

LEGISLATIVE FINANCE - HOUSE / SENATE FINANCE COMM. FILES 8879

HB 74, HB 78

444

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HB

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FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: Acquisition and Refinancing of  
the Seward Student Service Center  
Sponsor: Rules  
Requestor: Governor

Agency Affected: Education  
BRU: Alaska Vocational Technical  
Center  
Components: Alaska Vocational Technical  
Center

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Marv Hakala Phone: 465-2800  
Division: Commissioner's Office Date: 12/12/88  
Approved by Commissioner: Marv Hakala for William G. Demmert Date: 12/12/88  
Agency: Education

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Adopted

31  
OC

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

Bill Version: HB 74  
Publish Date: HOUSE 1/9/89

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: State Bond Committee  
Title: Authorizing Acquisition and BRU: \_\_\_\_\_  
Refinancing of Seward Student Service Center  
Sponsor: Rules Committee Components: \_\_\_\_\_  
Requestor: Governor

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
OPERATING						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	(433.2)	(68.5)	(67.7)	(74.7)
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	(433.2)	(68.5)	(67.7)	(74.7)
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	(433.2)	(68.5)	(67.7)	(74.7)
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: Attach a separate page for analysis.

Prepared By: Milt Barker *MD*  
Division: Treasury

Phone: 465-2350  
Date: 12-19-88

Approved by Commissioner: [Signature]  
Agency: Department of Revenue

Date: 12/19/88

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

Adopted

**Fiscal Note Analysis**

The projected annual savings on refinancing the Seward Student Service Center through its acquisition by the Alaska State Building Authority is estimated in the table below.

The present value of the savings on the Seward facility would be \$1,203,001, representing a savings of 21.5 percent of the amount of bonds issued. This is far above the State Bond Committee's criteria of 3 percent savings to justify a refinancing.

The Seward refinancing would reduce the required lease payments to be made by the State Bond Committee for Seward as detailed in the attached September 23, 1988 memo. However, because the actual interest rate on the refunding debt--and therefore the actual reduction in debt service--will not be known until the bonds are sold, no reduction should be made to the \$12,106,257.68 appropriation to the State Bond Committee for FY 90 lease payments. The FY 90 savings would lapse and future appropriations would be reduced.

Please see the attached letter of \_\_\_\_\_ from John Andrews for additional information on the Seward refinancing.

**Lease-Financing Costs (Savings)**

<u>Fiscal Year</u>	<u>Seward Student Service Center</u>
1990	\$(433,229)
1991	(68,476)
1992	(67,710)
1993	(74,661)
1994 to maturity	<u>(1,062,851)</u>
<b>Total</b>	<b>\$(1,706,927)</b>

30

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Alaska State Building Aut:  
 Title: Refinance of Seward Student BRU: \_\_\_\_\_  
           Center  
 Sponsor: Rules Components: \_\_\_\_\_  
 Requestor: Governor

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Julia Tucker *Julia Tucker* Phone: 562-2813  
 Division: Legal Department Date: 12/31/88

Approved by Commissioner: *Ray* Date: 12/23/88  
 Agency: Alaska State Building Authority

Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

Adopted

Original sponsor: Rules/Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 74 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the acquisition and financing of  
7 the Seward Student Service Center by the Alaska State  
8 Building Authority, and relating to the use of a  
9 lease-financing agreement for the project; and pro-  
10 viding for an effective date."

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

12 \* Section 1. The Alaska State Building Authority may acquire the Seward  
13 Student Service Center in Seward and provide financing for the acquisition.

14 \* Sec. 2. Section 1 of this Act gives the approval referred to in  
15 AS 18.55.100(d).

16 \* Sec. 3. The Department of Administration may enter into a lease-  
17 financing agreement with the Alaska State Building Authority for the Seward  
18 Student Service Center in Seward.

19 \* Sec. 4. Section 3 of this Act gives the approval referred to in  
20 AS 36.30.080(c).

21 \* Sec. 5. The Alaska State Building Authority shall transfer to the  
22 state the title to the Seward Student Service Center when the

23 (1) bonds for the authority's acquisition of the center have  
24 been paid off;

25 (2) bonds for the authority's acquisition of the center have  
26 been defeased; or

27 (3) Department of Administration exercises its purchase option  
28 under its lease-financing agreement with the authority.

29 \* Sec. 6. This Act takes effect immediately under AS 01.10.070(c).

A M E N D M E N T

OFFERED IN THE HOUSE

BY RIEGER

TO: CSHB 74 (HESS)

Page 1, line 6:

Delete "approving"

Insert "relating to the"

Page 1, line 8:

Delete "approving"

Insert "relating to the"

Page 1, following line 20:

Insert a new bill section to read:

"\* Sec. 5. The Alaska State Building Authority shall transfer to the state the title to the Seward Student Service Center when the

(1) bonds for the authority's acquisition of the center have been paid off;

(2) bonds for the authority's acquisition of the center have been defeased; or

(3) Department of Administration exercises its purchase option under its lease-financing agreement with the authority."

Renumber the following bill section accordingly.

# CITY OF SEWARD

P.O. Box 107  
SEWARD, ALASKA 99664



- Main Office (907) 224-3331
- Police (907) 224-3338
- Harbor (907) 224-3341
- Telecopier (907) 224-3248

## CERTIFICATE OF OCCUPANCY

IT IS HEREWITH CERTIFIED THAT A FINAL INSPECTION OF THE WORK AUTHORIZED BY BUILDING PERMIT NO. 84-24, ISSUED TO Dick Fischer Development

FOR THE BUILDING OR STRUCTURE DESCRIBED AS:

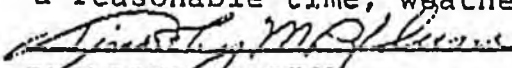
AVTEC Student Service Center, Block 29 OTS

HAS BEEN PERFORMED,

AND THE DESCRIBED WORK COMPLIES WITH THE PROVISIONS AND REQUIREMENTS OF THE CITY OF SEWARD CODE CHAPTER 6, AND ALL APPLICABLE CODES REFERENCED THEREIN, FOR THE GROUP AND DIVISION OF OCCUPANCY AND THE USE FOR WHICH THE PROPOSED OCCUPANCY IS CLASSIFIED.

USE AND OCCUPANCY OF THE ABOVE DESCRIBED BUILDING OR STRUCTURE IS HEREBY AUTHORIZED BY THE CITY OF SEWARD BUILDING DEPARTMENT.

This Certificate of Occupancy is issued with the provision that the parking requirements established for the building be completed within a reasonable time, weather permitting.

  
BUILDING INSPECTOR

CITY OF SEWARD  
SEWARD, ALASKA

DATE April 29, 1985

APR 29 1985  
CITY OF SEWARD

## MEMORANDUM

STATE OF ALASKA

DEPARTMENT OF REVENUE

TO: Alison Elgee  
Director  
Budget Review

DATE: September 23, 1988

FILE NO:

TELEPHONE NO: 465-2350

THRU:

SUBJECT: FY 90 Debt Service  
and Front Sections

FROM: Milton B. Barker *MB*  
Deputy Commissioner  
Department of Revenue

The amounts required for debt service and trustee fees to be paid by the State Bond Committee during FY 90 are:

	<u>Debt Service</u>	<u>Trustee fees</u>	<u>Fund Source</u>
General Obligation Bonds	\$120,306,290	\$80,000	General Fund
International Airports Revenue Bonds	8,707,584	30,000	International Airports Revenue Fund

"Front sections" of the general appropriations bill also are needed to appropriate the lease rental payments that the State is required to make to

1. the Alaska State Building Authority for lease of facilities constructed with the proceeds of lease revenue bonds issued by that agency, at the time, the Alaska State Housing Authority;
2. the City of Seward for lease of the Spring Creek Correctional Center which was constructed with the proceeds of Certificates of Participation issued by the City;
3. Delta Fox, Ltd. for lease of the Seward Student Service Center which was constructed with the proceeds of Certificates of Participation issued by Delta Fox, Ltd.; and

Alison Elgee  
 Page 2  
 September 23, 1988

4. the City of Palmer for lease by the Court System of a courthouse in Palmer which was constructed with the proceeds of revenue bonds issued by the City.

The State's lease payments are the security for the bond and certificates. As indicated by the attached letter from Standard & Poor's, failure to make these lease payments would have similar consequences for the State's credit standing and ability to borrow as a default on the State's general obligation bonds would have.

The "front section" should read:

- \* Sec. . The sum of \$12,106,257.68 is appropriated from the general fund to the State Bond Committee for lease payments to the Alaska State Building Authority, City of Seward, Delta Fox, Ltd., and the City of Palmer.

This appropriation is not net of a \$39,115.40 rebate of Seward Student Service Center rent that the Department of Administration receives pursuant to Section 5.6 of the Seward Student Service Center Commercial Lease (attached). The rebate is deposited in the general fund as unrestricted revenue.

The amounts of lease payments to maturity of the lease revenue bonds and certificates are as follows:

	<u>ASBA Bonds</u>	<u>Spring Creek</u>	<u>Student Service Center<sup>1</sup></u>	<u>Palmer Courthouse</u>
FY 90	\$ 6,555,108.39	\$ 4,333,923.84	\$ 850,697.95	\$ 366,527.50
FY 91	6,550,775.90	4,333,923.84	850,697.95	365,577.50
FY 92	6,567,048.41	4,333,923.84	850,697.95	366,117.50
FY 93-94	9,096,153.75	8,667,847.68	1,701,395.90	726,545.00
FY 95-06	<u>1,536,107.50</u>	<u>53,090,568.18</u>	<u>4,295,603.52</u>	<u>5,008,528.75</u>
	\$30,305,173.95	\$74,760,187.38	\$8,549,093.27	\$6,971,072.50

<sup>1</sup> These amounts are not net of the \$39,115.40 rebate. The amounts for FY 90 through FY 94 are escalated per Section 5.2 of the Commercial Lease assuming a 10% increase in the CPI and escalated further for FY 95 - 99 assuming a further 10% CPI increase to \$859,120.70 per annum.

Like previous general appropriations acts, an additional "front section" for FY 90 is required which would read as follows:

Alison Elgee  
Page 3  
September 23, 1988

\* Sec. . - The amount of the Rebate Requirement, as defined by Resolution No. 86-5 of the state bond committee, is appropriated from the International Airports Revenue Fund to the state bond committee for deposit in the Rebate Fund established by Resolution No. 86-5 of the state bond committee.

The section appropriates the arbitrage earned on International Airports Revenue Bonds, Series G, to a Rebate Fund for payment to the United States government. The arbitrage rebate is required by the Internal Revenue Code and regulations. The appropriation request from the International Airports Revenue Fund is required by section 16.09 of Resolution No. 86-5 of the State Bond Committee which authorizes the Series G bonds and which reads in part:

"Rebate Fund. There is hereby created and established with the Trustee a Rebate Fund. Notwithstanding anything in the Resolution to the contrary, amounts deposited in the Rebate Fund shall not constitute Revenues and are not pledged as security for payment of the Bonds of Series G or any other Bonds or obligations issued pursuant to the Resolution, but shall be held by the Trustee hereunder solely in trust for the benefit of the United States.

Prior to December 31 of each Fiscal Year, the State shall estimate the amount of the Rebate Requirement for the next succeeding Fiscal Year (including any deficiencies in the amounts deposited in the Rebate Fund with respect to any prior Fiscal Year), and shall include such amount in the budget for the Revenue Fund for such next succeeding Fiscal Year."

MBB/gb

Attachment

cc: Hugh Malone, Commissioner of Revenue  
Bob Link, Director, Division of General Services and Supply,  
Department of Administration

# STATE OF ALASKA

## DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

P.O. BOX C  
JUNEAU, ALASKA 99811-0200  
PHONE: (907) 485-2200

January 18, 1989

The Honorable Sam Cotten  
Speaker of the House  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Mr. Speaker:

In compliance with AS 36.30.080(c), I wish to inform you that the Department of Administration intends to enter into a lease-financing agreement for the Seward Student Service Center which may have annual rent in excess of \$1,000,000 to be paid by the State. The agreement is expected to be with the Alaska State Building Authority (ASBA) as lessor. The State would assign its purchase option under an existing lease-financing agreement to ASBA. ASBA would issue debt and use the proceeds to exercise the purchase option. State lease rental payments under the new lease-financing agreements with ASBA would pay the debt service on ASBA debt. The reason for this undertaking is that the State's lease rental payments would decrease significantly under the new lease-financing agreement as a result of declines in interest rates. The current lessor's proceeds from sale of the leased facilities to ASBA will be used to payoff currently outstanding debt issued by the current lessor.

Under the proposed lease-financing agreement, ASBA would acquire the Seward Student Service Center from Delta Fox, Ltd. (formerly Dick Fischer Development, Inc.) at one of the prices listed below:

### Seward Student Service Center

<u>Closing Date of Property Sale</u>	<u>Price</u>
July 1 - July 30, 1989	\$4,988,016.00
July 1 - July 30, 1990	\$4,717,860.00
July 1 - July 30, 1991	\$4,422,324.00
July 1 - July 30, 1992	\$4,094,640.00
July 1 - July 30, 1993	\$3,778,756.00
July 1 - July 30, 1994	\$3,360,876.00
July 1 - July 30, 1995	\$2,942,952.00
July 1 - July 30, 1996	\$2,474,832.00
July 1 - July 30, 1997	\$1,952,004.00
July 1 - July 30, 1998	\$1,370,520.00
July 1 - July 30, 1999	\$ 722,484.00

The Seward Student Service Center is a student lounge and recreation complex for the Alaska Vocational-Technical (Vo-Tec) Center at Seward. The Vo-Tec Center is the only State-operated adult vocational training facility in the State. The Center was completed and occupied by the State in April 1985.

Assuming the sale is closed during July 1 to July 30, 1989, the purchase price would be \$4,988,016. The anticipated amount of the ASBA financing for this project would be \$5,600,000 including the costs of issuance. The resulting anticipated annual lease rental payments by the State compared to existing payments would be:

Seward Student Service Center

<u>Fiscal Year</u>	<u>Anticipated Rent</u>	<u>Existing Rent<sup>1/2/</sup></u>	<u>Savings<sup>3/</sup></u>
1990	\$ 764,307	\$ 803,160	\$ 433,229
1991	737,872	806,348	68,476
1992	741,840	809,550	67,710
1993	738,102	812,763	74,661
1994	742,352	815,990	73,638
1995	738,915	819,230	80,315
1996	738,037	822,482	84,445
1997	739,337	825,747	86,410
1998	742,097	829,025	86,928
1999	<u>181,202</u>	<u>832,317</u>	<u>651,115</u>
TOTAL	<u>\$6,864,061</u>	<u>\$8,176,612</u>	<u>\$1,706,927</u>

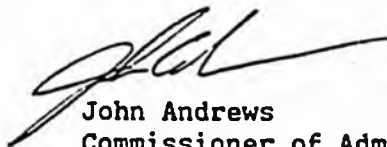
Notes to Seward Student Service Center Table:

1. 1990 and later existing rents are reduced by the credit for payment one year in advance.
2. 1991 and later existing rents have been escalated by the July 1984 to July 1986 increase in the Anchorage CPI pursuant to inflation adjustment provision of the lease.
3. 1990 savings includes \$394,375.80 rebate under existing lease calculated as follows: June 10, 1989 Existing Rent Payment of \$842,275.20 - \$39,115.40 credit for payment one year advance - (\$6,090,000 certificates outstanding + 2% call premium of \$121,800 - \$4,988,016 purchase price - \$815,000 reserve fund).

Page 3

The present value of the savings to the State is estimated at \$1,203,001 using the estimated 6.7542 percent true interest cost on the proposed ASBA financing.

Sincerely yours,

A handwritten signature in dark ink, appearing to read 'John Andrews', written in a cursive style.

John Andrews  
Commissioner of Administration

JA/MB/gb

8534H

Standard & Poor's Corporation  
25 Broadway, New York, New York 10004



December 29, 1983

RECEIVED

JAN 03 1984

Mr. Milt Barker  
Deputy Commissioner  
Department of Revenue  
11th Floor State Office Bldg.  
Pouch, SB  
Juneau, Alaska 99811

ALASKA DEPARTMENT OF REV  
TREASURY DIVISION  
JUNEAU

Dear Mr. Barker:

I would like to respond to your letter of December 13, regarding our views on lease obligations.

Lease Payments are viewed in essentially the same light as debt service on general obligation bonds; regardless of whether the obligation is cancellable due to non-appropriation. In fact, debt obligations secured by lease payments are included in our computations for overall debt burden.

Many states do not consider lease rental debt under debt limitation laws, primarily because legal interpretations view the obligations to pay rent as an annual budget item, and not a long term debt with a continuing appropriation. The fact remains, however, that the debt is still outstanding, and payable for as long as the property is being used by the lessee. While many leases permit non-payment of rent and cancellation of lease obligations, Standard & Poor's would be very concerned about an issuer's general obligation rating, in those cases where leases were cancelled as a ploy to avoid paying debt obligations.

I've enclosed some information regarding our approach to rating lease-rental debt obligations. If you have any further questions, feel free to contact Vladimir Stadnyk or myself at (212) 201-1767.

Very Truly Yours,

Richard P. Larkin  
Managing Vice President  
Municipal Finance Department

cc: V. Stadnyk  
T. Arthur

issued for each July. The percentage increase, if any, in the CPI issued for July 1989 and July 1994 over the CPI issued for July 1984 will determine the maximum allowable adjustment of variable costs over the original Rent. The adjustment is not cumulative; it is to be computed from the base CPI, July 1984 for both the 1990 and the 1995 adjustment actions. Adjusted annual Rental Rate will be computed as follows:

$$[(10\% \times \text{Rent}) \times \% \text{ of change in CPI}] + \text{Rent} = \text{Adjusted Annual Rental Rate}$$

No retroactive adjustments will be allowed:

### 5.3. State's Obligations and Remedies

State's obligation to pay Rent due with respect to the Premises and to perform and observe all other covenants and agreements of State contained herein shall be absolute and unconditional except for the failure of the Legislature to appropriate funds; and the Rent due and payable hereunder shall be made without notice or demand and without set-off, counterclaim, abatement, deduction or defense except that State may offset against the Rent an amount not to exceed \$60,000 for claims due to State by Landlord under this Lease and the Ground Lease. However, nothing herein shall be construed to release Landlord from the performance of its obligation and State may institute such legal action against Landlord as State may deem necessary to compel the performance of such obligation.

### 5.4 Nonsubstitution

If this Lease is terminated by State in accordance with Section 3.1, State agrees for a period of one year that its Department of Education will not to construct, purchase, lease, operate, contract for or use any facilities which are functionally similar to the Premises or any of the uses which are functionally similar to any of the uses of the Premises, and agrees not to permit functions similar to those performed through the use of the Premises to be performed by an agency or entity affiliated with or hired by or for the Department of Education.

### 5.5 Budget Request and Appropriation

State will, prior to the commencement of each fiscal year for which this Lease is in effect, include the Rent due in such fiscal year in its annual budget request to the Legislature. State agrees to use any appropriation legally available for the Rent and to immediately encumber available appropriations for such payments prior to allocating or encumbering funds for the projects or costs for which no legal obligation to pay exists.

### 5.6 Consideration for Advance Rent

Concurrently with the payment by State of the Annual Rent, Landlord shall pay to State the sum of \$39,115.40 as consideration for payment of the Rent one year in advance, except that such payment shall be proportionately reduced to the extent that State exercises a right of offset pursuant to Section 5.3.



January 12, 1989

The Honorable Sam Cotten  
Speaker of the House  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Representative Cotten:

The assistance of the Alaska State Building Authority has been requested by the Alaska Department of Administration to provide lease-financing for a public building--the Seward Student Service Center. The project is being submitted for review by the legislature pursuant to AS 18.55.100(d).

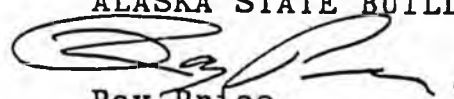
The project is essentially a refinancing of an existing State lease-financed project. The refinancing would result in substantial savings in lease rental payments over the payment schedule to which the State is now committed. The refinancing contemplates a purchase by the Authority of the facility from the current lessor, Delta Fox, Ltd. (formerly Dick Fischer Development, Inc.). The Authority would issue financing in an amount sufficient to provide the \$4,988,016 needed for the purchase as well as a reserve fund and costs of issuance. The Department of Revenue has estimated an issuance of \$5,600,000 for the Student Center. The new lease of the facility to the State is estimated by the Department of Revenue to result in present value savings in State rental payments of \$1,203,001. The enclosed letter from Commissioner John Andrews contains information in more detail concerning this refinancing.

Under AS 18.55.100(d), approval by law of the project is a prerequisite to the undertaking of any public building project by the Authority.

The Alaska State Building Authority welcomes this opportunity to serve the State in realizing cost savings in the financing of public building projects.

Sincerely,

ALASKA STATE BUILDING AUTHORITY



Ray Price  
Executive Director

Enclosure

jt:ss:c:\wp50\rp\l\,rpsc.1

STATE OF ALASKA  
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 21, 1989

SUBJECT: Separation of powers doctrine and HB 74  
TO: Representative H.A. "Red" Boucher  
FROM: Theresa Bannister *TB*  
Legislative Counsel

You have requested our views regarding the constitutional issue raised by Governor Cowper in his transmittal letter for HB 74. In that letter he maintains that the position of the executive branch is that the legislative approval requirement of AS 18.55.100(d) and AS 36.30.080(c) violates the separation of powers doctrine in the state constitution. He does not challenge the statutory provisions but is content with expressing the position while complying with the statutes.

The purpose of the separation of powers doctrine is to avoid too great a concentration of power in one branch of government. The doctrine precludes one branch from exercising the powers of another branch or intruding into the functions of another branch. This separation of powers doctrine has been held to be implicit in the state constitution. Alaska State-Operated School System v. Mueller, 536 P.2d 99 (Alaska 1975); Public Defender Agency v. Superior Court, 534 P.2d 947 (Alaska 1975); State v. Carlson, 555 P.2d 269 (Alaska 1976). The separation of powers doctrine requires that the blending of governmental powers will not be inferred in the absence of an express constitutional provision. Bradner v. Hammond, 553 P.2d 1 (Alaska 1976).

The issue that is raised here is whether the legislature can require the executive branch to obtain the legislature's approval before proceeding with certain projects. AS 18.55.100(d) prohibits the Alaska State Building Authority from proceeding with a public building project unless the project has been approved by the legislature. AS 36.30.080(c) prohibits the executive branch from entering into a lease or lease-financing agreement over \$1,000,000 without legislative approval.

Representative H. A. "Red" Boucher

Page 2

February 21, 1989

The governor can argue that the decision whether to proceed with these projects is committed to the discretion of the executive branch, and, that, therefore, the legislature has no right to interfere. This is based on the governor being charged constitutionally with executing the laws. Sec. 16, art. III, Constitution of the State of Alaska. Once the legislature establishes the criteria for the projects by statute, the executive branch applies the criteria and makes the decisions. The governor can then argue that by reserving to itself the power to decide whether to implement a project, the legislature is actually administering the statutes.

The legislature's response to such an argument would be that the approval requirement serves the important purpose of legislative oversight over large projects. Since the projects are the type that will require continuing budget appropriations by the legislature, initial legislative approval will help to insure that the projects will continue to receive legislative appropriations in the future. The legislature could also argue that the approval is just an adjunct to the legislature's undisputed power to provide for the appropriation of money. Enourato v. New Jersey Building Authority, 448 A.2d 449, 453-455 (N.J. 1982); Baliles v. Mazur, 297 S.E.2d 695, 700-701 (Va. 1982).

The Alaska supreme court has not decided this exact issue, and it would be difficult to predict what it would do. However, as you can see, there is precedent in other states for the legislative position proposed above.

If I may be of further assistance, please advise.

TB:kb  
wkk2/029

# HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE

ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES



P.O. BOX V, JUNEAU 99811  
(907) 465-3759

## LETTER TO ACCOMPANY HB 74

The HESS Committee respectfully requests that the State Affairs Committee review the constitutional issue discussed in the Governor's transmittal letter and the wisdom of lease financing agreements as a method of financing.

STEVE COWPER  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 9, 1989

The Honorable Sam Cotten  
Speaker of the House  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

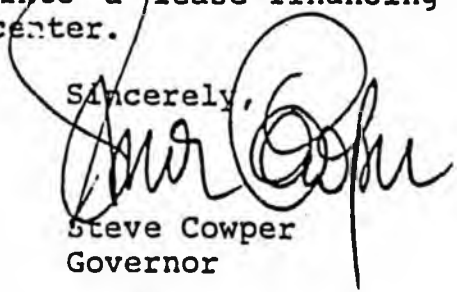
Dear Representative Cotten:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that gives legislative approval to a lease-financing project: the acquisition and refinancing of the Seward Student Service Center by the Alaska State Building Authority (ASBA). The terms of AS 36.30.080(c) and AS 18.55.100(d) require this legislative approval.

Provisions such as those in AS 18.55.100(d) and AS 36.30.-080(c), requiring specific executive-branch activities to be submitted to the legislature for approval before they may proceed, raise a substantial question of constitutionality under the separation-of-powers doctrine. It has long been the Administration's position that such provisions are invalid. However, like my predecessors, I am aware of the legislature's interest in projects such as these and am, as a courtesy to the legislature, submitting these projects for approval.

Under AS 18.55.100(d), the bill authorizes ASBA to acquire the Seward Service Center and to provide financing for the acquisition. Under AS 36.30.080(c), the Department of Administration may enter into a lease-financing agreement with ASBA for the student center.

Sincerely,



Steve Cowper  
Governor

STATE OF ALASKA  
1990 LEGISLATIVE SESSION

Bill Version: CS HB 74 (Finance)  
Publish Date: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: State Bond Committee  
 Title: Seward Student Service Center BRU: \_\_\_\_\_  
 Financing: \_\_\_\_\_ Components: \_\_\_\_\_  
 Sponsor: House Finance  
 Requestor: Senate Finance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
<b>OPERATING</b>						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	(603.9)	(87.8)	(88.1)	(90.8)	(95.9)	(98.5)
<b>TOTAL OPERATING</b>	(603.9)	(87.8)	(88.1)	(90.8)	(95.9)	(98.5)
<b>CAPITAL</b>	0	0	0	0	0	0
<b>REVENUE</b>	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	(603.9)	(87.8)	(88.1)	(90.8)	(95.9)	(98.5)
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
<b>TOTAL</b>	(603.9)	(87.8)	(88.1)	(90.8)	(95.9)	(98.5)

POSITIONS:

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

ANALYSIS: attach a separate page for analysis. Fiscal year 1990 effect is zero. Assumes financing for acquisition of Center at 7.06 percent on \$5,490.00 bonds with final maturity in fiscal year 1999. See attached analysis.

Prepared By: Milt Barker <sup>MB</sup>  
Division: Treasury

Phone: 465-2350  
Date: February 22, 1990

Approved by Commissioner: [Signature]  
Agency: Department of Revenue

Date: 2/23/90

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

Fiscal Note Analysis  
CS HB 74 (Finance)

The Department of Administration intends to enter into a lease-financing agreement for the Seward Student Service Center. The agreement is expected to be with the Alaska State Housing Authority (ASHA) as lessor. The State would assign its purchase option under an existing lease-financing agreement to ASHA. ASHA would issue debt and use the proceeds to exercise the purchase option. State lease rental payments under the new lease-financing agreements with ASHA would pay the debt service on ASHA debt. The reason for this undertaking is that the State's lease rental payments would decrease significantly under the new lease-financing agreement as a result of declines in interest rates. The current lessor's proceeds from sale of the leased facilities to ASHA will be used to payoff currently outstanding debt issued by the current lessor.

Under the proposed lease-financing agreement, ASHA would acquire the Seward Student Service Center from Delta Fox, Ltd. (formerly Dick Fischer Development, Inc.) at one of the prices listed below:

Seward Student Service Center

<u>Closing Date of Property Sale</u>	<u>Price</u>
July 1 - July 30, 1990	\$4,717,860.00
July 1 - July 30, 1991	\$4,422,324.00
July 1 - July 30, 1992	\$4,094,640.00
July 1 - July 30, 1993	\$3,778,756.00
July 1 - July 30, 1994	\$3,360,876.00
July 1 - July 30, 1995	\$2,942,952.00
July 1 - July 30, 1996	\$2,474,832.00
July 1 - July 30, 1997	\$1,952,004.00
July 1 - July 30, 1998	\$1,370,520.00
July 1 - July 30, 1999	\$ 722,484.00

The Seward Student Service Center is a student lounge and recreation complex for the Alaska Vocational-Technical (Vo-Tec) Center at Seward. The Vo-Tec Center is the only State-operated adult vocational training facility in the State. The Center was completed and occupied by the State in April 1985.

Assuming the sale is closed during July 1 to July 30, 1990, the purchase price would be \$4,717,860. The anticipated amount of the ASHA financing for this project would be \$5,490,000 including the costs of issuance. The resulting anticipated annual lease rental payments by the State compared to existing payments would be:

Seward Student Service Center

<u>Fiscal Year</u>	<u>Anticipated Rent</u>	<u>Existing Rent</u> <sup>1/2/</sup>	<u>Savings</u>
1991	\$202,417 <sup>3/</sup>	\$806,348	\$603,931
1992	721,704	809,550	87,846
1993	724,614	812,763	88,149
1994	725,174	815,990	90,816
1995	723,324	819,230	95,906
1996	724,004	822,482	98,478
1997	726,819	825,747	98,928
1998	726,359	829,025	102,666
1999	674,347	832,317	157,970
2000	-	(812,254) <sup>4/</sup>	(812,254)
<b>TOTAL</b>	<u>\$5,948,762</u>	<u>\$6,561,198</u>	<u>\$612,436</u>

Notes to Seward Student Service Center Table:

1. 1990 and later existing rents are reduced by the credit for payment one year in advance.
2. 1991 and later existing rents have been escalated by the July 1984 to July 1986 increase in the Anchorage CPI pursuant to inflation adjustment provision of the lease.
3. Includes \$548,633 rebate under existing lease calculated as follows: June 10, 1990 Existing Rent Payment of \$845,463 - \$39,115 credit for payment one year advance - (\$5,705,000 certificates outstanding + 1.5% call premium of \$85,575 - \$4,717,860 purchase price - \$815,000 reserve fund).
4. Upon final payment of debt, return of \$815,000 reserve fund to State less \$2,746, the amount by which the debt service due July 1, 1999 and January 1, 2000 exceeds the final rent payment due on June 10, 1999.

The present value of the savings to the State is estimated at \$711,042 using the estimated 7.0601 percent true interest cost on the proposed ASHA financing.

HB

B

7

4

SENATE COMMITTEE REPORT

FURTHER

4/6/89

DATE TURNED INTO OFFICE

2/16/90

Mr. President:

FINANCE

Committee considered

GS HB 74 (FIN)

acquisition and financing of the Seward Student Service Center by the Alaska State Building Authority, and relating to the use of a lease-financing agreement for the project; efd

and recommended

- replace with \_\_\_\_\_ CS \_\_\_\_\_ )  same title
- or adopt \_\_\_\_\_ CS \_\_\_\_\_ )  new title
- attached amendment(s) and \_\_\_\_\_ )  technical title change (HB only)
- \_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

FISCAL NOTE(S)  zero  fiscal impact  appropriation no FN  
 new DOR <sup>DOR (603.9)</sup> 2/23/90  updated  previous  
 same as previous fiscal note(s) published \_\_\_\_\_

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]  
[Signature]  
Paul Greke  
[Signature]

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Chairman signature and recommendation

Committee Backup attached

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: Seward Student Service Center  
Financing \_\_\_\_\_  
Sponsor: House Finance  
Requestor: Senate Finance

Agency Affected: State Bond Committee  
BRU: \_\_\_\_\_  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
<b>OPERATING</b>						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

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POSITIONS:

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

**ANALYSIS:** attach a separate page for analysis. Fiscal year 1990 effect is zero. Assumes financing for acquisition of Center at 7.06 percent on \$5,490,00 bonds with final maturity in fiscal year 1999. See attached analysis.

Prepared By: Milt Barker MB  
Division: Treasury

Phone: 465-2350  
Date: February 22, 1990

Approved by Commissioner: [Signature]  
Agency: Department of Revenue

Date: 2/23/90

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

Adopted

Fiscal Note Analysis  
CS HB 74 (Finance)

The Department of Administration intends to enter into a lease-financing agreement for the Seward Student Service Center. The agreement is expected to be with the Alaska State Housing Authority (ASHA) as lessor. The State would assign its purchase option under an existing lease-financing agreement to ASHA. ASHA would issue debt and use the proceeds to exercise the purchase option. State lease rental payments under the new lease-financing agreements with ASHA would pay the debt service on ASHA debt. The reason for this undertaking is that the State's lease rental payments would decrease significantly under the new lease-financing agreement as a result of declines in interest rates. The current lessor's proceeds from sale of the leased facilities to ASHA will be used to payoff currently outstanding debt issued by the current lessor.

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July 1 - July 30, 1995	\$2,942,952.00
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July 1 - July 30, 1997	\$1,952,004.00
July 1 - July 30, 1998	\$1,370,520.00
July 1 - July 30, 1999	\$ 722,484.00

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Assuming the sale is closed during July 1 to July 30, 1990, the purchase price would be \$4,717,860. The anticipated amount of the ASHA financing for this project would be \$5,490,000 including the costs of issuance. The resulting anticipated annual lease rental payments by the State compared to existing payments would be:

Seward Student Service Center

<u>Fiscal Year</u>	<u>Anticipated Rent</u>	<u>Existing Rent</u> <sup>1/2/</sup>	<u>Savings</u>
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1996	724,004	822,482	98,478
1997	726,819	825,747	98,928
1998	726,359	829,025	102,666
1999	674,347	832,317	157,970
2000	-	(812,254) <sup>4/</sup>	(812,254)
<b>TOTAL</b>	<b><u>\$5,948,762</u></b>	<b><u>\$6,561,198</u></b>	<b><u>\$612,436</u></b>

Notes to Seward Student Service Center Table:

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2. 1991 and later existing rents have been escalated by the July 1984 to July 1986 increase in the Anchorage CPI pursuant to inflation adjustment provision of the lease.
3. Includes \$548,633 rebate under existing lease calculated as follows: June 10, 1990 Existing Rent Payment of \$845,463 - \$39,115 credit for payment one year advance - (\$5,705,000 certificates outstanding + 1.5% call premium of \$85,575 - \$4,717,860 purchase price - \$815,000 reserve fund).
4. Upon final payment of debt, return of \$815,000 reserve fund to State less \$2,746, the amount by which the debt service due July 1, 1999 and January 1, 2000 exceeds the final rent payment due on June 10, 1999.

The present value of the savings to the State is estimated at \$711,042 using the estimated 7.0601 percent true interest cost on the proposed ASHA financing.

Offered: 3/10/89  
Referred: Rules

go0479hH

Original sponsor: Rules/Governor

1 IN THE HOUSE BY THE FINANCE COMMITTEE  
2 CS FOR HOUSE BILL NO. 74 (Finance)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 SIXTEENTH LEGISLATURE - FIRST SESSION  
5 A BILL  
6 For an Act entitled: "An Act relating to the acquisition and financing of  
7 the Seward Student Service Center by the Alaska State  
8 Building Authority, and relating to the use of a  
9 lease-financing agreement for the project; and pro-  
10 viding for an effective date."  
11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
12 \* Section 1. The Alaska State Building Authority may acquire the Seward  
13 Student Service Center in Seward and provide financing for the acquisition.  
14 \* Sec. 2. Section 1 of this Act gives the approval referred to in  
15 AS 18.55.100(d).  
16 \* Sec. 3. The Department of Administration may enter into a lease-  
17 financing agreement with the Alaska State Building Authority for the Seward  
18 Student Service Center in Seward.  
19 \* Sec. 4. Section 3 of this Act gives the approval referred to in  
20 AS 36.30.080(c).  
21 \* Sec. 5. The Alaska State Building Authority shall transfer to the  
22 state the title to the Seward Student Service Center when the  
23 (1) bonds for the authority's acquisition of the center have  
24 been paid off;  
25 (2) bonds for the authority's acquisition of the center have  
26 been defeased; or  
27 (3) Department of Administration exercises its purchase option  
28 under its lease-financing agreement with the authority.  
29 \* Sec. 6. This Act takes effect immediately under AS 01.10.070(c).

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

TREASURY DIVISION  
April 5, 1989

STEVE COWPER, GOVERNOR

ELEVENTH FLOOR  
STATE OFFICE BUILDING  
P.O. BOX SB  
JUNEAU, ALASKA 99811-0400

The Honorable Pat Pourchot  
Chairman  
Senate State Affairs Committee  
Alaska State Legislature  
P. O. Box V  
Juneau, Alaska 99811

Dear Senator Pourchot:

At the request of the Senate State Affairs Committee, I submit the following information regarding HB 74, "An Act relating to the acquisition and financing of the Seward Student Service Center by the Alaska State Building Authority, and relating to the use of a lease-financing agreement for the project."

The true interest cost on the existing debt (Refunding Certificates of Participation in Rent, 1986) is 7.3336%. The true interest cost assumed in the fiscal note is 6.7542%. The fiscal note analysis was done September 27, 1988. Since that time interest rates have risen to the point that the estimated true interest cost on the Alaska State Building Authority ("ASBA") financing for the project would be about 7.25%, only slightly below the rate on the existing debt.

Using last fall's estimated interest cost, the expected savings on rent payments by the State would be as follows if ASBA were to acquire the facility this July:

### Seward Student Service Center

<u>Fiscal Year</u>	<u>Anticipated Rent</u>	<u>Existing Rent 1/2/</u>	<u>Savings</u>
1990	\$ 764,307	\$ 803,160	\$ 433,229 3/
1991	737,872	806,348	68,476
1992	741,840	809,550	67,710
1993	738,102	812,763	74,661
1994	742,352	815,990	73,638
1995	738,915	819,230	80,315
1996	738,037	822,482	84,445
1997	739,337	825,747	86,410
1998	742,097	829,025	86,928
1999	181,202	832,317	651,115
Total	<u>\$6,864,061</u>	<u>\$8,176,612</u>	<u>\$1,706,927</u>

#### Notes

1. 1990 and later existing rents are reduced by the credit for payment one year in advance.
2. 1991 and later existing rents have been escalated by the July 1984 to July 1986 increase in the Anchorage CPI pursuant to inflation adjustment provisions of the lease.
3. 1990 savings includes \$394,375.80 rebate under existing lease calculated as follows:  
June 10, 1989 Existing Rent Payment of \$842,275.20 - \$39,115.40 credit for payment one year advance - (\$6,090,000 certificates outstanding + 2% call premium of \$121,800 - 4,988,016 purchase price - \$815,000 reserve fund).

The present value of the total projected savings in rent (\$1,706,927) would be \$1,203,001 using the assumed 6.7542% interest rate.

Since current interest rates are up from last fall, to close to the rate on the existing debt, the savings would be significantly reduced. The State would still receive a rebate of \$394,375.80 as explained in note 3 to the above table if the acquisition by ASBA took place. However, with interest rates and the economy appearing to be approaching peaks in their cycles and with a difference of only 50 basis points (.5 percent) required to produce the savings projected above, the State would probably refrain from executing this refinancing until interest are back closer to the 6.75% or less of last fall. Similar analyses to that shown above would be performed to determine when to proceed. The State Bond Committee has used a present value savings of 3 percent of the amount of new debt issued to warrant a refinancing. The interest rates of last fall would produce a present value savings of 21.5 percent.

It would be desirable to have the authorizing statutes in place, so that this financing can proceed when interest rates warrant. The acquisition can only take place in July of any year at one of the following prices specified in the State's current lease:

Seward Student Service Center

<u>Closing Date of Property Sale</u>	<u>Price</u>
July 1 - July 30, 1989	\$4,988,016.00
July 1 - July 30, 1990	\$4,717,860.00
July 1 - July 30, 1991	\$4,422,324.00
July 1 - July 30, 1992	\$4,094,640.00
July 1 - July 30, 1993	\$3,778,756.00
July 1 - July 30, 1994	\$3,360,876.00
July 1 - July 30, 1995	\$2,942,952.00
July 1 - July 30, 1996	\$2,474,832.00
July 1 - July 30, 1997	\$1,952,004.00
July 1 - July 30, 1998	\$1,370,520.00
July 1 - July 30, 1999	\$ 722,484.00

Financing does not necessarily have to take place at the time of acquisition, but can be done in advance when interest rates warrant.

The purchase price basically tracks the amount of debt outstanding as follows

<u>July 1</u>	<u>Purchase Price</u>	<u>Certificates Outstanding</u>	<u>Redemption Price</u>
1989	\$4,988,016	\$6,090,000	102.0%
1990	4,717,860	5,705,000	101.5
1991	4,422,324	5,300,000	101.0
1992	4,094,640	4,865,000	100.5
1993	3,778,756	4,400,000	100.0
1994	3,360,876	3,905,000	100.0
1995	2,942,952	3,370,000	100.0
1996	2,474,832	2,795,000	100.0
1997	1,952,004	2,175,000	100.0
1998	1,370,520	1,500,000	100.0
1999	722,484	775,000	100.0

Section 2.6 of Amendment Number Two to the Commercial Lease between Delta Fox, Ltd. and the State of Alaska (enclosed) gives the State the option to purchase the facility at the above times and prices. Section 2.7 of Amendment Number Two provides for amounts remaining in the reserve fund for the existing debt (\$815,000) to be paid to the State upon purchase so long as the amount paid does not exceed the preceding annual rent payment less the credit of \$39,115.40 under Section 5.6 of the Lease (enclosed) for early payment.

Under Section 2.7 of the Amendment, it appears the current lessor, Delta Fox, Ltd. (formerly Dick Fischer Development, Inc.) has an incentive to defer the sale as long as possible in that the purchase price gradually comes closer to the redemption price of the Certificates (the amount outstanding multiplied by the redemption price). Thus, by 1999 very little of the \$815,000 reserve fund is needed to make up the shortfall of the purchase price relative to the redemption price. Thus, delay increases the amount of the reserve fund that will remain with the lessor after redemption of the outstanding certificates (which is required upon exercise of the State's option to purchase) and rebate to the State of an amount up to its preceding rent payment less the early payment credit (\$800,000+). The early payment would still be on deposit in the Payment Fund at the time of acquisition and together with the reserve fund would constitute the cash available for the redemption and rebate. Currently part of the early payment is needed in addition to the reserve fund to make up the shortfall between the purchase price and redemption price. In later years that is not the case and the early payment suffices to fund the State's rebate, leaving most of the reserve fund for the lessor.

Current rental payments and existing debt service payments are as follows:

<u>Fiscal Year</u>	<u>Existing Rent</u>	<u>Existing Debt Service</u>
1990	\$ 803,160	\$ 820,657.50
1991	806,348	824,737.50
1992	809,550	826,027.50
1993	812,763	824,407.50
1994	815,990	829,757.50
1995	819,230	831,237.50
1996	822,482	833,687.50
1997	825,747	842,187.50
1998	829,025	840,887.50
1999	<u>832,317</u>	<u>835,062.50</u>
	\$8,176,612	\$8,308,650.00

The Honorable Pat Pourchot  
April 5, 1989  
Page 4, 1989

The rent was in excess of the debt service on the original certificates issued by the lessor to allow for maintenance costs and profit to the lessor. The rent is now less than debt service because the original certificates were refunded and the present value savings were all taken up front, split 50 - 50 between the State and lessor.

Dick Fischer Development, Inc. was selected as developer and lessor for the project by a competitive sealed bid according to the Department of Administration. The bid was awarded solely on the basis of cost, with Dick Fischer Development, Inc. submitting the low bid.

Sincerely,



Milton B. Barker  
Deputy Commissioner

MBB/ph

enclosures

89-102

option between the date of State's acceptance pursuant to Section 4.2 and June 30, 1987."

Section 2.7 Section 24.2 of the 1984 Commercial Lease is hereby amended to read as follows:

"The following Net Prices include all closing costs:

<u>Closing Date of Property Sale</u>	<u>Price</u>
July 1 - July 30, 1987	\$5,467,416.00
July 1 - July 30, 1988	\$5,236,740.00
July 1 - July 30, 1989	\$4,988,016.00
July 1 - July 30, 1990	\$4,717,860.00
July 1 - July 30, 1991	\$4,422,324.00
July 1 - July 30, 1992	\$4,094,640.00
July 1 - July 30, 1993	\$3,778,756.00
July 1 - July 30, 1994	\$3,360,876.00
July 1 - July 30, 1995	\$2,942,952.00
July 1 - July 30, 1996	\$2,474,832.00
July 1 - July 30, 1997	\$1,952,004.00
July 1 - July 30, 1998	\$1,370,520.00
July 1 - July 30, 1999	\$ 722,484.00

Upon payment of the option price set forth above, the Landlord shall cause the Trustee to call the 1986 Certificates for redemption on the earliest practicable date and to apply to the payment of the redemption price, in addition to the option price, to the extent necessary, any moneys remaining in the Payment Fund, the Reserve Fund or any other funds or accounts held under the Indenture. Upon the payment or defeasance of the 1986 Certificates, the Landlord shall cause the Trustee for the 1986 Certificates to pay to the State any funds held by the Trustee remaining in the Payment Fund, Reserve Fund or any other fund or account held under the Indenture but not in excess of the preceding Rent payment less the amount paid to the State pursuant to Section 5.6 hereof.

Section 2.4 Section 15.1 of the 1984 Commercial Lease is hereby amended to read as follows:

"STATE'S DEFAULT

The occurrence of any of the following shall constitute an event of default:

- (a) A default in the payment of the Rent due for a period of thirty (30) days after notice in writing.
- (b) A default in the performance of any other covenant or condition on the part of State to be performed for a period of thirty (30) days after service by Landlord on State of a written notice specifying a particular default or defaults, provided, however, that State shall not be in default of this Lease if steps to cure the default have been commenced promptly by State and in good faith State continues to prosecute those steps to completion, and provided, further, however, any failure to pay Rent as a result of specific legislative prohibition as described in Section 3.4 hereof shall not constitute an event of default."

Section 2.5 Article XX of the 1984 Commercial Lease is hereby amended to provide that the "NOTICE TO LANDLORD" shall read as follows:

"NOTICE TO LANDLORD: Delta Fox, Ltd.  
880 "H" Street, Suite 209  
Anchorage, AK 99501."

Section 2.6 Section 24.1 of the 1984 Commercial Lease is hereby amended to read as follows:

"State shall have the option to purchase outright the Student Service Center at the times and at the prices listed herein. Funds for such purchase may be provided from the proceeds of the issuance of refunding certificates of participation or bonds or from any other source. State shall not have any purchase

issued for each July. The percentage increase, if any, in the CPI issued for July 1989 and July 1994 over the CPI issued for July 1984 will determine the maximum allowable adjustment of variable costs over the original Rent. The adjustment is not cumulative; it is to be computed from the base CPI, July 1984 for both the 1990 and the 1995 adjustment actions. Adjusted annual Rental Rate will be computed as follows:

$$[(10\% \times \text{Rent}) \times \% \text{ of change in CPI}] + \text{Rent} = \text{Adjusted Annual Rental Rate}$$

No retroactive adjustments will be allowed:

### 5.3. State's Obligations and Remedies

State's obligation to pay Rent due with respect to the Premises and to perform and observe all other covenants and agreements of State contained herein shall be absolute and unconditional except for the failure of the Legislature to appropriate funds; and the Rent due and payable hereunder shall be made without notice or demand and without set-off, counterclaim, abatement, deduction or defense except that State may offset against the Rent an amount not to exceed \$10,000 for claims due to State by Landlord under this Lease and the Ground Lease. However, nothing herein shall be construed to release Landlord from the performance of its obligation and State may institute such legal action against Landlord as State may deem necessary to compel the performance of such obligation.

### 5.4 Nonsubstitution

If this Lease is terminated by State in accordance with Section 3.1, State agrees for a period of one year that its Department of Education will not to construct, purchase, lease, operate, contract for or use any facilities which are functionally similar to the Premises or any of the uses which are functionally similar to any of the uses of the Premises, and agrees not to permit functions similar to those performed through the use of the Premises to be performed by an agency or entity affiliated with or hired by or for the Department of Education.

### 5.5 Budget Request and Appropriation

State will, prior to the commencement of each fiscal year for which this Lease is in effect, include the Rent due in such fiscal year in its annual budget request to the Legislature. State agrees to use any appropriation legally available for the Rent and to immediately encumber available appropriations for such payments prior to allocating or encumbering funds for the projects or costs for which no legal obligation to pay exists.

### 5.6 Consideration for Advance Rent

Concurrently with the payment by State of the Annual Rent, Landlord shall pay to State the sum of \$39,115.40 as consideration for payment of the Rent one year in advance, except that such payment shall be proportionately reduced to the extent that State exercises a right of offset pursuant to Section 5.3.

STEVE COWPER  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

cc  
HB 74

January 9, 1989

The Honorable Sam Cotten  
Speaker of the House  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

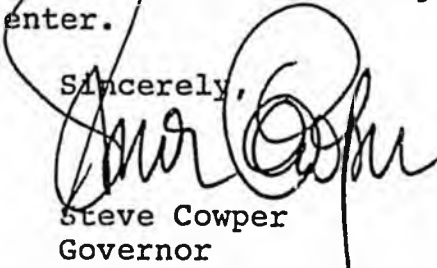
Dear Representative Cotten:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that gives legislative approval to a lease-financing project: the acquisition and refinancing of the Seward Student Service Center by the Alaska State Building Authority (ASBA). The terms of AS 36.30.080(c) and AS 18.55.100(d) require this legislative approval.

Provisions such as those in AS 18.55.100(d) and AS 36.30.-080(c), requiring specific executive-branch activities to be submitted to the legislature for approval before they may proceed, raise a substantial question of constitutionality under the separation-of-powers doctrine. It has long been the Administration's position that such provisions are invalid. However, like my predecessors, I am aware of the legislature's interest in projects such as these and am, as a courtesy to the legislature, submitting these projects for approval.

Under AS 18.55.100(d), the bill authorizes ASBA to acquire the Seward Service Center and to provide financing for the acquisition. Under AS 36.30.080(c), the Department of Administration may enter into a lease-financing agreement with ASBA for the student center.

Sincerely,



Steve Cowper  
Governor

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

Bill Version: HB 74  
Publish Date: HOUSE 1/9/89

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: State Bond Committee  
 Title: Authorizing Acquisition and BRU: \_\_\_\_\_  
Refinancing of Seward Student Service Center  
 Sponsor: Rules Committee Components: \_\_\_\_\_  
 Requestor: Governor

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
<b>OPERATING</b>						
PERSONAL SERVICES	-	-	-	-	-	-
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	-	-	-	-	-	-
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	(433.2)	(68.5)	(67.7)	(74.7)
MISCELLANEOUS	-	-	-	-	-	-
<b>TOTAL OPERATING</b>	-	-	(433.2)	(68.5)	(67.7)	(74.7)
<b>CAPITAL</b>	-	-	-	-	-	-
<b>REVENUE</b>	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	(433.2)	(68.5)	(67.7)	(74.7)
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: Attach a separate page for analysis.

Prepared By: Milt Barker MB  
 Division: Treasury

Phone: 465-2350  
 Date: 12-19-88

Approved by Commissioner: [Signature]  
 Agency: Department of Revenue

Date: 12/19/88

Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

Fiscal Note Analysis

The projected annual savings on refinancing the Seward Student Service Center through its acquisition by the Alaska State Building Authority is estimated in the table below.

The present value of the savings on the Seward facility would be \$1,203,001, representing a savings of 21.5 percent of the amount of bonds issued. This is far above the State Bond Committee's criteria of 3 percent savings to justify a refinancing.

The Seward refinancing would reduce the required lease payments to be made by the State Bond Committee for Seward as detailed in the attached September 23, 1988 memo. However, because the actual interest rate on the refunding debt--and therefore the actual reduction in debt service--will not be known until the bonds are sold, no reduction should be made to the \$12,106,257.68 appropriation to the State Bond Committee for FY 90 lease payments. The FY 90 savings would lapse and future appropriations would be reduced.

Please see the attached letter of \_\_\_\_\_ from John Andrews for additional information on the Seward refinancing.

Lease-Financing Costs (Savings)

<u>Fiscal Year</u>	<u>Seward Student Service Center</u>
1990	\$(433,229)
1991	(68,476)
1992	(67,710)
1993	(74,661)
1994 to maturity	<u>(1,062,851)</u>
Total	\$(1,706,927)

30

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_ Agency Affected: Alaska State Building Auth  
 Title: Refinance of Seward Student BRU: \_\_\_\_\_  
           Center  
 Sponsor: Rules Components: \_\_\_\_\_  
 Requestor: Governor

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

**FUNDING:** (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

Prepared by: Julia Tucker *[Signature]* Phone: 562-2813  
 Division: Legal Department Date: 12/23/88

Approved by Commissioner: *[Signature]* Date: 12/23/88  
 Agency: Alaska State Building Authority

Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: Acquisition and Refinancing of  
the Seward Student Service Center  
Sponsor: Rules  
Requestor: Governor

Agency Affected: Education  
BRU: Alaska Vocational Technical  
Center  
Components: Alaska Vocational Technical  
Center

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-

<b>CAPITAL</b>						
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<b>REVENUE</b>						
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

\_\_\_\_\_

Prepared by: Mary Hakala Phone: 465-2800  
Division: Commissioner's Office Date: 12/12/88

Approved by Commissioner: Mary Hakala for William Demmert Date: 12/12/88  
Agency: Education

**Distribution (by preparer):**

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

ИВ

В

7

8

# HOUSE COMMITTEE REPORT

(11)

Date Referred: February 2, 1990

FURTHER REFERRALS:

Date of Committee Action: \_\_\_\_\_

The FINANCE Committee considered:

HB 78

HOUSE BILL NO. 78

CARIBOU CREEK RECREATIONAL MINING AREA

"An Act establishing the Caribou Creek Recreational Mining Area."

**RECOMMENDATIONS:**

- [X] be replaced with CS HB 78 (FIN) [ ] the same title  
 [ ] a new title
- [ ] have attached amendment(s)
- [X] do pass
- [ ] do not pass
- [ ] no recommendation
- [ ] individual recommendations
- [ ] additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(S):  
 (Dept)

APPROVES PREVIOUS: (Date/Dept)

- [X] fiscal impact HFC
- [X] zero fiscal note HFC
- [ ] zero with analysis \_\_\_\_\_

- [ ] fiscal note(s) \_\_\_\_\_
- [ ] zero fiscal note(s) \_\_\_\_\_
- [ ] zero fn/analysis \_\_\_\_\_

**SIGNING DO PASS:**

**SIGNING:**

(Check approp. column)

Do Not  
Pass      No Rec      Amend

[Signature] Hoffman

[Signature] CURSON

[Signature] WALLIS

[Signature] BARNES

[Signature] BROWN

[Signature] UIMER

[Signature] PHILLIPS

[Signature] HILGER

	Do Not Pass	No Rec	Amend
<u>[Signature]</u> KOPONEN		X	

[Signature]  
 Chairman's Signature

[Signature]

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: An Act establishing the Caribou  
Creek Recreational Mining Area.  
Sponsor: Larson and Menard  
Requestor: \_\_\_\_\_

Agency Affected: Dept. of Fish and Game  
BRU: Habitat  
Components: \_\_\_\_\_

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 91	FY 92	FY 93.	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

<b>CAPITAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
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<b>REVENUE</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

**POSITIONS:**

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

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

Prepared by: House Finance Committee Phone: 465-3727  
Division: Co-Chairman Ron Larson *Ronald J. Larson* Date: 3/01/90

Approved by Commissioner: Co-Chairman Lyman Hoffman Date: 3/01/90  
Agency: *Lyman Hoffman*

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

Adopted

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: An Act establishing the Carbon  
Creek Recreational Mining Area  
Sponsor: Larson and Menard  
Requestor: House Finance

Agency Affected: Natural Resources  
BRU: Land and Water  
Components: Land & Water

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	53.2	5.5	5.5	5.5	5.5	5.5
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>53.2</b>	<b>5.5</b>	<b>5.5</b>	<b>5.5</b>	<b>5.5</b>	<b>5.5</b>

CAPITAL						
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REVENUE						
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND	53.2	5.5	5.5	5.5	5.5	5.5
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>53.2</b>	<b>5.5</b>	<b>5.5</b>	<b>5.5</b>	<b>5.5</b>	<b>5.5</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

Prepared by: House Finance Committee Phone: 465-3757  
Division: Co-Chairman Ron Larson Date: 3/01/90

Approved by Co-Chairman Lyman Hoffman Date: 3/01/90  
Agency: Ronald Larson

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

Adopted

INCORPORATED  
Am #1 3/1/90  
MEMO BY BRUCE 6-0386M  
BAKER F&G 2/9/90  
(c)

Original sponsor(s): REP. LARSON, Menard

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 78 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Caribou Creek Recreational  
7 Mining Area."

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

9 \* Section 1. AS 41.23 is amended by adding new sections to read:

10 ARTICLE 3. RECREATIONAL MINING.

11 Sec. 41.23.600. PURPOSE. The purpose of AS 41.23.600 - 41.23.-  
12 620 is to establish the area described in AS 41.23.620 as the Caribou  
13 Creek Recreational Mining Area. The Caribou Creek Recreational Mining  
14 Area is established to provide for a public recreational mining area  
15 to permit public recreational activities and to allow other multiple-  
16 use activities to continue as long as the activities do not detract  
17 from the primary purpose for the establishment of the Caribou Creek  
18 Recreational Mining Area.

19 Sec. 41.23.610. MANAGEMENT AND REGULATIONS. (a) The commis-  
20 sioner is responsible for the management of the surface and subsurface  
21 estate within the Caribou Creek Recreational Mining Area necessary to  
22 carry out the purposes of AS 41.23.600. The commissioner shall adopt  
23 and may revise a management plan and shall adopt regulations for the  
24 management, use, and development of the Caribou Creek Recreational  
25 Mining Area.

26 (b) The management plan, including any revisions, and regula-  
27 tions adopted by the commissioner shall be developed in consultation  
28 with the commissioner of fish and game and the commissioner of trans-  
29 portation and public facilities. The management plan and regulations

1 shall address, but not be limited to,

2 (1) the methods of mining permitted within the Caribou  
3 Creek Recreational Mining Area;

4 (2) the types of mining equipment that may be used within  
5 the Caribou Creek Recreational Mining Area;

6 (3) the protection of habitat within the Caribou Creek  
7 Recreational Mining Area; and

8 (4) other restrictions consistent with the purposes stated  
9 in AS 41.23.600.

10 (c) Except as provided in this subsection, the Caribou Creek  
11 Recreational Mining Area is open to recreational mining under AS 41.-  
12 23.600 - 41.23.620. The commissioner of fish and game is responsible  
13 for the management of the fish and game resources and the public use  
14 of fish and wildlife resources within the Caribou Creek Recreational  
15 Mining Area consistent with the purposes stated in AS 41.23.600. The  
16 commissioner of fish and game shall issue a general permit to the  
17 public authorizing recreational mining activities subject to seasonal  
18 restrictions on the mining activities within specified waterbody areas  
19 necessary to maintain fishery resources within the Caribou Creek  
20 Recreational Mining Area.

21 (d) The Caribou Creek Recreational Mining Area is closed to  
22 mineral entry under AS 38.05.175 - 38.05.275.

23 (e) The commissioner shall permit the construction and realign-  
24 ment of the Glenn Highway by the commissioner of transportation and  
25 public facilities within the Caribou Creek Recreational Mining Area as  
26 follows:

27 (1) Township 20 North, Range 10 East, Seward Meridian

28 Section 29: The centerline of the realigned Glenn  
29 Highway is described as commencing at the Southwest corner of

1 Section 29; thence on a state plane, Zone 4 bearing of North 2  
2 degrees 09'55" West, along the West boundary of Section 29,  
3 1481.55 feet to proposed centerline Station 692+58.19 and the  
4 True Point of Beginning; thence South 85 degrees 52'40" East, a  
5 distance of 3395.32 feet to proposed centerline Station  
6 726+53.51; thence along a curve to the left, having a radius of  
7 916.73 feet, through an arc of 121 degrees 37'14", a distance of  
8 1945.93 feet to P.C.C. Station 745+99.45; thence along a compound  
9 curve to the left, having a radius of 1637.02 feet, through an  
10 arc of 30 degrees 01'50", a distance of 858.01 feet to Point of  
11 Tangent Station 754+57.46; thence North 58 degrees 16'27" West, a  
12 distance of 447.65 feet to P.C. Station 759+10.45; thence along a  
13 curve to the right, having a radius of 996.45 feet, through an  
14 arc of 144 degrees 30'28", a distance of 2513.18 feet to Point of  
15 Tangent Station 784+23.63 BACK = 741+49.55 AHEAD; thence North 89  
16 degrees 58'44" East, a distance of 1347.13 feet to Station  
17 754+96.68, a point on the east boundary of Section 29, said point  
18 is South 2 degrees 09'55" East, a distance of 115.88 feet from  
19 the Northeast corner of Section 29;

20 (2) the right-of-way lines that cross Caribou Creek Recrea-  
21 tional Mining Area extend varying distances from the centerline as  
22 follows:

23 (A) from Station 760+00 to Station 765+00 the right-  
24 of-way extends 300 feet on the left of centerline and 150 feet on  
25 the right;

26 (B) from Station 765+00 to Station 780+00, the right-  
27 of-way extends 300 feet on each side of the centerline;

28 (C) from Station 780+00 to P.T. Station 784+23.63 the  
29 right-of-way extends 300 feet on the left and 400 feet to the

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

INCORPORATED  
Am #1 3/1/90  
MEMO BY BRUCE 6-0386M  
BAKER F&G 2/9/90  
(c)

Original sponsor(s): REP. LARSON, Menard

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 78 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

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15 to permit public recreational activities and to allow other multiple-  
16 use activities to continue as long as the activities do not detract  
17 from the primary purpose for the establishment of the Caribou Creek  
18 Recreational Mining Area.

19 Sec. 41.23.610. MANAGEMENT AND REGULATIONS. (a) The commis-  
20 sioner is responsible for the management of the surface and subsurface  
21 estate within the Caribou Creek Recreational Mining Area necessary to  
22 carry out the purposes of AS 41.23.600. The commissioner shall adopt  
23 and may revise a management plan and shall adopt regulations for the  
24 management, use, and development of the Caribou Creek Recreational  
25 Mining Area.

26 (b) The management plan, including any revisions, and regula-  
27 tions adopted by the commissioner shall be developed in consultation  
28 with the commissioner of fish and game and the commissioner of trans-  
29 portation and public facilities. The management plan and regulations

1 shall address, but not be limited to,

2 (1) the methods of mining permitted within the Caribou  
3 Creek Recreational Mining Area;

4 (2) the types of mining equipment that may be used within  
5 the Caribou Creek Recreational Mining Area;

6 (3) the protection of habitat within the Caribou Creek  
7 Recreational Mining Area; and

8 (4) other restrictions consistent with the purposes stated  
9 in AS 41.23.600.

10 (c) Except as provided in this subsection, the Caribou Creek  
11 Recreational Mining Area is open to recreational mining under AS 41.-  
12 23.600 - 41.23.620. The commissioner of fish and game is responsible  
13 for the management of the fish and game resources and the public use  
14 of fish and wildlife resources within the Caribou Creek Recreational  
15 Mining Area consistent with the purposes stated in AS 41.23.600. The  
16 commissioner of fish and game shall issue a general permit to the  
17 public authorizing recreational mining activities subject to seasonal  
18 restrictions on the mining activities within specified waterbody areas  
19 necessary to maintain fishery resources within the Caribou Creek  
20 Recreational Mining Area.

21 (d) The Caribou Creek Recreational Mining Area is closed to  
22 mineral entry under AS 38.05.175 - 38.05.275.

23 (e) The commissioner shall permit the construction and realign-  
24 ment of the Glenn Highway by the commissioner of transportation and  
25 public facilities within the Caribou Creek Recreational Mining Area as  
26 follows:

27 (1) Township 20 North, Range 10 East, Seward Meridian

28 Section 29: The centerline of the realigned Glenn  
29 Highway is described as commencing at the Southwest corner of

1 Section 29; thence on a state plane, Zone 4 bearing of North 2  
2 degrees 09'55" West, along the West boundary of Section 29,  
3 1481.55 feet to proposed centerline Station 692+58.19 and the  
4 True Point of Beginning; thence South 85 degrees 52'40" East, a  
5 distance of 3395.32 feet to proposed centerline Station  
6 726+53.51; thence along a curve to the left, having a radius of  
7 916.73 feet, through an arc of 121 degrees 37'14", a distance of  
8 1945.93 feet to P.C.C. Station 745+99.45; thence along a compound  
9 curve to the left, having a radius of 1637.02 feet, through an  
10 arc of 30 degrees 01'50", a distance of 858.01 feet to Point of  
11 Tangent Station 754+57.46; thence North 58 degrees 16'27" West, a  
12 distance of 447.65 feet to P.C. Station 759+10.45; thence along a  
13 curve to the right, having a radius of 996.45 feet, through an  
14 arc of 144 degrees 30'28", a distance of 2513.18 feet to Point of  
15 Tangent Station 784+23.63 BACK = 741+49.55 AHEAD; thence North 89  
16 degrees 58'44" East, a distance of 1347.13 feet to Station  
17 754+96.68, a point on the east boundary of Section 29, said point  
18 is South 2 degrees 09'55" East, a distance of 115.88 feet from  
19 the Northeast corner of Section 29;

20 (2) the right-of-way lines that cross Caribou Creek Recrea-  
21 tional Mining Area extend varying distances from the centerline as  
22 follows:

23 (A) from Station 760+00 to Station 765+00 the right-  
24 of-way extends 300 feet on the left of centerline and 150 feet on  
25 the right;

26 (B) from Station 765+00 to Station 780+00, the right-  
27 of-way extends 300 feet on each side of the centerline;

28 (C) from Station 780+00 to P.T. Station 784+23.63 the  
29 right-of-way extends 300 feet on the left and 400 feet to the

1 right of the centerline.

2 Sec. 41.23.620. CARIBOU CREEK RECREATIONAL MINING AREA. The  
3 vacant and unappropriated state-owned land and water and the state  
4 land and water acquired in the future that lie within 100 feet of  
5 either ordinary high water or mean high tide of the banks of the  
6 creeks or rivers described in this section are designated as the  
7 Caribou Creek Recreational Mining Area, are reserved from all uses  
8 incompatible with the purposes of AS 41.23.600, and are assigned to  
9 the commissioner for control and management:

10 Township 20 North, Range 10 East, Seward Meridian

11 (1) That portion of Caribou Creek located in

12 Section 28: W1/2

13 Section 29: E1/2

14 (2) That portion of the Matanuska River located in

15 Section 32: SE1/4

16 Section 33: NE1/4, NW1/4, SW1/4

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Amitt 1  
3/1/90

note record

Feb. 9, 1990

FAX to John Bitney of Representative Ron Larson's office 465-2293

From Bruce Baker, <sup>BB</sup>ADF&G Habitat Division (465-4105)

HB 78

John, I called Representative Kay Brown yesterday regarding SB 78 and confirmed that ADF&G is prepared, under our existing statutory authority (AS 16.05.870), to issue a general permit authorizing the public to mine in the Caribou Creek Recreational Mining Area using hand tools, gold pans, and suction dredges with an intake nozzle diameter of less than 6 inches. Copies of the general permit would be posted in the area. This would preclude the need for recreational miners to individually notify us, yet it would allow us to amend or issue the permit if necessary to protect anadromous fish and to take enforcement action if there were serious violations. I understood Representative Brown to say that this would address her concern that recreational miners not be required to make a special trip to obtain a recreational mining permit for the area. I also understood her to say that she'd appreciate my clarifying that for the benefit of the House Finance Committee.

If the committee still feels it necessary to amend SB 78 in this regard, we suggest that 41.23.610 be amended to require the commissioner to issue a general permit: (c) The commissioner of fish and game will issue a general permit authorizing specified recreational mining activities which may include seasonal restrictions on mining activities within specified waterbodies necessary to maintain fisheries resources within the Caribou Creek Recreational Mining Area.

Amitt 1  
Adpt.  
u.c.  
only  
(c)

Please don't hesitate to give me a call if you have a question or would like to discuss further.

*DD*  
*Mike McInnis*



A M E N D M E N T

OFFERED IN THE HOUSE

BY LARSON

TO: CSHB 78(Finance) (2/7/90)

Page 2, line 25:

Delete "within Section 29, Township 20 North, Range 10 East, Seward Meridian."

Insert "as follows:

(1) Township 20 North, Range 10 East, Seward Meridian

Section 29: The centerline of the realigned Glenn Highway is described as commencing at the Southwest corner of Section 29; thence on a state plane, Zone 4 bearing of North 2 degrees 09'55" West, along the West boundary of Section 29, 1481.55 feet to proposed centerline Station 692+58.19 and the True Point of Beginning; thence South 85 degrees 52'40" East, a distance of 3395.32 feet to proposed centerline Station 726+53.51; thence along a curve to the left, having a radius of 916.73 feet, through an arc of 121 degrees 37'14", a distance of 1945.93 feet to P.C.C. Station 745+99.45; thence along a compound curve to the left, having a radius of 1637.02 feet, through an arc of 30 degrees 01'50", a distance of 858.01 feet to Point of Tangent Station 754+57.46; thence North 58 degrees 16'27" West, a distance of 447.65 feet to P.C. Station 759+10.45; thence along a curve to the right, having a radius of 996.45 feet, through an

arc of 144 degrees 30'28", a distance of 2513.18 feet to Point of Tangent Station 784+23.63 BACK and 741+49.55 AHEAD; thence North 89 degrees 58'44" East, a distance of 1347.13 feet to Station 754+96.68, a point on the east boundary of Section 29, said point is South 2 degrees 09'55" East, a distance of 115.88 feet from the Northeast corner of Section 29;

(2) the right-of-way lines that cross Caribou Creek Recreational Mining Area extend varying distances from the centerline as follows:

(A) from Station 760+00 to Station 765+00 the right-of-way extends 300 feet on the left of centerline and 150 feet on the right;

(B) from Station 765+00 to Station 780+00, the right-of-way extends 300 feet on each side of the centerline;

(C) from Station 780+00 to P.T. Station 784+23.63 the right-of-way extends 300 feet on the left and 400 feet to the right of the centerline."

# Alaska State Legislature



Rep. Ronald L. Larson  
CO-CHAIRMAN  
(907) 485-3727

INTERIM ADDRESS  
P.O. Box 53  
Palmer, Alaska 99645  
(907) 745-3826

Rep. Lyman Hoffman  
CO-CHAIRMAN  
(907) 485-3706

INTERIM ADDRESS  
P.O. Box 886  
Bethel, Alaska 99559  
(907) 543-3541

## House of Representatives

Committee on Finance

P.O. Box V  
Juneau, Alaska 99811

### MEMORANDUM

February 7, 1990

TO: House Finance Committee members

FROM: Ronald L. Larson, Co-chairman

SUBJECT: CS for HB 78(RES)

I would like to take this opportunity to summarize for you some of the provisions of CS for HB 78(RES). As you know, I am the prime sponsor of this piece of legislation.

HB 78, an Act establishing the Caribou Creek Recreational Mining Area, is an attempt on my part to help promote tourist destinations in the State of Alaska. Currently, there are no public state lands in Alaska specifically set aside for recreational mining use. While it is possible for someone to "recreationally mine" on open state land, it is difficult for someone to know whether or not they are panning on a federal or state mining claim, private land, or within special designated lands (ie. parks, critical habitat areas, etc.).

The Caribou Creek Recreational Mining Area would establish a designation that would allow clearly establish this area for recreational mining. Currently the area does provide recreational mining for many people, and the designation by this bill would highlight the area for tourism development.

During today's hearing in Committee on this bill, I will be happy to respond to any questions you might have regarding the purpose of HB 78. I will ask that technical questions be answered by the staff from the Department of Natural Resources, Department of Fish & Game, and the Department of Transportation & Public Facilities.



STATE OF ALASKA  
OFFICE OF THE GOVERNOR

BILL ANALYSIS

DEPARTMENT Fish and Game	DIVISION Habitat	BILL NUMBER CS HB 78	SPONSOR Reps. Larson and Menard
SHORT TITLE OF BILL Caribou Creek Recreational Mining Area			
DEPARTMENT POSITION Support			
PREPARED BY Frank Rue	DATE 1-12-90	COMMISSIONER'S SIGNATURE <i>[Signature]</i>	DATE 1/22/90

SUMMARY

OTHER AGENCIES AFFECTED BY BILL Dept. of Natural Resources Dept. of Environmental Conservation	CONSTITUENT GROUP(S) AFFECTED BY BILL Commercial and Sport Fishermen
ORGANIZATIONAL SUPPORT FOR BILL	ORGANIZATIONAL OPPOSITION TO BILL . Unknown

FISCAL IMPACT:  NONE  FISCAL NOTE ATTACHED

BACKGROUND/LEGISLATIVE INTENT

The Caribou Creek Recreational Mining Area is proposed to designate an area for recreational placer mining for the public.

ANALYSIS OF BILL/PROGRAM EFFECTS

The bill would establish the Caribou Creek Recreational Mining Area on the lower reach of Caribou Creek and a portion of the Matanuska River. These streams have been specified as being important for the spawning, rearing or migration of anadromous fisheries by the commissioner of the ADF&G pursuant to AS 16.05.870(a). The proposed legislation requires that the commissioner of ADNR adopt a management plan and regulations for the management, use and development of the recreational mining area in consultation with the ADF&G. The plan and regulations may address methods of mining permitted, the types of mining equipment that may be used, the protection of habitat, and other restrictions consistent with the purposes stated in AS 41.23.600. The bill further recognizes that the commissioner of the ADF&G is responsible for the management of fish and game within the proposed area and that the commissioner may require seasonal restrictions on operations within the area to maintain fishery resources. The ADF&G has worked with the sponsors on

AMENDMENTS PROPOSED

We recommend the following revisions to the language of the bill.

Page 1, line 26: "The management plan, including any revisions, and..."

Page 1, line 29: "The management plan and regulations MAY shall address, but not be limited to..."

Page 2, line 8: reference to AS 42.23.600 should be changed to AS 41.23.600.

PLEASE ATTACH A SEPARATE SHEET FOR ADDITIONAL COMMENTS OR ANALYSIS.

### Caribou Creek Recreational Mining Area

Issuance of Title 16 permits and monitoring and enforcement for recreational mining activities in Caribou Creek, a designated anadromous stream, will require the following expenses:

#### Personnel

Habitat Biologist	(18c)	2 months	4.5/month	9.0
Clerk Typist	( 8a)	1 month	2.3/month	<u>2.3</u>
				\$11.3

#### Travel

staff travel to Caribou Creek				1.0
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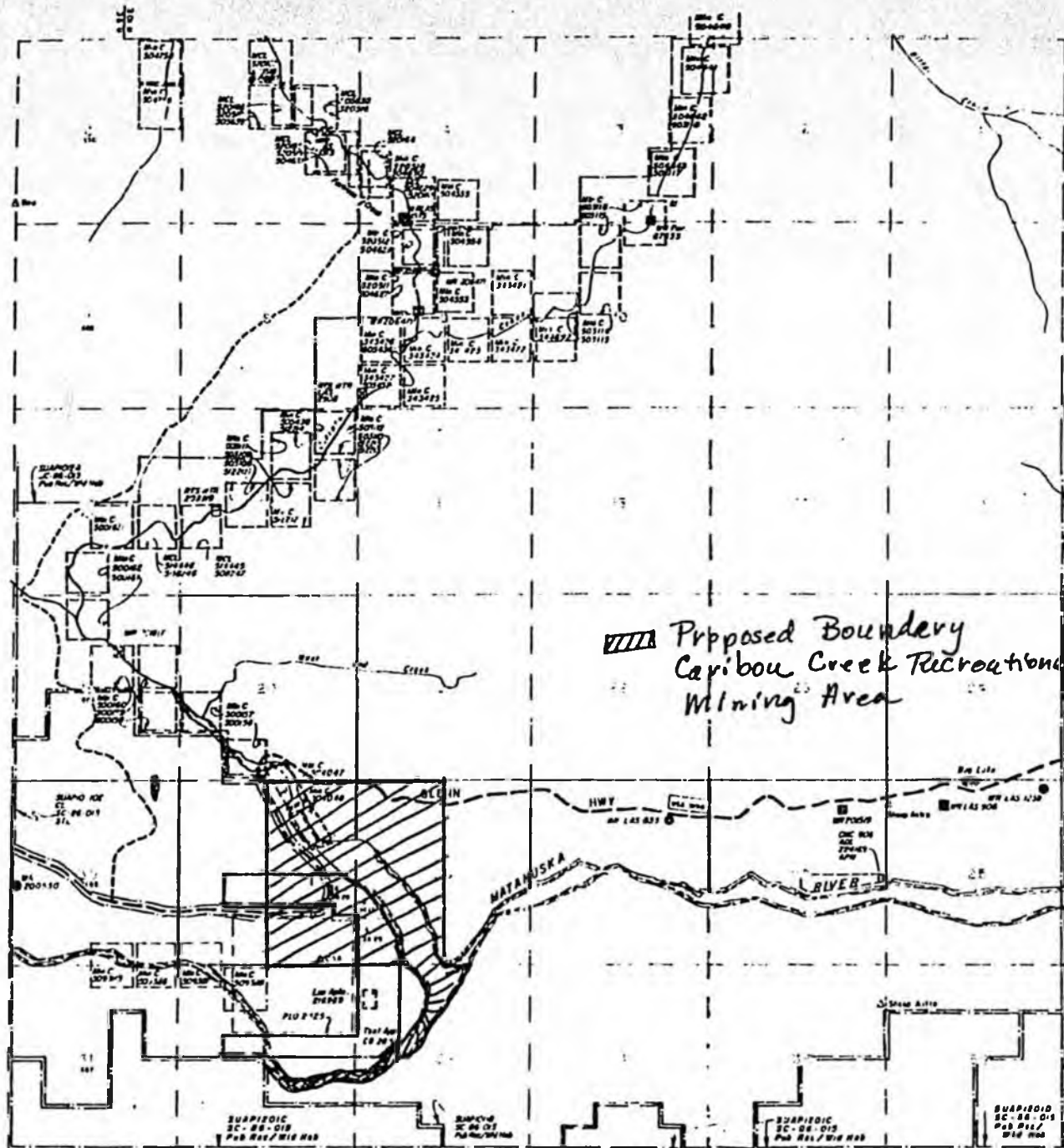
#### Contractual

telephone		75/month x 2 months		0.2
photocopy		10/month x 2 months		
advertising/public notices				<u>0.2</u>
				\$ 0.4

#### Supplies

office supplies				0.1
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TOTAL				\$12.8
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*Proposed Boundary  
Caribou Creek Recreational  
Mining Area*

TO BE SET AS APPLICABLE TO THE  
SECTION 20, 21, 22  
AND 23, 24, 25  
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AND 1999, 2000, 2001, 2002, 2003,  
AND 2004, 2005, 2006, 2007, 2008,  
AND 2009,

and PLO 1613 4/1 95B (23 FR 2376)


*BLM Master Title Plat*

*12-2-88*


AA 6189 Easement Deed RCA 25 C/L (R) Slat 441-444)  
as to the following: Sec 24: S 1/2 SE 1/4; Sec. 25: NW 1/4,  
N 1/2 NE 1/4; Sec. 26: N 1/2; Sec. 27: N of Matanuska River;  
Sec 28: W 1/2, NE 1/4, Sec. 29: S 1/2; Sec. 30: NW 1/4, S 1/2.


\* Excl submerged Lds to be identified at time of survey

**LEGEND**

 = Pat. 50-88-0397 to State

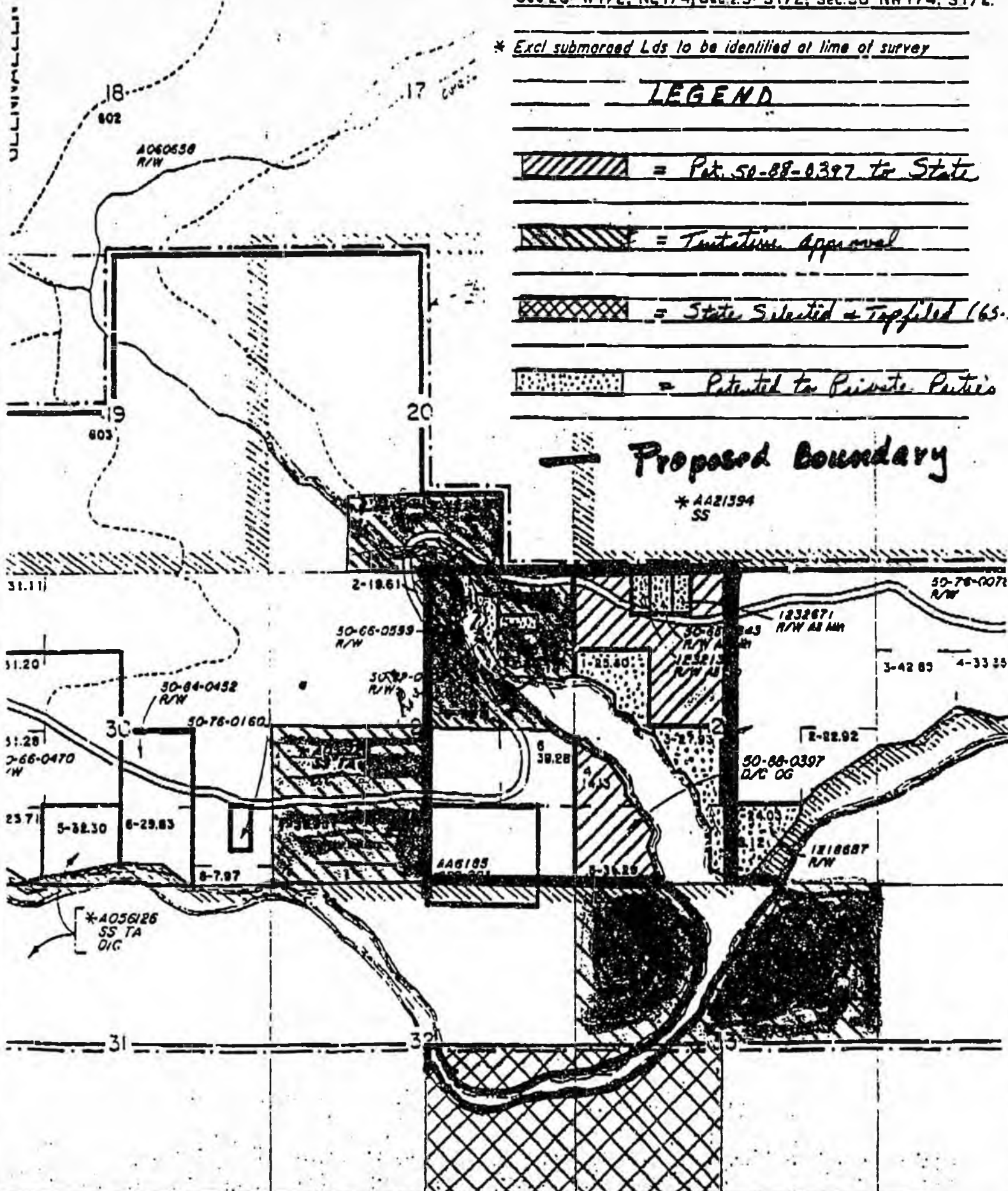
 = Tentative Approval

 = State Selected + Topfiled (65)

 = Patented to Private Parties

**Proposed Boundary**

\* A421394  
SS



**Stream:** Caribou Creek, South Fork Matanuska River

**Location:** Eastern portion of the Matanuska Susitna Borough, Township 20N, Range 10E, Seward Meridian, Sec. 28, 32, 3.

**Access Point:** Glenn Highway, south side near Caribou Creek bridge.

**Discussion:** Caribou Creek flows southerly from the Talkeetna Mountains to its confluence with the South Fork of the Matanuska River on the south side of the Glenn Highway. Caribou Creek is one of several streams draining the western portion of the Nelchina Mining district. Caribou Creek from the Glenn Highway bridge northward into the Talkeetna Mountains is heavily staked with mining claims.

The section of stream proposed here lies south of the Glenn Highway bridge and is approximately a mile in length to its confluence with the South Fork of the Matanuska River. South of the confluence, approximately a mile and one-half of stream on the South Fork is also proposed.

Below the highway bridge, Caribou Creek forms a broad flood plain with numerous gravel bars. Large amounts of sediment is flushed through the canyon above the bridge during spring runoff replenishing the gravel bar each year. Gold is present in this drainage, although probably not in commercial quantity. Access would be off the south side of the Glenn Highway down a one lane gravel road along the east bank of Caribou Creek.

**Land Status:** This township is presently state selected.



The Anchorage Times

# OUTDOOR

## Recreational panning pays off in fun, gold

by Mark Skok  
Times Writer

**P**ack a gold pan with your picnic lunch if you're heading out of Anchorage today — or anytime.

It provides an excuse to stop at some waysides you would otherwise cruise past. It's also a cheap way to become part of Alaska's heritage.

Gold can be found in many of the streams accessible by the state highway system, says a man who has prospected for 30 years in Alaska. The recreational panner won't get rich, or even pay for his inexpensive equipment. But he can hope to bring home a few of the glinting flecks that drew thousands to the north country during the past 80 years, says James Madonna, owner of Alaskan Pros-

pectors and Geologists, an Anchorage mining equipment shop.

Madonna has a simple answer for those who wonder where they should pan. "The entire state, with the exception of the North Slope, is considered the gold province of Alaska."

Finding color, or gold flecks, is as simple as pulling over at a wayside and panning the gravel, he said. If the wayside is near a stream where it boils out of the mountains, the likelihood of finding gold is relatively good. The water's force can carry the heavy metal only a certain distance. Where streams slow as they cross flatlands, gold is dropped.

Robert Hoekzema, a geologist with the U.S. Bureau of Mines, suggested panners hike upstream of highways to get away from roadway

gravel washed downstream. Gold would be deposited just downstream of rapids, where the water first begins to slow. Gravel bars are good places to look, as are the gravel deposits around boulders.

Many streams do not carry noticeable amounts of gold. But, say both Madonna and Hoekzema, any areas in mountainous terrain are worth a try.

The National Park Service announced last week that recreational panning is allowed in all national parks in Alaska. Gold claim owners at Crow Creek near Girdwood, and at the Hubbard Mining Museum near Cooper Landing on the Kenai Peninsula, provide the opportunity to pan proven gold ground for a price.

"Gold panning is open everywhere but on a man's claim," Madonna said. When leaving a roadside area to pan, be aware that claims might have been staked along it. Miners can be touchy about recreational panners. The gold they take isn't a problem. Vandalism of equipment, liability and interruption of professional mining operations are problems. If you're interested in panning on a staked claim, talk to the claim holder first.

Certain basic equipment is needed to find any flecks. Pans are either dark-colored plastic or steel. Madonna recommends 14- or 16-inch steel pans. "If you throw your spare tire on top of a plastic pan, it breaks."

The dark plastic often is popular with miners because bright gold shows up more readily in it. A shiny steel pan can be blued by baking it in the oven for an hour at 350 degrees.

The edges of the pan should be rippled to keep gold flecks from sliding out when the gravel is swished by over-exuberant miners.

STEVE COWPER, GOVERNOR

**DEPARTMENT OF NATURAL RESOURCES**

OFFICE OF THE COMMISSIONER

400 WILLOUGHBY AVE.  
JUNEAU, ALASKA 99801-1798  
PHONE: (907) 465-2400

January 23, 1988

The Honorable Curt Menard  
The Honorable Cliff Davidson  
Co-Chairs, House Resources Committee  
P.O. Box V  
Juneau, AK 99811

Dear Representatives Menard and Davidson:

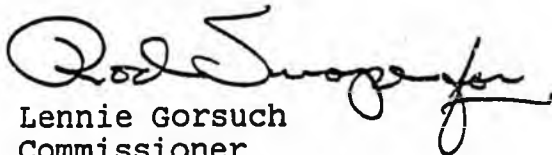
Subject: HB 78, An act establishing the Caribou Creek  
Recreational Mining Area.

Background: A recreational mining area will provide a location for recreational gold panners and suction dredges to mine as a recreation activity rather than as a commercial operation. Creation of this type of area would meet a public need. Each summer, the Mining Information Offices receive numerous inquiries about locations for such activities.

Position: The department supports the concept of recreational mining areas. However, the land ownership pattern in this particular area is very complex, and there are federal and state mining claims which would complicate the operation of recreation mining activities.

We look forward to working with the sponsor on this or an equally or more suitable site.

Sincerely,

  
Lennie Gorsuch  
Commissioner

cc: Committee Members  
Bill Sponsors  
Bob Evans  
Denby Lloyd  
Gary Gustafson  
Jerry Gallagher  
Neil Johannsen

The following amendments are requested:

Pg. 1, line 21:

Delete - "...consistent with AS 41.23.600."

Add - ...necessary to carry out the purposes of this  
this act. Regulations may be included, but  
not limited to;

1. type of equipment
2. mining methods
3. other restrictions that may benefit the  
Caribou Creek Recreational Mining Area.

Pg. 1, line 28:

Delete - "...regulations of the Board of Fisheries  
applicable to the area of the Caribou Creek Recreational  
Mining Area, the area is open generally to recreational mining  
under AS 41.23.600 - 41.23.620."

Add - seasonal regulations by the Department of Fish  
& Game restricting activities on these water bodies, the  
Caribou Creek Recreational Mining Area is open to recreational  
mining.

Pg. 2, line 15:

Delete - "NW 1/4, SW 1/4"

Add - W 1/2

Pg. 2, line 16:

Delete - "SW 1/4"

Add - SE 1/4

Pg. 2, line 24:

Delete - "...board"

Add - commissioner, under authority granted in  
16.05.870,

FISCAL NOTE

REQUEST:

Revision Date: 30-Jan-90 Agency Affected: Natural Resources  
 Title: An Act establishing the Caribou BRU: Land & Water  
Creek Recreational Mining Area.  
 Sponsor: Larson & Menard Components: Land & Water  
 Requestor: House Resources

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	25.5	3.0	3.0	3.0	3.0	3.0
TRAVEL	0.5	0.5	0.5	0.5	0.5	0.5
CONTRACTUAL	53.2	5.5	5.5	5.5	5.5	5.5
SUPPLIES	5.0					
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	84.2	9.0	9.0	9.0	9.0	9.0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	84.2	9.0	9.0	9.0	9.0	9.0
FEDERAL FUNDS						
OTHER						
TOTAL	84.2	9.0	9.0	9.0	9.0	9.0

POSITIONS:

FULL-TIME						
PART-TIME		1.0	1.0	1.0	1.0	1.0
TEMPORARY		1.0				

ANALYSIS: (Attach a separate page if necessary)

See Attached

Prepared by: Larry Ostrovsky Phone: 465-2400  
 Division: Commissioners Office Date: 30-Jan-90  
 Approved by Commissioner: Lennie Gorsuch Date: 30-Jan-90  
 Agency: Department of Natural Resources

Distribution (by preparer) :  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

This fiscal note provides in the first year for six months of a Natural Resource Officer II and 1 month of a temporary Natural Resource Technician II to develop a management plan for the Caribou Creek Recreational Mining area. The plan will involve at least two rounds of public meetings in Glacier View, Sutton/Chickaloon, Palmer and Anchorage. The public meetings will be to identify issues and to review the draft plan. The entire plan will be completed in one year. The capital money will be used to build a road pull-off and parking area and appropriate signing.

After the first year the fiscal note provides for three months of a Natural Resource Officer II to provide on the ground management and processing of necessary permits and enforcement of activities.

Caribou Creek Recreational Mining Area Management Plan

Staff	6 months x NRO II (16)	=	\$ 22,500
	1 month x NRT II (12)	=	\$ 3,000
	Personal Services Sub-Total		\$ 25,500
Travel	2 x 1-day field trips =	\$ 200	(mileage + perdiem)
	2 x 3 public meetings =	\$ 300	(mileage and meals)
	Travel Sub-Total	\$ 500	
Public Meetings	2 x 4 communities =	\$ 300	rental in Anchorage, Sutton and Glacier View School
Draft brochure	200 cys @ 8 1/2" x 11", 4pp Xerox BTW	\$ 150	
Final Plan	300 cys, 25pp, BTW Xerox, 8 1/2" x 11"	\$ 750	
Misc. (especially Xerox)		\$ 500	
Ads x 2		\$ 1,500	
	Contractual Sub-Total	\$ 3,000	
	Project Sub-Total	\$29,000	

Assumptions

1. Range 16's time is spread over 8 - 10 month
2. Planing team = DLWM, DM, DFG, DOT, DEC
3. No formal advisory group (I don't know the constituency if one is needed, add \$1,000 for extra meetings and xeroxing)
4. Meetings in Glacier View, Sutton/Chickaloon, Palmer, Anchorage (this may be overkill -- if no interest after 1st round, it could be shortened)
5. 2 sets meetings: Issues and rudimentary alternates draft plan
6. Assumes legal access exists (i.e., no lengthy negotiations w/landowners)
7. This does not include implementation (i.e., vehicle pullout, nice signs, field checks, trails, etc.)

## FISCAL NOTE

**REQUEST:**

Revision Date: 1-12-90  
Title: Caribou Creek Recreational Mining Area  
Sponsor: Larson and Menard  
Requestor: \_\_\_\_\_

Agency Affected: Dept. of Fish and Game  
BRU: Habitat  
Components: \_\_\_\_\_

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	15.8	4.5				
TRAVEL	1.0	1.0				
CONTRACTUAL	1.2	1.2				
SUPPLIES	0.1	0.1				
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>18.1</b>	<b>6.8</b>				
<b>CAPITAL</b>	<b>18.1</b>	<b>6.8</b>				
<b>REVENUE</b>						

**FUNDING:** (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>						

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

There is not expected to be any impact on the department's FY 90 budget. Beginning in FY 91, however, issuance of a general fish habitat permit, monitoring fish returns and mining activities to determine the need for seasonal restriction, and participation in the department of Natural Resources' (DNR) development of a

Prepared by: Frank Rue Phone: 465-4105  
Division: HABITAT Date: 1/26/90

Approved by Commissioner: William W. Wilby Date: 1/26/90  
Agency: Department of Fish and Game

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

Analysis of Bill/Program Effects Cont'd

Location-specific land management plan will require the expenses identified below.

To the extent that DNR's schedule for developing areawide and location-specific land management plans requires that a plan for the Caribou Creek Recreational Mining Area be forestalled, the need for the planning portion of our fiscal note will be delayed commensurately.

Attachment Bill Analysis CS HB 78

FY 91

Personnel

Habitat Biologist	(18c)	3 mo.	4.5/mo.	13.5
Clerk Typist	(8a)	1 mo.	2.3/mo.	<u>2.3</u>
				15.8

Travel

Staff Travel to Caribou Creek				1.0
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Contractual

Telephone		75/mo. x 3 mo.		0.2
Charter for Fish Surveys				1.0

Supples

				<u>0.1</u>
		TOTAL		18.1

FY 92-Monitoring Fish Returns and Placer Mining

Personnel

Habitat Biologist	(18c)	1mo.	4.5	4.5
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Travel

Staff Travel to Caribou Creek				1.0
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Contractual

Telephone and Photocopy				.2
Charter for Fish Surveys				1.0

Supplies

				<u>0.1</u>
		TOTAL		6.8