

ALASKA LEGISLATURE

1766

HOUSE and SENATE FINANCE COMMITTEE FILES, 1997-1998

# FISCAL NOTE

No. 1

**STATE OF ALASKA  
1998 LEGISLATIVE SESSION**

**BILL** Bill Version: SB 76  
(S) Publish Date: 2/26/98

Revision Date (Note if correction)		Dept. Affected	Office of the Governor
Title	<u>An Act relating to long-term plans of certain state agencies.</u>	BRU	Management And Budget
Sponsor	<u>Sens. Pamell, Wilken, Donley</u>	Component	Office of the Director
Requester	<u>Senate State Affairs Committee</u>	Component Serial No.	<u>1385</u>

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

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services						
Travel						
Contractual	41.4	230.0	230.0	230.0	230.0	230.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>41.4</b>	<b>230.0</b>	<b>230.0</b>	<b>230.0</b>	<b>230.0</b>	<b>230.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

FUND SOURCE	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
1002 Federal Receipts						
1003 GF Match						
1004 GF	41.4	230.0	230.0	230.0	230.0	230.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	<b>41.4</b>	<b>230.0</b>	<b>230.0</b>	<b>230.0</b>	<b>230.0</b>	<b>230.0</b>

Estimate of any current year (FY98) cost: 0.0

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

In addition to the impacts shown above, this analysis assumes that one OMB policy analyst and one OMB budget analyst would need to devote approximately 1.0 months each FTE in FY 98 (for three pilot departments) and 3.0 months each FTE in FY 99 (for remainder of departments) to assist agencies in the development of long-term plans. These OMB costs could be financed out of normal budget appropriation level: out only by reducing staff capacity in other areas. (SEE ANALYSIS, ATTACHED.)

Prepared by <u>Annalee McConnell</u>	Phone <u>465-4660</u>
Division <u>Office of Management and Budget</u>	Date <u>1/19/98</u>
Approved by Commissioner <u>Jim Ayers, Chief of Staff</u>	Date <u>1/22/98</u>
Agency <u>Office of the Governor</u>	

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Senate Bill No. 76 - Long Term Plans

CONSOLIDATED FISCAL NOTE

ANALYSIS

Assumptions:

- In some agencies, though not all, implementation of SB 76 would likely entail cost impacts that could not be "absorbed" within existing agency budget levels. Specifically:
  - in larger agencies and regionally organized agencies (e.g., the Department of Transportation and Public Facilities), just compiling the required annual plan would require significant additional planning or administrative staff resources;
  - because agency fiscal and administrative staffs have little or no "surplus" capacity, the planning and reporting tasks stipulated in the legislation would require additional staff resources to be obtained, at least on a seasonal or part-time basis;
  - in at least one case (the Department of Health and Social Services), a substantial amount of integration of currently disparate data systems would have to precede, or at least accompany, implementation of the planning process required by the legislation;
  - in all agencies, lesser or greater amounts of additional staff resources and computing technology would be necessary to provide the performance monitoring, evaluating, and reporting functions required by the legislation.

• In view of this, it is assumed that, to implement SB 76, each department would require additional staff capacity equivalent to that provided by a Research Analyst II (Range 18) working full-time for six months per year. At current salary levels, and assuming an average benefits factor (across departments) of 25 percent, the annual total cost of this capacity for sixteen departments, the University of Alaska, and the judicial branch would be:

$$\begin{aligned}
 & \$1,697 \text{ per month} \times 6 \text{ months per year F.T.E.} \\
 & \quad \times 1.25 \text{ [i.e., total benefits @ 25\%]} \\
 & \quad \quad \times 18 \text{ agencies} \\
 & \hspace{15em} = \$229,095 \text{ per year}
 \end{aligned}$$

- Because of the uncertainty surrounding the nature and timing of these impacts, flexibility would be better preserved (at least in the initial two years) by funding these costs through a lump sum amount directed to the Office of Management and Budget. OMB would then allocate different portions of the funding to different agencies (e.g., via RSA), as their needs warranted. For this reason, the single figure of \$230,000 per year is shown in OMB's contractual category on Page 1, starting in FY 98.

Additionally, a pro rata (3/18ths) amount of \$41,400 is shown for FY 97 on Page 1, reflecting the legislation's requirements for three departments to develop plans in that year.

- Beyond the costs described above, OMB would incur costs for providing training to agencies in FY 97 and FY 98, as indicated below. These costs could be absorbed within OMB's normal funding level, but only by reducing staff availability for other activities.

FY 97: (to assist 3 departments)

1 analyst (R21 - 2,077/mo.) @ 1 mo. FTE, for <u>pilot agency</u> training on new budget forms and procedures	2.6
1 analyst (R21 - 2,077/mo.) @ 1 mo. FTE, for <u>pilot agency</u> training on overall process and concepts, and assistance in developing measures	2.6
<i>Total:</i>	<u>5.2</u>

FY 98: (to assist 13 departments)

1 analyst (R21 - 2,077/mo.) @ 3 mo. FTE, for <u>remaining agency</u> training on new budget forms and procedures	7.8
1 analyst (R21 - 2,077/mo.) @ 3 mo. FTE, for <u>remaining agency</u> training on overall process and concepts, and assistance in developing measures	7.8
<i>Total:</i>	<u>15.6</u>

*(Figures shown include salary plus benefits estimated @ 25%.)*

A M E N D M E N T

SENATE FINANCE  
COMMITTEE

Amendment Number: 1

Bill Number: SB 76 (STA)

Sponsor: Parnell Date: 3/18/98

Logged In By: J. Saltone

*moved by Sen. Parnell.  
Sen. Adams object - withdrew  
w/o objection, adopted*

OFFERED IN THE SENATE

TO: CSSB 76(STA)

1 Page 5, line 1:

2 Delete "prepare"

3 Insert ", "

4 Following "basis":

5 Insert ", identify results-based measures that have been used to work toward  
6 achievement of the mission statement and desired results issued by the legislature and of  
7 other goals of the agency, and set out the results as measured. Each state agency shall also  
8 prepare"

9 Page 5, line 14, following "agency":

10 Insert ", and set out the results as measured"



OFFICIAL BUSINESS

Alaska State Legislature  
Senate  
Office of the Secretary

STATE CAPITOL  
JUNEAU, ALASKA 99801-1182  
(907) 465-3701  
FAX: 465-2832

**FOR YOUR IMMEDIATE ATTENTION**

DATE: March 4, 1998  
TO: Finance Committee  
(JerryLee/Mindy - Room 520)  
FROM: Office of the Senate Secretary

The attached fiscal note or notes relate to the following bill(s) pending in your Committee:

**SENATE BILL NO. 76**

"An Act relating to long-term plans of certain state agencies and recommendations regarding elimination of duplication in state agency functions."

Please place the fiscal note(s) inside the front cover of the blue or yellow committee folder.

Thank you.

Attachment(s)

**SB**

**82**

**SFIN**

**FILE**

# SENATE FINANCE COMMITTEE REPORT

DATE: 2/10/97

FURTHER: SFC 2-18-97

Date of 5-Day Notice: 2-13-97  
(in accordance with Uniform Rule 23)

DATE JRNED  
IN TO OFFICE: 2-18-97

Finance Committee considered SENATE BILL NO. 82

"An Act relating to the sale or other disposal of certain state property; and providing for an effective date."

and recommends:

be replaced with CS SB 82 ( FIN )

adopt previous CS (          )

attached amendment(s)

adopt Letter of Intent by                                  Committee

further referral to the                                  Committee

Senate Bill:  
 same title  
 new title  
House Bill:  
 same title  
 technical change  
 new: SCR#         

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
		<i>Al Coker</i>	X		
		<i>Sean R. Paul</i>	X		
		<i>Keith Wiley</i>	X		
		<del><i>James Whym</i></del>	X		
		<i>J. [unclear]</i>	X		
Co-Chair:		Co-Chair: <i>[Signature]</i>	X		
Co-Chair:		Co-Chair: <i>[Signature]</i>	X		

**NEW FISCAL NOTE(S):**

Department                      Date    Zero    Fiscal

<i>Admin</i>	<i>2-17-97</i>	<input checked="" type="checkbox"/>	

**PREVIOUS FISCAL NOTE(S):\***

Department                      Date    Zero    Fiscal


APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

# FISCAL NOTE

**STATE OF ALASKA**  
**1997 LEGISLATIVE SESSION**

**BILL NO. CS for SB 82(F.N)**

Revision Date: \_\_\_\_\_  
 Title: An act relating to the sale or other disposal of  
certain state property; and providing for an effective date.  
 Sponsor: Senator Taylor  
 Requestor: Senate Finance

Dept. Affected: Health and Social Services  
 BRU: Administrative Services  
 Component: Health Planning and Facilities Management  
 COMPONENT SERIAL NO. 2020  
 See also (SN#): \_\_\_\_\_

**Expenditures/Revenues:**

(Thousands of Dollars)

OPERATING	FY98	FY99	FY00	FY01	FY02	FY03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
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CHANGES IN REVENUES ( )						
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**FUND SOURCE**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (please specify)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of any current year (FY97) cost: \$0.0

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

This bill will have no fiscal impact on the Department of Health And Social Services.

Prepared by: Janet Clarke, Director  
 Division: Administrative Services  
 Approved by Commissioner: Karen Perdue, Commissioner  
 Agency: Department of Health & Social Services

Phone: 465-3082  
 Date: 02/24/97  
 Date: 2/25/97

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FISCAL NOTE

2-18-97

STATE OF ALASKA  
1997 LEGISLATIVE SESSION

BILL NO. SB 82

Revision Date: \_\_\_\_\_  
Title: "An Act relating to the sale or other disposal of certain state property, and providing for an effective date."

Department Affected: Administration  
BRU: General Services

Component: Property Management

Sponsor: Taylor  
Requestor: (S) Finance

COMPONENT SERIAL NO. 61

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ( )	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
OTHER * CIP receipts						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 97) cost: \$ 0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)  
See attachment

Prepared by: Dugan Petty, Director  
Division: General Services

Phone: 465-2250  
Date: \_\_\_\_\_

Approved by Commissioner: Mark Boyer  
Agency: Department of Administration

Date: 2/17/97

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## **SB 82 Analysis**

This bill would require the department or an excessing agency to seek and obtain legislative approval, by law, prior to the sale or disposal (including a lease) of state facilities or property valued at \$1,000,000 or more.

Due to the limited number of transfers exceeding the \$1,000,000 threshold, fiscal impacts for the Property Management Program to comply with the law are minimal. Procedures would be established to submit and obtain legislative approval before property or facilities with a market value of \$1,000,000 or more could be sold or otherwise transferred. Administrative costs of drafting necessary legislation and providing supporting information would be minimal.

Obtaining legislative approval by law would require either the Property Management Program or excessing agency to draft and submit a bill to the legislature while maintaining the property after it has been declared excess. Interim maintenance and upkeep costs are not possible to forecast, but could result in fiscal impacts to an excessing agency during the time needed to obtain law authorizing the disposal. For example, necessary heating, utilities, maintenance and upkeep of a hatchery, armory, hangar or marine vessel could have significant impacts on an operating budget, especially if the property becomes surplus to state needs at the end of a legislative session, or during the interim.

Income generated from the disposal or lease of such property would not be available to the affected agencies during any delay caused by the approval process.

Donly Move Am #1  
no obj. - adopted  
0-LS0479B

Donly Move Am #2  
no obj. - adopted

Am #3 - adopted

Adams, move Am #4  
adopted - unam

SENATE BILL NO. 82

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY SENATOR TAYLOR

Introduced: 2/10/97  
Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the sale or other disposal of certain state property; and  
2 providing for an effective date."

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

4 \* Section 1. AS 44.68 is amended by adding a new section to article 2 to read:

5 Sec. 44.68.115. Approval of sale or other disposition of state property. (a)

6 Notwithstanding any other provision of law, a state agency may not sell or otherwise  
7 dispose of a state <sup>purchased</sup> facility or piece of equipment to a person other than another state <sup>Article</sup>  
8 agency if the individual facility or piece of equipment, when not aggregated with other  
9 facilities or pieces of equipment, has <sup>value of</sup> a value of \$1,000,000 or more unless the <sup>Am #1</sup>  
10 legislature approves by law the sale or other disposition.

11 (b) In this section,

12 (1) "facility or piece of equipment" includes, but is not limited to, a  
13 vessel of the Alaska marine highway system;

14 (2) "sell or otherwise dispose of" includes any form of transferring

1 property, including lease, exchange, or installment sale, whether or not the state agency  
2 receives compensation for the property;

3 (3) "state agency" means a department, institution, board, commission,  
4 division, authority, public corporation, or other administrative unit of the executive  
5 branch, including the University of Alaska, the Alaska Railroad Corporation, the  
6 Alaska Housing Finance Corporation, and the Alaska Aerospace Development  
7 Corporation, *and AIDEA.* Am# 2

8 \* Sec. 2. This Act does not apply to a sale or other disposition of a state facility or piece  
9 of equipment if the contract for the sale or other disposition is entered into before the effective  
10 date of this Act.

11 \* Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

Moved by Torguson  
Adopted - UNAN  
0-LS0479\B.1  
Bannister =  
2/17/97

A M E N D M E N T

SENATE FINANCE  
COMMITTEE

Amendment Number: 3  
Bill Number: SB82  
Sponsor: Torguson Date: 2-18-97  
Logged In By: P. Sepulveda

OFFERED IN THE SENATE  
TO: SB 82

- 1 Page 1, line 14, following "transferring":
- 2       Insert "the ownership of"
  
- 3 Page 2, line 1:
- 4       Delete "lease, exchange, or installment sale"
- 5       Insert "lease-purchase agreements, leases with an option to purchase, exchanges, or
- 6 installment sales"

**SB**

**83**

**(File 1)**

**HFIN**

**FILE**

# HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: April 8, 1997

FURTHER REFERRALS:

Date of Committee Action: 4/14/97

The FINANCE Committee considered:

CSSB 83(FIN) am

CS FOR SENATE BILL NO. 83(FIN) am

SUPPLEMENTAL & OTHER APPROPRIATIONS

"An Act making and amending appropriations; amending an appropriation from the constitutional budget reserve fund under art. IX, sec. 17(c), Constitution of the State of Alaska; and providing for an effective date."

recommends it be replaced with the following committee substitute HCS CSSB 83 (Fin)  the same title  a new title

additional referral to \_\_\_\_\_ Committee  
 attached amendment(s)

ADOPTS: \_\_\_\_\_ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) \_\_\_\_\_ APPROVES PREVIOUS: (Dept/Date) \_\_\_\_\_  
 fiscal note(s) \_\_\_\_\_  fiscal note(s) \_\_\_\_\_  
 zero fiscal note(s) \_\_\_\_\_  zero fiscal note(s) \_\_\_\_\_

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Mark Hanley</i>	Hanley	X			
<i>Robert Mulder</i>	Mulder	X			
<i>Robert Foster</i>	Foster	X			
<i>John Martin</i>	Martin	X			
<i>David Moses</i>	Moses	X			
<i>Vic Kohring</i>	Kohring				X
<i>Barry Gussendorf</i>	Gussendorf				X
<i>John Davis</i>	Davis	X			
<i>Peter Kelly</i>	Kelly	X			
<i>Constance Theriault</i>	Theriault	X			

CHAIR'S SIGNATURE *Mark Hanley* *Constance Theriault*  
 Hanley Theriault

AMENDMENT # 1

CSSB 83 (FIN) am

*Adopted*

BY: Rep. Hanley

Page 7, delete section 15 (b) (lines 27 - 31) and replace with the following:

(b) The sum of \$280,000 is appropriated from the general fund to the Department of Natural Resources for refunds owed by the veterans' land discount land program (AS 38.05.940) for the fiscal year ending June 30, 1997. The appropriation made by this subsection may not be used for administrative purposes. The Department may not expend money from this appropriation to settle a claim unless the state has received a release for the claim settled.

(c) The sum of \$20,000 is appropriated to the Department of Natural Resources for the fiscal year ending June 30, 1997, for costs of administering the refunds owed to veterans by the veterans' land discount program (AS 38.05.940) appropriated under (b) of this section.

AMENDMENT # 2

CSSB 83 (FIN) am

BY: Rep. Hanley

*Adopted*

Page 7, Section 15, line 24,

Delete: [\$3,668,300]

Insert: \$3,788,300

Discussion: Restores the fire suppression supplemental to the Governor's request level and the level funding in HB113.

AMENDMENT # 3

CSSB 83 (FIN) am

*Adopted*

BY: Rep. Hanley

Page 8, Section 15, line 28, insert a new sub-section as follows:

( ) The sum of \$100,000 is appropriated from the general fund to the Department of Natural Resources for the removal of existing buildings and other associated facilities at the Old Eagle School site for the fiscal year ending June 30, 1997.

AMENDMENT # 4

*Adopted*

BY: Rep. Hanley

CSSB 83 (FIN) am

Page 4, Section 9, line 9, insert a new sub-section as follows:

(b) The sum of \$115,000 is appropriated from the general fund to the Department of Fish and Game for ongoing litigation costs for the fiscal year ended June 30, 1997.

AMENDMENT # 5

CSSB 83 (FIN) am

no lobby  
Adopted

BY: Rep. Hanley

Public Defender's

Page 1, line 11 is amended as follows:

Delete [100,000]

Insert 185,000

Page 2, line 1 is amended as follows:

Delete [47,000]

Insert 132,000

Adopted

AMENDMENT 6

OFFERED IN THE HOUSE

BY REPRESENTATIVE HANLEY

TO: CSSB 83(FIN) am

1 Page 1, lines 5 - 7:

2 Delete "The sum of \$993,700 is appropriated from the general fund to the Department  
3 of Administration for the leasing and facilities program for the fiscal year ending June 30,  
4 1997."

5 Insert "The unexpended and unobligated balance, not to exceed \$1,341,000, of the  
6 appropriation made in sec. 30, ch. 117, SLA 1996, page 12, line 11 (Longevity bonus grants -  
7 \$74,152,600) is reappropriated to the Department of Administration, for the fiscal year ending  
8 June 30, 1997, in the amounts and for the purposes stated:

9	PURPOSE	APPROPRIATION AMOUNT
10	(1) Leasing and facilities program	\$ 993,700
11	(2) Settlement of ABBA, Inc. v. State	243,300
12	(IJU-96-1773 CI), relating to a	
13	procurement dispute concerning	
14	a state lease	
15	(3) Costs associated with adjudicatory	104,000
16	claims relating to the Department	
17	of Environmental Conservation	
18	laboratory"	

19 Page 2, lines 6 - 11:

20 Delete all material.

21 Adjust funding information accordingly.

AMENDMENT # 7

CSSB 83 (FIN) am

Adopted

BY: Rep. Hanley

Page 4, Section 8, line 6, insert a new sub-section to read:

(c) The sum of \$200,000 is appropriated from the general fund to the Department of Health and Social Services for emergency communications equipment.

Discussion: Adds project at the Governor's request level.

Adopted

0-LS0537FA.1  
Cramer  
4/10/97

AMENDMENT 8

OFFERED IN THE HOUSE

TO: CSSB 83(FIN) am

BY REPRESENTATIVES MARTIN

AND MULDER

1 Page 11, following line 15:

2 Insert a new bill section to read:

3 **"\* Sec. 22. DESIGNATED GRANT.** The sum of \$50,000 is appropriated from the  
4 general fund to the Department of Military and Veterans' Affairs for payment as a grant  
5 under AS 37.05.316 to the Alaska Chapter of the Air Force Association for Air Show Alaska  
6 1997."

7 Page 11, lines 20 - 21:

8 Delete "and 21"

9 Insert "21, and 22"

10 Adjust funding information accordingly.

Adopted

AMENDMENT 9

OFFERED IN THE HOUSE

BY REPRESENTATIVE FOSTER

TO: CSSB 83 (FIN)

1 Page ~~2~~<sup>8</sup>, Line ~~24~~<sup>9</sup>:

2 Delete "\$650,000"

3 Insert "\$800,000"

4 Page ~~2~~<sup>8</sup>, Line ~~23~~<sup>10</sup>, after "mineral inventory project"

5 Insert "and an aeromagnetic study to identify natural gas deposits in  
6 the Holitna Basin."

### **ADDITIONAL FUNDING REQUEST FOR ON-GOING STUDIES**

The following is a request for additional funding to continue conducting aero-magnetic studies for natural gas in southwest Alaska. For the past two years the Legislature has provided money to the Department of Natural Resources to conduct aero-magnetic studies along the lower part of the Kuskokwim River. The proposed project would be the third phase of the aero-magnetic study and would focus on a new area of the region. This area of the state is quite vast and has been identified as having oil and gas potential, however, little work has been done to determine if economic deposits of oil and gas exist in southwest Alaska. The aero-magnetic studies conducted in 1995 and 1996 have provided useful information about the oil and gas potential of a large unexplored region of the state. The third study would continue to add information to this new established data base.

#### **• Aeromagnetic Study to Identify Natural Gas Deposits in the Holitna Basin - Amount Requested - \$200,000**

This study would be a continuation of previous aero-magnetic studies completed by the Department of Natural Resources to determine the presence of natural gas in southwest Alaska in the area of the Bethel basin. This aero-mag study would help identify favorable targets for natural gas exploration within the Holitna Basin south of the central Kuskokwim River in interior southwest Alaska.

The central Kuskokwim area is undergoing increasing interest and activity by the mineral industry. The area is remote and far removed from state power grids. Energy, or the lack of it, will be a major player in the development of mineral properties in the region. A geophysical program to look at the potential of the Holitna Basin for natural gas deposits will help define resources that can be utilized to generate power for both village and industrial needs.

#

AMENDMENT 10 Adopted

OFFERED IN THE HOUSE

BY REPRESENTATIVE HANLEY

TO: CSSB 83(FIN) am

1 Page 5, following line 24.

2 Insert a new subsection to read:

3 "(l) The sum of \$43,500 is appropriated from Mental Health Trust Authority receipts  
4 to the Department of Health and Social Services for relocation and renovation of the Aniak  
5 Mental Health Center."

6 Page 11, line 18, following "10(k),":

7 Insert "10(l),"

8 Adjust funding information accordingly.

Withdraw

= 12

AMENDMENT

OFFERED IN THE HOUSE

BY Kelly

TO: CSSB 83 (FIN)

Page 5, line 22, following "of":

Delete "\$838,800"

Insert "\$1,247,400"

Page 5, line 24, following "Center":

Insert "and Fairbanks Youth Facility"

amendment #11

Adopted  
no lobby

**AMENDMENT**

OFFERED IN THE HOUSE FINANCE COMMITTEE

BY Hanley

TO: SB 83

\*Sec. A. The sum of \$550,000 is appropriated from the general fund to the Department of Community and Regional Affairs for payment as a grant under AS 37.05.316 to Arctic Power for education efforts to open the Coastal Plain of the Arctic National Wildlife Refuge for oil & gas exploration and production.

\*Sec.B. The sum of \$100,000 is appropriated from the general fund to the Office of the Governor to promote and facilitate oil and gas development on the North Slope, including the Arctic National Wildlife Refuge and National Petroleum Reserve.

Note: Sections A and B are capital appropriations

# STATE OF ALASKA

## OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

TONY KNOWLES, GOVERNOR

P.O. BOX 110020  
JUNEAU, ALASKA 99811-0020  
PHONE: (907) 465-4600  
FAX: (907) 465-3008

April 14, 1997

Representative Mark Hanley, Co-chair  
House Finance Committee  
Alaska State Legislature  
State Capitol Bldg.  
Juneau, Alaska 99801-1182

Senator Drue Pearce, Co-Chair  
Senate Finance Committee  
Alaska State Legislature  
State Capitol Bldg.  
Juneau, Alaska 99801-1182

Dear Representative *Mark* Hanley and Senator *Drue* Pearce:

The Administration requests the inclusion of \$645,000 in SB 83, the supplemental appropriation bill, to advance opportunities for development of oil and gas on the North Slope, specifically including the Arctic National Wildlife Refuge. This request is pursuant to the discussions, in recent weeks with you and other legislators on the need to continue our efforts to build constituencies and Congressional support for opening ANWR.

We can be successful by promoting our philosophy of "doing it right", which describes how economic development can be implemented responsibly in arctic regions. The opening of ANWR can happen if it is based on the three principles of: 1) sound science to ensure the protection of air, water, and habitat; 2) good management including hiring Alaskans; and 3) a public process that provides opportunities for Alaskans to participate in planning and development.

This funding request is based on discussions with Arctic Power, the Governor's DC Office, the Alaska Congressional Delegation and the Legislature. Funding would include grassroots/grasstops educational promotion of Alaska's "doing it right"

philosophy, ANWR Congressional tours, media development and placement, Congressional contacts in Washington, D.C. and communication materials. Budget details are available through this office and Arctic Power.

Suggested language for SB 83:

Sec. \_\_ The sum of \$495,000 is appropriated to the Department of Commerce and Economic Development for payment as a grant under AS 37.05.316 to Arctic Power for education and promotional efforts to open the Arctic National Wildlife Refuge to oil and gas development.

Sec. \_\_ The sum of \$150,000 is appropriated to the Office of the Governor to promote and facilitate oil and gas development on the North Slope, including the Arctic National Wildlife Refuge and National Petroleum Reserve.

I recommend that these be non-lapsing capital appropriations.

Sincerely,

A handwritten signature in black ink, appearing to read "Annalee", with a long horizontal flourish extending to the right.

Annalee McConnell  
Director

cc: Representative Gene Therriault, Co-Chair of House Finance  
Senator Bert Sharp, Co-Chair of Senate Finance  
Representative Gail Phillips, Speaker of the House of Representative  
Senator Mike Miller, President of the Senate

# STATE OF ALASKA

## OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

TONY KNOWLES, GOVERNOR

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

Adopted

April 14, 1997

Sections

11 (b)

13

The Honorable Mark Hanley  
The Honorable Gene Therriault  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear House Finance Committee Co-Chairs:

As you review SB 83, the supplemental appropriations bill, please consider the amendments described below.

\* Amend sec. 1(c), DEPARTMENT OF ADMINISTRATION, Public Defender at page 2 line 1 to read  
General Fund [ \$ 47,000 ] \$215,900

This would add \$168,900 to bring the total supplemental appropriation for the Public Defender Agency back to the requested amount. This increase is offset by the reduction made in new section 1(g) proposed below. The Senate fund source change of \$53,000 from general funds to general fund program receipts would stay unchanged.

\* Add new sec. 1(g) to read as follows:

The appropriation made in sec. 30, ch. 117, SLA 1996, page 12, line 11 is amended to read:

	APPROPRIATION ITEMS	GENERAL FUND	OTHER FUNDS
Longevity Bonus Grants	<u>72,539,000</u> [74,152,600]	<u>72,539,000</u> [74,152,600]	

The Department of Administration's latest projections for the longevity bonus grants program indicate that about \$1,613,600 can be reduced from the FY 97 appropriation and used for other purposes. We propose to use it to offset the needed increase to the Public Defender supplemental and to fund the power cost equalization appropriation.

\* Amend sec. 4, DEPARTMENT OF COMMUNITY AND REGIONAL AFFAIRS, power cost equalization, by inserting a new section (a) as follows:

(a) The sum of \$1,500,000 is appropriated from the general fund to the power cost equalization and rural electric captialization fund (AS 42.45.100).

This restores the appropriation to the PCE fund made in HB 113.

\* Delete sections 10(f) and 10(g), DEPARTMENT OF HEALTH AND SOCIAL SERVICES, reduction of \$300,000 to Public Assistance Admin/Eligibility determination.

\* Add to sec. 10, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, a new subsection as follows:

( ) The unexpended and unobligated balance of the appropriation made in sec. 30, ch. 117 SLA 1996, page 31, line 18 (Public Assistance Administration, \$39,769,900) lapses into the general fund on June 30, 1998.

Adopted

\* Amend sec. 11(b), DEPARTMENT OF LAW, judgments and claims, at page 6 line 10 as follows:  
General fund [ \$1,347,589 ] \$ 1,532,314

duf

This reflects two additional claims relating to *McCabe v. State*.

Adopted

\* Amend sec. 13, MISCELLANEOUS CLAIMS, at page 7 line 11 as follows:  
Transportation and Public Facilities [903] 928

duf

This reflects an additional miscellaneous claim submitted by the department.

\* Delete sec. 14(b), Perseverance Trail with conditional language.

\* Add new sec. 15(m), DEPARTMENT OF NATURAL RESOURCES, as follows:

(m) The sum of \$120,000 is appropriated from the general fund to the Department of Natural Resources for emergency repairs to the Perseverance Trail.

This is identical to the language in HB 113 as passed by the House. This removes the conditional language added by the Senate requiring the City and Borough of Juneau to take over the trail. As with our roads, it's not appropriate to insist that a local government take over a trail when we know there are major repairs still needed.

April 14, 1997

\* Amend sec. 23, capital projects lapse section, to reflect the changes related to the Perseverance Trail appropriation.

If you have any questions, please call me or our chief budget analyst, Dan Spencer.

Sincerely,

A handwritten signature in cursive script, reading "Annalee McConnell". The signature is written in black ink and is positioned above the typed name and title.

Annalee McConnell  
Director

cc Senator Drue Pearce  
Senator Bert Sharp  
Mike Greany, Legislative Finance

MEMORANDUM **RECEIVED** STATE OF ALASKA

6071

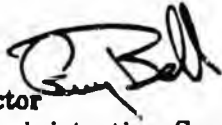
APR 09 1997

TO: **Annales McConnell, Director**  
**Office of Management and Budget**  
**Office of the Governor**

DATE: **Tuesday, April 8, 1997**

FILE NO.:

FROM: **Guy Bell, Director**  
**Division of Administrative Services**  
**Department of Commerce and**  
**Economic Development**



PHONE NO.: **465-2505**

SUBJECT: **Request for capital supplemental**  
**for capitalization of Small**  
**Business Economic Development**  
**Revolving Loan Fund**

The Department of Commerce and Economic Development, Division of Investments requests a capital budget item be added in the supplemental bill or capital budget to authorize receipt of a Federal funds for the purpose of capitalization of the Small Business Economic Development Revolving Loan Fund.

The Division of Investments has just received a Financial Assistance Award of \$300.0 from the United States Department of Commerce, Economic Development Administration for capitalization of the Small Business Economic Development Revolving Loan Fund. The funds are received under authority of AS 44.88.420(1), and administered by the Division of Investments under authority of AS 44.88.420(3). A copy of the award is attached.

The award requires a \$100.0 State match. That match is being provided by the Division of Trade and Development from the Economic Development Matching Grant Program capital project. This allows the State to leverage Federal funds 1:3, as outlined in the award agreement.

We suggest the following language:

*Adopted*  
L

Section \_\_\_\_ . The sum of \$300,000 in federal receipts from the US Department of Commerce, Economic Development Administration, is appropriated to the Department of Commerce and Economic Development to capitalize the Small Business Economic Development Revolving Loan Fund.

Please call me if you have any questions.

*Capital Amend back section  
to reflect.*

GRANT     COOPERATIVE AGREEMENT

**FINANCIAL ASSISTANCE AWARD**

ACCOUNTING CODE  
 DD87702200291100

RECIPIENT NAME    **State of Alaska, Division of Investments**

AWARD NUMBER  
 07-39-03062.02

STREET ADDRESS    **P.O. Box 34159**

FEDERAL SHARE OF COST  
 \$                    **300,000**

CITY, STATE, ZIP CODE  
**Juneau, AK 99803**

RECIPIENT SHARE OF COST  
 \$                    **100,000**

AWARD PERIOD  
**Three year period beginning on date of grant acceptance**

TOTAL ESTIMATED COST  
 \$                    **400,000**

DEPARTMENT OF COMMERCE OPERATING UNIT  
**Economic Development Administration**

AUTHORITY  
**Public Works and Economic Development Act of 1966, as amended. 42 USC Section 3243**

PROJECT TITLE  
**Revolving Loan Fund Recapitalization**

This Award approved by the Grants Officer is issued in duplicate and constitutes an obligation of Federal funding. By signing the two documents, the Recipient agrees to comply with the Award provisions checked below and attached. Upon acceptance by the Recipient, one signed Award document shall be returned to the Grants Officer and the second document shall be retained by the Recipient. If not signed and returned by the Recipient within 15 days of receipt, the Grants Officer may declare this Award null and void.

- Department of Commerce Financial Assistance Standard Terms and Conditions
- Special Award Conditions
- Line Item Budget
- OMB Circular A-21, Cost Principles for Educational Institutions
- OMB Circular A-87, Cost Principles for State and Local Governments
- OMB Circular A-110, Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations Uniform Administrative Requirements
- OMB Circular A-122, Cost Principles for Nonprofit Organizations
- 15 CFR Part 24, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments
- 15 CFR Part 29a, Audit Requirements for State and Local Governments
- 15 CFR Part 29b, Audit Requirements for Institutions of Higher Education and Other Nonprofit Organizations
- Other(s): Title IX Revolving Loan Fund Grants Standard Terms and Conditions - March 15, 1993

SIGNATURE OF DEPARTMENT OF COMMERCE GRANTS OFFICER

*A. Leonard Smith*

TITLE  
**Regional Director**

DATE  
**MAR 31 1997**

TYPED NAME AND SIGNATURE OF AUTHORIZED RECIPIENT OFFICIAL  
**Martin J. Richards**

*Martin J. Richards*

TITLE  
**Director**

DATE  
**4/4/97**

U.S. Department of Commerce  
Economic Development Administration

Special Award Conditions of Financial Assistance Award  
for Title IX Economic Adjustment Assistance  
under Section 903 of the  
Public Works and Economic Development Act of 1965,  
P.L. 89-138, as Amended

**Award Number:** 07-39-03062.02  
**Recipient:** State of Alaska, Division of Investments  
**Address:** P.O. Box 34159  
Juneau, AK 99803

A. PROGRAM TITLE: REVOLVING LOAN FUND.

Long-Term Economic Deterioration  
42 USC Section 3243 (b)(1)(B)

B. AWARD CONTACTS:

.01 The Recipient Contact's name, address, and telephone number are:

Greg Winegar  
State of Alaska, Division of Investments  
P.O. Box 34159  
Juneau, AK 99803

(907) 465-2510

.02 The Federal Program Officer is responsible for the programmatic, technical and/or scientific aspects of this award. The Federal Program Officer's name, address, and telephone number are:

Darrell van Ness  
Economic Development Administration  
Seattle Regional Office  
Jackson Federal Building, Room 1856  
915 Second Avenue  
Seattle, WA 98174

(206) 220-7676

**SPECIAL TERMS AND CONDITIONS**  
EDA Project No. 07-39-03062.02

.03 The Grants Officer is responsible for all administrative aspects of this award and is authorized to award, amend, suspend, and terminate financial assistance awards. Grants Officer's name, address, and telephone number are:

A. Leonard Smith  
Regional Director  
Economic Development Administration  
Seattle Regional Office  
Jackson Federal Building, Room 1858  
915 2nd Avenue  
Seattle, WA 98174

(206) 220-7660

.04 The Grants/Cooperative Agreement Specialist is responsible for administrative coordination and liaison with the Recipient. This individual receives appropriate material from the Federal Program Officer and/or the Recipient for administrative processing. The Grants/Cooperative Agreements Specialist's name, and telephone number are:

Marle Friederichs

(206) 220-7678

**C. AUTHORIZED TOTAL BUDGET.**

		Previous	Total
Federal Contribution	\$300,000 (75%)	\$ 781,371	\$1,081,371
Recipient Contribution	\$100,000 (25%)	\$ 436,700	\$ 536,700
Total Project Cost	\$400,000	\$1,218,071	\$1,618,071

**D. BUDGET CATEGORIES.**

Revolving Loan Fund Capital	\$400,000
Audit	\$
Total Eligible Expense	\$400,000

**E. SUBMISSIONS.**

All reports and correspondence related to this project are to be submitted to the Federal Program Officer:

Darrell van Ness  
Economic Development Administration  
Seattle Regional Office  
Jackson Federal Building, Room 1858, 915 Second Avenue  
Seattle, WA 98174

**F. ELIGIBLE AREAS.**

Areas eligible for Title IX assistance through this RLF project include: Bethel Census Area, Kenai-Cook Inlet Area, Ketchikan Gateway Borough, Kobuk Area, Matanuska-Susitna Census Area, Nome Census Area, Northwest Arctic Borough, Palmer-Talkeetna Area, Prince of Wales-Outer Ketchikan, Seward Area, Skagway-Yakutat-Angoon, Southeast Fairbanks Area, Wade Hampton Census Area, and Yukon-Koyukuk Census Area.

**SPECIAL TERMS AND CONDITIONS**  
**EDA Project No. 07-39-03062.02**

Eligible areas include the land granted to Native Alaskans that remain in the ownership of the Village Corporations, the twelve Alaskan Regional Corporations and the traditional Alaskan Villages. These terms are defined under the Alaskan Native Claims Settlement Act, as amended, and 13 CFR Part 301.2

The Grant may be amended with the approval of the Economic Development Administration (EDA) to add new eligible LTED areas in the future.

**G. REVOLVING LOAN FUND PLAN.**

The Recipient agrees to operate the revolving loan fund (RLF) in accordance with the RLF Administrative Plan submitted as part of its Special Adjustment Assistance Application, dated January 15, 1997, as amended. Any changes to Part I of the Plan must be approved by EDA in writing. Changes to Part II of the Plan shall be made in accordance with Section VIII of the RLF Administrative Manual. In the case of any conflicts between the RLF Plan and the terms and conditions governing this project, the terms and conditions shall prevail.

**H. ADMINISTRATIVE EXPENSES.**

Administrative costs for the operation of this revolving loan fund project are not included as eligible expenses in the authorized budget. The Recipient agrees to cover the administrative expenses for this project without relying on additional EDA assistance, except as expressly approved by EDA.

**I. CASH CONTRIBUTION.**

The Recipient agrees to provide the cash contribution for eligible project expenses to be loaned and reloaned in accordance with the RLF Plan and the terms of this award. The Recipient's cash contribution must be available at the time needed for loan closing.

**J. GRANT DISBURSEMENT SCHEDULE**

For the purposes of this award, the Grant Award Date in Standard Term and Condition D.07, Grant Disbursement Schedule, will be defined as the date upon which the Financial Assistance Award is executed by the Recipient.

**K. DRUG-FREE WORKPLACE ACT.**

The Recipient understands that it is subject to the Drug-free Workplace Act of 1988, P. L. 110-690, Title V, Subtitle D, and 15 CFR Part 26 (55 FR 21678, May 25, 1990) for projects approved on or after March 18, 1989.

**M. DISCLOSURE OF FEDERAL PARTICIPATION.**

In compliance with this section, no amount of this Award shall be used to finance the acquisition of goods or services (including construction services) for the Project unless the Recipient agrees to:

- (1) specify in any solicitation for offers to procure such goods or services (including construction services) the amount of Federal funds that will be used to finance the acquisition for which such offers are being solicited; and
- (2) express the amount specified pursuant to paragraph (1) as a percentage of the total cost of the planned acquisition.

The foregoing requirements shall not apply to a procurement for goods or services (including construction services) that has an aggregate value of less than \$500,000.

**O. PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS.**

Recipients are hereby notified that they are encouraged, to the extent feasible, to purchase American-made equipment and products with funding provided under this program in accordance with Congressional intent as set forth in the resolution contained in Public Law 103-317, Section 607 (a) and (b).

**P. WAIVER OF DISBURSEMENT REQUIREMENTS IN SECTION IX.C. OF THE RLF ADMINISTRATIVE MANUAL**

During the disbursement phase of this Financial Assistance Award, the Recipient may retain up to \$300,000 in RLF principal repayments from the initial capitalization grant (07-39-03062) or the first recapitalization grant (07-39-03062.01), in order to have sufficient funds on hand to make loans in areas not eligible under this recapitalization. Principal repayments received from loans made with funds from this Financial Assistance Award are not included in this waiver and cannot be included in the \$300,000 setaside.

**Q. PERFORMANCE MEASURES.**

The recipient acknowledges its responsibility to submit to EDA: (a) prior to final disbursement, the information identified as "Performance and Outcomes at Project Completion", and (b) two years and four years thereafter, the information identified as "Project Outcomes at 2 years and 4 years after Completion", set forth as Core Performance Measures in Addendum to Economic Development Administration Revolving Loan Fund Standard Terms and Conditions, Attachment 1. EDA will advise the Recipient in writing, not less than 90 days prior to the time for submission, in the event there are any modification in the information required to be submitted

**STANDARD TERMS AND CONDITIONS  
REVOLVING LOAN FUND GRANTS  
EDA PROJECT NO. 07-39-03062.02  
ATTACHMENT 1**

**ADDENDUM  
to  
ECONOMIC DEVELOPMENT ADMINISTRATION  
STANDARD TERMS AND CONDITIONS**

**Title IX Revolving Loan Funds (RLF)**

**Core Performance Measures**

- A. Performance and Outcomes at Project Completion - Revolving Loan Fund Projects**
1. Implementation schedule for disbursement of RLF dollars met.
  2. Jobs created and retained (actual) through RLF Loans.
  3. Number of businesses assisted by the RLF.
  4. Non-EDA dollars invested.
    - a. Private sector dollars invested.
    - b. Other dollars invested.
  5. RLF capital base (grant + local share + net income generated - write offs).
- B. Project Outcomes at 2 and 4 Years after Completion - Revolving Loan Fund Projects**
1. Jobs created and retained (actual) through RLF Loans.
  2. Number of businesses assisted by the RLF.
  3. Non-EDA dollars invested.
    - a. Private sector dollars invested.
    - b. Other dollars invested.
  4. RLF capital base (grant + local share + net income generated - write offs).

Delete  
pg 2 line  
Change line 17 to \$23.0M.

Amended  
Delete (K)

0-LS0537\F.a

pg 5, line 22

**CS FOR SENATE BILL NO. 83(FIN) am**

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

**TWENTIETH LEGISLATURE - FIRST SESSION**

**BY THE SENATE FINANCE COMMITTEE**

Amended: 4/4/97

Offered: 4/3/97

Funding Information:	General Fund	\$14,836,710
	Other Funds	<u>48,903,728</u>
		\$63,740,438

Sponsor(s): SENATE FINANCE COMMITTEE

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act making and amending appropriations; amending an appropriation from  
 2 the constitutional budget reserve fund under art. IX, sec. 17(c), Constitution of  
 3 the State of Alaska; and providing for an effective date."

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

5 \* **Section 1.** DEPARTMENT OF ADMINISTRATION. (a) The sum of \$993,700 is  
 6 appropriated from the general fund to the Department of Administration for the leasing and  
 7 facilities program for the fiscal year ending June 30, 1997.

8 (b) The sum of \$210,500 is appropriated from the general fund to the Department of  
 9 Administration, office of public advocacy, for operating costs for the fiscal year ending  
 10 June 30, 1997.

11 (c) The sum of \$100,000 is appropriated to the Department of Administration, public  
 12 defender agency, for operating costs for the fiscal year ending June 30, 1997, from the  
 13 following sources:



1 equalization program for the fiscal year ending June 30, 1997. It is the intent of the  
2 legislature to appoint a volunteer task force of consumers, electric utility and municipal  
3 officials, and legislators to review and make recommendations regarding the power cost  
4 equalization program. The task force shall make its report available to the legislature by  
5 January 12, 1998.

6 (b) The sum of \$50,000 is appropriated from federal receipts to the Department of  
7 Community and Regional Affairs, division of community and rural development, for the Head  
8 Start program for the fiscal year ending June 30, 1997.

9 \* Sec. 5. DEPARTMENT OF CORRECTIONS. The sum of \$1,000,000 is appropriated  
10 from federal receipts to the Department of Corrections for contract beds in community  
11 residential centers and for out-of-state contract beds for the fiscal year ending June 30, 1997.

12 \* Sec. 6. DISASTER RELIEF FUND. The sum of \$415,000 is appropriated from the  
13 general fund to the disaster relief fund (AS 26.23.300) to capitalize the fund.

14 \* Sec. 7. DEPARTMENT OF EDUCATION. (a) The sum of \$3,750,000 is appropriated  
15 from federal receipts to the Department of Education, division of teaching and learning  
16 support, for Title I and Migrant Education programs for the fiscal year ending June 30, 1997.

17 (b) The sum of \$600,000 is appropriated from federal receipts to the Department of  
18 Education, division of vocational rehabilitation, for costs of client service programs for the  
19 fiscal year ending June 30, 1997.

20 (c) The sum of \$150,000 is appropriated from federal receipts to the Department of  
21 Education, division of vocational rehabilitation, for vocational rehabilitation administration  
22 costs for the fiscal year ending June 30, 1997.

23 (d) The sum of \$1,080,000 is appropriated from federal receipts to the Department of  
24 Education, division of teaching and learning support, for the school to work programs for the  
25 fiscal year ending June 30, 1997.

26 (e) The sum of \$30,000 is appropriated from general fund program receipts to the  
27 Department of Education, division of libraries, archives, and museums, for computer and  
28 software upgrades for the fiscal year ending June 30, 1997.

29 (f) The sum of \$22,000 is appropriated from general fund program receipts to the  
30 Department of Education, Mt. Edgecumbe Boarding School, for summer programs for the  
31 fiscal year ending June 30, 1997.

1 \* **Sec. 8. EMERGENCY EQUIPMENT AND DEFERRED MAINTENANCE.** (a) The  
 2 sum of \$632,000 is appropriated from the general fund to the Department of Corrections for  
 3 replacement of the boiler system at the Fairbanks Correctional Center.

4 (b) The sum of \$100,000 is appropriated from the general fund to the Department of  
 5 Military and Veterans' Affairs for radio equipment.

6 \* **Sec. 9. DEPARTMENT OF FISH AND GAME.** The sum of \$430,000 is appropriated  
 7 from federal receipts to the Department of Fish and Game, division of wildlife conservation,  
 8 for services required by federal grant awards for the fiscal year ending June 30, 1997.

9 \* **Sec. 10. DEPARTMENT OF HEALTH AND SOCIAL SERVICES.** (a) Section 30,  
 10 ch. 117, SLA 1996, page 30, line 33, is amended to read:

11 ALLOCATIONS

12 Aid to Families with 121,909,800  
 13 Dependent Children [122,709,800]

14 (b) Section 30, ch. 117, SLA 1996, page 30, line 35, is amended to read:

15 ALLOCATIONS

16 Adult Public 44,458,200  
 17 Assistance [43,658,200]

18 (c) The sum of \$10,000,000 is appropriated from federal receipts to the Department  
 19 of Health and Social Services for increased Indian Health Service Medicaid reimbursement  
 20 rates for the fiscal year ending June 30, 1997.

21 (d) The sum of \$750,000 is appropriated from the general fund to the Department of  
 22 Health and Social Services, division of family and youth services, for foster care program  
 23 costs for children in the department's custody who require placement for the fiscal year ending  
 24 June 30, 1997.

25 (e) The sum of \$99,300 is appropriated from federal receipts to the Department of  
 26 Health and Social Services, division of public health, for operating costs for the fiscal year  
 27 ending June 30, 1997.

28 (f) Section 30, ch. 117, SLA 1996, page 31, line 18, is amended to read:

	APPROPRIATION	GENERAL	OTHER
	ITEMS	FUND	FUNDS
31 Public Assistance Administration	<u>39,469,900</u>	<u>19,184,300</u>	20,285,600

1 [39,709,900] [19,484,300]

2 (g) Section 30, ch. 117, SLA 1996, page 31, line 22, is amended to read:

3 ALLOCATIONS

4 Eligibility deter- 20,280,500

5 mination [20,580,500]

6 (h) Section 30, ch. 117, SLA 1996, page 31, line 28, is amended to read:

7 APPROPRIATION GENERAL OTHER

8 ITEMS FUND FUNDS

9 Medical Assistance Administration 16,782,300 6,036,900 10,745,400

10 [17,082,300] [6,336,900]

11 (i) Section 30, ch. 117, SLA 1996, page 31, line 31, is amended to read:

12 ALLOCATIONS

13 Claims processing 12,252,800

14 [12,552,800]

15 (j) Section 30, ch. 117, SLA 1996, page 32, lines 21 - 22, is amended to read:

16 APPROPRIATION GENERAL OTHER

17 ALLOCATIONS ITEMS FUND FUNDS

18 Youth Facility 15,307,600 14,837,100 470,500

19 Services [14,707,600] [14,237,100]

20 McLaughlin Youth 9,309,400

21 Center [8,709,400]

*Deleted*  
 (k) ~~(k) The sum of \$838,800 is appropriated from the general fund to the Department of Health and Social Services, division of family and youth services, for improved security at McLaughlin Youth Center.~~

25 \* Sec. 11. DEPARTMENT OF LAW. (a) Section 26(a), ch. 94, SLA 1995, is amended  
 26 to read:

27 (a) For the fiscal year ending June 30, 1996, the [THE] sum of \$20,000,000  
 28 is appropriated to the Department of Law and, for the fiscal year ending June 30,  
 29 1997, the sum of \$7,206,700, which is the amount encumbered on June 30, 1996,  
 30 from that appropriation of \$20,000,000, is appropriated to the Department of Law  
 31 from the following sources, for costs relating to legal proceedings and audit activity

1 involving oil and gas revenue due or paid to the state or state title to oil and gas land  
2 [, FOR THE FISCAL YEAR ENDING JUNE 30, 1996]:

3 State corporation receipts \$ 3,160,000

4 Budget reserve fund (art. IX,  
5 sec. 17, Constitution of the  
6 State of Alaska) 16,840,000

7 (b) The sum of \$1,363,532 is appropriated to the Department of Law to pay judgments  
8 and claims against the state for the fiscal year ending June 30, 1997, from the following  
9 funding sources:

10 General fund \$ 1,347,589

11 Public employees' retirement fund 12,766

12 Teachers' retirement fund 3,177

13 (c) Section 32, ch. 117, SLA 1996, page 67, line 8, is amended to read:

14 General Fund Match 107,500 [97,500]

15 (d) Section 32, ch. 117, SLA 1996, page 67, line 10, is amended to read:

16 General Fund/Program Receipts 586,600 [596,600]

17 \* **Sec. 12. DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS.** (a) The sum  
18 of \$220,000 is appropriated from the general fund to the Department of Military and Veterans'  
19 Affairs for emergency alert system equipment.

20 (b) The sum of \$17,200 is appropriated to the disaster relief fund (AS 26.23.300) from  
21 amounts deposited in the general fund as designated program receipts from premium payments  
22 for flood insurance from victims of the Southcentral flood.

23 (c) The sum of \$17,200 is appropriated from the disaster relief fund (AS 26.23.300)  
24 to the Department of Military and Veterans' Affairs for payment of premiums for flood  
25 insurance under the federal flood insurance pilot program authorized specifically for victims  
26 of the Southcentral flood.

27 (d) The sum of \$700,000 is appropriated from general fund match to the Department  
28 of Military and Veterans' Affairs for expansion of the Fairbanks armory.

29 (e) The sum of \$186,439 is appropriated from the general fund to the Department of  
30 Military and Veterans' Affairs, Alaska National Guard, for the Youth Corps program for the  
31 fiscal year ending June 30, 1997.

1 \* **Sec. 13. MISCELLANEOUS CLAIMS.** The following amounts are appropriated from  
 2 the general fund to the following departments to pay miscellaneous claims and stale-dated  
 3 warrants for the fiscal year ending June 30, 1997:

4	DEPARTMENT	APPROPRIATION
5	Administration	\$ 37,331
6	Corrections	9,275
7	Fish and Game	1,271
8	Health and Social Services	30,322
9	Law	626
10	Public Safety	4,254
11	Transportation and Public Facilities	903

12 \* **Sec. 14. MUNICIPAL GRANTS.** (a) The sum of \$360,000 is appropriated from the  
 13 general fund to the Department of Administration for payment as a grant under AS 37.05.315  
 14 to the City of Unalakleet for repair or replacement of the Power Creek water transmission line.

15 (b) The sum of \$120,000 is appropriated from the general fund to the Department of  
 16 Administration for payment as a grant under AS 37.05.315 to the City and Borough of Juneau  
 17 for emergency repairs to Perseverance Trail. This appropriation is conditioned on the signing  
 18 of a letter of agreement between the state and the City and Borough of Juneau that the state  
 19 will transfer ownership of the right-of-way for the Perseverance Trail, which includes Mt.  
 20 Juneau Trail and Granite Creek Trail, to the City and Borough of Juneau, by October 1, 1997,  
 21 and that the City and Borough of Juneau and the Department of Natural Resources, division  
 22 of parks and outdoor recreation, will continue discussions concerning transfer of ownership  
 23 of the rights-of-way for the Mt. Roberts Trail and the Sheep Creek Trail.

24 \* **Sec. 15. DEPARTMENT OF NATURAL RESOURCES.** (a) The sum of \$3,668,300  
 25 is appropriated from the general fund to the Department of Natural Resources for fire  
 26 suppression activities for the fiscal year ending June 30, 1997.

27 (b) The sum of \$270,000 is appropriated from the general fund to the Department of  
 28 Natural Resources to settle claims against the state for refunds owed by the veterans' land  
 29 discount program (AS 38.05.940) for the fiscal year ending June 30, 1997. The department  
 30 may not expend money from this appropriation to settle a claim unless the state has received  
 31 a release for the claim settled.

1 (c) The sum of \$698,000 is appropriated from the Exxon Valdez oil spill settlement  
2 trust recognized in AS 37.14.400 to the Department of Natural Resources for the purchase of  
3 the Roberts parcel.

4 (d) The sum of \$150,000 is appropriated from Mental Health Trust Authority receipts  
5 to the Department of Natural Resources, trust land office, for Alaska Psychiatric Institute due  
6 diligence activities.

7 (e) The sum of \$800,000 is appropriated from federal receipts to the Department of  
8 Natural Resources for the abandoned mines land program.

9 (f) The sum of \$650,000 is appropriated from the general fund to the Department of  
10 Natural Resources for the airborne geophysical/geological mineral inventory project.

11 (g) The sum of \$630,000 is appropriated from the general fund to the Department of  
12 Natural Resources to prepare and administer timber sales in Tok, Delta, and Kantishna.

13 (h) The sum of \$150,000 is appropriated from the general fund to the Department of  
14 Natural Resources to prepare and administer timber sales in Wrangell and Ketchikan.

15 (i) The sum of \$432,525 is appropriated from the public school trust fund  
16 (AS 37.14.110(a)) to the Department Natural Resources for an appraisal of public school lands  
17 to determine the fair market value of the public school trust land where the land was  
18 redesignated as general grant land in 1978. It is the intent of the legislature that the appraisal  
19 be completed by March 1, 1998.

20 (j) The sum of \$568,000 is appropriated from the general fund to the Department of  
21 Natural Resources to prepare and administer the Kalgin Island II, Caribou Hills, South  
22 Ninilchik - Dome View, and South Ninilchik Block timber sales in the Kenai Peninsula.

23 (k) The sum of \$150,000 is appropriated from the general fund to the Department of  
24 Natural Resources for a land sale escrow account required for land sale contracts sold to First  
25 National Bank of Anchorage.

26 (l) The sum of \$43,900 is appropriated from the general fund to the Department of  
27 Natural Resources for road upgrade for the Mat-Su harvest access program.

28 \* Sec. 16. DEPARTMENT OF PUBLIC SAFETY. (a) The unexpended and unobligated  
29 balance of the appropriation made in sec. 30, ch. 117, SLA 1996, page 43, line 32 and  
30 allocated on line 34 (Village Public Safety Officer Program, Contracts - \$4,965,500) lapses  
31 into the general fund June 30, 1998.

1 (b) The sum of \$130,760 is appropriated from federal receipts to the Department of  
 2 Public Safety, council on domestic violence and sexual assault, for costs related to  
 3 implementation of the Domestic Violence Prevention and Victim Protection Act of 1996 for  
 4 the fiscal year ending June 30, 1997.

5 \* **Sec. 17. RATIFICATIONS OF THE ACCOUNTING SYSTEM.** The following  
 6 departmental expenditures made in fiscal years 1985 to 1995 are ratified to reverse the  
 7 negative account balances in the Alaska state accounting system in the amounts listed for each  
 8 AR number. The appropriations from which these expenditures were actually paid are  
 9 amended by increasing them by the amount listed, as follows:

10	(1) Department of Administration	
11	(A) AR 3583-85 Property Management	\$47,182.23
12	(B) AR 3581-86 Retirement and Benefits	654.29
13	(2) Department of Labor	
14	(A) AR 27540-91 Workers' Incentive	17,423.03
15	(B) AR 27849-93 Alaska Work Program	7,756.15
16	(3) Department of Health and Social Services	
17	(A) AR 22750-85 Fairbanks DOE Food Service	3,236.50
18	(B) AR 22751-85 Johnson Center Doc	151.84
19	(C) AR 22783-85 Laboratories 84	1,069.00
20	(D) AR 22752-88 Substance Abuse Res	10.00
21	(E) AR 22755-88 Epidemiology - Traffic	200.56
22	(F) AR 22788-88 Fairbanks MH Facil Maint	0.01
23	(G) AR 23031-89 Southern Region EMS Life-Pak	0.07
24	(H) AR 25063-89 PFD Hold Harmless	1,058.72
25	(I) AR 24649-90 Harborview Dev Ctr	31,464.50
26	(J) AR 22753-90 AK Trauma Registry	0.45
27	(K) AR 22796-90 Human Svc Valdez Oil	11,853.13
28	(L) AR 22797-90 Child Nutrition Prog	4,305.11
29	(M) AR 22713-92 FY92 OAC Nutrition	0.02
30	(N) AR 22724-92 Inmate Hlt Care Xray	14,500.00
31	(O) AR 22739-94 MIS Tech Asst ADA	293.11

1	(P) AR 22885-89 EIS Phase 1	0.80
2	(Q) AR 23122-95 MMIS	191,255.71
3	(4) Department of Natural Resources	
4	(A) AR 36631-91 Fire Federal Receipts	409,723.98
5	(B) AR 37311-93 Fire Federal Receipts	48,249.95
6	(C) AR 36893-90 Law Valdez Oil Spill	300.00
7	(5) Department of Military and Veterans' Affairs	
8	(A) AR 34538-85 Alaska Military Academy	90.15
9	(B) AR 34538-89 State Active Duty	144.10
10	(C) AR 34565-88 Federal Community Assistance	7,500.00
11	(D) AR 34537-85 Air Training Support	15,218.98
12	(E) AR 34537-86 Air Training Support	1,419.79
13	(F) AR 34537-87 Air Training Support	15,794.56
14	(G) AR 34532-85 Arm Facility Maintenance	1,754.18
15	(6) Department of Law	
16	(A) AR 13604-94 General Legal Services	500,604.50
17	(B) AR 13814-94 Clean Air Act	65.10
18	(C) AR 13852-94 General Services and Supply	1,036.20
19	(D) AR 13993-94 AHFC - MGIC Claims	0.01
20	(E) AR 13868-95 Admin - GAPPA	280.00

21 \* **Sec. 18.** DEPARTMENT OF REVENUE. The sum of \$25,000 is appropriated from the  
 22 general fund to the Department of Revenue, treasury division, for equity investment  
 23 management fees for the constitutional budget reserve fund (art. IX, sec. 17, Constitution of  
 24 the State of Alaska) for the fiscal year ending June 30, 1997.

25 \* **Sec. 19.** DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES. (a)  
 26 The sum of \$130,000 is appropriated from the general fund to the Department of  
 27 Transportation and Public Facilities, Alaska marine highway system fund (AS 19.65.060(a)),  
 28 for increased fuel costs for the fiscal year ending June 30, 1997.

29 (b) The sum of \$444,500 is appropriated from the general fund to the Department of  
 30 Transportation and Public Facilities to implement the consent decree in Trustees for Alaska  
 31 v. Hickel (the Copper River Highway case) (Case No. A92-245 CIV (JKS) (Consolidated)).

1     \* **Sec. 20. ALASKA COURT SYSTEM.** (a) The sum of \$32,200 is appropriated from the  
2 general fund to the Alaska Court System to address the effect of ch. 107, SLA 1996 (welfare  
3 reform legislation) on the trial courts for the fiscal year ending June 30, 1997.

4           (b) The sum of \$30,400 is appropriated from the general fund to the Commission on  
5 Judicial Conduct for increased operating costs and mandatory statutory salary increases for the  
6 fiscal year ending June 30, 1997.

7     \* **Sec. 21. LEGISLATURE.** (a) The sum of \$500,000 is appropriated from the general  
8 fund to the Legislative Budget and Audit Committee for a study that compares the salaries and  
9 benefits of state employees to the salaries and benefits paid to employees in the appropriate  
10 public and private markets in this state and in the Pacific Northwest and for a study that  
11 compares the cost of living in each of the state's school districts.

12           (b) It is the intent of the legislature that the study funded by the appropriation made  
13 in (a) of this section, including the request for proposals, bid award, and final work product,  
14 be overseen by a steering committee consisting of equal number of members appointed by the  
15 legislature and by the governor.

16     \* **Sec. 22.** The appropriation made by sec. 6 of this Act is to capitalize a fund and does  
17 not lapse under AS 37.25.010.

18     \* **Sec. 23.** The appropriations made by secs. 2, 8, 10(k), 12(a), 12(d), 15(c), 15(e) - (h),  
19 15(j), and 19(b) of this Act are for capital projects and lapse under AS 37.25.020.

20     \* **Sec. 24.** The appropriations made by secs. 12(b), 12(c), 15(d), 15(i), 15(k), 15(l), and  
21 21 of this Act lapse into the general fund June 30, 1998.

22     \* **Sec. 25.** The appropriation from the budget reserve fund amended by sec. 11(a) of this  
23 Act is made under art. IX, sec. 17(c), Constitution of the State of Alaska.

24     \* **Sec. 26.** Sections 2 and 11(a) of this Act are retroactive to July 1, 1996.

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

# MEMORANDUM

COPY

State of Alaska

Department of Law

TO: Annalee McConnell, Director  
Office of Management & Budget

DATE: April 9, 1997

OFFICE OF  
MANAGEMENT & BUDGET

FILE NO.:

TEL NO.: 465-3672

APR 10 1997

SUBJECT: FY 97 Supplemental  
Request Addendum

FROM: *Fred Fisher*  
Fred Fisher, Director  
Administrative Services Division  
Department of Law

The Department of Law hereby requests supplemental appropriations for the following items.

Additional FY 97 Judgments & Claims - The attached schedule, now totaling \$1,548,256.80 reflects additional items totaling \$184,725.05. Additionally the bill should reflect the following fund sources and amounts:

1,532,313.92 General Funds  
12,765.73 PERS  
3,177.15 TRS

Thank you for your consideration of these requests. Please contact me should you have questions or need additional information.

cc: Reading File

Attachments:

Department of Law

Y97 Judgments - General Funds

Item #	Case Name	Description	Date	Amount	Interest	Total	Cumulative Total
1	Pope & Katcher Cowper v. Knowles	CBRP litigation	9/19/96	\$4,331.25	\$358.78	\$4,690.03	
2	Kenai Peninsula Borough School District v. State of Alaska	Unemployment Insurance eligibility re: former KPB employee	10/3/96	\$1,230.60	\$96.91	\$1,327.51	
3	Gruenberg & Clover - O Callaghan v. Coghill	Election case concerning form of state primary	5/29/96	\$28,248.66	\$3,271.00	\$31,519.66	
4	Alaska Legal Services Corp. Venetie v. State	Recognition of tribal court adoption decrees	6/6/96	\$11,773.32	\$1,335.80	\$13,109.12	
5	Robinson, Beiswenger, & Ehrhardt Pullen & United Fishermen v. Ulmer & Fairness in Salmon Harvest, Inc.	Challenging the Lt. Gov's certification of the F.I.S.H. Initiative for placement on 11/96 general election ballot	8/26/96	\$1,239.02	\$111.31	\$1,350.33	
6	Valerie Therrien McCosker for T.H. v. State, DOR	Appeal of PFD	10/17/96	\$1,313.43	\$98.07	\$1,411.50	
7	Jermain, Dunnagen & Owens Alaska Public Employees Assoc, Dan Lawn v. State	Re: pipeline oversight position	12/27/96	\$1,000.00	\$53.98	\$1,053.96	
8	Pope & Katcher Capital Info Group v. State	Deliberative Process/Exec Privilege re: certain proposals & memoranda	10/4/96	\$20,000.00	\$1,569.18	\$21,569.18	
9	Chrissitan Bataille, Esq. Arthur Caissie v. State	Age discrimination complaints	12/31/96	\$2,000.00	\$105.58	\$2,105.58	
10	Trust account of Fortier & Mikko, P.C. Eckhart v. CFEC	Eligibility for a commercial fisheries entry permit - attorneys fees	12/6/96	\$3,818.10	\$229.41	\$4,047.51	
11	Kenneth Kirk, Esq. Michael S. Brown v. State	Child support enforcement	10/15/96	\$2,002.35	\$150.69	\$2,153.24	
12	Wayne Anthony Ross Alaska Gun Collectors Assoc v: State	Sale or destruction of firearms by State	8/7/96	\$3,000.00	\$286.13	\$3,286.13	
13	Loren Domka Carlson v. State, CFEC	Non-resident commercial fish fees	6/21/96	\$1,357.67	\$148.10	\$1,505.77	
14	Trust account of Fortier & Mikko, P.C. Eckhart v. CFEC	Eligibility for a commercial fisheries entry permit - cost recovery	12/22/97	\$1,089.65	\$60.39	\$1,150.04	
15	Wesley V. Shea Dansereau v. Ulmer	Alleged irregularities in 94 gubernatorial election	9/4/96	\$22,784.67	\$1,987.04	\$24,771.71	

Department of Law

Y97 Judgments - General Funds

Item #	Case Name	Description	Date	Amount	Interest	Total	Cumulative Total
16	Hedland, Brenna, Heideman Winter Telecom v. Snowden/Alaska Court System	Bid Dispute re: supply and installatin of Nesbett Court House phone system	8/15/96	\$18,186.59	\$1,692.13	\$19,878.72	
17	Rice, Volland, Taylor & Hensley Cleary v. Smith	Rights of incarcerated individuals	1/30/97	\$36,111.66	\$1,590.44	\$37,702.10	
18	Perkins Coie Cleary v. Smith	Rights of incarcerated individuals	11/25/96	\$3,032.10	\$191.91	\$3,224.01	
19	Northwest Women's Law Center Cleary v. Smith	Rights of incarcerated individuals	8/12/96	\$22,721.08	\$2,133.91	\$24,854.99	
20	William Oberly Cleary v. Smith	Rights of incarcerated individuals	8/12/96	\$5,445.22	\$511.40	\$5,956.62	
21	Northwest Women's Law Center Cleary v. Smith	Rights of incarcerated individuals	12/18/96	\$2,950.75	\$166.97	\$3,117.72	
22	Perkins Coie Cleary v. Smith	Rights of incarcerated individuals	12/18/96	\$10,030.68	\$567.58	\$10,598.26	
23	William Oberly Cleary v. Smith	Rights of incarcerated individuals	12/18/96	\$1,061.41	\$60.06	\$1,121.47	
24	Ronald & Sharon Richards Richards v. State	Mental Health Land Trust	1/21/97	\$13,000.00	\$606.67	\$13,606.67	
25	Marty Ferrell Jensen, et al. v. State, Dept of Administration	Settlement agreement re: lease claim	10/23/96	\$1,195.40	\$87.17	\$1,282.57	
26	Robert Triplett & Thomas Lucas Triplett v. State Dept of Corrections	Settlement agreement re: violation of disability discrimination laws	3/11/97	\$450,000.00	\$14,568.92	\$464,568.92	
27	Wevley Shea & Tim O. Cook Cook v. Botelho	Unsuccessful challenge to Cook's appointment as Commissioner to the APUC	12/11/96	\$158,144.49	\$9,271.33	\$167,415.82	
28	Wevley Shea & Tim O. Cook Cook v. Botelho	Unsuccessful challenge to Cook's appointment as Commissioner to the APUC	8/2/96	\$1,270.26	\$123.00	\$1,393.26	
29	Horos v. State Carol Horos & Doug Pope	Retaliation for whistleblowing	3/24/97	\$437,500.00	\$12,505.35	\$450,005.35	
30	Baxter, Bruce, Brand et al CQ Enterprises v. State	Bid protest on lease space for Post Secondary Education	3/19/97	\$27,000.00	\$811.13	\$27,811.13	
31	Lisa Holen Law Offices McCabe v. State	Sexual Harrassment - Lemon Creek Correctional Center	4/1/97	\$70,000.00	\$1,837.52	\$71,837.52	

Department of Law

FY97 Judgments - General Funds

Item #	Case Name	Description	Date	Amount	Interest	Total	Cumulative Total
32	Lee HolenLaw Offices McCabe v. State	Sexual Harrassment - Lemon Creek Correctional Center	4/1/97	\$110,000.00	\$2,887.53	\$112,887.53	\$1,532,313.92

Department of Law

FY97 Judgments - Other Fund Sources

Item #	Case Name	Description	Date	Amount	Interest	Total	Fund Source
1	Don Clocksin Nat'l Education Ass'n - Alaska v. Boyer	Class action against TRS & PERS re medical insurance & COL increases	12/10/96	\$3,000.00	\$177.15	\$3,177.15	TRS
				\$4,500.00	\$265.73	\$4,765.73	PERS
2	Lee Holen Law Office Faddy v. Admin PERS	Denial of Occupational Benefits	2/3/97	\$8,000.00	\$0.00	\$8,000.00	PERS

## RELEASE AND SETTLEMENT AGREEMENT

1. Debra Vanover agrees that, in consideration of the State of Alaska, Department of Corrections (the "State") payment to Ms. Vanover and her attorneys of \$70,000, she fully releases all claims that she has or could have asserted against the State, the Department of Corrections, Commissioner Margaret Pugh, Dan Carothers, Gary Kidd, Marc Antrim, or their agencies, officers, employees, agents, representatives, or insurers (collectively, the "Released Parties"), in Case No. 1JU-95-456 Civil in the Superior Court for the State of Alaska, First Judicial District, arising out of Ms. Vanover's employment with the State of Alaska, Department of Corrections, and the termination of that employment (the "Employment"). Ms. Vanover acknowledges that the Released Parties and their attorneys make no representations to her regarding the tax consequences of this settlement payment.

2. Ms. Vanover releases, acquits, and forever discharges the Released Parties from all causes of action, claims, and demands for damages, costs, losses of services, expenses, attorneys' fees, and compensation, known or unknown, that she now has, or may later have, on account of, or arising out of, any matter concerning the Employment including -- but not limited to -- claims for constructive discharge, sexual harassment, retaliation, infliction of emotional distress, interference with contractual relations, and discrimination on the basis of sex or disability.

3. Ms. Vanover acknowledges that injuries, losses, or damages that she does not know about now may be discovered later, and that injuries, losses, or damages that she knows about now may later prove to be greater than she now believes them to be. Ms. Vanover agrees to discharge the Released Parties from all liability for all injuries, losses, and damages, both those known now and those that may be discovered later, arising from the Employment. Ms. Vanover assumes all risk that her damages may be greater than she now knows or anticipates.

4. Ms. Vanover acknowledges that this settlement is the compromise of a disputed claim. Ms. Vanover acknowledges that the State's \$70,000 payment mentioned above does not constitute an admission of liability by the Released Parties, and that the Released Parties expressly deny such liability.

5. Ms. Vanover hereby releases the Released Parties from all claims that she may have against them or their insurers under any insurance agreements applicable by reason of her claims concerning the Employment.

6. Ms. Vanover agrees that she will not individually, or in concert with others, through further judicial, contractual, or administrative proceedings of any kind whatsoever, make or cause to be made, acquiesce in, or assist in the bringing of any future action against any of the Released Parties for damages arising out of the facts and issues set forth in the complaint in the action mentioned above. Ms. Vanover agrees to indemnify, defend, and hold harmless the Released Parties from any such actions that any individual or entity might bring on her behalf.

7. Ms. Vanover declares that she has not assigned to any other individual or entity any interest in any of her claims arising out of the Employment. Ms. Vanover agrees to satisfy all liens that have been or may be asserted against the amounts to be paid in settlement of her claims, and to defend, indemnify, and hold harmless the Released Parties from all actions relating to such liens.

8. Ms. Vanover further agrees to execute, through her attorneys, a stipulation for dismissal with prejudice of Case No. 1JU-95-456 Civil with each party to bear its own costs and attorneys' fees.

9. Ms. Vanover acknowledges that she has had the opportunity to review the Alaska Supreme Court's decisions in the cases of Witt v. Watkins, 579 P.2d 1065 (Alaska 1978), and Young v. State, 455 P.2d 889 (Alaska 1969), and waives the protection of those decisions.

10. The parties to this Agreement and their representatives, in the spirit of compromise, settlement and resolution of this dispute, further agree not to comment on this Agreement, the dispute or the litigation arising from the dispute, except to the extent it is necessary or appropriate for a representative of the Attorney General's Office of the State of Alaska to do so in response to an inquiry concerning the public's interest in this Agreement or the expenditure of public funds required by this Agreement. This provision does not apply in the event testimony is required by court order or in response to a properly issued subpoena or to any state official when responding to an inquiry by the legislature concerning this settlement.

11. Ms. Vanover acknowledges that no promise or agreement not expressed in this Release and Settlement Agreement has been made by or to her, that this Release and Settlement Agreement contains the entire agreement between the parties to the agreement and that the terms of this Release and Settlement Agreement are contractual, not merely a recital.

12. Ms. Vanover acknowledges that she has had sufficient time and opportunity to consult with her attorney regarding this Release and Settlement Agreement. Ms. Vanover acknowledges that this agreement was not secured under duress or in haste instigated by any of the Released Parties.

13. This Release and Settlement Agreement is and shall be binding upon Ms. Vanover and her heirs, executors, administrators, legal representatives, successors, and assigns.

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14. This Release and Settlement Agreement will be interpreted under, and governed by, the laws of the State of Alaska.

**CAUTION: THIS IS A COMPLETE AND FINAL RELEASE. READ IT CAREFULLY BEFORE SIGNING.**

DATED this \_\_\_\_ day of March, 1997 at Anchorage, Alaska.

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Debra Vanover  
Plaintiff

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Lee Holen  
Attorney for Plaintiff

---

Patrick J. Gullufsen  
Attorney for Defendants  
State of Alaska, Department of Corrections

14. This Release and Settlement Agreement will be interpreted under, and governed by, the laws of the State of Alaska.

**CAUTION: THIS IS A COMPLETE AND FINAL RELEASE. READ IT CAREFULLY BEFORE SIGNING.**

DATED this 1<sup>ST</sup> day of APRIL 1997 at Anchorage, Alaska.

I HEREBY CERTIFY THAT DAVE VANOVER personally appeared before me at Vancouver in the Province of BRITISH COLUMBIA, this 1<sup>ST</sup> day of APRIL 1997 and acknowledged the contents herein and affixed HER signature hereon.

Dave Vanover  
Dave Vanover  
Plaintiff

Lee Holen  
~~Attorney for Plaintiff~~

[Signature]  
Notary Public in and for the Province of BRITISH COLUMBIA.

Patrick J. Gulliford  
~~Attorney for Defendants~~  
~~State of Alaska, Department of Corrections~~

**RONALD C. BAILEY  
NOTARY PUBLIC  
7960 Granville Street  
Vancouver, B.C. V6P 4Z2  
Telephone: 261-4265**

**PERMANENT COMMISSION**

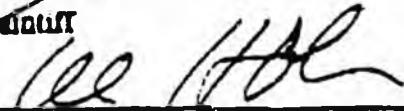
ATTESTED ONLY WITHOUT PREJUDICE  
AS TO TRUTH AND JUSTICE  
NO ADVICE OR OPINION RENDERED  
RONALD C. BAILEY  
NOTARY PUBLIC

14. This Release and Settlement Agreement will be interpreted under, and governed by, the laws of the State of Alaska.

**CAUTION: THIS IS A COMPLETE AND FINAL RELEASE. READ IT CAREFULLY BEFORE SIGNING.**

DATED this 1st April day of ~~March~~, 1997 at Anchorage, Alaska.

~~Debra Vanover~~  
Plaintiff

  
Leo Holen  
Attorney for Plaintiff

~~Patrick J. Gullfusen~~  
Attorney for Defendants  
State of Alaska, Department of Corrections



## Judgment Award Questionnaire

The following information needs to be provided on all judgment awards made against the state. This information is used to respond to legislative questions concerning the annual supplemental request. (Use additional pages if necessary)

Case Name: McCabe v. State of Alaska, et al.

Case No.: 1JU-95-456 CI

1. Describe the circumstances or events resulting in this case and ultimately this judgment against the state.

Norm Anderson, a sergeant at Lemon Creek Correctional Center (LCCC), sexually harassed several women employees at the institution. When he was reported to management, the action taken was arguably insufficient to stop the harassment, and instances of retaliation for reporting the harassment allegedly took place in management's treatment of the women involved.

2. Describe issues of state policy or law involved in this case, if they are relevant to and resulted in substantial effort and expense for the department to bring or defend this case.

Administrative Order 81 prohibiting sexual harassment in the workplace as well as the policy embodied in AS 18.80 against sexual discrimination and retaliation were implicated.

3. Did the state prevail on any issues, if so, describe those.

This case was settled without any admission or finding of wrongdoing or liability, and no issues were actually litigated to a decision.

4. Did we challenge plaintiffs' request for costs and fees or in other ways seek to reduce the costs to the state: If so, describe to what extent we were successful.

The settlement itself represents a significant reduction of the economic risk to the State.

5. Any recommendations concerning cases of this type in the future?

None.

Attorney completing form: Patrick J. Gullufsen DATE: 4-3-97

Judgment Interest calculation Program						
(Using 10.5% per Annum)						
				Month	Day	Year
1. Date of Judgment:				4	1	97
2. Amount of Judgment:			70,000.00			
3. Estimated/Actual Date of Payment:				6	30	97
		Calculation		McCabe v. State		
	a. Judgment Amt		70,000.00			
	b. Days interest		90			
	c. Interest Factor:		0.02625			
	c. Interest Amount:		1,837.52			
	Total Due:		71,837.52			
	35521					
	35611	90				
Daily %	0.0002917					
Total %	0.0262503		70000.00			
		Int	1837.52			
			71837.52			

Judgment Interest calculation Program					
(Using 10.5% per Annum)					
			Month	Day	Year
1. Date of Judgment:			4	1	97
2. Amount of Judgment:			110,000.00		
3. Estimated/Actual Date of Payment:			6	30	97
	Calculation		McCabe v. State		
	a. Judgment Amt	110,000.00			
	b. Days interest	90			
	c. Interest Factor:	0.02625			
	c. Interest Amount:	2,887.53			
	Total Due:	112,887.53			
	35521				
	35511	90			
Daily %	0.0002917				
Total %	0.0262503	110000.00			
		Int	2887.53		
			112887.53		

## RELEASE AND SETTLEMENT AGREEMENT

1. Mary L. McCabe agrees that, in consideration of the State of Alaska, Department of Corrections (the "State") payment to Ms. McCabe and her attorneys of \$110,000, she fully releases all claims that she has or could have asserted against the State, the Department of Corrections, Commissioner Margaret Pugh, Dan Carothers, Gary Kidd, Marc Antrim, or their agencies, officers, employees, agents, representatives, or insurers (collectively, the "Released Parties"), in Case No. 1JU-95-456 Civil in the Superior Court for the State of Alaska, First Judicial District, arising out of Ms. McCabe's employment with the State of Alaska, Department of Corrections, and the termination of that employment (the "Employment"). Ms. McCabe acknowledges that the Released Parties and their attorneys make no representations to her regarding the tax consequences of this settlement payment.

2. Ms. McCabe releases, acquits, and forever discharges the Released Parties from all causes of action, claims, and demands for damages, costs, losses of services, expenses, attorneys' fees, and compensation, known or unknown, that she now has, or may later have, on account of, or arising out of, any matter concerning the Employment including -- but not limited to -- claims for constructive discharge, sexual harassment, retaliation, infliction of emotional distress, interference with contractual relations, and discrimination on the basis of sex or disability.

3. Ms. McCabe acknowledges that injuries, losses, or damages that she does not know about now may be discovered later, and that injuries, losses, or damages that she knows about now may later prove to be greater than she now believes them to be. Ms. McCabe agrees to discharge the Released Parties from all liability for all injuries, losses, and damages, both those known now and those that may be discovered later, arising from the Employment. Ms. McCabe assumes all risk that her damages may be greater than she now knows or anticipates.



9. Ms. McCabe will be designated eligible for re-hire upon her resignation, but agrees never to apply for or accept employment with the Department of Corrections of the State of Alaska.

10. The parties to this Agreement and their representatives, in the spirit of compromise, settlement and resolution of this dispute, further agree not to comment on this Agreement, the dispute or the litigation arising from the dispute, except to the extent it is necessary or appropriate for a representative of the Attorney General's Office of the State of Alaska to do so in a neutral manner in response to an inquiry concerning the public's interest in this Agreement or the expenditure of public funds required by this Agreement. This provision does not apply in the event testimony is required by court order or in response to a properly issued subpoena or to any state official when responding to an inquiry by the legislature concerning this settlement.

11. Ms. McCabe acknowledges that she has had the opportunity to review the Alaska Supreme Court's decisions in the cases of Witt v. Watkins, 579 P.2d 1065 (Alaska 1978), and Young v. State, 455 P.2d 889 (Alaska 1969), and waives the protection of those decisions.

12. Ms. McCabe acknowledges that no promise or agreement not expressed in this Release and Settlement Agreement has been made by or to her, that this Release and Settlement Agreement contains the entire agreement between the parties to the agreement and that the terms of this Release and Settlement Agreement are contractual, not merely a recital.

13. Ms. McCabe acknowledges that she has had sufficient time and opportunity to consult with her attorney regarding this Release and Settlement Agreement. Ms. McCabe acknowledges that this agreement was not secured under duress or in haste instigated by any of the Released Parties.

14. This Release and Settlement Agreement is and shall be binding upon Ms. McCabe and her heirs, executors, administrators, legal representatives, successors, and assigns.

15. This Release and Settlement Agreement will be interpreted under, and governed by, the laws of the State of Alaska.

**CAUTION: THIS IS A COMPLETE AND FINAL RELEASE. READ IT CAREFULLY BEFORE SIGNING.**

DATED this \_\_\_\_ day of March, 1997 at Anchorage, Alaska.

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Mary L. McCabe  
Plaintiff

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Lee Holen  
Attorney for Plaintiff

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Patrick J. Gullufsen  
Attorney for Defendants  
State of Alaska, Department of Corrections

15. This Release and Settlement Agreement will be interpreted under, and governed by, the laws of the State of Alaska.

CAUTION: THIS IS A COMPLETE AND FINAL RELEASE. READ IT CAREFULLY BEFORE SIGNING.

DATED this 28<sup>th</sup> day of March, 1997 at Anchorage, Alaska.

Mary L. McCabe  
Mary L. McCabe  
Plaintiff

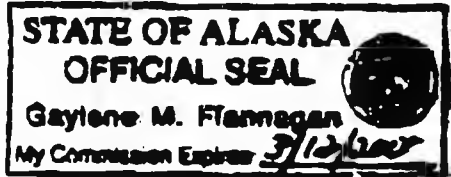
[Signature]  
Lee Holen  
Attorney for Plaintiff

[Signature]  
Patrick J. Collins  
Attorney for Defendant  
State of Alaska, Department of Corrections

Subscribed and sworn to before me Gaylene Flanagan this 28<sup>th</sup> Day of March 1997.

Gaylene M. Flanagan

Notary Public in and for Alaska  
My Commission Expires: 3/12/2000

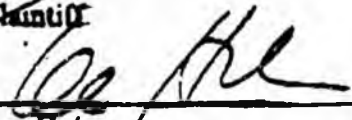


15. This Release and Settlement Agreement will be interpreted under, and governed by, the laws of the State of Alaska.

**CAUTION: THIS IS A COMPLETE AND FINAL RELEASE. READ IT CAREFULLY BEFORE SIGNING.**

DATED this 1st April day of ~~March~~, 1997 at Anchorage, Alaska.

\_\_\_\_\_  
Mary L. McCabe  
Plaintiff

  
\_\_\_\_\_  
Lee Holen  
Attorney for Plaintiff

\_\_\_\_\_  
Patrick J. Gullonen  
Attorney for Defendants  
State of Alaska, Department of Corrections



## Judgment Award Questionnaire

The following information needs to be provided on all judgment awards made against the state. This information is used to respond to legislative questions concerning the annual supplemental request. (Use additional pages if necessary)

Case Name: McCabe v. State of Alaska, et al.

Case No.: 1JU-95-456 CI

1. Describe the circumstances or events resulting in this case and ultimately this judgment against the state.

Norm Anderson, a sergeant at Lemon Creek Correctional Center (LCCC), sexually harassed several women employees at the institution. When he was reported to management, the action taken was arguably insufficient to stop the harassment, and instances of retaliation for reporting the harassment allegedly took place in management's treatment of the women involved.

2. Describe issues of state policy or law involved in this case, if they are relevant to and resulted in substantial effort and expense for the department to bring or defend this case.

Administrative Order 81 prohibiting sexual harassment in the workplace as well as the policy embodied in AS 18.80 against sexual discrimination and retaliation were implicated.

3. Did the state prevail on any issues, if so, describe those.

This case was settled without any admission or finding of wrongdoing or liability, and no issues were actually litigated to a decision.

4. Did we challenge plaintiffs' request for costs and fees or in other ways seek to reduce the costs to the state: If so, describe to what extent we were successful.

The settlement itself represents a significant reduction of the economic risk to the State.

5. Any recommendations concerning cases of this type in the future?

None.

Attorney completing form: Patrick J. Gullufsen DATE: \_\_\_\_\_

#1

Project Title: FAIRBANKS ARMORY EXPANSION      Location: FAIRBANKS  
 Category: Administration of Justice      Prog. Priority:      Election District: 60  
 Project Type: PLANNING/CONSTRUCTION      Agy Priority: 2      AP/AL: AP      Completion Date (mm/yr): 12/99

FUNDING	FY98 Capital Request	Annual State Operating / Maintenance	FY98 New State PFT	CAPITAL REQUESTS					Total Req. FY97-FY02
				FY99	FY00	FY01	FY02	FY03	
1002 Federal Receipts									0.0
1003 General Fund Match	700.0	0.0	0	0.0	0.0	0.0	0.0	0.0	700.0
1004 General Fund									0.0
1005 GF Program Receipt									0.0
1037 GF/ Mental Health									0.0
									0.0
									0.0
<b>TOTAL:</b>	<b>700.0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>700.0</b>

**BRIEF PROJECT SUMMARY:**  
 FAIRBANKS ARMORY EXPANSION

**DETAIL PROJECT DESCRIPTION AND JUSTIFICATION:**

**DESCRIPTION:** This project will provide an expansion to the Fairbanks Armory. The expansion will include an approximately 15,093 square foot addition, alterations to the existing building of 13,312 square feet, and a partial replacement of the existing obsolete mechanical system.

**JUSTIFICATION:** The Army Guard in Fairbanks currently has four units. They are Company B, 1st Battalion, 257th Infantry; Detachment 1, Company D, 297th Support Battalion; Detachment 1, Company A, 207th Aviation Regiment; and Detachment 4, HHC GP 297th Infantry. These units have an actual strength of 154. They were reorganized in FY95. The reorganization caused this facility to be severely overcrowded. The original structure was constructed in 1962. The existing armory was designed and constructed to support only one unit and about 60 people.

Does capital project:	Yes	No
1) Meet state constitutional or statutory responsibility?		X
2) Address life, health or safety issue?	X	
3) Reduce state operating costs?		X
4) Leverage private sector or local funds?		X
5) Create ongoing private sector jobs?		X
6) Facilitate transfer of responsibility to local or private sector?		X

**CAPITAL PROJECTS  
 DESCRIPTION  
 FORM CP1  
 Revised 9/29/95**

**AGENCY: MILITARY & VETERANS AFFAIRS**

Page 1 of 2  
 Revised Date:

**FY 98 - FY03**

CONTINUATION OF FORM: FAIRBANKS ARMORY EXPANSION

DETAIL PROJECT DESCRIPTION AND JUSTIFICATION:

PROJECT JUSTIFICATION: (Continued)

The design is currently in progress through DOT&PF for this project. \$450,000 was appropriated in the FY-92 legislative session and the additional \$100,000 was appropriated in FY-94 to accomplish the design of this project. The design will be completed by August 1997 and will be ready for construction at that time, if construction funds are appropriated. In FFY97, \$4,995 million in federal funds for construction and construction management were appropriated. 62 percent of the project is being federally funded. State matching funds for the remaining 18 percent are required to complete the construction of the addition and alteration.

**CAPITAL COSTS:** Capital costs for this project are based on other recent Army National Guard projects of the same type. It is also based on the amount of space the National Guard Bureau normally supports for these types of units and facilities.

**OPERATING COSTS:** The additional operating costs of \$36,000 are calculated based on DMVA experience in the cost per square foot of operating similar facilities.

**ALTERNATIVES CONSIDERED:** The only alternative to the project is to do nothing. This will result in a loss of \$4,995 million in federal funds and leaves the existing operation to continue in an undersized facility and unable to adequately perform unit training or accomplish organizational goals.

**CAPITAL PROJECTS  
DESCRIPTION**  
FORM CP1  
Revised 11/28/95

AGENCY MILITARY & VETERANS AFFAIRS

Page 2 of 2

Revised Date:

FY 98 - FY03

Project Title: Airborne Geophysical/Geological Mineral Inventory Location: Statewide  
 Category: Development Prog. Priority: Election District: 99  
 Project Type: Planning/Health & Safety Agency Priority: 5 AP/L: AP Completion Date (mmyr): 12/31/99

FUNDING	FY98 Capital Request	Annual State Operating / Maintenance	FY98 New State PFT	CAPITAL REQUESTS					Total Req. FY98-FY03
				FY99	FY00	FY01	FY02	FY03	
1002 Federal Receipts									
1004 General Fund			0						
1005 GF Program Receipts									
1037 GF/ Mental Health									
1022 AIDEA Fund	400.0		0	800.0					1,200.0
1019 Reforestation									
1021 ARLF									
<b>TOTAL:</b>	<b>400.0</b>		<b>0</b>	<b>800.0</b>					<b>1,200.0</b>

**BRIEF PROJECT SUMMARY:** The Airborne Geophysical/Geological Mineral Inventory project is a special multi-year investment to expand the knowledge base of Alaska's mineral resources and catalyze private-sector mineral development. The project seeks to delineate mineral zones on Alaska state lands that: 1) have major economic value, 2) can be developed in the short term to provide high quality jobs for Alaska, and 3) will provide economic diversification to help offset the loss of Prudhoe Bay oil revenue. Started in 1992, the project was originally designed to systematically acquire geophysical, and where necessary, geological data for about 40 million acres of state-owned uplands having high perceived mineral potential. Funding restrictions have led to decreasing the annual scope of the project, but the purpose and goals have not changed.

**DETAIL PROJECT DESCRIPTION AND JUSTIFICATION:** Public release of the geophysical and geological data collected from these surveys has had a rapid and profoundly positive effect on private-sector exploration investments in the Nome, Circle, and Fairbanks areas. Millions of dollars of venture capital have been spent in the local economies of these districts in direct response to the new geologic knowledge provided by the surveys. This rate of investment will continue for years. We anticipate exploration activities in the Rampart, Manley, Tofty, Upper Chulitna, and Petersville districts will accelerate as the recently-completed geophysical surveys and the geological data needed to interpret the new geophysical surveys for these areas becomes available.

Although mineral development is a high risk enterprise, there is a good probability that several of the prospects identified with the help of data generated by this project will become major mines and thus return the amount of the state's data generation investments a hundred fold. Clearly, the Airborne Geophysical/Geological Mineral Inventory Project has been successful in catalyzing private sector investment and job generation at a level that far surpasses the cost of conducting the surveys. A similar investment in geologic knowledge in 1982

Does capital project:	Yes	No
1) Meet state constitutional or statutory responsibility?	X	
2) Address life, health or safety issue?		X
3) Reduce state operating costs?		X
4) Leverage private sector or local funds?	X	
5) Create ongoing private sector jobs?	X	
6) Facilitate transfer of responsibility to local or private sector?	X	

--- Continued on following page ---

**CAPITAL PROJECTS  
DESCRIPTION**  
FORM CP1  
Revised 10/14/98

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Revised Date:

**FY98 - FY03**

**CONTINUATION FORM**

**PROJECT TITLE:** Airborne Geophysical/Geological Mineral Inventory

contributed to the ultimate development of the Fort Knox gold mine that is currently adding several hundred million dollars of capital to the state's economic base.

Candidate lands for this project have been identified on the basis of existing geologic knowledge, land ownership, and responses to annual solicitations for nominations from Alaska's mineral industry and Native Regional Corporations. As of September 1996, field work has been completed for the following geophysical and geological surveys:

Location	Area	Products
Nome District western core area	494 sq. miles	Airborne geophysical mapping (including aeromagnetic, electromagnetic, and VLF mapping)/ground-truth geologic mapping
Nyac District core area	183 sq. miles	Airborne aeromagnetic mapping only
Circle District core area	338 sq. miles	Airborne geophysical mapping/ground-truth geologic mapping
Valdez Creek District	75 sq. miles	Airborne geophysical mapping
Fairbanks District	626 sq. miles	Airborne geophysical mapping/ground-truth geologic mapping
Richardson District	137 sq. miles	Airborne geophysical mapping/ground-truth geologic mapping (pending)
Rampart/Manley-	687 sq. miles	Airborne geophysical mapping/ground-truth geologic mapping (in progress)
Upper Chulitna District	364 sq. miles	Airborne geophysical mapping/ground-truth geologic mapping (pending FY98 and FY99)
Petersville-Collinsville District	415 sq. miles	Airborne geophysical mapping/ground-truth geologic mapping (pending FY99)

Three surveys (western Nome District, Nyac, and parts of the Rampart/Manley District) were conducted in cooperation with the Bering Straits Native Corporation, Sitnasuak Village Corporation, Calista Native Corporation and Doyon Native Corporation, respectively. As owners of large tracts of land intermingled with State lands, they contributed various combinations of services, private geoscience data files, and funding to support the surveys.

Numerous major mining companies have been active in the Nome, Circle, and Fairbanks areas following release of the geophysical surveys. Several million dollars were spent in exploration, and approximately 150 new claims were located on State lands in the Nome area. The renewed corporate interest in the Nome area continues to this day and additional geophysical and geological surveys would further increase the probability of establishing a major mine in the district. Likewise, the Circle district has received new attention from major mining companies. Immediately following the release of the Fairbanks district airborne geophysical maps, over 100 square miles of mineral claims were staked and subsequent exploration activity has been intense. Progress has been made in locating a second major lode gold deposit, and continued exploration involving a growing number of major mining companies proceeds unabated. Many of the immediate exploration expenditures are made locally, and if mineral production results, scores of additional high-quality jobs will be created for local residents.

The Geophysical/Geological Mineral Inventory CIP project is designed to coordinate the generation of airborne geophysical data with ground-based geologic surveys. The geophysical data are of limited effectiveness unless good geologic maps are available to permit analysis and interpretation of the geophysics. If existing geologic data are inadequate, the required geologic surveys are most effective when they follow generation of the final geophysical maps. Thus, unless good quality 1:63,360-scale geologic maps already exist, at least one additional year of ground-based field studies is needed to complete a project after an area has been surveyed with airborne geophysical sensors. Post-geophysical survey ground-truth mapping is now being conducted in the Rampart-Manley-Tofty districts tract flown in FY96 and FY97. Results of geological work done in the Summer of 1996 will be released in the Spring of 1997. Ground-truth geologic mapping in the Rampart-Manley-Tofty districts was planned

**CAPITAL PROJECTS**

**DESCRIPTION**

FORM CP1 - CONTINUATION

Revised 10/14/96

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Revised Date:

FY98 - FY03

**CONTINUATION FORM****PROJECT TITLE:** Airborne Geophysical/Geological Mineral Inventory

for completion in two field seasons. In FY97, however, additional geophysical survey tracts were added to the Rampart project. If these new tracts are also geologically surveyed, an additional year of ground-truth work will be needed to finish inventorying the combined survey tracts. A two-year ground-truth geological survey of the Upper Chulitna mineral district will start in July 1997 (FY98) and is scheduled for completion in FY99. Previously authorized CIP funds are designated to support these geological ground truth activities. Unless additional funds are appropriated to initiate airborne-geophysical/geological mineral surveys elsewhere, no new high mineral potential tracts will be geophysically surveyed in FY98.

For FY98, DGGS has identified three survey tracts: 1) Upper Goodpaster, interior Alaska; 2) Iron Creek, southcentral Alaska; and 3) northern Solomon district, Seward Peninsula, that have good potential for the discovery and near-term development of a major mineral deposit. Contingent upon funding available we will initiate an airborne-geophysical/geological ground-truth mineral survey on one or more of these three tracts. Cost of the surveys varies depending on each tract's size, location, and bid responses from geophysical services vendors, but in the past geophysical/geological surveys of single minimal but reasonably sized tracts has required about \$400.0 in CIP funds, augmented by Federal Receipts and General Funds.

**WHY IS THE PROJECT NEEDED?**

Geologic resources comprise a major part of Alaska's economic assets. The location and magnitude of these resources are largely unknown, yet that knowledge is the key to orderly development of the state and to the maintenance of a stable economy. Experienced mineral exploration managers have characterized Alaska's present state of mineral development as analogous to that of the entire group of states west of the Rocky Mountains in the late 1800s. At that time a few major ore bodies had been found and prospectors had located hundreds of prospects but none of the scores of subsequent world-class mines had been discovered. Alaska is like that. We, however, have the opportunity, capital, and technology to expedite some of those discoveries if we so choose.

Alaskans cannot manage or develop assets that are unknown and unquantified. The present lack of geologic knowledge is a formidable impediment to long-range planning for both industry and the state. The lack of knowledge discourages private-sector investment in Alaska, and instead favors capital allocation to other areas of the world where comprehensive assessments exist or are being actively generated. Major mining companies rely on government-supplied exploration scale (1:63,360) geological, geophysical, and geochemical maps to design and implement their programs. They expect at least this level of effort from any government that seriously desires a mineral industry. Alaska is in competition with every other country, state, and province for investment dollars. Many of those competitors' lands have far less potential than Alaska, are just as remote, have been more explored, or exist in a much less stable political climate than Alaska but they are more successful than Alaska in sustaining a robust mining industry because of their extensive geologic information base or because of the pace at which they are generating such a base of new information.

Applications of a thorough resource information base include:

1. Enhancing community and local government economies and revenue opportunities. Resource development in these areas can provide local sources of wages, tax revenue, and royalty income that are necessary for local infrastructure and essential services.
2. Stimulating private-sector exploration and competitive development of Alaska's mineral resources. The present lack of geologic resource knowledge is a formidable impediment to long range planning for both industry and the state. The lack of resource knowledge discourages private-sector investment in Alaska, and instead favors capital allocation to other areas of the world where comprehensive assessments exist.

**CAPITAL PROJECTS****DESCRIPTION**

FORM CP1 - CONTINUATION

Revised 10/14/96

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Revised Date:

FY98 - FY03