

LEG. FINANCE - BILLS 1977 - 1978 958

SB 412 cont. thru SB 413 958

FY 78 SUPPLEMENTAL REQUEST ANALYSIS

	FY 76 ACTUAL	FY 77 FINAL AUTH.	FY 77 ACTUAL	FY 78 GOV. BUDGET	FY 78 INITIAL AUTH.	FY 78 CURRENT AUTH.	EXPENDITURES + ENCUMBRANCES 7/1 - 10/31	OTHER OBLIGATIONS 7/1 - 10/31	PROJECTED EXPENDITURES + ENCUMBRANCES 11/1 - (7/3)	FY 78 (DEFICIT) OR EXCESS	FY 79 INITIAL REQUEST
PERSONAL SERVICES	236.3	236.7	233.3	249.3	249.3	256.1	57.0	7.0	195.1		331.3
TRAVEL	9.2	10.0	9.9	10.7	10.7	10.7	2.5		8.3	<0.1>	14.0
CONTRACTUAL SERVICES	26.1	27.0	55.5	42.1	42.1	42.1	13.7		30.1	<1.7>	55.1
COMMODITIES	11.5	11.4	23.1	13.0	13.0	13.0	2.0		11.0		15.1
EQUIPMENT	74.1	4.0		1.6	1.6	1.6	1.5		0.1		10.6
LANDS, BLDGS. ...		20.0	12.0	19.7	19.7	19.7	19.6			0.1	21.1
GRANTS, CLAIMS, ...											
MISCELLANEOUS											
TOTAL	357.2	309.1	340.4	336.4	336.4	346.2	96.3	7.0	244.6		447.2
FEDERAL RECEIPTS											
REQUIRED MATCHING											
OTHER GENERAL FUND	357.2	309.1	340.4	336.4	336.4	346.2	96.3	7.0	244.6	<1.7>	447.2
INTER-AGENCY RECEIPTS											

AGENCY PUBLIC SAFETY BRU MOTOR VEHICLES COMPONENT ADMINISTRATION REVISED 12/8/77

FY 78 SUPPLEMENTAL REQUEST ANALYSIS

	FY 76 ACTUAL	FY 77 FINAL AUTH.	FY 77 ACTUAL	FY 78 GOV. BUDGET	FY 78 INITIAL AUTH.	FY 78 CURRENT AUTH.	EXPENDITURES + ENCUMBRANCES 7/1 - 10/31	OTHER OBLIGATIONS 7/1 - 10/31	PROJECTED EXPENDITURES + ENCUMBRANCES 11/1 - 6/30	FY 78 (DEFICIT) OR EXCESS	FY 79 MAINTENANCE REQUEST
PERSONAL SERVICES	UNIT NOT IN EXISTENCE			125.5	125.5	125.5	1.7		100.4	23.4	145.9
TRAVEL	PRIOR TO FY78			1.8	1.8	1.8			1.8		1.8
CONTRACTUAL SERVICES				58.8	58.8	58.8		32.0	26.8		33.4
COMMODITIES				5.4	5.4	5.4			5.4		4.1
EQUIPMENT				6.9	6.9	6.9	1.3		5.6		
LANDS, BLDGS. ...											
GRANTS, CLAIMS, ...											
MISCELLANEOUS											
TOTAL				198.4	198.4	198.4	3.0	32.0	140.0	23.4	185.2
FEDERAL RECEIPTS											
REQUIRED CF MATCHING											
OTHER GENERAL FUND											
INTER-AGENCY RECEIPTS											
PROGRAM RECEIPTS				198.4	198.4	198.4	3.0	32.0	140.5	23.4	185.2

AGENCY PUBLIC SAFETY BRU MOTOR VEHICLES COMPONENT MUNICIPAL TAX REVISED _____

Introduced: 1/13/78
Referred: State Affairs
and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 412

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE -- SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the
7 Department of Public Safety, Driver Vehicle Services;
8 and providing for an effective date."

9 RE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. The sum of \$219,800 is appropriated from the general fund
11 to the Department of Public Safety, to be allocated as follows:

12	Driver Services	\$ 12,100
13	Vehicle Services	6,100
14	Field Operations	199,900
15	Administration	1,700

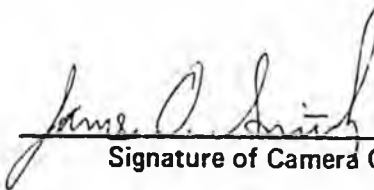
16 * Sec. 2. This Act takes effect immediately in accordance with AS 01.-
17 10.070(c).



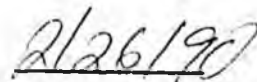
RECORDS CERTIFICATION



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Signature of Camera Operator



Date

Original sponsor: Rules Committee by
request of the Governor

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 413 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Agri-
7 cultural Development Authority, Department of Natural
8 Resources, to fund the Big Delta agricultural develop-
9 ment project; and providing for an effective date."

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

11 * Section 1. The sum of \$5,143,000 is appropriated from the renewable
12 resources development fund to the Agricultural Development Authority, De-
13 partment of Natural Resources, to fund the Big Delta agricultural development
14 project. The sum appropriated shall be allocated as follows:

15 (1) First phase of land clearing in the Big	
16 Delta agricultural development project	\$2,700,000
17 (2) Surveying of land to be cleared	300,000
18 (3) Test marketing operations for grain	350,000
19 (4) Environmental baseline studies	150,000
20 (5) Grain storage facilities	1,350,000
21 (6) Transportation charges of test marketing	
22 shipments of barley and rapeseed	43,000
23 (7) Administration of Big Delta agricultural	
24 development project	100,000
25 (8) Miscellaneous costs	150,000

26 * Sec. 2. This Act takes effect on the effective date of a version of an
27 Act entitled "An Act establishing the Agricultural Development Authority."
28
29

Original sponsor: Rules Committee by
request of the Governor

Offered: 5/9/78
Referred: Finance

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 413 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Natural Resources to fund the Big Delta agri-
8 cultural development project; and providing for an
9 effective date."

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

11 * Section 1. The sum of \$4,793,000 is appropriated from the renewable
12 resources development fund to the Department of Natural Resources to fund the
13 Big Delta agricultural development project. The sum appropriated shall be
14 allocated as follows:

15 (1) First phase of land clearing in the Big	
16 Delta agricultural development project	\$2,700,000
17 (2) Surveying of land to be cleared	300,000
18 (3) Test marketing operations for grain	350,000
19 (4) Environmental baseline studies	150,000
20 (5) Grain storage facilities	1,000,000
21 (6) Transportation charges of test marketing	
22 shipments of barley and rapeseed	43,000
23 (7) Administration of Big Delta agricultural	
24 development project	100,000
25 (8) Miscellaneous costs	150,000

26 * Sec. 2. An amount, not to exceed \$350,000, representing receipts of the
27 Department of Natural Resources from the sale of grain purchased and marketed
28 by it from funds appropriated by sec. 1(3) of this Act is appropriated to the
29 Department of Natural Resources for additional expenses of construction of

STATE OF ALASKA

OFFICE OF THE GOVERNOR

BUDGET & MANAGEMENT

POUCH AM — JUNEAU 99811
PHONE 465-2213

SB 413

JAY S. HAMMOND, GOVERNOR

May 17, 1978

Honorable John Sackett
Chairman, Senate Finance Committee
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Dear Senator Sackett:

The following budget amendment information, adjustments to programs funded by the Renewable Resources Development Fund (RRDF), is a response to Judy Chrondahl's telephone inquiry, 5/15/78.

Two of the Governor's FY 79 budget amendments concern projects funded by the RRDF.

Budget Amendment #42 increased the Department of Commerce and Economic Development's Economic Enterprise BRU by \$315,800 RRDF, and added \$54,300 RRDF to the Governor's Executive Office, BRU. The objective of this amendment is to continue operation of a newly established bottomfish fishery development program.

Budget Amendment #23 reduced the Governor's Capital budget by \$200,000 RRDF and \$1,643,000 Federal Funds. This amendment was necessary because the "Bell Island Joint Federal/State Hatchery Project" was not approved for federal funding.

In FY 79, the Governor plans to spend a total of \$9,940,200 RRDF on various development programs in renewable resource type industries. The following list summarizes the operating and capital budget requests, as well as special project appropriations, funded by the RRDF as of 5/15/78.

1 the grain storage facilities for which an appropriation is made under sec.
2 1(5) of this Act.

3 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
4 070(c).

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SB 413

STATE OF ALASKA

OFFICE OF THE GOVERNOR

BUDGET & MANAGEMENT

JAY S. HAMMOND, GOVERNOR

POUCH AM — JUNEAU 99811
PHONE 465-2213

May 17, 1978

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- FY 79 RRDF Projects -

<u>Department</u>	<u>Operating Budget BRU's</u>	<u>RRDF (\$000)</u>
Commerce & Economic Development	Fisheries Enhancement Grants	700.0
	Tourism Promotion	100.0
	Economic Enterprise	315.8
Office of the Governor	Executive Office	<u>54.3</u>
	Total RRDF Operating Budget Request	1,170.1

<u>Department</u>	<u>Capital Budget Projects</u>	<u>RRDF (\$000)</u>
Fish and Game	Hidden Falls Hydro Power Generation	650.0
	Beaver Falls Short Term Rearing Expansion	76.0
	Deer Mountain Hatchery Equipment	82.7
	Water Source Inventory, Central Region	60.0
	Kodiak Shellfish Pot Replacement	36.0
	Tutka Lagoon Hatchery Bunkhouse Facilities	100.0
	East Creek Hatchery Bunkhouse Facilities	150.0
	Arctic Inventory and Cataloging	75.0
	Kenai Salmon Trap Feasibility Study	50.0
	Commerce and Economic Development	Alaska Power Authority, "Cordova"
Natural Resources	Agricultural Loan Fund	200.0
	Cadastral Land Surveying	<u>2,027.4</u>
	Total RRDF Capital Budget Request	3,977.1

<u>Department</u>	<u>Appropriation for Special Projects</u>	<u>RRDF (\$000)</u>
Natural Resources	Agriculture Development "Delta-Barley Project" (SB413)	4,793.0

TOTAL FY 79 RRDF EXPENDITURE REQUEST \$ 9,940.2

Hon. John Sackett

Page 3

May 17, 1978

Attached are copies of Budget Amendments #23, #42, and SB 413. They should provide additional background information. If you have any further questions on this subject, please do not hesitate to call me.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ronald Lind".

Ronald Lind
Director

H-NO

S-NO

April 25, 1978

The Honorable Steve Cowper
Chairman, House Finance Committee
Alaska House Of Representatives
Pouch V
Juneau, Alaska 99811

FY 79 Budget Amendment No. 42
Increase of \$315,800 to
Economic Enterprise BRU, Dept.
of Commerce & Economic Development
Increase of \$54,300 to Executive
Office BRU
Office of the Governor

Dear Representative Cowper:

Please amend my FY 79 budget request for the Development and General Government Categories in the total amount of \$370,100 in Renewable Resources Development funds. An amount of \$315,800 should be added to the Development Category, Department of Commerce and Economic Development while \$54,300 should be added to the General Government Category, Office of the Governor. This amendment will enable the Department of Commerce and Economic Development to continue operation of a bottom fish program which I recently established. Additionally, the amendment will fund a Special Assistant in my office to coordinate, develop, and implement this comprehensive bottom fish program.

A total of \$315,800 is requested to be added to the Division of Economic Enterprise, General Operations (Development) within the Department of Commerce and Economic Development. These funds will provide for 1 Development Specialist and 2 temporary positions plus associated costs, 3 major fisheries pilot projects, and other studies related to the bottom fish industry.

April 25, 1976

The Executive Office budget (General Government) will require a total of \$54,300 to fund the Special Assistant for the bottom fish program. This position will encourage and assist in the development and establishment of a resident commercial Alaskan fishing industry and will act as my representative on this project. Associated costs for this position are included in the amendment for Economic Enterprise in the Development category.

This amendment represents Phase II of a pilot project begun in FY 77 when \$300,000 was appropriated to encourage expansion of bottom fish production and processing in Alaska.

Sincerely,

Jay S. Hammond
Governor

cc: Rep. Malone, Speaker of the House
Jay Hogan, Legislative Finance

ALASKA

MEMORANDUM

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

RECEIVED
APR 7 1978
BUDGET & MANAGEMENT

Don Lind, Director
Division of Budget
and Management

DATE: April 7, 1978

FILE NO:

TELEPHONE NO:

FROM: H. Phillip Hubbard
Commissioner

SUBJECT: Fisheries Development Budget

Extension of the U. S. fishing zone to 200 miles off the Alaska coast has encompassed large stocks of cod, pollock sole and flounder, herring, crab and other fish and shellfish. These are valuable resources that can contribute to the economic support of many coastal communities.

While many areas of the State (especially those highly visible places near centers of population) have felt the impact of reduced salmon harvests in recent years, crab and shrimp fisheries in the Kodiak, Aleutian Islands and Bering Sea areas have undergone tremendous expansion. This expansion is fueled by large profits and is continuing to occur without corresponding community and public services development. The largest stocks of "bottom fish" are also found in the same area.

Bottom Fish - A Practical Perspective

Expansion of crab fisheries in the westward region will be limited by the resource in the near future (say, five years). At that point, the owners of large vessels and plants being built today are certain to turn to other species in order to amortize their investment. With the poor condition of cod, pollock, haddock, flounder and other bottom fish stocks in other parts of the world and the continued high demand for products manufactured from such species, it is reasonable to believe that it will be economically feasible to produce bottom fish products in Alaska.

The production of bottom fish will not be the same kind of rich boom and bust fishery that we have experienced with salmon and crab. Most large stocks are being fully harvested by foreign fleets and some have been overharvested. We will not be entering a virgin fishery. Also, unlike salmon and crab, Alaskan products will find stiff world competition for both price and quality. Production here must be efficient and stable in order to compete effectively.

The nature of the bottom fish business is (or should be) continuity and stability. Bottom fish products are staple items in the world today. They are sensitive to price and continuous year round supply is an important factor. In Alaska we have seen the development of seasonal

April 7, 1978

Fisheries where thousands of fishermen and plant employees come for a few months to put up the pack. Service, supply and distribution are located outside the State. In order to provide for a year-round fishery, homes, schools, boat harbors, telephone systems and other public services and facilities must be constructed to provide for people that have been able to live here in the past, without their families, in bunkhouses and aboard vessels. The development of healthy, vital communities is the only way the State of Alaska can possibly benefit from development of the bottom fisheries.

Program Goals

The State's current bottom fish program then will set out to accomplish three things:

1. Immediately supplement existing seasonal fisheries, especially salmon fisheries, in Southeastern and Prince William Sound by the production of alternative species during slack periods.
2. Set the stage for the large production of bottom fish species by vessels and plants presently engaged in the westward area crab fisheries to occur naturally and smoothly as the need begins to develop.
3. Provide planning and funds for community and infrastructure development currently required by expansion of the crab fishery and which will be supportive of an efficient and stable bottom fish industry in the future.

From the standpoint of production efficiency (the ability of bottom fish production to be economically feasible in the first place) some serious deficiencies must be overcome.

1. Comparatively little is known about the condition of bottom fish populations off the coast of Alaska. Fishermen must learn where to fish and resource managers must develop criteria for management.
2. Alaska fishermen are generally not experienced with the equipment and techniques required for bottom fish harvest and handling.
3. Alaska processors are generally not experienced in the handling, processing, packaging and sale of bottom fish products.
4. While most Alaska vessels and plants can be used for the production of bottom fish, the costs of conversion and additional gear are likely to be high. New vessels and

April 7, 1978

plants designed for the purpose would be more efficient. Profits being earned now in the crab fisheries can pay for some conversion costs, but probably less than half the vessels and only two or three plants participating in this fishery are owned by resident Alaskans. Sources of financing for resident Alaskans are necessary.

5. Resident Alaskans are not available in most communities to provide steady plant labor and to operate vessels. The harvest of bottom fish requires a higher degree of training and experience of our fishermen and the mechanized production of bottom fish products requires more skilled plant employees. Prospective permanent residents will be attracted by full time employment, but housing, public services and other factors that go to make up communities which are "good places to live" are necessary in order to hold them.
6. The costs of doing business in Alaska are high. In the fishing industry, transportation of products, supplies and people, communications, land, waste disposal, water supply, power supply, vessel maintenance, fuel, insurance and other factors are very costly. Planned production, supply and transportation centers where demand for these services are concentrated can help to reduce costs and increase returns. The alternative in many cases, will be to process fish in the most preliminary manner, pay the lowest prices for fish and labor and accomplish the remainder of the job outside the State.

State Bottom Fish Development Plan

With the background above it is easier to understand the State Bottom Fish Development Plan outline attached. A program director (assistant to the Governor) will be hired to have overall responsibility for finalizing and obtaining popular and administrative approval of the plan and to implement programs and activities specified in the plan. The director will also have additional responsibilities with respect to public information and meetings. Because of the diverse nature of the agencies, people and factors involved in such a project, it is important to have a single individual to coordinate and lead planning and program activities.

Support of Processing Operations

The Department of Commerce and Economic Development is currently administering a project which provides support to the processing sector. Contracts have been written with a firm in Kodiak and one in Petersburg whereby they will initiate large scale groundfish production and the State will partially (to \$145,000 each) insure each operation against operating losses. Operating and production cost data is being collected and will be published as a report of commercial feasibility. This project has

10338

April 7, 1978

been instrumental in encouraging pollock production this year at Petersburg where an estimated 25 people have been hired to take care of production which would ordinarily not be occurring. Preliminary information indicates that the operation is at least breaking even and the firm has ordered equipment to double production next fall. Only pilot production has occurred so far at Kodiak. The prime problem with production at Petersburg and Kodiak was and continues to be supply. Fishermen are reluctant to leave presently profitable fisheries and commit themselves to the high costs of conversion and uncertain return of bottom fishing. In other areas, willing fishermen have no market. The solution (in order to speed natural development) is to support technically and financially both fishermen and processors at the same time.

Support of Fishing Operations

Thirty percent of import duties collected on fisheries products by the U. S. Department of Agriculture are transferred to the National Marine Fisheries Service. Until FY 77 these funds amounted to about \$8 million per year and were being used to supplement NMFS base programming. This year, the category of products covered was expanded which generated about \$5 million additional dollars. The NMFS requested proposals for short term development projects.

In Alaska, two large public industry meetings were held to develop ideas for proposals to be submitted under this program. Basically, it was decided to support several pilot bottom fishing operations. In order to administer these projects and continue to seek government financing for additional development projects, it was decided to establish a private corporation, with a full time staff of at least two people to represent fishermen, processors and suppliers in all areas of the State. This is the Alaska Fisheries Development Corporation (AFDC). The AFDC proposal for support to bottom fishing operations in Alaska has been submitted to the federal government. While the proposal has not yet been approved, we have been advised that it does have a very high priority. First year funding is expected to be at least \$1 million.

In order to help organize and operate for the first year, the corporation is seeking money from the State (SB 118 - \$10,000) (HB 898 - \$100,000). When these bills are approved, an executive director will be hired and membership contributions solicited from industry. Industry is apparently supportive but cautious of the concept at this time.

The Department of Commerce and Economic Development is applying to E.I. for a grant of \$150,000 to provide technical assistance to fishermen in adopting new gear for bottom fishing. This project has received tentative approval. The plan at this time is to turn the funds over to the University of Alaska or the Fisheries Development Corporation to administer as a supplement to the larger AFDC project.

14339

April 7, 1978

It is important that the pilot fishing and processing projects described above be monitored and data collected and reported to the public for maximum benefit to occur. \$30,000 is being budgeted for this purpose.

Technical Assistance To Industry

Bottom fisheries are being carried out not only by the Soviet Union and Japan but European countries also have a long history of such production and have developed strong market channels. The Governor led a trade mission to Denmark in October which was followed by a return visit of fishing industry representatives in March. For a number of reasons, countries such as Denmark, Japan and Norway are anxious to become involved with fisheries development in Alaska. It is very obvious that much can be learned from the experience of these people in gear and vessel design, plant equipment, handling techniques, electronics, sales and other areas. From a practical standpoint such technology transfer is expensive and takes time. People must travel from one country to another and work closely on a one to one level in the field. Our budget calls for \$75,000 to be spent in providing continuing expert assistance to fishermen and processors. Some technical expertise will be secured from foreign countries.

An Alaska-Denmark working group composed of industry representatives from both countries will be established to act as a conduit for continuing trade contacts and to help secure assistance in areas such as port development, fishing techniques and marketing. About seven Alaska industry representatives will be selected for this project and \$17,000 is being budgeted to cover travel and expenses.

The Danish government will open an office in Anchorage this summer. HB 568 calls for funds to open an Alaska office in Europe in January 1979 to coordinate fisheries and tourism activities of the State in that area. Legislation is also being prepared to expand the Alaska office in Tokyo.

Marketing Support

A factor constantly referred to in Alaska bottom fisheries development is marketing and the need to understand how and where "bottom fish" products are sold in the world today. If we produce it, where and how good are the potential markets? The NMFS has let a \$450,000 contract to a Seattle consulting firm to explore market potentials for presently underutilized species. This is a major, well organized study that does not need to be duplicated by the State. Further, bottom fish species which Alaskans will be harvesting are commonly sold in all parts of the world. Firms now operating here already have the sales organization to handle most bottom fish products. Precise price data will depend on product quality actually achieved in production.

April 7, 1978

Clam Industry Support

During the summer of 1977, a \$180,000 cooperative industry-federal-State of Alaska venture was conducted to assess subtidal clam resources in the Bering Sea. Major goals of the venture were to (1) determine if resource potential and quality exists to support a fishery on the Alaska surf clam; (2) obtain biological data required for management and regulatory decisions; and (3) examine some possible short-term effects that such a fishery might place on the environment.

Primary impetus for the venture was the need for additional clam meat supplies due to shortages faced by the U. S. chowder and strip industries. This shortage stems from the recent deterioration of the Atlantic surf clam resource. Its recent decline is demonstrated by contrasting the 96 million pound landings obtained in 1974 with 1976 landings of 45 million pounds. Beginning in 1978 under new management authority, landings will be regulated at about 30 million pounds per year for several years. Supply shortages of whole surf clams have also been reflected in ex-vessel prices which increased from \$2.25 per 80 pound bushel in October 1975 to \$11.00 per bushel in October 1976.

The size of the surf clam resource identified by this project in a 1,600 square mile area (at depths of 13-18 fathoms) off the Alaska Peninsula between Port Moller and Port Heiden indicates that the annual yield could reach 19 to 25 million pounds of meat. Samples were tested for PSP and essentially found negative. Samples were also tested for commercial quality and found suitable. The potential for commercial development of the surf clam in the Bering Sea appears excellent.

Surf clams are harvested by a towed hydraulic dredge. In this case, the clam resource is located in an area of significant bottom fish concentration. Clam dredging and trawling operations are closely associated. Knowledge of the two fisheries should be developed simultaneously in order to avert future conflict.

A similar, but more extensive, pilot production project is being planned this year. Total costs will be \$214,000. The NMFS will contribute \$100,000. Four to six private firms are committed and most relevant State and federal agencies will be involved (Fish and Game, North Pacific Fisheries Management Council, University of Alaska, Department of Agriculture, FDA and NMFS). This budget allows for a State contribution to the project of \$60,000.

Fisheries Development Staff

The implementation of a State fisheries development program such as described above is a very ambitious undertaking and a large amount of work must be accomplished. Our budget calls for the hiring of a second fisheries development specialist (\$46,941), a temporary research analyst (\$11,962), and allows for four months of secretarial services (\$7,020).

13 Request for New Position

POSITION TITLE Fisheries Development Specialist			20 RANGE	G BARG. UNIT	LOCATION Juneau	APPROV.	DISAPPROV.
TYPE OF POSITION (PFT, PPT, SEAS.) PFT		MAN MONTHS 12	NEW X	RP #	MAINT.	BRU PRIORITY 2	FORM 12 PAGE/LINE
				PCN#	CHANGE		LEG.
TYPE OF EXPENDITURE	AMOUNT	FUNDING SOURCE			DETAIL OF RELATED EXPENSES		
		GF	OTHER	RECEIPT CODE			
PERSONAL SERVICES	37,248	37,248			2496x12=29,952+117.25%=35,119+1143(FICA)+986(MI)		
TRAVEL	5,000				Assumes 400/mo		
CONTRACTUAL	3,000				Communications		
COMMODITIES	1,000				General Supplies		
EQUIPMENT	693				Desk-Chair-calculator-bookcase		
OTHER							
TOTAL	46,941	46,941			BRU COMPONENT Economic Enterprise		

JUSTIFICATION: An individual is needed to coordinate and lead planning and program activities for the Bottom Fish Program, because of the diverse nature of factors, of people and agencies involved in such a project. For example:

- Administrative Program: Exploration of alternative development strategies in order to provide policy and agency direction. Establishment of a program monitoring system, including specific agency responsibilities, scheduling and end products.
- Experiment/Pilot Programs: Define and design needed or expanded pilot programs--harvesting methods, equipment and gear testing, processing, marketing, training. Explore methods of financing such programs.
- Financing Plan: Investigation of the constraints and opportunities of all private, State and federal sources of financing industry expansion. Identify specific local community facility and service needs, and develop strategies for State assistance.
- Transportation Plan: Identify public sector transportation potentials and constraints, including port expansion requirements, to satisfy freight and fish product transportation demands. Incorporate this information into an ongoing regional transportation development plan.
- Training Programs: Examine labor force capabilities, demand and supply. Design training programs. Investigate funding opportunities.

Economic Enterprise

AGENCY Commerce & Ec. Dev.

REVISED

3/31/78

13

PERSONAL SERVICES
REQUEST FOR NEW POSITION



6. Resource Management Plan: Identify the opportunities, and State roles, for expanded management of the industry and the resource, including monitoring of the commercial fishery.
7. Impact Analysis Plan: Evaluate implication of development on the environment, marine community, communities and support sources, State and local fiscal position, OSC gas and oil development, and so on.
8. Research Plan: Identify and design data needs and research programs required for technology of fleets, gear and processing and bottom fish stocks.

Personal Services

Development Specialist	37,248	
Research Analyst (Temp) (Range 16) 11.45/hr/6mo (10.55 benefits)	11,962	
Clerk Typist (Temp) (Range 8) 6.72/hr/6mos (10.55% Benefits)	<u>7,020</u>	56,230

Travel

Alaska-Denmark joint fisheries council	17,000	
Fisheries Development Specialist	5,000	
Executive Director	<u>10,000</u>	
TOTAL TRAVEL		32,000

Contractual Services

Professional Services

1. Support pilot production of surf clams in Bering Sea.	60,000	
2. Initiate program to monitor government sponsored pilot fishing and processing efforts and prepare activity reports for public distribution	30,000	
3. Support pilot bottom fishing operation by providing continuing effort and training assistance to fishermen and processors	75,000	
4. Scenarios Development	25,000	

Communications (phone 5,000 - Postage 1,000)	6,000	
Printing and Advertising	28,000	
Space (Assumed in Economic Enterprise)	<u>-0-</u>	224,000
TOTAL CONTRACTUAL SERVICES		

Commodities: 2,000

Equipment

2 desks @ 268 ea.	536	
2 chairs @ 129 ea	258	
1 file cabinet	163	
2 calculators @ 220	440	
2 bookcases @ 76 ea.	<u>152</u>	
TOTAL EQUIPMENT		1,549

315,779

STATE OF ALASKA
Office of the Governor
Budget & Management Div.

REVISED PROGRAM
COST ANALYSIS SUMMARY
by BUDGET COMPONENT

AGENCY Commerce & Ec. Dev.	CATEGORY PROGRAM	code 07	Development
DIVISION Economic Development	SUB PROGRAM	71	Ec. Development
	ELEMENT	02	Promotion Ec. Dev.
	SUB ELEMENT	01	General Operations

CODE	EXPENDITURE BY OBJECT	PRESENT AUTHORIZATION	REVISION INCREASE, (DECREASE)	AMENDED AUTHORIZATION
100	PERSONAL SERVICES	496.7	56.2	552.9
200	TRAVEL	50.5	32.0	82.5
300	CONTRACTUAL SERVICES	360.6	224.0	584.6
400	COMMODITIES	5.3	2.0	7.3
500	EQUIPMENT	1.6	1.5	3.1
600	LANDS, BUILDINGS, NON-STRUCTURAL IMPROVEMENTS	35.1	-0-	35.1
700	GRANTS, CLAIMS, SHARED REVENUE			
800	MISCELLANEOUS			
	INTER-AGENCY TRANSFERS (INCLUDED ABOVE)			
	TOTAL	949.8	315.7	1,265.5
NEW CODE	FEDERAL RECEIPTS			
	REQUIRED GENERAL FUND MATCHING			
	OTHER GENERAL FUND	949.8	315.7	1,265.5
	INTER-AGENCY TRANSFERS			
	OTHER			
	TOTAL	949.8	315.7	1,265.5
	PERMANENT FULL-TIME POSITIONS	14.0	1.0	15.0
	PERMANENT PART-TIME POSITIONS			
	TEMPORARY (FULL-TIME EQUIVALENTS)		1.0	1.0
	NUMBER OF MAN MONTHS	168.0	24.0	192.0

(CURRENT FY)

	FY ____	FY ____	FY ____	FY ____	FY ____	FY ____
EXPENDITURES TOTAL						
SOURCE OF FUNDS						
FEDERAL						
REQ. G.F. MATCH						
OTHER G. F.						
OTHER (SPECIFY)						

Budget Amendment Summary

BUDGET AMENDMENT NO. 42

CATEGORY: Development

DEPARTMENT: Commerce and Economic Development

BRU: Economic Enterprise

COMPONENT: General Operations

CODE	EXPENDITURE BY OBJECT	CURRENT GOVERNOR'S BUDGET	REVISION	AMENDED GOVERNOR'S BUDGET
100	PERSONAL SERVICES	496.7	56.2	552.9
200	TRAVEL	50.5	32.0	82.5
300	CONTRACTUAL SERVICES	360.6	224.0	584.6
400	COMMODITIES	5.3	2.0	7.3
500	EQUIPMENT	1.6	1.6	3.2
600	LANDS, BUILDINGS ETC.	35.1		35.1
700	GRANTS, CLAIMS ETC.			
800	MISCELLANEOUS			
	TOTAL	949.8	315.8	1265.6
FEDERAL RECEIPTS				
REQUIRED GENERAL FUND MATCH				
	OTHER GENERAL FUND	949.8	315.8	1265.6
INTER-AGENCY TRANSFERS				
	OTHER: <u>R.R.D.F.</u>		<u>315.8</u>	
	TOTAL	949.8	315.8	1265.6
	PERMANENT FULL-TIME POSITIONS	14.0	1.0	15.0
	PERMANENT PART-TIME POSITIONS			
	TEMPORARY (FULL-TIME) EQUIV.		1.0	
	NUMBER OF MAN MONTHS	168.0	24.0	192.0

Budget Amendment Summary

BUDGET AMENDMENT NO. 42

CATEGORY: General Government

DEPARTMENT: Office of the Governor

BRU: Executive Office

COMPONENT: _____

CODE	EXPENDITURE BY OBJECT	CURRENT GOVERNOR'S BUDGET	REVISION	AMENDED GOVERNOR'S BUDGET
100	PERSONAL SERVICES	1271.5	54.3	1325.8
200	TRAVEL	129.1		129.1
300	CONTRACTUAL SERVICES	356.4		356.4
400	COMMODITIES	30.6		30.6
500	EQUIPMENT	3.2		3.2
600	LANDS, BUILDINGS ETC.			
700	GRANTS, CLAIMS ETC.			
800	MISCELLANEOUS			
	TOTAL	1938.0	54.3	1992.3
FEDERAL RECEIPTS				
REQUIRED GENERAL FUND MATCH				
	OTHER GENERAL FUND	1938.0	54.3	1992.3
INTER-AGENCY TRANSFERS				
	OTHER: <u>RRDF</u>		54.3	
	TOTAL	1938.0	54.3	1992.3
PERMANENT FULL-TIME POSITIONS				
	PERMANENT PART-TIME POSITIONS	4.0		4.0
TEMPORARY (FULL-TIME) EQUIV.				
	NUMBER OF MAN MONTHS	470.0	12.0	482.0

MEMORANDUM

TO: Ronald B. Lind, Director
Division of Budget & Management

DATE: April 13, 1978

FILE NO

TELEPHONE NO

FROM: *sh* *NE* *A* C. Harper *Harper*
Administrative Assistant
to the Governor

SUBJECT: Budget Amendment -
Executive Office

We are requesting an amendment to the FY 79 Executive Office budget, to add one new full time Special Assistant to the Governor. This position will serve as the coordinator of an inter-agency program to encourage and assist in the development of an Alaskan bottom fish industry. At the time the budget request was prepared, the bottomfish pilot program of 1977 had not been evaluated, and so it was premature to attempt to estimate costs for the second phase. From the results of this study, the Governor has determined that it is financially feasible and desirable to proceed to develop this resource, and this position will play a key role.

All support costs for this position, including travel, will be budgeted in the Division of Economic Enterprise, Department of Commerce and Economic Development. We are requesting a total of \$54,301 for salary and benefits for a Range 28A.

Budget amendment forms are attached.

STATE OF ALASKA
Office of the Governor
Budget & Management Div.

REVISED PROGRAM
COST ANALYSIS SUMMARY
by BUDGET COMPONENT

AGENCY	CATEGORY	code
Ofc. of Governor	PROGRAM	Gen. Gover.
DIVISION	SUB-PROGRAM	Exec. Admin
Executive Office	ELEMENT	
	SUB-ELEMENT	

CODE	EXPENDITURE BY OBJECT	PRESENT AUTHORIZATION	REVISION INCREASE, (DECREASE)	AMENDED AUTHORIZATION
100	PERSONAL SERVICES	1271.5	54.3	1325.8
200	TRAVEL	129.1		129.1
300	CONTRACTUAL SERVICES	356.4		356.4
400	COMMODITIES	30.6		30.6
500	EQUIPMENT	3.2		3.2
600	LANDS, BUILDINGS, NON-STRUCTURAL IMPROVEMENTS			
700	GRANTS, CLAIMS, SHARED REVENUE			
800	MISCELLANEOUS			
	INTER-AGENCY TRANSFERS (INCLUDED ABOVE)			
	TOTAL	1938.0	54.3	1992.3
NEW CODE	FEDERAL RECEIPTS			
	REQUIRED GENERAL FUND MATCHING			
	OTHER GENERAL FUND	1938.0	54.3	1992.3
	INTER-AGENCY TRANSFERS			
	OTHER:			
	TOTAL	1938.0	54.3	1992.3
	PERMANENT FULL-TIME POSITIONS	36	1	37
	PERMANENT PART-TIME POSITIONS	4		4
	TEMPORARY (FULL-TIME EQUIVALENTS)	2		2
	NUMBER OF MAN MONTHS	470.0	12.0	482.0

(CURRENT FY)

	FY _____	FY _____	FY _____	FY _____	FY _____	FY _____
EXPENDITURES - TOTAL						
SOURCE OF FUNDS						
FEDERAL						
REQ. G.F. MATCH						
OTHER G. F.						
OTHER (SPECIFY)						

13 Request for New Position

POSITION TITLE Special Assistant to the Governor			RANGE 28	BARO. UNIT X	LOCATION Juneau	APPROV.	DISAPPROV.
TYPE OF POSITION PFT (PFT, PPT, SEAS.)	MAN MONTHS 12	NEW X	RP #	MAINT.	BRU	FORM 12	GOV.
			PCN#	CHANGE X	PRIORITY	PAGE/LINE	LEG.
TYPE OF EXPENDITURE	AMOUNT	FUNDING SOURCE			DETAIL OF RELATED EXPENSES		
		GF	OTHER	RECEIPT CODE			
PERSONAL SERVICES	54,301	54,301			\$3,708 x 12 = \$44,496 + 117.25% = \$52,172		
TRAVEL					+ 1143 FICA + 986 H.I.		
CONTRACTUAL							
COMMODITIES							
EQUIPMENT							
OTHER							
TOTAL	54,301	54,301			BRU COMPONENT Executive Office		

JUSTIFICATION:

This position will serve as the Bottomfish Executive Director, whose responsibilities will be to encourage and assist in the development and establishment of a resident commercial Alaskan fishing industry for the harvesting and on-shore processing of bottom fish stocks. Duties will include preparation of a comprehensive bottom fish development plan, and implementation of the programs and activities specified in the plan. The Director will also play an important part with respect to public information and public meetings.

Support costs for this project, including necessary travel, will be budgeted in the Division of Economic Enterprise, Dept. of Commerce and Economic Development.

BRU Executive Office AGENCY Ofc. of the Governor REVISED April 12, 1978

13 PERSONAL SERVICES
REQUEST FOR NEW POSITION

March 30, 1978

The Honorable John Sackett
Chairman, Senate Finance Committee
Alaska State Legislature
Pouch V
Juneau, AK 99811

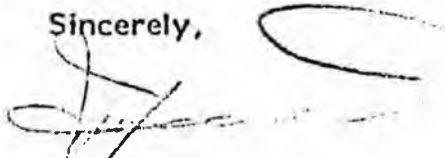
FY 79 Budget Amendment #23
NRMEC Category
Department of Fish & Game
Capital Budget: Bell Island
Hatchery
Decrease of \$1,843,000 Other
Funds

Dear Senator Sackett:

Please amend my FY 79 Capital Budget to delete the project "Bell Island Joint Federal/State Hatchery".

This NRMEC Category project was not approved for federal funding, thus the requested amounts of \$1,643,000 federal, and \$200,000 Renewable Resources Development Funds should be removed from my recommended budget.

Sincerely,


Jay S. Hammond
Governor

Attachments

cc: Senator Rader, President of the Senate
Jay Hogan, Director, Legislative Finance

RBL: FM: em

March 30, 1978

The Honorable Steve Cowper
Chairman, House Finance Committee
Alaska State Legislature
Pouch V
Juneau, AK 99811

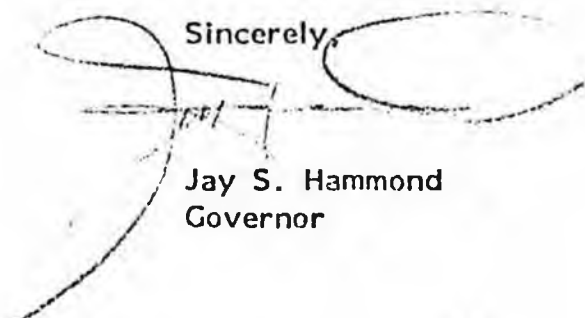
FY 79 Budget Amendment #23
NRMEC Category
Department of Fish & Game
Capital Budget: Bell Island
Hatchery
Decrease of \$1,843,000 Other
Funds

Dear Representative Cowper:

Please amend my FY 79 Capital Budget to delete the project "Bell Island Joint Federal/State Hatchery".

This NRMEC Category project was not approved for federal funding, thus the requested amounts of \$1,643,000 federal, and \$200,000 Renewable Resources Development Funds should be removed from my recommended budget.

Sincerely,



Jay S. Hammond
Governor

Attachments

cc: Representative Malone, Speaker of the House
Jay Hogan, Director, Legislative Finance

RBL: FM: em

Budget Amendment Summary

BUDGET AMENDMENT NO. 23

CATEGORY: NRMEC

DEPARTMENT: Fish & Game

BRU: Capital Budget

COMPONENT: Bell Island Federal/State Hatchery

CODE	EXPENDITURE BY OBJECT	CURRENT GOVERNOR'S BUDGET	REVISION	AMENDED GOVERNOR'S BUDGET
100	PERSONAL SERVICES			
200	TRAVEL			
300	CONTRACTUAL SERVICES			
400	COMMODITIES			
500	EQUIPMENT			
600	LANDS, BUILDINGS ETC.			
700	GRANTS, CLAIMS ETC.			
800	MISCELLANEOUS			
	TOTAL	\$56,330.2	(\$1,843.0)	\$54,487.2
<hr/>				
	FEDERAL RECEIPTS	3,984.5	(1,643.0)	2,341.5
	BONDS	40,333.9		40,333.9
	OTHER GENERAL FUND	2,504.7		2,504.7
	COASTAL PROTECTION FUND	6,000.0		6,000.0
	OTHER: RENEWABLE RESOURCES FUND	3,507.1	(200.0)	3,307.1
	TOTAL	\$56,330.2	(\$1,843.0)	\$54,487.2
<hr/>				
	PERMANENT FULL-TIME POSITIONS			
	PERMANENT PART-TIME POSITIONS			
	TEMPORARY (FULL-TIME) EQUIV.			
	NUMBER OF MAN MONTHS			

58413
of Gov

STATE OF ALASKA

OFFICE OF THE GOVERNOR

BUDGET & MANAGEMENT

JAY S. HAMMOND, GOVERNOR
POUCH AM — JUNEAU 99811
PHONE 465-2213

March 3, 1978

Gerald L. Wilkerson, CPA
Legislative Auditors
Division of Legislative Audit

Dear Mr. Wilkerson:

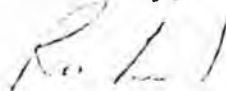
I have reviewed your special review of bid waivers and feel that for the record I should put forth my views on one item.

Recommendation No. 2 item "2" stated "DOT did react quickly to an emergency situation at the Noorvik school by illegally expending funds earmarked for Kotzebue school fire code upgrade. Article IX, Section 13 of the Alaska Constitution and AS 37.05.107 state that funds may be expended only for the purpose authorized or appropriated."

I feel that the use of the funds for Noorvik is a legal use of the funds appropriated by Ch. 155 SLA 1977. Since this act does not specify Kotzebue one must look to the legislative history and the Governor's veto message to determine what was intended by the legislation. Clearly it was the intention to allocate \$866,000 to Kotzebue and \$200,000 for unnamed locations. I believe that it should be viewed as just that, an allocation and therefore available for reallocation as allowed in AS 37.07.080.

Since I understand that the purpose of the recommendations was not to point up the questionableness of the act but rather the problems involved with insurance proceeds, I don't think that it would be desirable to quote the other aspects of the transfer.

Sincerely,



Ron Lind, Director
Division of Budget & Management
Office of the Governor

cc: Jay Stoyan

58413

58413
J.S.

STATE OF ALASKA

QWENFQTES QDIF TUNLE QADPVEHRYTQDRE

BUDGET & MANAGEMENT

FOUCH 211 - BUREAU 2211
PHONE 415-2213

JAY S. HAMMOND, GOVERNOR

March 3, 1978

Gerald L. Wilkerson, CPA
Legislative Auditors
Division of Legislative Audit

Dear Mr. Wilkerson:

I have reviewed your special review of bid waivers and feel that for the record I should put forth my views on one item.

Recommendation No. 2 item "2" stated "DOT did react quickly to an emergency situation at the Nookvik school by illegally expending funds earmarked for Kotzebue school fire code upgrade. Article IX, Section 13 of the Alaska Constitution and AS 37.05.107 state that funds may be expended only for the purpose authorized or appropriated."

I feel that the use of the funds for Nookvik is a legal use of the funds appropriated by Ch. 155 SLA 1977. Since this act does not specify Kotzebue one must look to the legislative history and the Governor's veto message to determine what was intended by the legislation. Clearly it was the intention to allocate \$866,000 to Kotzebue and \$200,000 for unnamed locations. I believe that it should be viewed as just that, an allocation and therefore available for reallocation as allowed in AS 37.07.090.

Since I understand that the purpose of the recommendations was not to point up the questionableness of the act but rather the problems involved with insurance proceeds, I don't think that it would be desirable to quote the other aspects of the transfer.

Sincerely,



Ron Lind, Director
Division of Budget & Management
Office of the Governor

Jay Hammond

SR. 413?

56413
of 24

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

CONFIDENTIAL COPY - INTERNAL USE ONLY

BUDGET & MANAGEMENT

POUCH AM - JUNE 29 1978
PHONE 465-2213

March 3, 1978

Gerald L. Wilkerson, CPA
Legislative Auditors
Division of Legislative Audit

Dear Mr. Wilkerson:

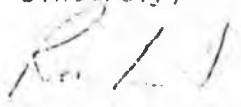
I have reviewed your special review of bid waivers and feel that for the record I should put forth my views on one item.

Recommendation No. 2 item "2" stated "DOT did react quickly to an emergency situation at the Koorvik school by illegally expending funds earmarked for Kotzebue school fire code upgrade. Article IX, Section 13 of the Alaska Constitution and AS 37.05.107 state that funds may be expended only for the purpose authorized or appropriated."

I feel that the use of the funds for Koorvik is a legal use of the funds appropriated by Ch. 155 SLA 1977. Since this act does not specify Kotzebue one must look to the legislative history and the Governor's veto message to determine what was intended by the legislation. Clearly it was the intention to allocate \$866,000 to Kotzebue and \$200,000 for unnamed locations. I believe that it should be viewed as just that, an allocation and therefore available for reallocation as allowed in AS 37.07.030.

Since I understand that the purpose of the recommendations was not to point up the questionableness of the act but rather the problems involved with insurance proceeds, I don't think that it would be desirable to quote the other aspects of the transfer.

Sincerely,



Ron Lind, Director
Division of Budget & Management
Office of the Governor

cc: Jay Hoyle

SB 413 P.

SB 413
ag. Dec.

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF BUDGET & MANAGEMENT

BUDGET & MANAGEMENT

POUCH AM -- JUNEAU 99511
PHONE 465-2213

March 3, 1978

Gerald L. Wilkerson, CPA
Legislative Auditors
Division of Legislative Audit

Dear Mr. Wilkerson:

I have reviewed your special review of bid waivers and feel that for the record I should put forth my views on one item.

Recommendation No. 2 item "2" stated "DOT did react quickly to an emergency situation at the Koorvik school by illegally expending funds earmarked for Kotzebue school fire code upgrade. Article IX, Section 13 of the Alaska Constitution and AS 37.05.107 state that funds may be expended only for the purpose authorized or appropriated."

I feel that the use of the funds for Koorvik is a legal use of the funds appropriated by Ch. 155 SLA 1977. Since this act does not specify Kotzebue one must look to the legislative history and the Governor's veto message to determine what was intended by the legislation. Clearly it was the intention to allocate \$865,000 to Kotzebue and \$200,000 for unnamed locations. I believe that it should be viewed as just that, an allocation and therefore available for reallocation as allowed in AS 37.07.080.

Since I understand that the purpose of the recommendations was not to point up the questionableness of the act but rather the problems involved with insurance proceeds, I don't think that it would be desirable to quote the other aspects of the transfer.

Sincerely,



Ron Lind, Director
Division of Budget & Management
Office of the Governor

cc: Jay Hoyle

SR-413?

SR 413
of Gov.

STATE OF ALASKA

COOPYUKE EDE TUDIE GGDWUOCHYUKEE

BUDGET & MANAGEMENT

PONCH AM -- JUNEAU 99811
PHONE 465-2213

JAY S. HAMMOND, GOVERNOR

March 3, 1978

Gerald L. Wilkerson, CPA
Legislative Auditors
Division of Legislative Audit

Dear Mr. Wilkerson:


I have reviewed your special review of bid waivers and feel that for the record I should put forth my views on one item.

Recommendation No. 2 item "2" stated "DOT did react quickly to an emergency situation at the Noorvik school by illegally expending funds earmarked for Kotzebue school fire code upgrade. Article IX, Section 13 of the Alaska Constitution and AS 37.05.107 state that funds may be expended only for the purpose authorized or appropriated."

I feel that the use of the funds for Noorvik is a legal use of the funds appropriated by Ch. 155 SLA 1977. Since this act does not specify Kotzebue one must look to the legislative history and the Governor's veto message to determine what was intended by the legislation. Clearly it was the intention to allocate \$866,000 to Kotzebue and \$200,000 for unnamed locations. I believe that it should be viewed as just that, an allocation and therefore available for reallocation as allowed in AS 37.07.090.

Since I understand that the purpose of the recommendations was not to point up the questionableness of the act but rather the problems involved with insurance proceeds, I don't think that it would be desirable to quote the other aspects of the transfer.

Sincerely,



Ron Lind, Director
Division of Budget & Management
Office of the Governor

cc - Jay Hayden

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99811
907-465-3800

MEMORANDUM

May 26, 1978

SUBJECT: CSSB 413 (Finance)

TO: Senator John C. Sackett
Chairman, Senate Finance Committee

FROM: John B. Chenoweth, Legislative Counsel

I have, as you directed, discussed a proposed Finance Committee Substitute with Senator Kerttula. His suggestions, which are that basis of the Finance CS offered, were these:

- (1) Retain, generally, the several allocations recommended in the Resources Committee Substitute;
- (2) Increase by \$350,000 the appropriation for completion of grain storage facilities, the total project price as recommended to the Resources Committee by Bob Palmer;
- (3) Remove the contingent appropriation of Sec. 2 of the Resources Committee Substitute, thereby requiring redeposit of receipts from grain sales, if any, to the general fund; and
- (4) Restore the effective date clause of the State Affairs Committee Substitute (i.e. on the effective date of an Act establishing an Agricultural Development Authority) to require that the legislature approve an authority-concept to spearhead commercial agricultural development in Alaska.

In addition, Senator Kerttula asked that legislation based on SB 566 be prepared and provided to the Finance Committee (for its consideration for introduction) to underscore the need to adopt companion legislation that addresses what needs to be done to develop agriculture as a component of the state economy and which is better able to assure that this appropriation achieves the objective of engendering a viable experimental grain project in the Delta area. That bill is also enclosed.

JBC:hjd

Enclosures

COMMITTEE REPORT
SENATE

FURTHER: _____

2/9/78

Date: _____

Mr. President:

The Committee on FINANCE has had SB 413
special appropriation to Dept. of Natural Resources, Agriculture

under consideration and (a majority of the committee) (the committee reports it back as follows)

- recommends it do pass recommends it do not pass
- recommends it do pass with attached amendment(s) *Resources*
- recommends it be replaced with CS for _____
Resources
- and _____ new title same title
- AND attaches a Letter of Intent New Fiscal Note
- reports it back without recommendation
- and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

Clara Tulliam

Don Anterovich

Chairman

Original sponsor: Rules Committee by
request of the Governor

Offered: 5/9/78
Referred: Finance

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 413 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Natural Resources to fund the Big Delta agri-
8 cultural development project; and providing for an
9 effective date."

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

11 * Section 1. The sum of \$4,793,000 is appropriated from the renewable
12 resources development fund to the Department of Natural Resources to fund the
13 Big Delta agricultural development project. The sum appropriated shall be
14 allocated as follows:

15 (1) First phase of land clearing in the Big	
16 Delta agricultural development project	\$2,700,000
17 (2) Surveying of land to be cleared	300,000
18 (3) Test marketing operations for grain	350,000
19 (4) Environmental baseline studies	150,000
20 (5) Grain storage facilities	1,000,000
21 (6) Transportation charges of test marketing	
22 shipments of barley and rapeseed	43,000
23 (7) Administration of Big Delta agricultural	
24 development project	100,000
25 (8) Miscellaneous costs	150,000

26 * Sec. 2. An amount, not to exceed \$350,000, representing receipts of the
27 Department of Natural Resources from the sale of grain purchased and marketed
28 by it from funds appropriated by sec. 1(3) of this Act is appropriated to the
29 Department of Natural Resources for additional expenses of construction of

1 the grain storage facilities for which an appropriation is made under sec.
2 1(5) of this Act.

3 * Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-
4 070(c).

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Original sponsor: Rules Committee by
request of the Governor

Offered: 3/23/78
Referred: Resources and
Finance

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR SENATE BILL NO. 413

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Agricul-
7 tural Development Authority, Department of Natural Re-
8 sources, to fund the Big Delta agricultural development
9 project; and providing for an effective date."

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

11 * Section 1. The sum of \$4,793,000 is appropriated from the renewable
12 resources development fund to the Agricultural Development Authority, Depart-
13 ment of Natural Resources, to fund the Big Delta agricultural development
14 project. The sum appropriated shall be allocated as follows:

15 (1) First phase of land clearing in the Big	
16 Delta agricultural development project	\$2,700,000
17 (2) Surveying of land to be cleared	300,000
18 (3) First phase of electricity installation	
19 in the Big Delta agricultural development project	500,000
20 (4) Grain storage facilities	1,000,000
21 (5) Transportation charges of test marketing	
22 shipments of barley and rapeseed	43,000
23 (6) Administration of Big Delta agricultural	
24 development project	100,000
25 (7) Miscellaneous costs	150,000

26 * Sec. 2. This Act takes effect on the effective date of a version of an
27 Act entitled "An Act establishing the Agricultural Development Authority".
28
29

Introduced: 1/13/78
Referred: State Affairs,
Resources and Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 413

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE -- SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-
7 ment of Natural Resources, Agriculture; and providing
8 for an effective date."

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

10 * Section 1. The sum of \$4,793,000 is appropriated from the Renewable
11 Resources Development Fund to the Department of Natural Resources, for
12 Fiscal Year 1979, to be allocated as follows:

13 First phase of land clearing in Delta

14 Junction area \$2,700,000

15 Surveying of land to be cleared 300,000

16 First phase of electricity installation

17 in Delta Junction area 500,000

18 Loan for construction of grain elevator,

19 under terms established by the

20 department 1,000,000

21 Transportation charges of test marketing

22 shipments of barley and rapeseed 43,000

23 Administration of Delta barley

24 project 100,000

25 Miscellaneous costs 150,000

26 * Sec. 2. This Act takes effect July 1, 1978.
27
28
29

COMMITTEE REPORT

SENATE

FURTHER: FINANCE

3/23/78

Date: 5/5/78

Mr. President:

The Committee on RESOURCES has had SB 413 special appropriation to Dept. of Natural Resources, Agriculture

under consideration and (a majority of the committee) (the committee reports it back as follows)

() recommends it do pass () recommends it do not pass

() recommends it do pass with attached amendment(s)

(X) recommends it be replaced with ^{Resources} CS for SB 413 (Resources)

and do pass (X) new title ~~same~~ title

() AND attaches a Letter of Intent () New Fiscal Note

() reports it back without recommendation

() and recommends it be referred to the _____ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

1 John Buttram
1 PETE MELAND
1 John Heber
1 V.C. Tillion

1 K. Paland
Chairman
do pass

COMMITTEE REPORT
SENATE

1/13/78

FURTHER: RESOURCES
FINANCE

Date: March 23, 1978

Mr. President:

The Committee on STATE AFFAIRS has had SB 413
Special appropriation to Dept. of Natural Resources, Agriculture

under consideration and (a majority of the committee) (the committee reports it back as follows)

- () recommends it do pass () recommends it do not pass
- () recommends it do pass with attached amendment(s)

recommends it be replaced with CS for SB 413

and CS SP 413 new title same title

- () AND attaches a Letter of Intent () New Fiscal Note

reports it back without ^{individual} recommendation

- () and recommends it be referred to the _____ Committee

as follows

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

- 1 J. M. Caffala
- 2 Bill Ray
- 2 Brad Bradley
- 1 John Strick

- DO - pass
- NO REC.
- NO REC.
- DO PASS

J. M. Caffala
Chairman

A SPECIAL REVIEW OF
BID WAIVERS
DEPARTMENT OF ADMINISTRATION
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES

December 15, 1977

Commissioner, Department of Administration
Commissioner, Department of Transportation
and Public Facilities

B. B. Allen

Donald Harris

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING

FINANCE DIVISION
POUCH WF—STATE CAPITOL

JUNEAU 99801

December 15, 1977

Members of the
Legislative Budget and Audit Committee:

In accordance with your request and provisions of Title 24 of
the Alaska Statutes, the attached report is submitted for
your review:

A SPECIAL REVIEW OF
BID WAIVERS
DEPARTMENT OF ADMINISTRATION
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES

December 15, 1977



Gerald L. Wilkerson, CPA
Legislative Auditor
Division of Legislative Audit

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PURPOSE OF THE REVIEW

In accordance with a Budget and Audit Committee request and the provisions of Title 24 of the Alaska Statutes, a special review of the bid waiver process in the Department of Administration and the Department of Transportation and Public Facilities was conducted to:

1. Determine the criteria used for granting bid waivers, and if the criteria is in compliance with applicable statutes and regulations.
2. Determine if the criteria used in granting bid waivers is being consistently applied.

ORGANIZATION AND FUNCTION

The Department of Administration (DOA) is the purchasing agent of the State (AS 37.05). However, the Department of Transportation and Public Facilities (DOTPF) has the statutory authority (AS 35.15, AS 19.10) to bid and award construction contracts for public buildings and highways.

The Division of General Services and Supply, Department of Administration, was established to provide centralized purchasing services to all State agencies. AS 37.05.230 empowers the Division to purchase goods and services through competitive bidding, and also establishes when bidding is not required.

The DOA is the only department with authority to waive bidding requirements. The commissioner requesting a bid waiver submits a memo to the DOA explaining the reasons for requiring a bid waiver. The memo and submitted back-up is usually sent to the Division of General Services and Supply for review. After review, the Commissioner of DOA or his designee approves or denies the request.

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

The Department of Administration, DOA, should establish and follow consistent and well documented bid waiver procedures.

AS 37.05 and State Purchasing Regulations stated that bids are required for all purchases of goods or services except for:

1. Contractual services where a sole source exists.
2. Sales involving fair trade items.
3. Food, clothing, medical supplies, or materials for use in laboratory and experimental studies.
4. Where rates are fixed by law or ordinance.
5. For items traded-in on like items.
6. For professional services.
7. Purchases that the DOA finds is in the best interests of the State.
8. Purchases of less than \$2,500, but quotes should be obtained from at least three sources.

We found that:

1. The DOA approved several bid waivers which, in our opinion, should have been bid if proper planning had taken place.
2. DOA has not incorporated written procedures for bid waiver requests as part of the State Purchasing Regulations.
3. In the majority of cases, we were unable to determine from the DOA's files if bid waivers were being granted for a valid reason, because of the lack of adequate supporting documentation.

This can result in:

1. The uneconomical purchasing of products or services.
2. Possible charges of favoritism by contractors not allowed to bid.

In addition, we recommend that DOA:

1. Establish written procedures for bid waivers and publish them as part of the State Purchasing Regulations.
2. Require the agency submitting a request for bid waivers to adequately document the request on an application form prepared by the DOA.

Recommendation No. 2

The Department of Administration (DOA) should develop procedures to insure that emergency needs and/or life safety hazards receive a quick response. The procedures to be developed should be consistent with current State laws and may require additional legislation to provide a legal funding source.

We noted that:

1. The DOA does not have procedures to ensure all departments react quickly to an emergency situation. For example, the Department of Transportation and Public Facilities (DOT), Department of Education, and Fire Marshall were aware in May, 1977 that a fire safety hazard existed in the Kotzebue school. Although funding was approved at the end of May, 1977 by the Legislature, a bid waiver was not coordinated and signed by the cognizant agencies until August 17, 1977, by which time a bid waiver was too late to correct the situation in a timely manner.
2. DOT did react quickly to an emergency situation at the Noorvik school by illegally expending funds earmarked for Kotzebue school fire code upgrade. Article IX, Section 13 of the Alaska Constitution and AS 37.05.107 state that funds may be expended only for the purpose authorized or appropriated.

The DOA, as the purchasing agent of the State has the expertise and authority to develop procedures to correct life safety hazards and emergency situations in a timely manner and to ensure that these procedures are in compliance with State law (AS 37.05.170).

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

POUCH C - JUNEAU 99811

February 6, 1978

Roger A. LaVine, C.P.A.
Audit Manager
Division of Legislative Audit
Pouch W
Juneau, Alaska 99811

Re: Preliminary Report

Dear Mr. LaVine:

This letter is in response to your Preliminary Report of December 15, 1977, regarding the review of bid waivers authorized by the Department of Administration.

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1:

The Department of Administration, DOA, should establish and follow consistent and well documented bid waiver procedures.

Legislative Audit Findings:

1. Approval of waivers which should have been bid if proper planning had taken place.

As stated in our reply to your interim report of December 13, 1977, DOA could have initiated bidding on five of the seven specific waivers cited if sufficient planning and time had been given by the individual departments. To recap our original reply, the following is provided.

- A. Three of the waivers for ADF&G carried legislative mandate of incubation of eggs within the fiscal year. At time of approval of funds by the Governor, the salmon were in the process of spawning. If a bid had been initiated at time of approval, delivery of the required items would have delayed the project to the next cycle and the ADF&G would not have met the mandate. Therefore, these waivers were justified.

- B. On another request by ADF&G, the State was locked into a vendor, who through research and development over a period of years, has provided the State with a product of known performance. Our information indicates that the contractor is the only firm capable of providing the expertise of fish counting by use of sonar equipment. This contractor is also recognized by the Canadian Government for the same reason. This waiver was justified.
- C. The waiver for the Department of Commerce and Economic Development was recommended by DOA on the basis of a direct savings of State monies. The original lease was entered into by the Department unbeknownst to DOA. If continued, the lease would have cost the State \$3,414.00. Through negotiations, DOA was able to purchase the equipment for \$2,695.75 which resulted in monetary savings. Since this time, the Division of General Services and Supply has entered into a contract through competitive bids to furnish to the State similar units. A comparable unit presently on contract now will cost \$1,631. Again it is to be pointed out that the lease entered into by the Department obligated the State to higher cost if it had been allowed to continue. Had the Division of General Services and Supply been brought into the picture prior to the obligation by the Department of Commerce and Economic Development, this waiver would not have been necessary. In this particular situation the waiver was justified.
- D. The waiver for DOT/PF to restrict the bidding to the Juneau area was recommended by DOA because of Departmental requirements at time of submission of the request.
1. DOT/PF had a required delivery date of November 1, 1977.
 2. DOT/PF requested the Division of General Services and Supply to obtain through bidding, two prices based on:
 - a. Sand to be stockpiled at the Department's facility in Juneau,
 - b. Sand to be stockpiled at Vendor's site locally with the provision to remove sand over a two year period by the Department of Transportation.

General Services and Supply experience in purchasing this commodity has shown that firms outside of the Juneau area would not bid because of the transportation problems, lack of barges,

and the time factors. It was the considered opinion of the Division of General Services and Supply that the proper method of procurement was to restrict the invitation to the local area in order to meet the requested delivery schedule of DOT/PF. Had DOT/PF submitted their requirements to General Services and Supply earlier, a full circulation bid could have been initiated, however it is our opinion that only local contractors would have bid, because of the requirement to have the material stockpiled in the Juneau area. This request was justified.

- E. The waiver for Natural Resources was approved by my office upon recommendation by the Governor's Office and our Internal Audit based upon an experimental method of land clearing. This method, if successful, will provide a basis for a future bid to clear additional lands at a considerable savings over normal land clearing methods.
2. DOA has not incorporated written procedures for bid waiver requests in the Purchasing Regulations.

It is true that DOA has not formalized written procedures to all purchasing personnel in the State. We have, however, advised the Commissioners and section heads of our policy (see attached).

However, it has not been our intent to encourage the use of waivers as an approach to purchasing and as an award to poor planning. It has always been the policy of the Department of Administration to discourage the use of bid waivers and to force the agencies into planning for their needs. It must be emphasized that this is not always possible because of extraneous pressures put upon the Departments by the Legislature, the Executive Office, monetary savings and program considerations which are determined to be in the State's best interests.

3. Unable to determine validity of request.

The Department of Administration does not process bid waiver requests, whether for approval or disapproval, for invalid reasons. We must be satisfied with the justifications or recommendations or an approval would not be recommended. The Department of Administration has on many occasions disapproved requests for lack of justifications. As you have not listed specific cases other than the seven shown previously, we cannot offer further comment of this finding.

Result of Finding:

Uneconomical purchasing via the bid waiver route is a possibility, but certainly not the norm. On many occasions, we have recommended alternate methods, when there is a possible savings of funds. A charge of favoritism by competing suppliers is highly possible when bid waivers are processed.

Additional Recommendations:

1. The Department of Administration does intend to publish written procedures so that all State agency personnel are aware and be able to use bid waivers correctly. Attached is a draft of the information we will require from the agencies when requesting a waiver. If all information requested is not given the waiver will be returned or denied. If you have suggestions regarding our draft, we would appreciate your thoughts.
2. Waivers are not processed through this Department until we are satisfied with the documentation. However, in the future, a format will be developed that will give as much information as possible (see Additional Recommendation No. 1 above).

Recommendation No. 2:

The Department of Administration (DOA) should develop procedures to insure that emergency needs and/or life safety hazards receive a quick response. The procedures to be developed should be consistent with current State laws and may require additional legislation to provide a legal funding source.

In regard to points 1 and 2, the Department of Administration has established guidelines for the State departments to follow in regard to emergency and/or life-safety situations. The guidelines are published in the Purchasing Authorities issued to each individual department and our Purchasing Regulations. These guidelines are not specific in what steps are to be taken but are in generalities so as not to hinder a department in taking action as required to meet a situation. Emergency purchases submitted to the Department for action have been handled in a timely and speedy manner. It is to be noted that the Department of Administration, basically due to its mandated function, reacts to the input from other agencies.

State agencies, however, have a tendency to circumvent established procedure when faced with a situation that does not fall within the realm of "routine". The results are situations such as the Kotzebue and Noorvik schools.

1. On the Kotzebue situation, the Superintendent of the Northwest Arctic School District and DOT/PF were advised by the State Fire Marshall of deficiencies in the school approximately May 25, 1977. Funding was requested under SB 150 in the amount of \$3.2 million for upgrade of REAA schools. Governor Hammond reduced the approved appropriation to \$1.06 million with \$886,000 earmarked

for the Kotzebue school under chapter 155 SLA 1077, effective July 1, 1977. DOT/PF on August 12, 1977, requested a waiver outlining the work to be done, methodology of procurement and what action had been taken to that date. The waiver was approved approximately August 17, 1977.

It is difficult for a department to formulate financial plans for a project when there is no firm idea of the monetary amount to be authorized, especially when a certain amount is appropriated by the Legislature and subsequently reduced by the Governor.

We feel, that the appropriate action was taken, in light of the fact that funds were not approved for release until July 1, 1977, which was left out of your report.

2. Relative to this situation, this Department would have had the capability to react to this situation, i.e. the Noorvik school if legislation which we have been requesting for three years were approved. The Risk Management section in the Division of General Services and Supply requires a fund into which funds can be deposited and disbursed, in a Fiscal Year, to cover emergency contingencies such as these. HB 57 should afford us this ability if passed this year. The authority for construction and repair of public buildings lies with the Department of Transportation per AS 35.15 and 35.25.

Last Paragraph: Experience and Authority to Develop Procedures.

- A. The DOA does have the responsibility to adopt rules and regulations for the performance of its powers or duties under AS 37.05.020. AS 44.21.020 authorizes DOA to make surveys and studies to improve administrative procedures, methods and organization.

Certification of funds is the responsibility of the State agencies, not DOA. Ensuring that monies obligated by an agency are paid from correct accounts is the responsibility of DOA. Quite a few years ago the Division of Budget and Management, then with DOA, removed the responsibility of program change from this Department, "Line item budgeting" was changed to "program budgeting". At that time any change or deviation from the approved budget had to be routed through that Division for approval prior to obligation. Currently, DOA works under the principle that the departments are responsible for the funding source to be utilized. If the wrong account code is obligated or funds are lacking, final payment would not be authorized by DOA until the account was correct.

Additional Comment From The Department of Administration:

It has been our policy that all information and justification be obtained before a waiver is acted upon by this department. In theory there is nothing which cannot be bid if proper planning and analysis by the State agencies is accomplished prior to submission of the requirements to this department. However, experience has shown that this does not always occur.

There are many factors which have a strong impact on planning by State agencies:

- (a) The Legislature, through the budget process, gives each department a mandate to accomplish certain goals within a fiscal year. Because of this, most State agencies have a tendency to set their own priorities without regard to the statutory requirements of the service departments such as DOA who must support them. Additionally, some departments disdain the requirement to be regulated or subjected to regulations of a controlling department such as DOA.
- (b) Priorities established by the Executive Office to a department tend to foster the feeling of independence and eliminates the concept of following established procedure. A good example is the emphasis placed by the Governor's Office on creating a viable fishing industry in the State of Alaska through fisheries research and hatchery programs by the Department of Fish and Game.
- (c) Planning is also disrupted due to a conflict created when budget monies are released on July 1 or near the first of the fiscal year. Most agencies do not know until that time how much monies are actually appropriated. If the Legislature appropriates less than requested for a program, State agencies must reassess their own priorities. In the area of fisheries research, salmon are usually in the spawning cycle at that time, necessitating priority handling of the purchasing in order to insure compliance within the fiscal year that the monies are appropriated. Due to fiscal restraints, these monies are not allowed to carry over into the next fiscal year.
- (d) Receipt of federal funds and limited time for expenditure, usually less than 3 months, seriously impacts funding and the following established guidelines.

Roger A. LaVine, C.P.A.

-7-

February 6, 1978

Planning is the key to budgeting, but is not always carried through after approval of the budgets by the State agencies. This department is then placed in an untenable position because of the statutory requirements of bidding and the Legislative or Executive office mandate to the State agencies to accomplish their programs.

In general, the Department of Administration concurs with the report and procedures will be adopted in relation to bid waivers. I wish to note however, that in many cases the statutes themselves have a tendency to promote confusion among the departments in regard to the authority given. The statutes governing the individual departments are often written in a manner which leaves interpretation open to debate by many. The statutes should be written in such a manner and format that specific fiscal responsibility is spelled out and what limitations are imposed upon the individual departments. This is of the utmost importance to the operation of State government.

If I can be of further service or if you have any questions regarding the above, please advise.

Sincerely,



E. B. Allen
Commissioner

Attachments

cc: Division of General
Services & Supply

Purchasing regulations change to Chapter 3, page 4, between "Emergency Purchases" and "Procurement from Central Stores".

BID WAIVERS:

Alaska Statutes, specifically 37.05.230, dictate that all requests which exceed \$2500 must be bid on a competitive basis to all known vendors.

The Department of Administration may consider waiving the requirements of issuing invitations to bid when it can be substantiated by the requesting department/agency that such action would be in "the best interest of the State". To be considered, a request for waiver must be fully justified on an individual requirement basis. A previously approved waiver will not be justification for additional purchases of the same item. Waivers will not be approved, regardless of the situation, where it is apparent that poor or no planning was exercised, as a routine expediting service, or to prevent lapse of funds.

The following procedure must be followed:

1. A request for waiver is to be initiated by the Commissioner or Acting Commissioner only, of the requesting agency to the Commissioner of Administration via memorandum, form _____.
2. The following information must be provided in the request:
 - a. Reason for not bidding:
 - b. Justification of purchase:
 - c. Statutory or regulatory authorization for purchase:
 - d. Date funds were authorized and from what source: (Operating Capital Budget, bonds, Federal, etc.)
 - e. If request for waiver exceeds 60 days from date of authorization, provide explanation for delay:
 - f. Description of item or service:
 - g. Value of item or service:
 - h. Date delivery required for program maintenance:
 - i. Purchase Requisition reference no.:

Program Name _____ Component _____

Encumbrance Code: _____

NOTE: Do not provide an "approval" or a signature block for the Commissioner of Administration. Submission of a request with all required information will not guarantee approval by the Department of Administration. The Department of Administration upon review of the request and investigation will reply to the Commissioner of the requesting department indicating approval or disapproval, and if disapproval, reasons for same.

3. A certified completed Purchase Requisition with complete detailed specifications and suggested vendors shall also accompany the request.
4. Any specific information or questions regarding this procedure should be addressed to either the Juneau or Anchorage offices of the Division of General Services and Supply.

DELTA LAND PROJECT FILE

NOTIFY JAY HOGAN OR BOB GROGAN WHEN
THE BILL COMES INTO COMMITTEE AND UP
FOR HEARING.

SB 413

N O T E -

1/17/78

SB 413

~~THIS BILL HAS A FILE FROM BUDGET AND
AUDIT COMMITTEE TO BE ATTACHED TO IT
WHEN RECEIVED IN SENATE FINANCE.~~

STATE OF ALASKA

THE LEGISLATURE

BUDGET AND AUDIT COMMITTEE

Fisher

 AUDIT DIVISION
POUCH W—ALASKA OFFICE BUILDING

 FINANCE DIVISION
POUCH WF—STATE CAPITOL

JUNEAU 99801

October 11, 1977

The Honorable Jay S. Hammond
Governor
State of Alaska
Capitol Building
Juneau, Alaska 99811

Dear Governor Hammond:

At last week's Budget and Audit Committee meeting it was brought to our attention that the Administration had recently processed two bid waiver requests in a diametrically opposed manner. One dealt with a contract to correct fire code deficiencies in Kotzebue schools; the other with the clearing of land near Delta.

Fire Code Requirements - Kotzebue Schools. The enclosed telex from Department of Transportation and Public Facilities shows the steps gone through by various State agencies from early June (The telex incorrectly identifies June 24 as "legislative approval of funding". June 24 was the effective date of the Act; the bill was passed by the Legislature at the end of May--Ch. 155, SLA 1977) through early September to expedite the correction of fire code deficiencies in the Kotzebue schools, deficiencies the Fire Marshall had previously required be corrected prior to opening of this Fall's school term.

On August 29 Pat Ryan, Deputy Commissioner, DOT, denied the request for a bid waiver primarily because of the dollar value of the contract involved--\$325,000. At this point a meeting involving the architect in charge of Kotzebue school renovation, the Division of General Design and Construction, and the Fire Marshall was held on September 9, (see summary of attached revised project outline), apparently for the purpose of negotiating a relaxation of the Fire Marshall's earlier directive that these fire code deficiencies be corrected prior to the beginning of school. Per the project outline, the

deficiencies are now to be corrected by spring/summer 1978. Thus we find that on August 29 the State denied a bid waiver to expedite correction of State fire code deficiencies in the Kotzebue schools primarily because the amount of money--\$325,000--was too large a sum for which to properly negotiate a contract.

Land Clearing - Delta Area. The enclosed letter dated September 29, 1977 from Richard Smith (letter and bid waiver enclosed) indicates that towards the end of August Bob Palmer of the Governor's office requested assistance in expediting a contract for the clearing of land in the Delta area. Like the Kotzebue schools renovation project, the money for this experimental land clearing had been appropriated by the Legislature in late May and was approved by you on June 18 (Ch. 148 SLA 1977). What transpired between then and late August when the project received a rush priority is unknown to me. However, as a result of these late August negotiations, a bid waiver was approved on August 30 for "speciality work with very limited sources of supply of qualified performers" to bulldoze land clear in the Delta area. The fact that this negotiated contract had a total value of \$220,000 apparently did not preclude its approval.

These two requests for bid waiver, both processed at essentially the same time, but with opposite results, raise serious questions about the "priorities on which these decisions are based." It seems inconceivable that one agency of the State could turn down a bid waiver which would have expedited the correction of fire code deficiencies affecting the safety of school children because of the money involved but approve a bid waiver for essentially the same amount of money simply to clear some land before winter.

I was directed, by formal Committee action, to bring these two bid waiver requests to your attention and to request that you provide this Committee with an explanation of the criteria used in making these decisions. You may wish to talk with Kent Dawson about the Kotzebue school situation. I know that he recently visited the schools and may be able to give you a better appreciation of the Committee's reasons for concern. The Committee further requests that your response be available for our October 19 meeting in Anchorage and that the principals in these transactions be available to explain their actions to the Committee. It appears the principal officials are:

Kotzebue Schools

Patrick Ryan, Deputy Commissioner of Administration, DOTPF

Bob Venusti, Regional Design Chief, Division of General Design and Construction, DOTPF

Ronald A. Hendrie, Director, Division of Fire Prevention, Department of Public Safety

I will contact the Superintendent of Schools for the Kotzebue area.

Delta Area Land Clearing

Bob Palmer, Coordinator, Special Projects, Office of the Governor

Richard A. Smith, State Internal Auditor, Department of Administration

Robert S. Gates, Deputy Commissioner, Department of Administration

Very truly yours



George H. Hohman
Chairman
Budget & Audit Committee

cc: Members, Budget & Audit Committee

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER POUCH C - JUNEAU 99811

JAY S. HAMMOND, GOVERNOR

September 29, 1977

Jay Hogan, Director
Legislative Finance
Pouch WF
Juneau, Alaska 99801

Re: Big Delta Land
Clearing

Dear Mr. Hogan:

Towards the end of August, 1977, Bob Palmer of the Governor's Office requested our assistance in determining the procedure to follow to contract the clearing of land in the Big Delta region. A representative of my office met with Mr. Palmer who explained the project as follows: Approximately 55,000 to 60,000 acres of State land would be cleared to establish barley farms in the region. Before clearing the entire tract of land, about 2,000 acres would be cleared to determine if it was economically feasible to clear the remaining acreage. A contract would be negotiated for the initial phase of the clearing operations with competitive bidding for the remaining acreage if it was determined feasible to clear the entire tract.

The Soil Conservation Service (SCS) of the U.S. Department of Agriculture had reviewed this project for approximately one year and were to submit a proposal on the method or methods of clearing the land. Their proposal had to be received by the State prior to any contract negotiations with any potential vendor. The proposal was received by the State toward the end of August, 1977 with land clearing to begin on September 15, 1977. If the proposal had been received earlier, the normal bidding procedures could have been followed. However, with the short lead time and the necessity to accomplish part of the project before freezeup, normal bidding procedures were not possible.

Two alternatives were discussed with Mr. Palmer on how to proceed with the contract. The professional services contract through the Authority to Enter Contract Negotiations, as per Chapter 5 of the State Purchasing Regulations and the

bid waiver. The professional services contract approach was rejected as it was determined that the requested service was a biddable item. Thus, on August 31, 1977, a bid waiver request from the Department of Natural Resources was received, reviewed and approved.

SCS recommended that the State might consider contracting with Mr. Dennis Green if he was available to do the work. SCS stated that Mr. Green lived in the area, had an excellent reputation and necessary experience since he had cleared most of the land in the area. He also knew the terrain and had the necessary equipment to perform the clearing. In early September, 1977 after reviewing and accepting the SCS proposal and receiving the approved bid waiver, a contract with Mr. Green was negotiated and signed.

SCS is monitoring the project and will report their findings relative to cost data, economic feasibility on clearing the remainder of the tract, the best method of clearing, etc. I trust this provides you with the information you need.

Sincerely,

Richard A. Smith
Richard A. Smith
State Internal Auditor
Department of Administration

RAS/GWR/bc

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES
OFFICE OF THE COMMISSIONER



B. B. Allen
Commissioner
Department of Administration

DATE: August 30, 1977

Robert E. LeRoche
Commissioner
SUBJECT: Bid Waiver for Delta
Clearing Project

This Department is requesting a bid waiver for the purpose of developing a force account agreement for a program of doing the developmental agricultural clearing funded by SB 255 (SLA 1977, Chapter 148), Sec. 4.

The work for which the bid waiver is requested is equipment operation and development to provide property perimeter delineation, land bulldozing to develop clearing coals, fire protection services as required, cleanup and brooking as needed. The amount of funds available, including some administrative charges, is \$300,000.00

The reason the bid waiver procedure is needed is that this is very much specialty work with very limited sources of supply of qualified performers at this point in time. It is proposed to develop a force account contract with Mr. Dennis Green of Delta Junction to conduct the equipment work.

Mr. Green is considered the best qualified party for this initial work for the following reasons:

1. Expertise: Mr. Green has been clearing land in the Delta area for about 18 years. His work has been conscientious, innovative and economical. He has consistently improved his techniques of clearing with time.
2. Local business: Mr. Green resides in the Delta Junction community in the Clearwater area. His use will provide desirable expenditures in the Delta Junction community area which is hard hit by the post-pipeline construction unemployment problems.
3. Availability: Mr. Green is available to do the work and standby charges will be avoided so that the most productive efforts can be secured for the least expenditure of public dollars.
4. Time: It is desirable to initiate work during September to develop knowledge of clearing work before heavy winter cold sets in and to provide information

B. B. Allen

-2-

August 30, 1977

for use in 1978 regarding clearing procedures. Mr. Green is available and willing to participate in this facet of the work also.

In summary, this request proposes to provide for the most efficacious program of carrying out the clearing development program with the most competent available personnel at the least possible practical cost with the costs representing an improvement in the economic climate of the area.

Your concurrence is requested.

Approved: *Robert E. LeRoche* 9/29/77

State of Alaska
Department of Natural Resources
Division of Agriculture
Box 1058, Palmer, Alaska, 99645

Contract: Agr. 101

SERVICE CONTRACT
for
Land Clearing Method Development

This contract, effective as of the 9th day of September, 1977, between the State of Alaska, Department of Natural Resources, (hereinafter called the "State"), and Dennis Green & Sons, (hereinafter called the "Contractor"), who holds valid Alaska Business License Number 17643.

WITNESSETH that:

Whereas, the State is entering into this contract by direct negotiation and not by competitive bids because this is a contract for specialty equipment services and techniques.

Whereas, the Contractor is willing to undertake the performance of this contract under the terms of this contract:

Whereas, the Department of Natural Resources has the authority to enter into this contract AS 38.07.010 and AS 44.37.020.

NOW THEREFORE, the parties hereto agree as follows:

Article I. The Service to be Performed.

The services to be performed by the Contractor are set forth in Appendix A attached hereto and made a part hereof.

Article II. The Period for Performance.

The period of performance under this contract shall commence on September 9, 1977, and expire on November 1, 1978. Performance may be extended for additional periods by the mutual written agreement of the parties.

Article III. Consideration.

In full consideration of the Contractor's performance hereunder, the State shall pay the Contractor as follows:

1. Hourly equipment rental as follows:

- A. Terex models 3230 tractors wet rental at \$50.00 (fifty dollars) per operator paid hour as confirmed by the Contracting Officers representative.
- B. Caterpillar model 08-H tractor wet rental at \$60.00 (sixty dollars) per operator paid hour as confirmed by the Contracting Officers representative.
2. Discing shall be paid for at the rates commensurate with the tractor used in (A) or (B) above plus the contractor will supply a new disc as defined in Article I as approved by the Contracting Officer prior to purchase. Compensation shall consist of cost plus transportation from point of purchase to point of use, estimated at \$20,000.00 (twenty thousand dollars). The Contractor agrees to purchase the disc upon completion of the contract use for an amount equal to fifty percent of the above cost and transportation.
3. Standby burning charges shall consist of ten hours equipment pay per day from items (A) and (B) for a twenty-four standby day during the period equipment is ordered for this purpose by the Contracting Officer.
4. Pay periods shall be monthly on statements submitted by the Contractor. These may be delivered to the Contracting Officers representative the first day of the month following the calendar billing month completion. The Contracting Officer will submit approved billings for payment by the tenth day of the month of receipt.
5. Special equipment fabrication may be required during the course of the work. Payment will be made on the basis of billings submitted by the Contractor for work approved in advance by the Contracting Officer in writing.

- 6. Retainage shall consist of 10% till an amount of \$50,000 (fifty thousand dollars) has been earned in progress payments. At that point retainage on subsequent billings shall be reduced to five percent.
- 7. The estimated value of this contract is \$220,000.00 (two hundred twenty thousand dollars).

Article IV. Additional Contract Provisions.

Appendix B attached hereto and made a part hereof sets forth additional general contract provisions of this contract.

Article V. Changes.

Appendix C attached hereto and made a part hereof, sets forth any changes or additions that were made in this contract prior to its execution. Any required contract changes during the contract period will become a portion of the contract by inclusion as Appendix C except Termination (See Appendix B-5).

IN WITNESS WHEREOF, the parties have executed this contract.

Contractor:
 By: Dennis Green
owner
 (Official Title)

Date: Sept. 9, 1977

State of Alaska:
 Department of Natural Resources
 Division of Agriculture

By: Allan Lynn
 ALLAN LYNN
 Director

Date: September 9, 1977

APPROVED:
Blount 9/15/77
 Department of Administration

SERVICE CONTRACT.

A-1

Agr 101

APPENDIX A

1. Provide and operate bulldozer equipment to be used for land clearing, including method development and evaluation in the following area:

Township 11S, Range 12E, Fairbanks Meridian.

Section 13, that portion southerly of a line from the northwest corner to the southeast corner and southerly of a line from the northeast corner to the southwest corner.

Section 24, all.

Section 25, that portion northerly of a line from the northeast corner to the southwest corner.

Section 26, that portion northerly from a line that is the northern boundary of the eight inch pipeline right-of-way that exists along the northerly right-of-way boundary of the Alaska Highway.

Section 27, that portion easterly of a line from the southwest corner to the northeast corner and northerly of the boundary of the eight inch pipeline right-of-way that exists along the northerly right-of-way boundary of the Alaska Highway.

Section 23, that portion southerly of a line from the southwest corner to the northeast corner.

Township 11S, Range 13E, Fairbanks Meridian.

Section 19, that portion westerly of a line from the northwest corner to the southeast corner and northerly of a line from the southwest corner to the northeast corner.

The equipment shall consist of:

1. Three Terex model 8230 tracked dozers equipped with hydraulic angle dozers and one equipped with ripper, serial numbers 58478 (w/ripper), 53070 and 32634.
2. One Caterpillar D8-H equipped with hydraulic angle blade and ripper, serial number 33910.

The equipment shall be used in numbers as agreed between the Contractor and the Contracting Officer.

The Contracting Officer will be responsible for relations and coordination with other interested State agencies as required to conduct the required:

1. Property delineation.
2. Clearing activities.
3. Burning work
4. Cleanup and/or breaking.

Clearing areas and procedures will be as approved and directed by the Contracting Officer.

Lines for property delineation will be provided by the Contracting Officer.

Burning work will consist of standby and/or use of equipment for fire control purposes during burning.

Cleanup dozer work will be at normal contract dozer rates in areas and as directed by the Contracting Officer.

Breaking shall consist of discing areas directed by the Contracting Officer. Equipment shall consist of one of the contract dozer tractors pulling a thirty-foot width disc with four foot diameter discs and a hydraulic folding feature for traveling.

SERVICE CONTRACT

APPENDIX B

Article B - 1. Definitions.

(a) The term "Contracting Officer" as used herein means the person executing this contract on behalf of the State and includes a duly appointed successor or authorized representative.

(b) The term "Department" means the Department which has executed this contract for the State of Alaska.

Article B - 2. Inspection and Reports.

(a) The Department shall have the right to inspect, in such manner and at all reasonable times as it deems appropriate, all activities of the Contractor arising in the course of its undertakings under this contract.

(b) The Contractor shall make progress and other reports in such manner and at such times as the Department may reasonably require.

Article B - 3. State Saved Harmless.

The Contractor shall hold and save the State, its officers, agents and employees, harmless from liability of any nature or kind, including costs and expenses, for or on account of any or all suits or damages of any character whatsoever resulting from injuries or damages sustained by any person or persons or property by virtue of performance of this contract.

Article B - 4. Equal Employment Opportunity.

(a) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, national origin, ancestry, age or sex. The Contractor will take affirmative action to insure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, national origin, ancestry, age or sex. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination, rates of pay or other forms of compensation; and selection for training including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

(b) The Contractor shall state, in all solicitations or advertisements for employees to work on State of Alaska contract jobs, that all qualified applicants will receive consideration for employment without regard to race, color, religion, national origin, ancestry, age, or sex.

(c) The Contractor will send to each labor union or representative of workers with which the Contractor has a collective bargaining agreement or other contract or understanding a notice advising the said labor union or workers' representative of the Contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to all employees and applicants for employment.

(d) The Contractor will include the provisions of Paragraphs (a) through (c) of this Section in every contract, and will require the inclusion of these provisions in every sub-contract entered into by any of its sub-contractors, so that such provisions will be binding upon each sub-contractor, as the case may be. For the purpose of including such provisions in any construction, maintenance, or service contract or sub-contract, as required hereby, the term "Contractor" and the term "Sub-Contractor" may be changed to reflect appropriately the name or designation of the parties of such contract or sub-contract.

(e) The Contractor agrees that he will fully cooperate with the office or agency of the State of Alaska which seeks to deal with the problem of unlawful or invidious discrimination, and with all other State efforts to guarantee fair Employment practices under this contract, and said Contractor will comply promptly with all requests and directions from the State Commission for Human Rights or any of its officers or agents relating to prevention of discriminatory employment practice.

(f) Full cooperation as expressed in clause (e) foregoing shall include, but not be limited to, being a witness in any proceeding involving questions of unlawful or invidious discrimination if such is deemed necessary by any official or agency of the State of Alaska, permitting employees of said Contractor to be witnesses or complainants in any proceeding involving questions of unlawful or invidious discrimination, if such is deemed necessary by any official or agency of the State of Alaska, participating in meetings, submitting periodic reports on the equal employment aspects of present and future employment, assisting in inspection of the construction site, and promptly complying with all State directives deemed essential by any office or agency of the State of Alaska to insure compliance with all Federal and State laws, regulations and policies pertaining to the prevention of discriminatory employment practices.

(g) Failure to perform any of the above agreements pertaining to equal employment opportunities shall be deemed a material breach of the contract.

The responsible officer overseeing compliance with such fair practice and non-discrimination provision shall be the executive head of such department or other agency of the State of Alaska as is a party to the contract. Such responsible officer shall report to the State Commission for Human Rights whenever discriminatory practices are brought to his attention.

Article B - 5. Termination.

The Contracting Officer, by written notice, may terminate this contract, in whole or in part, when it is in the best interest of the State. The State shall be liable only for payment in accordance with the payment provisions of this contract for services rendered prior to the effective date of termination.

Article B - 6. No Assignment.

The Contractor shall not assign this contract, nor any part thereof, nor any right to any of the monies to be paid him hereunder, nor shall any part of the work done or materials furnished under said contract be sublet, except with the written consent of the Contracting Officer.

Article B - 7. No Additional Work.

No claim for additional services, not specifically herein provided, done or furnished by the Contractor, will be allowed by the Commissioner or the head of the agency, nor shall the Contractor do any work or furnish any material not covered by the contract, unless such work is ordered in writing by the contracting officer.

Article B - 8. Independent Contractor.

The Contractor, and any agents and employees of the Contractor, shall act in an independent capacity and not as officers or employees or agents of the State in the performance of this contract.

Article B - 9. Payment of Taxes.

As a condition of performance of this contract, the contractor shall pay all Federal, State, and local taxes incurred by the contractor, subcontractor or other person or persons in the performance of this contract, and proof of payment of these taxes is a condition precedent to payment by the State under this contract.