire but for natural disasters and major events such as a Presidential visit.

**ICS – (Incident Command System) NIIMS.** Forestry has used the National Interagency Incident Management System (NIIMS) ICS system since 1984. All Departments in state government use ICS per a Governor's administrative order. ICS is a management system used on

any kind or size of incident. It is also a management system for planned non-emergency events. Personnel are trained in specific ICS positions to a national standard. This allows Forestry to call upon fire professionals from other states when needed and makes Alaskan fire

fighters marketable to "lower 48" fires. A cost saving is directly realized by not having to train and

staff to a worse case level for fire response.

**Fire Management Plans.** Alaska is unique nationally by having developed one interagency fire plan across all land ownerships. The fire plan prioritizes areas according to fire protection levels based upon natural terrain, vegetative changes or values at risk, rather than changes in ownership. This recognizes the natural role of fire in the landscape, changing vegetative patterns that benefit wildlife and as a source of regeneration for some species such as black spruce. Approximately 51% of state, municipal and private land is in a category in which suppression action is not normally required. Interagency fire planning, involving all landowners and managers, defined four protection levels of fire suppression. Prioritization of fire fighting forces can be based on the highest to lower protection levels.

The four protection levels are:

**Critical Protection:** Areas given this level of protection are those in which wildland fires would threaten human life, inhabited property and designated developments. Wildfires that threaten a critical site have unquestioned priority over all other fires. The designation of a critical site or area is at the discretion of the land manager or owner and the manager/owner of surrounding lands.

**Full Protection:** Areas assigned this designation receive initial attack and aggressive suppression efforts on all fires until controlled. This option is designed to protect historical sites, uninhabited private property, high-value natural resources and other high value areas that do not involve protecting human life and inhabited property.

**Modified Protection:** The intent of this option is to reduce suppression costs and impacts of suppression action and to provide land managers/owners options within agency constraints and mandates. It allows for two responses to fire: (1) a relatively high level of protection during seasonal periods when fires usually burn with greater intensity, severity and frequency; and (2) a lower level of protection when the risks of large, damaging fires has diminished.

**Limited Protection:** This category is characterized by areas with low values at risk, where the impact of suppression may be more damaging or costly than the effect of fire. Suppression actions are taken only to the extent necessary to keep a fire within the management unit or to protect identified values. Site specific areas that warrant protection may occur within limited protection areas. Appropriate suppression actions to protect these sites may be taken without compromising the intent of the limited protection areas.

**Fire Management Plans save money** Approximately 46% of the state's total land base has been placed in the Limited Protection category and 37% in Full and Modified. Since 1984 a total of 1,705 fires for an average of 100 fires annually have been allowed to burn without initial suppression action. This represents an area of 9,008,536.3 or 529,913.9 acres annually allowed to burn naturally.

## HOW THE STATE SAVES MONEY

### - *Share the Job* -

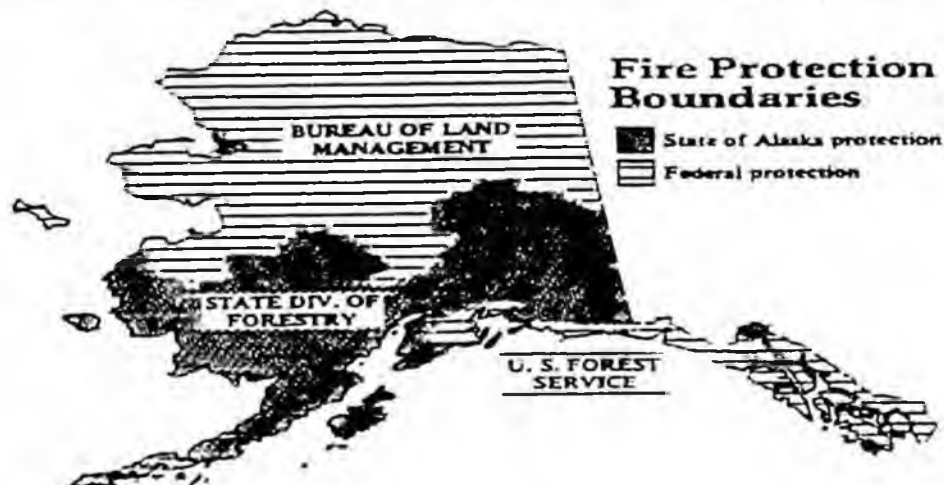
Savings for the state are clearly generated by maintaining fewer fire fighters and relying on cooperators through agreements to assist during peak fire workloads.

**Local Fire Departments:** The closest forces concept is often most effective in catching fires while they are small. In some areas of the state the closest forces are local fire departments.

Organized and volunteer fire departments assist in responding to wildland fires when their higher priority of structure protection allows. Wildland fire fighting and structure fire fighting are very different, requiring different training and equipment for safe work.

**Federal Agencies:** Federal land managers provide direction through the interagency fire plan and directly on some project fires. The federal agencies with a land manager role in Alaska are the Bureau of Land Management, the U.S. Forest Service, the National Park Service, the U.S. Fish and Wildlife Service, the U.S. military, and the Bureau of Indian Affairs. The federal agencies have agreements that stipulate The Bureau of Land Management will provide fire suppression. The Bureau of Land Management created the Alaska Fire Service (AFS) as their fire suppression organization.

The Alaska Fire Service (AFS) and U.S. Forest Service fight fires within their protection areas on all land ownership. Forestry and AFS routinely interchange personnel and resources to both manage and fight fires. This proves efficient and cost effective.



- *Leverage the workforce* -

**Flexible Staffing and Cross Trained Employees.** The division is organized so positions may be shifted between fire and resource programs depending on priorities and the workload. During a difficult fire season all staff are available to support fire suppression; similarly, during slow or rainy periods fire staff may be working in the woods on forest resources. Cross training is essential to meet the unpredictable fluctuations of the fire program.

**Total Mobility.** Rapid mobility of personnel and equipment provides the basis for responding to simultaneous fires in different areas of the state. Minimum staffing for initial attack is maintained while relying on personnel from other Areas or agencies in the event of large fires. This also provides for the best utilization of forces as Areas with lower fire danger can provide personnel for fires elsewhere.



**Seasonal Fire Positions.** Seasonal employees are the backbone of the fire suppression program. They are an experienced and qualified work force, many of whom have worked for Forestry 10 – 15 years. This is highly unusual in fire fighting, but gives the state a tremendous resource of well-trained, seasoned fire fighters familiar with Alaska's diverse fire fuel types. Their expertise, through use of the ICS system, provides the basis for Forestry's ability to expand from a few dozen employees to well over a thousand within a day or two – and be effectively fighting fires immediately.

Seasonal Firefighter positions are funded on average of 5.4 months. These employees fill a variety of fire protection positions, including:

- Firefighters
- Engine Forman
- Crewman – engine/helicopter
- Helicopter foreman
- Dispatcher
- Suppression foreman
- Logistics coordinator
- Airbase manager
- Airplane pilot
- Air Attack
- Mechanic/maintenance
- Procurement specialist
- Warehouse worker
- Payroll clerk
- Field office assistant
- Prevention specialist

**EFF Crews (Emergency Fire Fighter).** A total of 73, 16-person Type II crews are trained to national ICS standards and used for wildland fire fighting in Alaska. Mostly from rural areas, these largely native crews are hired when fires are fought and released when they are out. The state manages 29 of these crews, providing needed training, physical requirement tests, and red card issuance. These crews are also dispatched to fires in other states, after Alaska's fire season, which supplies further employment paid for by the federal government.

**Over \$6.9 Million in wages is paid annually to Alaskan EFF.**

*- Leverage the Dollars -*

**FEPP:** Forestry takes advantage of the Federal Excess Personal Property (FEPP) program to acquire fire fighting aircraft, vehicles and equipment. Use is restricted to 90% fire fighting activities, no title is passed to the state, all expenses in maintaining equipment rests with the state, but the state thus avoids the cost of purchase for similar equipment. This program saves the state millions of dollars.

**Cross Billing:** The state bills the federal government for fighting fires that occur on federal land ownership. The federal government similarly bills the state. This process is complex and results in cross-billings of \$16 to \$30 million per year. The location of fire starts on ownerships determines who pays for a fire. **Historically the state is reimbursed an average of \$3 million more per year payment from the federal government than what the state pays them.**

**Smokejumpers:** The state purchases participation in the federal smokejumper program. This avoids duplication of a specialized, costly program and gives the state immediate access which helps catch fires quickly.

**Aviation:** Use of helicopters, lead planes, detection planes, retardant planes, and crew/cargo planes is essential due to the remote location of many fires. Roughly 86% of state aviation needs are contracted with the private sector.

- *Share the Workload* -

**Interagency Management Teams (IMTs):** Part of the ICS fire management system is use of overhead teams – a team of fire managers in specific positions including Incident Commander, Plans, Operations, Logistics, etc. to manage a complex fire. A Team combines individuals from both the state and federal agencies. This avoids the need to ensure that state personnel are trained and qualified for each position. This is a “de facto” expansion of the workforce without a corresponding investment, as the base salaries are paid by the separate agencies.

**AICC (Alaska Interagency Coordination Center):** Jointly staffed and managed by Forestry and AFS, the Center coordinates the mobilization of personnel and resources to fires statewide. Duplication of personnel and separate facilities for state and federal suppression agencies is avoided and fast, efficient response is provided.

**Training:** Training is required for many mandated requirements such as Haz-Mat, blood-borne pathogens, Americans with Disabilities, Commercial Drivers Licenses, as well as training for ICS positions to national standards for employees and EFF crews. Statewide requirements for ICS positions are coordinated so that a reasonable number of employees (state and federal) are trained for each ICS position. Training is provided jointly with instructors from all agencies. This not only saves money, but also ensures uniformity in fire fighting basics.

**Warehouse:** Close coordination between the state and federal warehouse systems provides for dependable, quick response in getting supplies to fires. As fires deplete the supplies available, access to national caches in the lower-48 is available, but it is far more common to have the in-state warehouses provide a continuous flow of materials to each other as fire activity increases. Inventory tracking and reimbursements are well organized. There is a substantial cost savings to the state in not having to stock for the worst case fire.

## WHERE ARE WE GOING?

### - *Wildland/Urban Interface* -

The Tok Fire in 1990 and Miller's Reach Fire in 1996 indicate Alaska has a growing threat of wildland/urban interface fires. The stakes are high, involving human life and major property values. The skills needed are different from strictly wildland fire needs, involving hazardous substances, structure, and evacuation needs. Forestry has a major role, but clearly responsibility rests with structure fire departments, municipalities, boroughs, and public safety agencies. Homeowners have a responsibility too. Planning, coordination and training needs to occur with all parties for a swift, coordinated response when fires start.

**There will be more wildland/urban interface fires as Alaska continues to develop and the population grows.**

### - *Rural Employment* -

EFF crews have provided the foundation for on the ground fire fighting. These crews are primarily rural, native Alaskans. Their employment spreads the fire dollar into economies that often predominantly rely upon subsistence. Their employment may well supplant other state and federal aid to those areas. The performance of Alaskan EFF crews is respected and valued not only in Alaska but in other states where they have fought fire.

**Encouraging, maintaining and supporting the existing EFF crews is fundamental to a solid fire program in Alaska.**

### - *Increase State Protection Areas* -

The state protects 160 million acres of land in all ownership. The agreement with federal agencies was based upon the percentage of land ownership (and selection) by the state. Nationally other states are asserting a stronger role in fighting fires as downsizing occurs in the federal sector. The state already has the major fire fighting role, in spite of a much smaller workforce and budget. Fire fighting is clearly an economic benefit to rural Alaska, and increased Alaskan employment rather than out-of-state federal employment can only benefit the state.

Discussions have been broached with the Alaska Fire Service and the U.S. Forest Service Chugach National Forest on changing protection boundaries to increase the amount of land protected by the state.

- *Responsibility where it belongs. State, private, municipal.*

The state fights wildland fires and has major responsibility in wildland urban interface. However, some areas of the state have organized Boroughs and municipalities that tax landowners to provide fire fighting services. In most areas this results in structure fire protection but not rural wildland fire protection. The structure fire departments are often the first responders to wildland fires in their areas and in many cases suppress wildfires completely. Forestry does pay for some of this service per agreements. These fire departments are neither trained nor equipped to safely fight larger wildland fires within their protection areas. Forestry has developed training to assist them in this area, but the major responsibility still remains with the state. Discussions need to begin with the Boroughs and municipalities that tax landowners for all fire protection services but for which the state provides wildland fire suppression. This will be a difficult issue as funding is decreasing on both state and local levels.

- *Adapt, but keep what works –*

Fire workloads are increasing in response to increased population and recreation while budgets are decreasing. It is clear that Forestry has been successful in adapting new technology, cost saving partnerships, effective management, and effecting tough decisions to meet these changes. The fire plans, ICS, organizational flexibility, cooperative agreements and fiscal constraints provide savings to the state.

**Fire managers take pride in getting the job done safely, efficiently and effectively. They are innovators and good managers. But the fact remains that the fire load is growing.**

This document describes the State of Alaska's Wildland fire protection services program, managed by the Department of Natural Resources, Division of Forestry.

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February 2001

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February 18, 2003

The Honorable Gene Therriault  
President of the Senate  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear President Therriault:

Today I am transmitting two supplemental appropriation bills for Fiscal Year 2003. This bill is sometimes referred to as the "fast track" supplemental bill because it includes items that have particularly tight time requirements that are not accommodated by the usual passage of supplemental appropriations later in the spring.

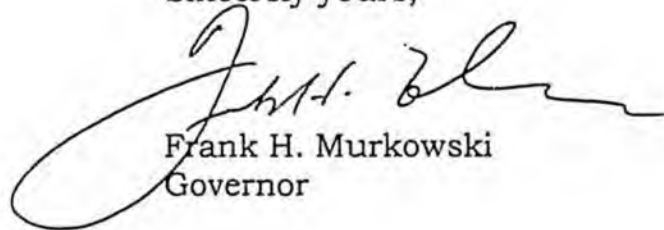
As you know, the Legislature's staff estimated the expected supplemental would total \$140 million. The two bills we are submitting total \$63.3 million. Our goal was to include general fund supported requests for circumstances that were not within management's control, such as disasters, caseload growth in formula-driven programs, and increased fuel costs.

We are also requesting Federal funds of \$19.8 million to begin three urgently needed highway projects sooner than waiting for the Fiscal Year 2004 capital budget. Two of the fast track supplemental requests are due to programs that were short-funded in last year's budget: subsidized adoptions and foster care special needs. The subsidized adoption program was funded \$2 million less than the department's projection. It now appears that a total of \$2.8 million more will be needed this year to meet state obligations to parents who have adopted children with special needs. The foster care special needs program was short-funded \$445,300, while now, due to additional caseload growth, a total of \$615,300 is required.

Senate President Gene Therriault  
February 18, 2003  
Page 2

I request that you put this bill on a "fast track" for final action in early March.

Sincerely yours,

A handwritten signature in black ink, appearing to read "F. Murkowski", with a large, sweeping flourish extending to the left and underlining the text.

Frank H. Murkowski  
Governor