

ALASKA LEGISLATURE

2448

HOUSE and SENATE FINANCE COMMITTEE FILES, 2003-2004

3/6/03

LONGEVITY

EMPLOYMENT

POLICY:

STEPS J-M

HFIN

FILE

Alaska State Legislature

Legislative Affairs Agency

Office of the Executive Director

Terry Miller Legislative Office Building, Room 217

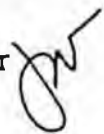
Mailing Address: State Capitol, Rm. 3 Juneau, Alaska 99801-1182 Phone (907) 465-3800 Fax (907) 465-3234



MEMORANDUM

TO: Senator Lyda Green, Co-Chair, Senate Finance Committee
Senator Gary Wilken, Co-Chair, Senate Finance Committee

Representative John Harris, Co-Chairman, House Finance Committee
Representative Bill Williams, Co-Chairman, House Finance Committee

FROM: Pam Varni, Executive Director 

DATE: January 25, 2003

SUBJECT: Change in Longevity Policy

The Senate/House Employment Policy that has been in effect since 1988 has worked well with the exception of the longevity steps of J-M. According to the policy "Steps J-M will be granted in accordance with AS 39.27.022."

AS 39.27.022(d) permits a committee of the Legislature to determine whether longevity pay increments will be granted under AS 39.27.022 to employees under the authority of that committee.

Because of the problems we have had over the years with this section and also to retain professional long-term staff without penalizing them when they switch ranges because of budget constraints or the individual Legislator does not have that range available to them attached is a proposed new longevity policy.

For example, what happens to a staff person with longevity is they might be at a Range 19K and then be lowered to a Range 17. According to the existing policy we must place them at a Range 17F and not a 17K. This is because the policy states continuous service.

The House and Senate Finance Committees are respectfully requested to make this change in the longevity policy. Other committees will be asked to adopt this same policy so it is consistent throughout the Legislative Branch. House and Senate Rules Committees adopted the new policy on February 3 and 4, 2003.

Also attached is a memo from Tam Cook, Director of Legal Services agree that this portion of the policy can be changed by a legislative committee.

Enclosures

SENATE FINANCE COMMITTEE MOTION

MOTION: I move that the Senate Finance Committee not adopt AS 39.27.022 – Pay increments for longevity for State service but instead adopt their own plan which better applies to legislative service. This new policy is before the Members and would be effective January 16, 2003.

HOUSE FINANCE COMMITTEE MOTION

MOTION: I move that the House Finance Committee not adopt AS 39.27.022 – Pay increments for longevity for State service but instead adopt their own plan which better applies to legislative service. This new policy is before the Members and would be effective January 16, 2003.

PROPOSED SENATE/HOUSE LONGEVITY POLICY
EFFECTIVE JANUARY 16, 2003

- Step A - No prior legislative experience
- Step B - Two legislative sessions of at least 100 days each, or one full year with the legislature at a comparable or higher level.
- Step C - Four legislative sessions of at least 100 days each, or one full year with the legislature at a comparable or higher level.
- Step D - Six legislative sessions of at least 100 days each, or one full year with the legislature at a comparable or higher level.
- Step E - Eight legislative sessions of at least 100 days each, or one full year with the legislature at a comparable or higher level.
- Step F - Ten legislative sessions of at least 100 days each, or one full year with the legislature at comparable or higher level.

- Step J - Fourteen legislative sessions of at least 100 days each, or two full years with the legislature at a comparable or higher level.
- Step K - Eighteen legislative sessions of at least 100 days each, or two full years with the legislature at a comparable or higher level.
- Step L - Twenty-eight legislative sessions of at least 100 days each, or five full years with the legislature at a comparable or higher level.
- Step M - Thirty-six legislative sessions of at least 100 days each, or four full years with the legislature at a comparable or higher level.

CURRENT SENATE/HOUSE LONGEVITY POLICY

- Step A - No prior legislative experience
- Step B - Two legislative sessions of at least 100 days each, or one full year with the legislature at a comparable or higher level.
- Step C - Four legislative sessions of at least 100 days each, or one full year with the legislature at a comparable or higher level.
- Step D - Six legislative sessions of at least 100 days each, or one full year with the legislature at a comparable or higher level.
- Step E - Eight legislative sessions of at least 100 days each, or one full year with the legislature at a comparable or higher level.
- Step F - Ten legislative sessions of at least 100 days each, or one full year with the legislature at comparable or higher level.

Must have 7 years of **continuous** service to pass "F" step.

- Step J - Must be at "F" step for two **continuous** years to go to "J" step.
- Step K - Must be at "J" step for two **continuous** years to go to "K" step.
- Step L - Must be at "K" step for five **continuous** years to go to "L" step.
- Step M - Must be at "L" step for four **continuous** years to go to "M" step.

AS 39.27.022. Pay Increments For Longevity in State Service.

(a) Pay increments, computed at the rate of 3.75 per cent of the employee's base salary, shall be provided after an employee has remained in the final step within a given range for two years, provided that the **employee has worked continuously for the state for seven years** and provided that the current annual rating by the employee's supervisors is designated as "good" or higher.

(b) Additional increments, each computed at the rate of 3.75 per cent of the employee's base salary, shall be provided under the same restrictions as provided in (a) *of this section when the employee has remained in the final step for four, nine and thirteen years.*

(c) Longevity pay increments provided for in (a) and (b) of this section are approved under AS 39.25.150 (2) as an amendment to the pay plan for employees of the state.

(d) This section applies to employees of the legislature only if the committee responsible for adopting employment policies concerning the employee adopts a written policy that the section applies. This section applies to the employees of the office of the ombudsman only if the ombudsman adopts a policy that the section applies. This section applies to the employees of the office of victims' rights only if the victims' advocate adopts a policy that the section applies.

SENATE-HOUSE JOINT JOURNAL SUPPLEMENT

3/22/88

TUESDAY

No. 17

EMPLOYMENT POLICY

SENATE/HOUSE LEGISLATIVE EMPLOYEES

Effective Date: July 1, 1988

House approved 3/22/88
Journal page 26.

Senate approved 3/24/88
Journal page 3.

EMPLOYMENT POLICY
SENATE/HOUSE LEGISLATIVE EMPLOYEES

INTRODUCTION

This Policy governs the employment of those legislative employees under the authority of the Senate or House Rules Committees during the legislative session and under the authority of the Senate President or Speaker of the House during the interim. These employees include staff to individual legislators, staff to standing and special committees, the staffs of the Senate Secretary's and Chief Clerk's offices and those employees under the direct supervision of the Rules Committees, i.e. employees in the legislative lounge, the xerox machine operators and the staffs of the Sergeant at Arms.

These Senate/House legislative employees are to be hired under the following provisions:

Within the budget constraints, the Rules Committee Chairmen during session and the President and Speaker during interim will determine the number of employees and at what pay ranges each of the individual legislators and Committee Chairmen will be authorized to hire and for what period of time.

Employees will be selected by and serve at the pleasure of the individual legislator.

The individual legislator will submit a request for the authorization to hire to their respective Rules Chairman during session and to the Senate President or Speaker of the House as appropriate during interim. The authorization to hire will be forwarded to the LAA Personnel Office. At that time, the employee will be able to complete the necessary paperwork and be put on the payroll.

SALARY SCHEDULE

	RANGE
Chief Clerk Senate Secretary	22, 21
Legislative Assistant	21, 20
Administrative Assistant Assistant Chief Clerk Assistant Senate Secretary Sergeant at Arms	19, 18

EMPLOYMENT POLICY
SENATE/HOUSE LEGISLATIVE EMPLOYEES

Enrolling Clerk	10, 17
Engrossing Clerk	
Assistant Enrolling Clerk	17, 16
Assistant Engrossing Clerk	
Assistant Sergeant at Arms	
Researcher	
Lounge Supervisor	
Machine Operator	15, 14, 13
Legislative Secretary	
Clerk	12, 11, 10
Collator	
Lounge Attendant	
Xerox Operator	
Messenger	10, 9
Page	

BENEFITS

Except as provided for hourly employees, all employees will be paid on a monthly basis on the salary schedule in effect for classified and partially exempt State employees. (See AS 39.27.011(a).)

NOTE: No commitment for the continuation of employment is to be assumed. Employees serve at the pleasure of their respective supervisor and upon the authorization of the appropriate authority.

Employees do not receive a geographic pay differential, either during session or interim.

All monthly paid employees receive full medical, retirement and leave benefits. Monthly paid employees do not receive compensatory time or overtime and are on call 7 days per week.

Employees are not compensated for transportation or moving expenses.

Hourly pay based on the current salary schedule will also be available for short term employment. Hourly employees may receive retirement benefits.

LONGEVITY

Longevity may be granted effective the 16th of the month following an employee's eligibility.

EMPLOYMENT POLICY
SENATE/HOUSE LEGISLATIVE EMPLOYEES

Longevity increases are determined according to the following criteria:

- Step A - No prior legislative experience.
- Step B - Two legislative sessions of a least 100 days each or one full year with the legislature at a comparable or higher level.
- Step C - Four legislative sessions of a least 100 days each or one full year with the legislature at a comparable or higher level.
- Step D - Six legislative sessions of a least 100 days each or one full year with the legislature at a comparable or higher level.
- Step E - Eight legislative sessions of a least 100 days each or one full year with the legislature at a comparable or higher level.
- Step F - Ten legislative sessions of a least 100 days each or one full year with the legislature at a comparable or higher level.

Steps J-H will be granted in accordance with AS 39.27.022.

A comparable level of service is defined as work performed in a position with similar duties and responsibilities and a guideline may be as follows:

Range 21,20
Range 19,18
Range 17,16
Range 15,14,13
Range 12,11,10,9

When promoted to a position with a higher range that is not comparable, step placement above Step A may be granted in order that the employee receive, in effect, a one step increase. Subsequent longevity steps may be granted upon completion of additional qualifying experience.

Those employees who would not be eligible under the revised Policy for the step which they are currently being paid will retain that step until they would be eligible for the next step under the revised Policy.

LEAVE

Legislative employees are subject to the statutes regarding the accrual and use of personal leave. All employees who receive leave benefits accrue leave at a rate based on their prior service in positions with leave benefits. The Legislative Affairs Agency Personnel Office should be notified by the supervisor when an employee is absent either in a memorandum or with submission of a leave slip. Leave slips should be completed by the employee, signed by the employee's supervisor and submitted to LAA Personnel immediately upon the employee's return to work.

EMPLOYMENT POLICY
SENATE/HOUSE LEGISLATIVE EMPLOYEES

Employees accrue leave time on the following basis:

- 2 days (15 hours) for each full monthly pay period for employees with 0-2 years of service in a leave accruing position.
- 2.25 days (16.875 hours) for each full monthly pay period for employees with 2-5 years of service in a leave accruing position.
- 2.5 days (18.75 hours) for each full monthly pay period for employees with 5-10 years of service in a leave accruing position.
- 3 days (22.5 hours) for each full monthly pay period for employees with 10 or more years of service in a leave accruing position.

This Policy is effective July 1, 1988.

EXCEPTION: Those current employees who would qualify under the revised Employment Policy for a longevity step increase January 16, 1988 are authorized to receive the increase retroactive to that date.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

January 23, 2003

SUBJECT: Longevity increases for employees approved by the Rules Committees

TO: Pam Varni
Executive Director

FROM: Tamara Brandt Cook
Director

TBC

You ask for language that could be considered and adopted by each of the Rules Committees that would apply to employees who are hired and serve with the approval of those committees and that would treat longevity pay increments in the way that step increases are handled under the Employment Policy adopted by both the House and the Senate. I suggest the following:

HOUSE RULES COMMITTEE AND SENATE RULES COMMITTEE LONGEVITY PAY INCREMENT POLICY

The "Employment Policy - Senate/House Legislative Employees" adopted by both the House of Representatives and the Senate, effective July 1, 1988, specifically provides: "Longevity may be granted effective the 16th of the month following an employee's eligibility." The Policy sets out the criteria for determining increases for steps A - F and states "Steps J - M will be granted in accordance with AS 39.27.022." AS 39.27.022(d) permits a committee of the legislature to determine whether longevity pay increments will be granted under AS 39.27.022 to employees under the authority of that committee. The House Rules Committee and the Senate Rules Committee find that AS 39.27.022 is not appropriately tailored to meet the needs of legislative staff who are hired and serve under the authority of the Rules Committees. Therefore, the House Rules Committee and the Senate Rules Committee reject application of AS 39.27.022 and adopt the following longevity pay increments for employees under the authority of the Rules Committees:

- Step J - Fourteen legislative sessions of at least 100 days each or two full years with the legislature at a comparable or higher level.
- Step K - Eighteen legislative sessions of at least 100 days each or two full years with the legislature at a comparable or higher level.
- Step L - Twenty-eight legislative sessions of at least 100 days each or five full years with the legislature at a comparable or higher level.

Pam Varni
January 23, 2003
Page 2

Step M - Thirty-six legislative sessions of at least 100 days each or four full years with the legislature at a comparable or higher level.

TBC:med
03-048.med

4/15/03

CONFIRM:

AMHT

NELSON

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FILE

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FILE

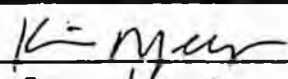
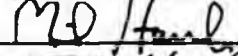
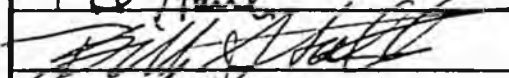
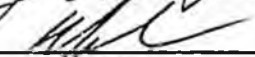
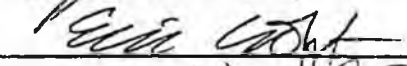



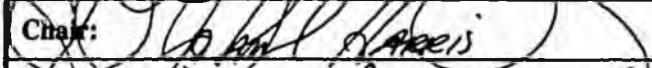
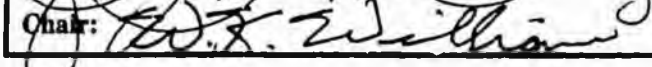

CONFIRMATION COMMITTEE REPORT

Action date: 4/15/03

In accordance with AS 39.05.080, the Finance Committee has reviewed the qualifications of the following Governor's appointee and recommends that this name be forwarded to a joint session for consideration:

Mental Health Trust Authority Board of Trustees
 Nelson Page - Anchorage
 Appointed: 03/03/1995 Reappointed: 06/02/1998
 Reappointed: 03/25/2003 Term Expires: 03/01/2008

This does not reflect intent by any of the members to vote for or against this individual during any further sessions for the purposes of confirmation.

Signature:	Printed Last Name
	Meyer
	Hawker
	STOLTZ
	Joule
	CROFT
	MOSES
	Chenault
	Whitaker
	FOSTER
Chair: 	HARRIS
Chair: 	WILLIAMS

Please return to the Chief Clerk's office.

CONFIRMATION COMMITTEE REPORT

Action date: _____

In accordance with AS 39.05.080, the Finance Committee has reviewed the qualifications of the following Governor's appointee and recommends that this name be forwarded to a joint session for consideration:

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This does not reflect intent by any of the members to vote for or against this individual during any further sessions for the purposes of confirmation.

Signature:	Printed Last Name
Chair:	
Chair:	

Please return to the Chief Clerk's office.



Official Business

Alaska State Legislature

House of Representatives

Office of the Chief Clerk

State Capitol, Room 216
Juneau, AK 99801-1182
Phone: (907) 465-3725
Fax: (907) 465-5334

MEMORANDUM

Date: March 31, 2003

To: Representative Harris, Co-chair *sl*
Representative Williams, Co-chair
Finance Committee

From: Suzi Lowell
Chief Clerk

Subject: Governor's Appointments

Speaker Kott referred the following Governor's appointment to the Finance Committee:

Alaska Mental Health Trust Authority Board of Trustees

Nelson Page - Anchorage

Appointed: 03/03/1995 Reappointed: 06/02/1998

Reappointed: 03/25/2003 Term Expires: 03/01/2008

The resume and committee report are attached for your use.

Attachments as noted

RESUME

NELSON G. PAGE	(907) 345-8788	Mailing Address:
810 "N" Street	(907) 276-6100	P O. Box 91977
Anchorage, Alaska 99501	(907) 258-2530 FAX	Anchorage, Alaska 99509

Employment

Shareholder, law firm of Burr, Pease & Kurtz, Anchorage, Alaska, 1983 - present
Managing Shareholder 1990 - 1995
Associate, law firm of Burr, Pease & Kurtz, Anchorage, Alaska, 1979 - 1983
Law Clerk to the Honorable Warren W. Matthews, Justice, Alaska State Supreme Court, 1978 - 1979

Professional Affiliations

Alaska Bar, member, 1979 - present
Oregon Bar, member, 1978 - present
Admitted to practice before all courts in the state of Alaska, the U.S. District Court for the District of Alaska, the 9th Circuit Court of Appeals and the U. S. Supreme Court
American Bar Association, member, 1978 - present
Association of Trial Lawyers of America, Past Member
Alaska Academy of Trial Lawyers, Past Member
American Arbitration Association, Past Member

Professional Activities

Alaska Bar Association Standing Committee on Ethics, 1992 - present
Alaska Supreme Court Standing Committee on Civil Rules, 1987 - 2002
Alaska Bar Association Disciplinary Committee, 1987 - 1990
Alaska Bar Association Board of Bar Examiners, 1982 - 1986
U.S. District Court for the District of Alaska, Civil Justice Reform Advisory Group, 1992 - 1995, Chair - 1994 - 1995

Civic Activities

Alaska Mental Health Trust Authority Board of Trustees 1996– present
 Founding Chair, 1996 - 1999; Chair, Budget Committee, 1999 –present
Commonwealth North, member, 2000 - present, co-chair study group:
 “Management Structure Choices for Alaska’s Asset Portfolio”
Alaska Mental Health Board, member, 1989 - 1993, Chair, Legislative Lands
 Committee
Alaska Regional Hospital, Board of Trustees, member, 1990 –1993,
 Moderator, 1992 - 1993
Imaginarium, Board of Directors, member, 1987 - 1989, President, 1989 - 1990
Anchorage Transportation Commission, member, 1983 - 1988, President,
 1988 - 1989
Suicide Prevention Center, Board of Directors, Vice-President, 1981 - 1983
KSKA "Consumers First", legal affairs educational radio program co-host,
 1992 – 1994

Education

Georgetown University Law Center, Washington, D. C.
 Georgetown Law Journal, Board of Editors, 1977 - 1978
 J. D. cum laude 1978
Portland State University, Portland Oregon
 Oregon Student Public Interest Research Group (OSPIRG), Board of
 Directors, 1973 - 1974. State Treasurer, 1974 - 1975
 B.S. cum laude 1975
University of Oregon, Eugene, Oregon, 1971 - 1973

References for Nelson G. Page

1. Dennis McMillan

The Foraker Group
Phillips Alaska Building
701 W. 8th Avenue #230
Anchorage, Alaska 99501

263-3820

dcmcmillan@alaska.org

2. Eldon Mulder

P.O. Box 140711
Anchorage, Alaska 99514

3. Diane Kaplan

Rasmuson Foundation
301 W. Northern Lights Blvd. Suite 443
Anchorage, Alaska 99503

297-2700

Fax: 297-2770

dkaplan@rasmuson.org

5/13/03

JT. MTG.

WITH HOUSE

& SENATE

SALMON

TASK FORCE

HAFIN

FILE

513103 JOINT

Draft, draft, draft - For Internal Discussion Only

Program Title	Lead Agency (Person)	Other State Agencies	Other Contributors	Eligible Applicant	Establish Criteria	Establish Timeline	Other
Direct Aid to Individuals	DOL Scavera	DCED ADF&G (fish tickets)		Fishermen and crew	April 18	TBD	Labor will handle the application review and appeal process.
Direct Aid to Impacted Communities	DCED Fisk/ Haight			Communities that received fish tax	April 18	Checks out ASAP.	Fund distribution through existing fish tax channels.
National Ad Campaign	DCED Johnson ASMI Riutta			Approved marketing vendor	TBD	TBD	ASMI will establish a process with deliverables.
Quality Control Standards	DCED Johnson	ASMI ADF&G DEC	UA - MAP	Quality assurance providers	May 2	April 25	DCED will convene a sub committee of agencies and contributors to establish a quality control program that will support the marketing efforts under the National Ad Campaign.
Transportation	DCED Johnson	DOT ADF&G ASMI	UA - MAP AFDF Industry - advice	Processors and transportation companies	May 2	April 25	DCED will convene a subcommittee of agencies and contributors to determine funding direction, amount and area to move product in support of the national ad campaign.
Research and Development	DCED Johnson	ASMI	UA - MAP AFDF Industry - advice	Private companies and research institutes.	May 9	April 25	DCED will convene a subcommittee of agencies and contributors to determine criteria, timeline, and project parameters. Decisions will be made by agencies and funds will go out under the grant section/DCED.
Fishery Economic Development Projects	DCED Fisk/ Haight	ADF&G DOT	UA - MAP UA - FITC AFDF Industry - advice	Communities, industry, other	May 9	April 25	DCED will convene a subcommittee of agencies and contributors to determine criteria, timeline and project parameters. Decisions will be made by agencies and funds will go out under the grant section/DCED.
Harbor and Transportation Infrastructure	DCED Fisk/ Haight	DOT	UA - MAP UA - FITC AFDF Industry - advice	Communities, industry, other	May 9	April 25	DCED will convene a subcommittee of agencies and contributors to determine criteria, timeline and project parameters. Decisions will be made by agencies and funds will go out under the grant section/DCED.
Rural Development Investment Fund	DCED Winegar			Eligible applicants under current program parameters	Done	Done	Utilize existing mechanism with Division of Investment.
Fishery industry business assistance	DCED Fisk	DOL Scavera	ARDORS SBDC Other economic development engines	Businesses	TBD	TBD	Through existing programs, direct technical assistance will be put to the fishing and seafood industry to enhance their success.

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**House Rpt.108-010 - MAKING FURTHER CONTINUING APPROPRIATIONS FOR THE
 FISCAL YEAR 2003, AND FOR OTHER PURPOSES**

Full Display		Related Information	
GPO PDF	Printer Friendly Display	Bill Summary and Status	Full Text of Bill

TITLE V--FISHERIES DISASTERS

SEC. 501. FISHERIES DISASTERS- *In addition to amounts appropriated or otherwise made available, \$100,000,000 is appropriated to the Department of Commerce for fisheries disaster assistance. Not more than 5 percent of such funds may be used for administrative expenses, and no funds may be used for lobbying activities or representational expenses.*

(a) WESTERN PACIFIC AND NORTH PACIFIC- \$5,000,000 shall be made available as a direct lump sum payment to the State of Hawaii for economic assistance to fisheries affected by federal closures or fishing restrictions and \$35,000,000 shall be made available as a direct lump sum payment to the State of Alaska no later than 30 days after the date of enactment of this Act to make payments to persons or entities which have experienced significant economic hardship. Funds in Alaska shall be used to provide (A) personal assistance with priority given to food, energy needs, housing assistance, transportation fuel including subsistence activities, and other urgent needs; (B) assistance for small businesses including fishermen, fish processors, and related businesses serving the fishing industry; (C) and assistance for local and borough - governments adversely affected by reductions in fish landing fees and other fishing-related revenue; and (D) product development and marketing. .

(b) NORTHEAST AND WEST COAST- \$10,000,000 shall be made available to conduct a voluntary fishing capacity reduction program in the Northeast multispecies fishery and \$10,000,000 shall be made available to conduct a voluntary fishing capacity reduction program in the West Coast groundfish fishery. Such sums shall supplement the voluntary capacity reduction program authorized for the fishery in Sec. 211 of Public Law 107-206 and be consistent with section 312(b) of the Magnuson-Stevens Fishery Conservation and Management Act and the requirements relating to the capacity program in section 211 of Public Law 107-206 that shall--

(1) permanently revoke all fishery licenses, fishery permits, area and species endorsements, and any other fishery privileges issued to a vessel or vessels (or to persons on the basis of their operation or ownership of that vessel or vessels) removed under the program; and

(2) ensure that vessels removed under the program are made permanently ineligible to participate in any fishery worldwide, and that the owners of such vessels will operate only under the United States flag or be scrapped as a reduction vessel pursuant to section 600.1011(c) of title 50, Code of Federal Regulations.

May 12, 2003

Dear Alaska Commercial Salmon Fisherman or Crew Member:

Drastic changes in commercial salmon fishing have caused economic hardship for many Alaska salmon fishermen and their families. The State of Alaska is providing an opportunity for those fishermen in most urgent need to apply for direct financial assistance.

If you are an Alaska resident, held an active 2002 commercial salmon permit or salmon crew license, and meet other requirements defined on the enclosed form, you may be qualified for this financial assistance.

Please carefully read, complete, and sign the enclosed Confidential Data Request form. The completed form must be returned to the Alaska Department of Labor and Workforce Development at P.O. Box 25509, Juneau, AK 99802-5509, with all necessary documentation, **postmarked no later than June 7, 2003**. Those who qualify may expect to receive a one-time payment by June 27, 2003.

I hope this financial assistance will help you and your family with immediate necessities, such as food, energy needs, and housing.

Sincerely yours,

S/S FRANK H. MURKOWSKI

Frank H. Murkowski
Governor

Enclosure

FHM/FH/AA/mf
1120 (fisheries)

Salmon Fishermen 2003.doc

Confidential Data
Request

**Alaska Department of Labor
and Workforce Development**

PO Box 25509
Juneau, AK 99801
Phone: 907-465-4691
Fax: 907-465-2741

The following information is needed to determine if you are eligible for Fisheries Revitalization funds made available by Governor Murkowski. To qualify you must have had an active commercial salmon permit or salmon crew license in 2002, been at least the age of 18 in 2002, be an Alaska resident, and fall beneath the income limits shown below.

1. PERMIT HOLDER OR CREW MEMBER INFORMATION

State of Alaska 2002 Commercial Salmon Fisheries Entry Permit number: _____

Name of Salmon Permit Holder: _____

-OR-

State of Alaska 2002 Commercial Salmon Crew License number: _____

Name on Crew license: _____

Name of Salmon Permit Holder I crewed for: _____

My Mailing Address: _____

City: _____

State: _____

Zip: _____

Telephone: _____

Date of Birth: _____

Social Security Number: _____

2. 2002 INCOME INFORMATION (please use your 2002 Federal Income Tax Return- 1040 form)

2a. Total number of dependents, including yourself, listed on Line 6D of your 1040 tax return: _____

2b. Total 2002 Adjusted Gross Income listed on line 33 of your 1040 tax return: _____

2002 Income Limits

Family Size	Maximum Income
1	\$11,080
2	\$14,930
3	\$18,780
4	\$22,630
5	\$26,480
6	\$30,330
7	\$34,180
8	\$38,030

Please return this form with a copy of your 2002 Federal Income Tax return to the Alaska Department of Labor and Workforce Development, postmarked NO LATER THAN JUNE 7, 2003.

Signature: _____ Date _____

Allocation Assuming \$7,000,000*
8-Year Base (89-96)/5-Year Impacts (97-01)

by Allocation		by Municipality	
Municipality	Allocation	Municipality	Allocation
Ouzinkie	\$500.00	Akhiok	\$530.32
Angoon	\$500.00	Aleutians East	\$1,101,561.66
Marshall	\$500.00	Angoon	\$500.00
Skagway	\$500.00	Aniak	\$3,729.00
Kasaan	\$500.00	Anvik	\$2,267.43
Coffman Cove	\$500.00	Bethel	\$20,336.13
Tenakee Springs	\$500.00	Bristol Bay	\$1,739,289.51
Thorne Bay	\$500.00	Chignik	\$56,417.00
Cold Bay	\$500.00	Clark's Point	\$174,462.55
Soldotna	\$500.00	Coffman Cove	\$500.00
Tununak	\$500.00	Cold Bay	\$500.00
Akhiok	\$530.32	Cordova	\$101,637.02
Saint Michael	\$544.95	Craig	\$31,884.71
Toksook Bay	\$662.49	Dillingham	\$119,136.86
Koyuk	\$905.21	Egegik	\$63,659.89
Port Heiden	\$1,105.88	Emmonak	\$27,708.83
Nome	\$1,165.91	False Pass	\$27,729.80
Nenana	\$1,188.35	Galena	\$3,420.94
Old Harbor	\$1,603.29	Goodnews Bay	\$7,904.27
Klawock	\$1,704.83	Haines Borough	\$2,877.25
Port Lions	\$1,748.84	Homer	\$80,908.24
Kaltag	\$2,166.35	Hoonah	\$40,736.04
Anvik	\$2,267.43	Hooper Bay	\$2,858.49
Shaktolik	\$2,576.71	Hydaburg	\$7,208.78
Hooper Bay	\$2,858.49	Kaltag	\$2,166.35
Haines Borough	\$2,877.25	Kasaan	\$500.00
Galena	\$3,420.94	Kenai	\$155,024.29
Mekoryuk	\$3,644.80	Kenai Peninsula	\$623,251.20
Unalakleet	\$3,719.25	Ketchikan	\$40,576.50
Aniak	\$3,729.00	Ketchikan Gateway	\$29,362.93
Seldovia	\$3,823.38	King Cove	\$207,498.85
Hydaburg	\$7,208.78	Klawock	\$1,704.83
Valdez	\$7,758.37	Kodiak	\$321,498.47
Goodnews Bay	\$7,904.27	Kodiak Island	\$362,937.67
Wrangell	\$13,432.73	Koyuk	\$905.21
Bethel	\$20,336.13	Lake and Peninsula	\$441,970.95
Emmonak	\$27,708.83	Marshall	\$500.00
False Pass	\$27,729.80	Mekoryuk	\$3,644.80
Ketchikan Gateway	\$29,362.93	Nenana	\$1,188.35
Craig	\$31,884.71	Nome	\$1,165.91
Ketchikan	\$40,576.50	Old Harbor	\$1,603.29
Hoonah	\$40,736.04	Ouzinkie	\$500.00
Chignik	\$56,417.00	Pelican	\$92,634.72
Pilot Point	\$61,230.88	Petersburg	\$277,023.20
Egegik	\$63,659.89	Pilot Point	\$61,230.88
Sand Point	\$72,139.36	Port Heiden	\$1,105.88
Homer	\$80,908.24	Port Lions	\$1,748.84
Pelican	\$92,634.72	Saint Michael	\$544.95

Yakutat	\$99,759.61	Sand Point	\$72,139.36
Cordova	\$101,637.02	Seldovia	\$3,823.38
Seward	\$117,126.44	Seward	\$117,126.44
Dillingham	\$119,136.86	Shaktoolik	\$2,576.71
Kenai	\$155,024.29	Sitka	\$171,679.71
Sitka	\$171,679.71	Skagway	\$500.00
Clark's Point	\$174,462.55	Soldotna	\$500.00
King Cove	\$207,498.85	Tenakee Springs	\$500.00
Togiak	\$256,769.16	Thorne Bay	\$500.00
Petersburg	\$277,023.20	Togiak	\$256,769.16
Kodiak	\$321,498.47	Toksook Bay	\$662.49
Kodiak Island	\$362,937.67	Tununak	\$500.00
Lake and Peninsula	\$441,970.95	Unalakleet	\$3,719.25
Kenai Peninsula	\$623,251.20	Valdez	\$7,758.37
Aleutians East	\$1,101,561.66	Wrangell	\$13,432.73
Bristol Bay	\$1,739,289.51	Yakutat	\$99,759.61
	\$7,000,000.00		\$7,000,000.00

*Based on estimate of each municipality's "loss" of state shared fish tax for each of five years (97-01), attributable to declines in the salmon industry, compared to the average of state shared fish tax received by each community in the highest four years of the prior eight-year period (89-96). The amount allocated to municipalities is pro-rated based on the amount available for distribution -- in this case \$7,000,000.

SALMON MARKETING

To: Jim Clark
Chief of Staff

From: Margy Johnson
Director

Re: Salmon Marketing

The State of Alaska will pursue a WILD ALASKA SALMON marketing campaign, which will benefit both harvesters and processors. ASMI will be the lead organization in screening RFPS and implementing plan.

The Fish Cabinet and Chief of Staff is overseer. Not ASMI board.

The time is right for Wild Alaska salmon and we expect this to move quickly.

The plan will be based on promoting the health benefits of WILD ALASKA SALMON

- ** Alaska is one of the most important wild salmon producing areas in the world
- **5 different types of salmon
- **Alaska salmon was the first North America seafood product to earn Marine Stewardship Counsel certification.

Marketing to include awareness and education driven by compact, well-balanced integrated marketing communications including:

- ** Public Relations
- ** Advertising
- ** Promotions
- ** Collateral and educational material

State will promote Wild Alaska salmon to the Lower 48, but we realize that much of our market is the Pacific Rim. Governor to do a trade mission to Japan, this fall. State will employ a salmon ambassador to help Japan marketing partners get over negative aspect of harvester/processor lawsuit.

Margy's point: Want Governor to do an add. Want Governor to go on sales calls with wholesalers ie pursuing the mega chains McDonalds, etc. Remember please! Every Alaska is a seafood marketer. It is our joy & duty to sell salmon!

Division of Community and Business Development
Department of Community and Economic Development
State of Alaska

*Fisheries Economic Development
Matching Grant Program
Grant Application Guide*

May 12, 2003



A. General Information

Governor Frank Murkowski recently announced the Alaska Fisheries Revitalization Strategy. The Revitalization Strategy combines federal Fisheries Disaster funds authorized under Title V – Fisheries Disaster, Section 501(b) of the 2003 Federal Appropriations Bill and Southeast Sustainable Salmon Fund monies, authorized under the Pacific Coastal Salmon Recovery Fund, made available by the work of Alaska Senator Ted Stevens.

The Revitalization Strategy is a multi-level, multi-year plan designed to spur increased productivity and innovation in the Alaska fishing industry by investing considerable resources into critical commercial fisheries infrastructure and capital improvement projects.

A key component within the Revitalization Strategy is the Fisheries Economic Development Matching Grant Program (Program), to be administered by the Alaska Department of Community and Economic Development (DCED). This Program is intended to assist communities, throughout the salmon fishing regions of Alaska, impacted by the downturn in the salmon industry. Assistance will be provided in the form of one-time grants to assist with the financing of fisheries-related infrastructure or economic development projects that have the potential to: (1) increase Alaska seafood/product quality, (2) increase Alaska seafood/product diversity and/or value, (3) increase industry efficiencies, or (4) lower costs within the industry.

There is approximately \$13 million available for grants under this Program. DCED is now requesting proposals from applicants interested in receiving one-time financial assistance (grant) under this newly established Program. Those interested in submitting an application under this Program are to follow the instructions provided in this Matching Grant Application Guide and must submit their completed application prior to 4:30 p.m. May 29, 2003.

B. ELIGIBLE APPLICANT

DCED Expectation: Eligibility (eligible applicant) is limited to

1. Government or non-profit organizations such as municipalities, tribal councils, other recognized governing bodies, or community/regional non-profit organizations representing communities that have been impacted by the downturn in the salmon industry. Accordingly, it is anticipated that the majority of the communities will be located throughout the salmon fishing regions of Alaska.
2. Small businesses including fishermen, fish processors, or related businesses serving the fishing industry. These applicants must demonstrate how they have been impacted by the downturn in the salmon industry. These applicants must also meet the US Small Business Administration definition of a small business. It is anticipated that private applicant projects will be located in or in close proximity to communities throughout Alaska located throughout the salmon fishing regions of Alaska.

Applicant's Proposal: An applicant's proposal (grant application):



- Must identify the applicant's organization; project director; and provide contact information including mailing address, phone, fax, and email.
- Must discuss the applicant's organization such as duration of existence, an organizational diagram, and lines of communication.
- Must discuss the applicant's experience with similar previous projects, the success of those projects, and current and/or on-going projects.
- Must identify the applicant's key personnel, previous experience, and ability to successfully complete this project. Individual resumes may be included as part of the applicant's proposal.

Evaluation of Applicant's Proposal: This section of an applicant's proposal (grant application) will be evaluated based on DCED's expectation and the applicant's proposal as discussed above and may receive up to a maximum of 20 points by each member of the Evaluation Committee during the evaluation process.

C. ELIGIBLE COMMUNITIES

DCED Expectation: Projects are limited to those that will benefit communities that have been impacted by the downturn in the salmon industry. Accordingly, it is anticipated that the majority of the communities will be located throughout the salmon fishing regions of Alaska.

Applicant's Proposal: An applicant's proposal (grant application):

- Must identify the communities and/or salmon fishing region(s) that will benefit from the project.
- Must describe the extent of the impact of the downturn in the communities and/or region by discussing recent economic indicators such as downturn in ex-vessel price, wholesale price paid to processors (if available), decline in permits fished, return to harvesters and processors, and declining economic activity for seafood related businesses.
- Must provide documentation from each community demonstrating community support. If the applicant is a local government, a resolution by the governing body is required. If the applicant is a non-profit organization, resolutions of support from the communities, cooperative agreement or memorandum of agreement between the applicant and the various local governing bodies are required. The applicant may submit proposed or draft documents with its application and approved documents must be received by DCED by June 12, 2003.

Evaluation of Applicant's Proposal: This section of an applicant's proposal (grant application) will be evaluated based on DCED's expectation and the applicant's proposal as discussed above and may receive up to a maximum of 20 points by each member of the Evaluation Committee during the evaluation process.



D. ELIGIBLE PROJECTS DESCRIPTION

DCED's Expectation: This Program is intended to assist communities throughout the salmon fishing regions of Alaska, impacted by the downturn in the salmon industry. Assistance will be provided in the form of one-time grants to assist with the financing of fisheries-related infrastructure or economic development projects that have the potential to: (1) increase Alaska seafood/product quality, (2) increase Alaska seafood/product diversity and/or value, (3) increase efficiencies and productivity, or (4) lower costs within the industry. Examples of potential projects have been grouped by the following categories:

- **Freezing and Chilling:** Projects would improve the quality of Alaska seafood by chilling or freezing. Projects may include the installation and/or expansion of slush ice bags, ice machines, or chilling gear; purchase and/or improvement to floating ice machine barges; additional equipment that improves access to freezing and chilling equipment.
- **Cold Storage Facilities:** Projects would improve the quality of Alaska seafood by building new and/or improve existing cold storage facilities.
- **Transportation and Distribution Network:** Projects would improve the quality of Alaska seafood by easing handling, increasing speed, and increasing efficiencies at key transportation nodes. Projects may include the installation and/or expansion of runway cooling systems, handling equipment, quality control equipment, freight consolidation facilities, and the chain of custody tracking systems and devices.
- **Processing Facilities and Equipment:** Projects would increase the quality, diversity, and value of seafood products. Projects may include the construction or improvement of seafood processing operations, processing equipment, fish by-product equipment, utility improvements to processing areas, and waste outfall lines.
- **Shellfish Mariculture:** Projects would improve the efficiency and productivity of shellfish farming. Projects may include nursery grow sites, transportation improvements, technological improvements, holding and processing capacity improvements.
- **New Fisheries Development:** Projects that seek to develop new fisheries in Alaska and may include test fishing, gear testing, and market research.
- **Marine Related Infrastructure:** Projects would increase seafood quality and efficiencies by improving existing or building new harbors, docks and other related marine infrastructure.
- **Airport Development:** Projects that would increase efficiencies, improve seafood quality and increase producers' access to valuable markets by improving existing or building new airport facilities and related infrastructure.
- **Other:** By no means should possible projects be limited to the above examples or categories. An application should be submitted for any project that develop fisheries-related infrastructure or economic development projects that have the potential to lower costs, increase product quality, increase product value and/or increase efficiencies for seafood economic activity.



- **Ineligible Projects:** Applications for initial start-up costs, operations and/or maintenance of existing or proposed infrastructure projects, feasibility studies are not eligible under this Program and will not be considered.

Applicant's Proposal: An applicant's proposal must provide a detailed and all-inclusive discussion of the project and should include but is not limited to:

- Detailed and concise discussion of every aspect of the project. This includes detailed milestones, completion date of each milestone, specific activities for completion of each milestone, and completion of entire project.
- Discussion of how the project meets "DCED's Expectations" items (1) through (4) and the specific category expectations (i.e. Freezing and Chilling, Transportation and Distribution, etc.).
- Detailed system design; engineering designs; technical specifications; and maps if applicable.
- Detailed information on locations, construction, expansions, modifications to new and/or existing structures, facilities, equipment, etc..
- Detailed information on initial construction and installation and continuing maintenance.
- Detailed discussion on environmental and industry impacts, special requirements, permits, certifications, and/or other pertinent necessary approvals.
- Detailed discussion of the project's feasibility. Include all potential obstacles in the current business environment that may hinder or halt the success of the project; ideas or areas of change that would improve the viability of the project; and any other unique characteristics and assumptions that may affect the project.

Evaluation of Applicant's Proposal: This section of an applicant's proposal (grant application) will be evaluated based on DCED's expectation and the applicant's proposal as discussed above and may receive up to a maximum of 20 points by each member of the Evaluation Committee during the evaluation process.

E. ELIGIBLE PROJECTS DURATION AND AMOUNT (BUDGET)

DCED's Expectation: Projects may range in duration from one to three years. For community or non-profit applicants, DCED's funding will not exceed 75 percent of the project's entire cost. Those applicants must provide at least 25 percent of the funding. Inability to support the 25% match requirement will be reason for immediate elimination from the application process. For small business applicants, DCED funding will not exceed 50 percent of the project's entire cost. Those applicants must provide at least 50 percent of the funding. Inability to support the 50% match requirement will be reason for immediate elimination from the application process.

This is a cost reimbursable grant program. The applicant will be required to expend funds and then seek reimbursement from DCED. If an applicant requires an initial advance, the applicant must declare it.



Applicant's Proposal: An applicant's proposal must provide a detailed and comprehensive budget that clearly identifies the entire cost of the project, with independent estimates as available. Discussion should include, but by no means be limited to the following items:

- Identify and project in detail any and all potential *direct* expenses. Examples include, but are limited to, facility modifications, construction costs, equipment purchases, materials, supplies, freight, transportation, payroll and benefits, and etc.
- Identify and project in detail any and all indirect expenses and/or indirect rate. An indirect rate shall not exceed 19 percent of actual direct payroll expenses, and it must be clearly identified.
- If the applicant's contribution includes an "in-kind" contribution such as the use of existing equipment, the monetary-value of the "in-kind" contribution must be based on industry-standards and documented in the applicant's proposal.
- Identify match funding e.g. revenue provided by any other source. Match funding may be obtained through private and/or public sources. Matches greater than that required under DCED's Expectations of this section are encouraged.
- Identify the expenses and percentage that are to be reimbursed (funded) by DCED and the expenses that are to be paid (funded) by the applicant or any other participant.
- Identify the timeframe and expense of equipment replacement and/or other improvements. Equipment depreciation and replacement schedules must be based on current industry rates and standards.
- Identify the amount and/or percentage of the amount anticipated as an initial advance from DCED; frequency of providing and example of summary financial reports on the entire project; frequency of providing and example of detailed information on expenses and revenue on the entire project.

Evaluation of Applicant's Proposal: This section of an applicant's proposal (grant application) will be evaluated based on DCED's expectation and the applicant's proposal as discussed above and may receive up to a maximum of 20 points by each member of the Evaluation Committee during the evaluation process

F. ELIGIBLE PROJECTS LONG-TERM VALUE

DCED's Expectation: This program is intended to assist communities and small businesses impacted by the downturn in the salmon industry by assisting with fisheries-related infrastructure or economic development projects that have the potential to lower costs, increase product quality, increase product value and/or increase efficiencies for seafood economic activity. Since DCED believes that this Program is a critical step towards revitalizing the salmon industry, the long-term sustainability and value of the projects is also pertinent.

Applicant's Proposal: An applicant's proposal must describe the long-term sustainability and expected return the project will generate by providing a detailed discussion on:



- How this project, short-term and long-term will increase: the overall value of the salmon in the consumer or food service market; profitability for the harvesting sector; profitability for the processing sector; value of economic activity in the identified Alaska communities.
- How this project will create greater product diversity.
- How the project will become self-sustaining in the short-term and long-term, and the built-in mechanisms to assure adequate returns for continued operation and maintenance.
- The overall economic contribution expected and built-in mechanisms to assure adequate returns
- For those projects, such as community cold storage facilities, that will be utilized by for-profit businesses, describe what relationship will be established between applicant and private sector entities describe mechanisms, either contractual or other, that assure proper maintenance, increased productivity and the capability for adapting to changes in the marketplace.

Evaluation of Applicant's Proposal: This section of an applicant's proposal (grant application) will be evaluated based on DCED's expectation and the applicant's proposal as discussed above and may receive up to a maximum of 20 points by each member of the Evaluation Committee during the evaluation process

G. COMPLIANCE TO FEDERAL AND STATE REQUIREMENTS

DCED's Expectation: DCED is receiving the funding for this Fisheries Economic Development Grant Program from the State's Department of Fish and Game and the Office of the Governor whom are receiving funding from the U.S. US Department of Commerce, National Oceanographic and Atmospheric Administration.

Since federal money is involved, all entities submitting a proposal for a grant under this Program must understand that in addition to state requirements, the following federal requirements may also apply. And, successful applicants must comply with all state and federal requirements.

Possible requirements for community and non-profit applicants:

As a government entity receiving federal funding, the DCED and its sub-recipient grantees (applicant's) will likely be required to comply with:

- Section 3016.22 incorporates the Cost Principles dictated by OMB Circular A-87 or similar document..
- Section 3016.37 requires DCED to give notice of all federal requirements to its sub-recipients.
- Applicants in the arrears with the federal government for any money owed may not be eligible for grants under this Program.
- State of Alaska's Single Audit Requirement established under Alaska Administrative Code 2 AAC 45.010.



Possible requirements for small business applicants:

As a for-profit entity, receiving federal funding through a state government, the successful applicants (sub-recipients) will likely be required to comply with:

- Federal Title 7, Chapter XXX, Part 3015 enacted by Department of Agriculture (USDA) for non-government entities receiving federal funding.
- Section 3015.21 requires the applicant retain all record for 3 years.
- Section 3015.24 allows the USDA and the Comptroller General of the United States, access to any books, documents, papers, or other records of the applicant, which are pertinent to the grant.
- Section 3015.113 requires changes in scope, objectives, or key people have prior approval by the USDA.
- Sections 3015.163 through .173 discuss key terms regarding property and equipment acquired under the grant. When the property or equipment is no longer needed for the authorized purpose of the grant, transfer or disposal may be required with compensation made to the federal government.
- Section 3015.194 incorporates the Cost Principles dictated by federal Title 48, Chapter 1, Part 31.2 (also referred to as 48 CFR Part 31)
- Section 3015.195 identifies that there may be different and conflicting requirements between initial and sub-recipient grantees.

As an entity, receiving funding through a State of Alaska entity, the successful applicants (sub-recipients) must comply with the State's Single Audit Requirement established under Alaska Administrative Code 2 AAC 45.010.

H. EVALUATION OF APPLICATIONS AND AWARD OF GRANTS

As of the release of this Application Guide, this Program is still evolving and not all aspects of this Program's funding have been authorized. Therefore, DCED retains the right to change this Program as need to comply with federal and/or state requirements that have not yet been identified.

The various processes for the initial review of the grant applications, evaluation of the remaining grant applications, and the award of grants is anticipated to be similar to the following:

- Prior to evaluating the grant applications, DCED will perform an initial review to identify grant applications that don't meet the minimum eligibility requirements, are incomplete, and/or have other problems. DCED at its sole discretion may contact the grant applicant for additional information and/or clarification or DCED may declare the application as



non-responsive and reject it in its entirety. If rejected, the grant application will be eliminated from the evaluation process and the applicant will be notified accordingly.

- The remaining grant applications will be forwarded to an evaluation committee. Each member of the evaluation committee will independently evaluate each grant application based on the criteria, evaluation factors, and numerical values identified in this Application Guide and summarized below:

Eligible Applicants	20
Eligible Communities	20
Eligible Projects -- Description	20
Eligible Projects -- Duration and Amount (Budget)	20
<u>Eligible Projects -- Long-term Value</u>	<u>20</u>
Maximum Possible Points	100

- The Evaluation Committee, at its sole discretion may decide if discussion with applicants, presentations by applicants, and/or site inspection are necessary. If held, members of the Evaluation Committee may change their individual scores based on the additional information.
- The individual Evaluation Committee members will have the opportunity to meet as a Committee to discuss the grant applications before and/or after their individual review and scoring. Members of the Evaluation Committee may change their individual scores based on these discussions.
- When the individual Evaluation Committee members have completed their scoring, the total points for each grant application will be determined. Those applicants receiving "sufficient points" will then be afforded the opportunity of entering into a Grant Agreement with DCED.
- "Sufficient points" will be determined at a later date and will depend on the number of applications received, the amounts being requested. Additionally, since this Program is intended to assist communities throughout Alaska's salmon fishing regions, DCED retains the option of ensuring the funding of projects funding is sufficiently balanced among the regions.
- DCED will provide each applicant with a list reflecting all applicants and the score of each.
- Unsuccessful applicants have up to 10 working days from the date of receiving notice, to provide a written appeal to DCED. DCED, at its sole discretion, may consider the appeal and will notify the applicant accordingly.
- Successful applicants will be afforded the opportunity to enter into a Matching Grant Agreement with DCED. There will be little to negotiate in the Matching Grant Agreements since the Matching Grant Agreements will basically incorporate the applicant's application. DCED reserves the right to partially fund an application.

I. Grant Application Submission and Tentative Schedule

Approximate Dates

Activity



05/12/03	Matching Grant Application Guide Available
05/29/03	Matching Grant Applications (Proposals) Received
06/12/03	Initial Matching Grant Applications Review and Evaluation
06/13/03	Grant Applicants Notified
06/30/03	Drafting Matching Grant Agreements

Those interested in submitting an application under this Program as discussed in this Application Guide must do so prior to 4:30 p.m. May 29, 2003.

The body of the application is to be presented in the same format as this Application Guide i.e. Eligible Applicant, Eligible Community, Eligible Project Description, etc. and is to consist of no more than eight (8) pages. Attachments to the body, such as resumes, detailed designs, estimates from others, resolutions, etc are in addition to the eight-page limit and are to be clearly identified.

Five hard copies of the entire application (body and attachments) are to be delivered to DCED at the below address by 4:30 p.m. May 29, 2003.

Debbie McBride
Alaska Dept. of Community and Economic Development
Division of Community and Business Development
P.O. Box 110804
Juneau, AK 99811-0804

Delivery-service (FedEx, UPS) application packages should be addressed to:

Debbie McBride
Alaska Dept. of Community and Economic Development
Division of Community and Business Development
333 Willoughby Avenue, 9th Floor
Juneau, AK 99811

Failure to meet the deadline will result in disqualification of the application and it will not be reviewed. Faxed, emailed, and/or or electronic versions of a grant application is not acceptable.

Questions. Contact Debbie McBride at the Dept. of Community & Economic Development in Juneau, (907) 465-2023 or debbie_mcbride@dced.state.ak.us.

Revitalization Projects, Economic Development/Harbor & Transportation

Organization	Contact	Phone	Fax	Address	City	Project	Funds Requested--high	Funds Requested--low
Alaska Fishermen's Products LLC	Bob Thorstenson					Salmon In a Pouch Facility In Ketchikan Wards Cove Plant	\$5,000,000	
Ketchikan Gateway Borough	Dick Adams	(907) 225-6651		dick.adams@borough.ketchikan.ak.us				\$1,500,000
Alaska Intertribal Council	Roland Shank	(907) 563-9334				Portable Incubation, Egg Planting and River Fertilization Technology Improvement	\$1,300,000	\$200,000
Alaska Ocean Products	Jelf Knaut	(907) 350-1168		815 Tagura	Kodiak, AK 99615	Suspension Freezing Technology Implementation		
Alaska Seafood Connection	Glen Leason	(800) 867-7390	(760) 771-0988		Swordfisher@yahoo.com	Processing Facility in Kake/Advertsing	\$300,000	\$150,000
Alaska Shellfish Grower's Association	Rodger Painter				Rodgerpainter@hotmail.com	Aquatic Farming Infrastructure	\$750,000	
Alaska Shellfish Grower's Association	Rodger Painter				Rodgerpainter@hotmail.com	Developing Species R&D	\$120,000	
Alaska Shellfish Grower's Association	Rodger Painter				Rodgerpainter@hotmail.com	Mariculture Development Planning	\$50,000	
Alaska Shellfish Grower's Association	Rodger Painter				Rodgerpainter@hotmail.com	Statewide Shellfish Aquaculture Development Plan	\$80,000	
Aleutians East Borough	Robert Juettner/Karen Montoya	(907) 274-7555	(907) 276-7569	3380 C Street, Ste 205	Anchorage, AK 99503	Alutia Marketing Project: Sand Point Processing Infrastructure, Marketing and Expansion to King Cove and Nelson Lagoon	\$583,500	
Aleutians East Borough	Robert Juettner	(907) 274-7555				Cold Bay Airport Fish Hub Facility	\$750,000	
Armstrong Keta/Alaska Catch	Bart Watson	(907) 586-3443				Pin-Bone Out Fillet Pilot Project at Port Armstrong Hatchery	\$590,000	
Annette Island Packing Co.	John T. Sessions	(206) 587-4040				Tunnel Freezer		
Annette Island Packing Co.	John T. Sessions	(206) 587-4040				Fish Meal Equipment		
Bering Sea Fishermen's Association	Henry Mitchell	(907) 279-6519	(907) 258-6688	725 Christensen Drive, 3	Anchorage, AK 99501	Kotzebue Chum Salmon Project	\$434,000	
BuyNPack Seafoods	Dave Bowen			Buynpack@hoonah.net		Broker/Boxer/Shipper Facility	\$1,200,000	
Chignik Seafood Producers Alliance						Chignik Live Haul and Handling Project	\$190,000	
Chilkoot Fish Company	Rhonda Blough	(907) 283-3649				Processing Equipment to Service More Fishermen	\$210,000	
City of Collman Cove	Elaine Price	(907) 329-2233				Processing Equipment for Local Gillnetter's Facility	\$125,000	
City of Cordova						Airport Cooler	\$200,000	
City of Cordova						Boat Haul-Out Facility	\$700,000	
City of Craig	Dennis Watson, Mayor	(907) 209-1299				Cold Storage Facility	\$430,000	
City of Dillingham	Tom Briggs	(907) 826-3275						
City of Dillingham						Dillingham All Tides Dock	\$2,500,000	
City of Haines	Robert Venables	(907) 766-2231				40 Ton/Day Flake Ice Maker	\$160,000	
City of King Cove						Community Tank Farm	\$100,000	
City of King Cove						Spit Land Development	\$175,000	
City of King Cove						Power & Lighting for New Boat Harbor	\$200,000	
City of Ketchikan	Bob Weinstein, Mayor			334 Front Street	Ketchikan, AK 99901	Regional Community Cold Storage	\$5,000,000	

City of Kodiak	Linda Freed, City Manager	(907) 486-8640	(907) 486-8600	710 Mill Bay Road	Kodiak, AK 99615	Harbormaster's Dock Replacement	\$1,000,000
City of Kodiak	Linda Freed, City Manager	(907) 486-8640	(907) 486-8600	710 Mill Bay Road	Kodiak, AK 99615	Oscar's Dock Replacement	\$1,500,000
City of Kodiak	Linda Freed, City Manager	(907) 486-8640	(907) 486-8600	710 Mill Bay Road	Kodiak, AK 99615	St. Herman's Harbor Inner Harbor Replacement	\$500,000
City of Pelican	Duff Mitchell	(907) 735-2204				Vessel Purchase for Processed Salmon Transport to Juneau and Gustavus	\$151,500
City of Petersburg						Airport Cooler	\$200,000
City of Petersburg						Community Cold Storage Phase One (site selection, acquisition, design)	\$500,000
City & Borough of Sitka						Airport Cooler	\$200,000
City & Borough of Sitka	Hugh Bovan, Director					Sawmill Cove Industrial Site Dock	\$480,000
City of Skagway	Robert Ward, Mayor	(907) 983-2297	(907) 983-2151	P.O. Box 415	Skagway, AK 99840	Chinook Hatchery	
City of Skagway	Robert Ward, Mayor	(907) 983-2297	(907) 983-2151	P.O. Box 415	Skagway, AK 99840	Harbor Fish Transfer Facility	
City of Valdez	Dave Dengel, City Manager	(907) 835-4313	(907) 835-2992	Ddengel@ci.valdez.ak.us		Fish Meal Plant	\$950,000
	Bob Prunella	(907) 874-2381					
City of Wrangell	Terry Olness	(907) 789-1992/ (907) 635-6092 (c)		terry@mac.com		Economic Impact Study for Bradfield Canal Road to Canada	\$400,000
City of Wrangell/Wrangell Sealoods	Gig Docker	(907) 874-3110		P.O. Box 2138	Wrangell, AK 99929	Flash Freezer Unit/Value-Added Center	\$1,240,000
City of Wrangell	Bob Prunella	(907) 874-2381				Water Storage Capacity Improvement	\$83,010
City & Borough of Yakutat	Larry Powell	(907) 784-3355				Value-Added Processing Equipment	\$278,200
Department of Transportation						Chignik Ferry Dock Upgrade	\$250,000
Cook Inlet Salmon Brand, Inc. + Cook Inlet Aquaculture Association	Mark Powell	(907) 262-6355	(907) 262-6762	43335 Kalifornsky Beach Road	Soldotna, AK 99669	Port Graham Hatchery Capital Improvements	\$625,000
Cook Inlet Salmon Brand, Inc. + Cook Inlet Aquaculture Association	Mark Powell	(907) 262-6355	(907) 262-6762	43335 Kalifornsky Beach Road	Soldotna, AK 99669	Fillet and Pin Bone Removal Machines	\$300,000
Cook Inlet Salmon Brand, Inc. + Cook Inlet Aquaculture Association	Mark Powell	(907) 262-6355	(907) 262-6762	43335 Kalifornsky Beach Road	Soldotna, AK 99669	Fish Processing Equipment for Access to New Markets	\$250,000
Cook Inlet Salmon Brand, Inc. + Cook Inlet Aquaculture Association	Mark Powell	(907) 262-6355	(907) 262-6762	43335 Kalifornsky Beach Road	Soldotna, AK 99669	Cold Storage and Chilling Facility	\$1,700,000
Cook Inlet Salmon Brand, Inc. + Cook Inlet Aquaculture Association	Mark Powell	(907) 262-6355	(907) 262-6762	43335 Kalifornsky Beach Road	Soldotna, AK 99669	Miscellaneous Fish Processing Equipment to Improve Quality and Provide Access to New Markets	\$375,000
Cook Inlet Salmon Brand, Inc. + Cook Inlet Aquaculture Association	Mark Powell	(907) 262-6355	(907) 262-6762	43335 Kalifornsky Beach Road	Soldotna, AK 99669	Miscellaneous Fish Processing Equipment to Improve Quality and Provide Access to New Markets	\$975,000
Cook Inlet Salmon Brand, Inc. + Cook Inlet Aquaculture Association	Mark Powell	(907) 262-6355	(907) 262-6762	43335 Kalifornsky Beach Road	Soldotna, AK 99669	Small Stream Habitat Improvement	\$500,000
Cook Inlet Salmon Brand, Inc. + Cook Inlet Aquaculture Association	Mark Powell	(907) 262-6355	(907) 262-6762	43335 Kalifornsky Beach Road	Soldotna, AK 99669	Paint River Enhancement and Remote Research Facility	\$925,000
Cook Inlet Salmon Brand, Inc. + Cook Inlet Aquaculture Association	Mark Powell	(907) 262-6355	(907) 262-6762	43335 Kalifornsky Beach Road	Soldotna, AK 99669	Eklutna/Port Graham/Tulka Sockeye Enhancement Project	\$2,000,000
DIPAC w/Glacier Bay Feed	David Wilson	(907) 364-1511				Premium Pot Food from Late Run Salmon and Hatchery Waste	\$172,400

Juneau Economic Development Council	Lance Miller	(907) 463-3662				By-Product Development		
Ellin Cove Community Association						Incinerator	\$500,000	
Kaitag Fishermen's Association	Richard Burnham				Kaitag, AK 99748	Fish Processing Plant/Ice Machines		
	Doug Sweat	(907) 534-2309		P.O. Box 125	Kaitag, AK 99748			
Kachemak Research Development, Inc.	Larry Riley, Vice President	(907) 226-2400	(907) 226-2402	P.O. Box 15422	Fritz Creek, AK 99603	Salmon Stream Obstruction and Rehabilitation Analysis	\$3,000,000	
Mark Buckley						Smart Tag Project		
						Draft Engineering Plans to Fix Eroding Access Road in Juneau (suffocating coho eggs)	\$25,000	
Mendenhall Valley Partnership	Cheryl Van Dyke	(907) 586-6853				Southwest Alaska Live-Haul Demonstration Project	\$100,000	
Northern Southeast Regional Aquaculture Association						Bunkhouse for Interns	\$40,000	
Prince of Wales Hatchery	John Bruns	(907) 755-2231				Expand Water Lines to Generate Power and Reduce Electric Bills	\$57,400	
Prince of Wales Hatchery	John Bruns	(907) 755-2231				Funding for Quetekcak Shollish Hatchery		
	Representative Paul Seaton	(907) 465-2689	(907) 465-3472	State Capitol Building	Juneau, AK 99801			
Quetekcak Shollish Hatchery						Develop Enzyme Process to Turn Sockeye Roe into Caviar	\$66,000	
Raven Environmental + Alaska Seafood Company	Paul Rusanowski	(907) 586-2459						
Ray Wadsworth						Chignik Pin Bone Out Pilot Project		
Ray Wadsworth				Ray@pinboneout.com				
						Plans to Utilize Surplus Carcasses and Create New Markets	\$45,000	
Sheldon Jackson College Hatchery	David Harrington	(907) 747-5222				Wet Lab Upgrade w/Now Displays and Better Tour Group Access	\$246,200	
Sheldon Jackson College Hatchery	Len Lambert	(907) 747-5222				Planning Study for Regional Cold Storage Consolidation Facility	\$75,000	
	Meilani Clark					Fisheries Business Incubator Investment Phase II: Value-Added Processing Equipment/Cold Storage Research and Design	\$612,000	
Southeast Conference	Schijvens	(907) 463-3445 X27				Enzyme Installation to Turn Pink Roe from Sujiko to Caviar	\$1,750,000	\$1,050,000
						High Volume Conveying Tunnel Freezer	\$726,500	
Valdez Fisheries Development Association						Low-cost Housing for Plant Employees		
Wards Cove Packing + Red Caviar Partnership	David Forbush	(206) 323-3200			641 Wrangell, AK 99929	King Cove Landfill and Road Design	\$60,000	
Wrangell Seafoods	Gig Decker	(907) 874-3110				Energy Cost Reduction Grant Match	\$50,000	
Wrangell Seafoods	Sherri Cummins	(907) 874-33346	(907) 874-3035			Alutians Aviation System Plan/Air Service Evaluation		
Aleutians East Borough	Sharon Boyette	907) 274-7555	(907) 276- 7569	3380 C Street, Ste 205	Anchorage, AK 99503	Ice Machines	\$200,000	
Aleutians East Borough	Sharon Boyette	907) 274-7555	(907) 276- 7569	3380 C Street, Ste 205	Anchorage, AK 99503	Fish By-Product Utilization	\$100,000	
Aleutians East Borough	Sharon Boyette	907) 274-7555	(907) 276- 7569	3380 C Street, Ste 205	Anchorage, AK 99503	Galena Boat Ramp	\$200,000	
Bristol Bay								
City of Cordova								
City of Galena								
City of Old Harbor	Percy Fisby, Chief Executive Officer	(907) 277-6442				Small Boat Harbor Renovation		
City of Seward						Harbor Expansion Completion	\$2,000,000	
City of St. George	Max Malavansky, City Administrator	(907) 859-2263	(907) 859-2212	P.O. Box 929	St. George, AK 99591	Harbor South Breakwater Repair	\$3,500,000	
City of Whittier	Loarnard Jones	(907) 472-2323				Small Boat Harbor Repair	\$350,000	

City of Whittier	Leonard Jones	(907) 472-2323				Public Works Facility	\$3,000,000	\$2,500,000
City & Borough of Yakutat	Steve Henry, City Manager					Community Processing Corporation		
Cold Bay						Boat Launch	\$300,000	
Matsu Electric Association						Power Intertie to West Cook Inlet	\$3,000,000	
Northwest Arctic Borough						Kotzebue Region Small Bridge Repair	\$150,000	
Old Harbor						Ice Plant and Support Facilities	\$2,500,000	
Nelson Lagoon						Boat Lift	\$500,000	
Nome						Economic Diversification	\$1,350,000	
Port Graham						Processing Plant	\$1,000,000	
Shishmaref						Erosion Control	\$500,000	
Skagway						Land Development	\$500,000	
St. Paul						Harbor Dredging and Expansion	\$1,000,000	
Wrangell						Economic Development	\$500,000	
Yukon River Drainage Association	Jill Klein	272-3130				Hydrolysate Barge		
Round Gold LLC	Sandro Lane, CEO	(907) 463-5863		Sandro@roundgold.com		Harbor Shoreside Infrastructure	\$380,000	
Sand Point						Airborne Geophysical Surveys	\$1,000,000	
Seward Peninsula & SW AK						King Cove Landfill and Road Design	\$60,000	
Aleutians East Borough	Sharon Boyatto	907) 274-7555	(907) 276- 7569	3380 C Street, Ste 205	Anchorage, AK 99503	Processing Equipment/Upgrades	\$149,000	
Alaska Quoon Eyak/Fishermen's Market	Jody Lozori, President					Harbor Development		
Adak	Lamar Collen	345-9952	ljcollen@gcl.net			High Protein/Low Ash Meal from Fish Wastes		
Kodiak Chamber of Commerce	Wayno Stevens, Exec. Director			P.O. Box 1485	Kodiak, AK 99615	Port Bailey Cannery Improvement		
Port Bailey Wild Enterprises, LLC	Jaymie Mitchell, General Manager	(907) 487-4430		P.O. Box 4349	Kodiak, AK 99615	Floating Fuel Dock	\$600,000	
City & Borough of Yakutat	Steve Henry, City Manager	(907) 784-3323	(907) 784-3281	P.O. Box 160	Yakutat, AK 99689	Fender Piles System of Ocean		
City & Borough of Yakutat	Steve Henry, City Manager	(907) 784-3323	(907) 784-3281	P.O. Box 160	Yakutat, AK 99689	Cape Dock Repair	\$65,000	
								66,959,710.00

Economic Development	73,114,710
Research	2,843,500
Education	3,592,555
Marketing	2,822,977
Miscellaneous	1,390,706
Total	83,764,448

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NATURAL

GAS

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FILE

Ballot Measure 3 - Initiative Petition

Gas Pipeline Development Authority

BALLOT LANGUAGE

This bill would create the Alaska Natural Gas Development Authority (Authority) as a public corporation of the State. The Authority would acquire and condition North Slope natural gas, and construct a pipeline to transport the gas. The Authority's powers would include buying property or taking it by eminent domain, and to issue state tax-exempt revenue bonds. The gasline route would be from Prudhoe Bay to tidewater on Prince William Sound and the spur line from Glennallen to the Southcentral gas distribution grid. The Authority would operate and maintain the gas pipeline, ship the gas, and market the gas.

SHOULD THIS INITIATIVE BECOME LAW?

YES

NO

BALLOT MEASURE SUMMARY

Prepared by the Legislative Affairs Agency

This measure proposes a new public corporation. It would be called the Alaska Natural Gas Development Authority. It would have a seven-member board of directors appointed by the governor. The board is required to design, construct, operate, and maintain a natural gas pipeline system. That system or project would transport North Slope natural gas. It would move the gas to Prince William Sound and to the Southcentral Alaska gas distribution system. The board could market and ship gas. It could acquire property by purchase or eminent domain. To meet project costs, the board could issue revenue bonds. To build the project, it would have to enter into project agreements with labor unions. It also must use Alaska contractors and suppliers to the greatest extent possible. The measure requires the board to prepare a development plan for the project within one year. It declares a goal of having the project operate by 2007.

FULL TEXT OF PROPOSED LAW

"(The All-Alaskan Gasline Initiative) An Act Establishing the Alaska Natural Gas Development Authority, to maximize revenues for Alaska and jobs and Gas for Alaskans."

BE IT ENACTED BY THE PEOPLE OF THE STATE OF ALASKA:

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

FINDINGS AND INTENT. (a) The people find that

(1) The Phillips-Marathon liquefaction facility at Nikiski has been supplying Cook Inlet natural gas to Japan and Southcentral Alaska at great profit and without interruption since 1969;

(2) Cook Inlet gas supplies are dwindling rapidly with shortfalls anticipated as early as the winter of 2003;

(3) Alaska's North Slope contains vast proven reserves of natural gas that have been known for at least 25 years but have never been developed;

(4) these gas resources have never been offered for sale, because there has been no way to transport them to market;

(5) multiple markets in North America and Asia have recently expressed an interest in receiving a proposal from Alaska for the purchase of Alaska gas;

(6) if developed, these natural gas resources could represent substantial economic benefits to Alaskans in jobs, state revenue, and gas for Alaska citizens and businesses;

(7) the major North slope leaseholders have competing gas reserves in other parts of the world vying for the same markets, creating a conflict of interest for them in advancing the sales of Alaska gas;

(8) the North slope Producers agreed in 1991 to strand North Slope gas until at least 2005;

(9) given the producer's conflicts of interest and their historic refusal to make North Slope natural gas available it may be necessary to take the gas back;

(10) the permits necessary for an Alaskan gasline project have been pledged to the Alaska Natural Gas Development Authority, operating as a port authority, to facilitate the development of the project;

(11) there is sufficient gas for an all-Alaskan gasline project;

(12) the Alaska Natural Gas Development Authority offers substantial tax benefits that improve the economics of a gasline project;

(13) state ownership of the pipeline and associated facilities has the potential to provide substantial revenues to the state and the Alaska Permanent Fund; and

(14) Alaska's constitution requires that Alaska's resources be developed, utilized, and conserved for the maximum benefit of Alaska's people.

(15) an all-Alaskan gasline maximizes jobs for Alaskans, revenues for the Alaskan treasury, and access to gas for Alaskans.

(b) It is the intent of this Act to create the All-Alaskan Natural Gas Development Authority for the purpose of developing, constructing, managing, and operating a gas pipeline from the North Slope of Alaska and a spur line to the Southcentral Alaska natural gas distribution grid.

*Sec. 2. AS 41 is amended by adding a new chapter to read:

The text of this bill is presented as submitted by the petition sponsors.

Ballot Measure 3 - Initiative Petition

Gas Pipeline Development Authority

Chapter 41. Alaskan Natural Gas Development Authority.

Article 1. Establishment of the Authority.

Sec. 41.41.010. Establishment of the authority. (a) There is established the Alaska Natural Gas Development Authority, the purpose of which is to provide one or more of the following services and functions in order to bring natural gas from the North Slope to market, including

- (1) the acquisition and conditioning of North Slope natural gas;
- (2) the design and construction of the pipeline system;
- (3) the operation and maintenance of the pipeline system;
- (4) the design, construction, operation, of other facilities necessary for delivering the gas to market and to Southcentral Alaska; and
- (5) the acquisition of natural gas market share sufficient to ensure the long-term feasibility of the pipeline system project.

(b) The authority is a public corporation and an instrumentality of the state within the Department of Revenue.

(c) The authority has a legal existence independent of and separate from the state.

(d) The acquisition of natural gas from the North Slope and its delivery to tidewater for shipment to market by the authority is an essential government function of the state.

(e) The authority may not be terminated as long as it has bonds, notes, or other obligations outstanding.

Sec. 41.41.020. Authority governing body. (a) The authority shall be governed by a board of directors consisting of seven members from the general public appointed by the Governor and confirmed by the legislature.

(b) The board shall annually elect a chair, and may elect other officers, from among its members.

Sec. 41.41.030. Term of office. (a) The members of the board shall be appointed for terms of three years, and they may be reappointed.

(b) The terms of the members shall be staggered.

Sec. 41.41.040. Removal and vacancies. (a) The governor may remove a member of the board from office. A removal must be in writing and must state the reason for the removal. A member who is removed may not participate in board business and may not be counted for purposes of establishing a quorum after the member receives written notice of removal. A member who is removed is not entitled to honoraria, per diem, or travel expenses authorized under AS 41.41.050 for work performed after the member receives the written notice of removal.

(b) The governor shall promptly fill a vacancy on the board by appointment. An appointee to a vacancy shall hold office for the balance of the term for which the appointee's predecessor

on the board was appointed.

(c) A vacancy on the board does not impair the authority of a quorum of the board to exercise all the powers and perform all the duties of the board.

Sec. 41.41.050. Quorum and voting. Four members of the board constitute a quorum for the transaction of business and the exercise of the powers and duties of the board. Action may be taken only upon the affirmative vote of a majority of the full membership of the board.

Sec. 41.41.060. Compensation of board members; per diem and travel expenses. Members of the board are entitled to per diem and travel expenses authorized for boards and commissions under AS 39.20.180.

Sec. 41.41.070. Authority staff. (a) The board may employ and determine the salary of a chief executive officer.

(b) The chief executive officer may, with the approval of the board, select and employ additional staff as necessary.

(c) An employee of the authority, including the chief executive officer, may not be a member of the board. The chief executive officer and the other employees of the board are in the exempt service under AS 39.25.110.

(d) In addition to its employees, the authority may contract for and engage the services of bond counsel, consultants, experts, and financial advisors the corporation considers necessary for the purpose of developing information, furnishing advice, or conducting studies, investigations, hearings, or other proceedings.

Sec. 41.41.080. Legal counsel. The attorney general

(1) is the legal counsel for the authority;

(2) shall advise the authority in legal matters; and

(3) shall represent the authority in legal actions.

Sec. 41.41.090. Conflicts of interest. (a) Members of the board and the chief executive officer of the authority are subject to the provisions of AS 39.50.

(b) If a member of the board or an employee of the authority acquires, owns, or controls an interest, direct or indirect, in an entity or project in which assets of the authority are invested, the member shall immediately disclose the interest to the board. The disclosure is a matter of public record and shall be included in the minutes of the first board meeting following the disclosure.

Sec. 41.41.100. Budget. The revenue earned by operations of the authority must be identified as the source of the operating budget of the authority in the state's operating budget under AS 37.07 (Executive Budget Act).

Sec. 41.41.110 Audits. The Legislative Budget and Audit

Ballot Measure 3 - Initiative Petition

Gas Pipeline Development Authority

Committee may provide for an annual post audit and annual operational and performance evaluations of the authority's operations and budget.

Sec. 41.41.120. Reports and publications. (a) By September 30 of each year, the board shall publish a report of the authority for distribution to the governor and the public. The board shall notify the legislature that the report is available.

(b) The report must include financial statements audited by independent outside auditors and a statement of the amount of money received by the authority from its operations during the period covered.

Sec. 41.41.130. Tax exemption. The security instruments issued by the authority, the transfer of the security instruments, and the income on the security instruments are exempt from all taxes and assessments in the state.

Sec. 41.41.140 Political activities. The resources of the authority may not be used to finance or influence political activities.

Sec. 41.41.150. Public access to information.

(a) Information in the possession of the authority is a public record, except that information that discloses the particulars of the business or affairs of a private enterprise or investor is confidential and is not a public record for purposes of AS 40.25.110 - 40.25.140. Confidential information may be disclosed only for the purposes of an official law enforcement investigation or when its production is required in a court proceeding.

(b) The restrictions of (a) of this section do not prohibit the publication of statistics presented in a manner that prevents the identification of particular reports, items, persons, or enterprises.

Article 2. Powers of the Authority.

Sec. 41.41.200. Powers of the authority. In furtherance of its corporate purposes, in addition to its other powers, the authority may

- (1) sue and be sued;
- (2) adopt a seal;
- (3) adopt, amend, and repeal bylaws and regulations;
- (4) make and execute contracts and other instruments;
- (5) in its own name acquire property, lease, rent, convey, or acquire real and personal property; a project site or part of a project site may be acquired by eminent domain;
- (6) acquire natural gas supplies;
- (7) issue bonds and otherwise incur indebtedness in accordance with AS 41.41.300 - 41.41.410 in order to pay the cost of a project;

(8) accept gifts, grants, or loans from and enter into contracts or other transactions regarding gifts, grants, or loans with a federal agency or an agency or instrumentality of the state, a municipality, private organization, or other source;

(9) enter into contracts or agreements with a federal agency, agency or instrumentality of the state, municipality, or public or private individual or entity, with respect to the exercise of its powers;

(10) charge fees or other forms of remuneration for the use of authority properties and facilities;

(11) defend and indemnify a current or former member of the board or an employee or agent of the authority against the costs, expenses, judgments, and liabilities as a result of actions taken in good faith on behalf of the authority; and

(12) purchase insurance to protect its assets, services, and employees against liabilities that may arise from authority operations and activities.

Article 3. Revenue Bonds and Notes.

Sec. 41.41.300. Bonds and notes of the authority. (a) The authority, by resolution, may issue revenue bonds and bond anticipation notes in order to provide funds to carry out the purposes set out in AS 41.41.010(a).

(b) The principal and interest on the revenue bonds or notes authorized and issued under (a) of this section are payable from authority funds. Bond anticipation notes may be payable from the proceeds of the sale of bonds or from the proceeds of the sale of other bond anticipation notes or, in the event bond or bond anticipation note proceeds are not available, the notes may be paid from other funds or assets of the authority.

(c) Bonds or notes may be additionally secured by a pledge of a grant or contribution from the federal government, or a corporation, association, institution, or person, or a pledge of money, income, or revenues of the authority from any source.

(d) Bonds or bond anticipation notes of the authority may be issued in one or more series and shall be dated, bear interest at the rate or rates per year or within the maximum rate, be in the denomination, be in the form, either coupon or registered, carry the conversion or registration provisions, have the rank or priority, be executed in the manner and form, be payable at the times, from the sources, and in the medium of payment and place or places within or outside the state, be subject to authentication by a trustee or fiscal agent, and be subject to the terms of redemption with or without premium, as the resolution of the authority may provide. Bond anticipation notes shall mature at the time or times that are determined by the authority. Bonds shall mature at a time not exceeding a number of years from their date that is determined by the authority. Before the preparation of definitive bonds or bond anticipation notes, the authority may issue interim receipts or temporary bonds or bond anticipation notes, with or without coupons, exchangeable for bonds or bond anticipation notes when

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Gas Pipeline Development Authority

these definitive bonds or bond anticipation notes have been executed and are available for delivery.

(e) Bonds or bond anticipation notes may be sold in the manner and on the terms the authority determines.

(f) If an officer whose signature or a facsimile of whose signature appears on a bond, note, or coupon attached to them ceases to be an officer before the delivery of the bond, note, or coupon, the signature or facsimile is valid to the same extent as if the officer had remained in office until delivery.

Sec. 41.41.310. Covenants. In a resolution of the authority authorizing or relating to the issuance of bonds or bond anticipation notes, the authority has power by provisions in the resolution that will constitute covenants of the authority and contracts with the holders of the bonds or bond anticipation notes to

(1) pledge to a payment or purpose all or a part of its revenues to which its right then exists or may thereafter come into existence, and the money derived from the revenues, and the proceeds of bonds or notes;

(2) covenant as to the use and disposition of payments of principal or interest received by the authority on loans or other investments held by the authority;

(3) covenant as to establishment of reserves or sinking funds and the making of provision for and the regulation and disposition of the reserves or sinking funds;

(4) covenant with respect to or against limitations on a right to sell or otherwise dispose of property of any kind;

(5) covenant as to bonds and notes to be issued, and their limitations, terms, and conditions, and as to the custody, application, and disposition of the proceeds of the bonds and notes;

(6) covenant as to the issuance of additional bonds or notes, or as to limitations on the issuance of additional bonds or notes and the incurring of other debts;

(7) covenant as to the payment of the principal of or interest on the bonds or notes, as to the sources and methods of the payment, as to the rank or priority of the bonds or notes with respect to a lien or security, or as to the acceleration of the maturity of the bonds or notes;

(8) for the replacement of lost, stolen, destroyed, or mutilated bonds or notes;

(9) covenant as to the redemption of bonds or notes and privileges of their exchange for other bonds or notes of the authority;

(10) covenant to create or authorize the creation of special funds of money to be held in pledge or otherwise for operating expenses, payment or redemption of bonds or notes, reserves, or other purposes;

(11) establish the procedure, if any, by which the terms of a contract or covenant with or for the benefit of the holders of bonds or notes may be amended or abrogated, the amount of bonds or notes the holders of which must consent to amendment or abrogation, and the manner in which the consent may

be given;

(12) covenant as to the custody of property or investments, their safekeeping and insurance, and the use and disposition of insurance money;

(13) agree with a corporate trustee that may be a trust company or bank having the powers of a trust company within or outside the state as to the pledging or assigning of revenue or funds to which or in which the authority has rights or an interest; the agreement may further provide for other rights and remedies exercisable by the trustee as may be proper for the protection of the holders of a bond or note of the authority and not otherwise in violation of law and may provide for the restriction of the rights of an individual holder of bonds or notes of the authority;

(14) appoint and provide for the duties and obligations of a paying agent or paying agents or other fiduciaries as the resolution may provide within or outside the state;

(15) limit the rights of the holders of a bond or note to enforce a pledge or covenant securing the bonds or notes;

(16) make covenants other than and in addition to the covenants expressly authorized in this section of like or different character, and to make covenants to do or refrain from doing acts and things as may be necessary or convenient and desirable in order to better secure bonds or notes or that, in the absolute discretion of the authority, will tend to make bonds or notes more marketable, notwithstanding that the covenants, acts, or things may not be enumerated in this section.

Sec. 41.41.320 Limitations of issuance of bonds. (a) The authority may not issue bonds in an amount that exceeds the amount of bonds authorized to be issued by the legislature.

(b) This section does not apply to the issuance by the authority of refunding bonds or to the issuance by the authority of bonds the proceeds of which are intended to be used to refinance the loans held by the authority.

Sec. 41.41.330. Independent financial advisor. In negotiating the private sale of bonds or bond anticipation notes to an underwriter, the authority may retain a financial advisor. A financial advisor retained under this section must be independent from the underwriter.

Sec. 41.41.340 Validity of pledge. (a) The pledge of assets or revenue of the authority to the payment of the principal or interest on an obligation of the authority is valid and binding from the time the pledge is made, and the assets or revenue become immediately subject to the lien of the pledge without physical delivery or further act. The lien of a pledge is valid and binding against all parties having claims in tort, contract, or otherwise against the authority, irrespective of whether those parties have notice of the lien of the pledge.

(b) This section does not prohibit the authority from selling

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Gas Pipeline Development Authority

assets subject to a pledge, except that a sale may be restricted by the trust agreement or resolution providing for the issuance of the obligations.

Sec. 41.41.350. Capital reserve funds. (a) For the purpose of securing one or more issues of its obligations, the authority may establish one or more special funds, called "capital reserve funds," and shall pay into those capital reserve funds (1) money appropriated and made available by the state for the purpose of those funds, (2) proceeds of the sale of its obligations, to the extent provided in the resolution or resolutions of the authority authorizing their issuance, and (3) other money that may be made available to the authority for the purposes of those funds from another source. All money held in a capital reserve fund, except as provided in this section, shall, subject to appropriation, be used as required solely for the payment of the principal of obligations or of the sinking fund payments with respect to those obligations; the purchase or redemption of obligations; the payment of interest on obligations; or the payment of a redemption premium required to be paid when those obligations are redeemed before maturity. However, money in a fund may not be withdrawn from that fund at any time in an amount that would reduce the amount of that fund to less than the capital reserve requirement set out in (b) of this section, except for the purpose of making, with respect to those obligations, payment, when due, of principal, interest, redemption premiums, and the sinking fund payments for the payment of which other money of the authority is not available. Income or interest earned by, or increment to, a capital reserve fund due to the investment of the fund or other amounts in it may be transferred by the authority to other funds or accounts of the authority to the extent that the transfer does not reduce the amount of the capital reserve fund below the capital reserve fund requirement.

(b) If the authority decides to issue obligations secured by a capital reserve fund, the obligations may not be issued if the amount in the capital reserve fund is less than a percent, not exceeding 10 percent, of the principal amount of all of those obligations secured by that capital reserve fund then to be issued and then outstanding in accordance with their terms, as may be established by resolution of the authority, called the "capital reserve fund requirement," unless the authority, at the time of issuance of the obligations, deposits in the capital reserve fund from the proceeds of the obligations to be issued or from other sources an amount that, together with the amount then in the fund, will not be less than the capital reserve fund requirement.

(c) In computing the amount of a capital reserve fund for the purpose of this section, securities in which all or a portion of the funds are invested shall be valued at par or, if purchased at less than par, at amortized costs as the term is defined by resolution of the authority authorizing the issue of the obligations or by some other reasonable method established by the

authority by resolution. Valuation on a particular date must include the amount of interest earned or accrued to that date. (d) To assure the continued operation and solvency of the authority for the carrying out of its corporate purposes, provision is made in (a) of this section for the accumulation in capital reserve funds of an amount equal to their capital reserve fund requirement.

(e) The chair of the authority shall annually, not later than January 2, make and deliver to the governor and chairs of the house and senate finance committees a certificate stating the sum, if any, required to restore a capital reserve fund to the capital reserve fund requirement. The legislature may appropriate that sum, and all sums appropriated during the current fiscal year by the legislature for the restoration shall be deposited by the authority in the appropriate capital reserve fund.

(f) This section does not create a debt or liability of the state.

Sec. 41.41.360. Remedies. A holder of obligations or coupons attached to them issued under the provisions of this chapter, and a trustee under a trust agreement or resolution authorizing the issuance of the obligations, except as restricted by a trust agreement or resolution, either at law or in equity, may enforce all rights granted hereunder or under the trust agreement or resolution, or under another contract executed by the authority under this chapter, and may enforce and compel the performance of all duties required by this chapter or by the trust agreement or resolution to be performed by the authority or by an officer of it.

Sec. 41.41.370 Negotiable Instruments. All obligations and interest coupons attached to them are negotiable instruments under the laws of this state, subject only to applicable provisions for registration.

Sec. 41.41.380 Obligations eligible for investment. Obligations issued under the provisions of this chapter are securities in which all public officers and public bodies of the state and its political subdivisions, all insurance companies, trust companies, banking associations, investment companies, executors, administrators, trustees, and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them. These obligations may be deposited with a state or municipal officer of an agency or political subdivision of the state for a purpose for which the deposit of bonds, notes, or obligations of the state is authorized by law.

Sec. 41.41.390. Refunding bonds. (a) The authority may provide for the issuance of refunding bonds for the purpose of refunding an obligation then outstanding that has been issued under the provisions of this chapter, including the payment of redemption premium on them and interest accrued or to

The text of this bill is presented as submitted by the petition sponsors.

Ballot Measure 3 - Initiative Petition

Gas Pipeline Development Authority

accrue to the date of redemption of the obligations. The issuance of the bonds, the maturities and other details of them, the rights of the holders of them, and the rights, duties, and obligations of the authority in respect of them are governed by the provisions of this chapter that relate to the issuance of obligations insofar as those provisions may be appropriate.

(b) Refunding bonds may be sold or exchanged for outstanding bonds issued under this chapter, and, if sold, the proceeds may be applied, subject to appropriation and in addition to another authorized purpose, to the purchase, redemption, or payment of the outstanding obligations. Pending the application of the proceeds of refunding bonds, with any other available funds, to the payment of the principal, accrued interest, and redemption premium on the obligations being refunded, and, if so provided or permitted in the resolution authorizing the issuance of the refunding bonds or in the trust agreement securing them, to the payment of any interest on the refunding bonds and expenses in connection with the refunding, the proceeds may be invested in direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States that mature or that will be subject to redemption, at the option of the holders of them, not later than the respective dates when the proceeds, together with the interest accruing on them, will be required for the purposes intended.

Sec. 41.41.400. Credit of state not pledged. (a) Obligations issued under the provisions of this chapter do not constitute a debt, liability, or obligation of the state or of a political subdivision of the state or a pledge of the faith and credit of the state or of a political subdivision of the state but are payable solely from the revenue or assets of the authority. Each obligation issued under this chapter must contain on its face a statement that the authority is not obligated to pay it or the interest on it except from the revenue or assets of the authority and that neither the faith and credit nor the taxing power of the state or of a political subdivision of the state is pledged to the payment of the principal of or the interest on the obligation.

(b) Expenses incurred by the authority in carrying out the provisions of this chapter are payable from funds provided under this chapter, and liability may not be incurred by the authority in excess of these funds.

Sec. 41.41.410. Officers not liable. A member or other officer of the authority is not subject to personal liability or accountability by reason of having executed or issued an obligation.

Article 4. Property of the Authority.

Sec. 41.41.450. Property of the authority. The authority may acquire, by purchase, lease, or gift, upon terms that it

considers proper, land, structures, real or personal property rights, rights-of-way, franchises, easements, and other interests in land it considers necessary or convenient for the financing of the project or a part of the project.

Article 5. Project Construction.

Sec. 41.41.500. Contract terms relating to use of Alaska resources. (a) The authority shall enter into one or more pre-hire project term agreements with labor organizations that (1) contain no-strike clauses; and (2) secure timely completion of the project and maximum employment opportunities for state residents.

(b) To maximize the economic benefits of the project to Alaskan businesses, the authority shall use Alaska contractors and suppliers to the maximum extent possible to take advantage of the Alaska experience in Arctic engineering and construction.

Article 6. General Provisions.

Sec. 41.41.900. Tax exemption. All obligations issued under this chapter are declared to be issued by a body corporate and public of the state and for an essential public and governmental purpose, and the obligations, and the interest and income on and from the obligations, and all fees, charges, funds, revenues, income, and other money pledged or available to pay or secure the payment of the obligations, or interest on the obligations, are exempt from state taxation except for transfer, inheritance, and estate taxes.

Sec. 41.41.990. Definitions. In this chapter,

(1) "authority" means the Alaska Natural Gas Development Authority;

(2) "board" means the board of directors of the Alaska Natural Gas Development Authority;

(3) "project" means the gas transmission pipeline, together with all related property and facilities, to extend from the Prudhoe Bay area on the North Slope of Alaska to tidewater at a point on Prince William Sound and the spur line from Glennallen to the Southcentral gas distribution grid, and includes planning, design, and construction of the pipeline and facilities as described in AS 41.41.010(a)(1) - (5).

***Sec. 3.** AS 39.25.110(11) is amended by adding a new subparagraph to read:

(G) Alaska Natural Gas Development Authority;

***Sec. 4.** AS 39.50.200(b) is amended by adding a new paragraph to read:

(57) the board of directors and chief executive officer of the Alaska Natural Gas Development Authority (AS 41.41.020).

Ballot Measure 3 - Initiative Petition

Gas Pipeline Development Authority

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

DEVELOPMENT OF PROJECT PLAN. Not later than one year after the first meeting of the board of directors of the Alaska Natural Gas Development Authority, the board shall produce a development plan. The development plan must include

- (1) estimates of construction costs and timelines;
 - (2) gas procurement prices;
 - (3) use of the state's royalty gas;
 - (4) estimates of revenue to the general fund and the Alaska permanent fund;
 - (5) a revenue sharing plan with municipal governments;
 - (6) a plan for delivery and pricing of natural gas to communities along the pipeline route and to Southcentral Alaska through a spur line;
 - (7) a plan for delivery and pricing of LNG to Yukon River and coastal communities;
 - (8) a payment schedule to companies providing permits or other valuable assets;
 - (9) a marketing plan to approach potential buyers;
 - (10) a plan to maximize Alaskan hire, including project labor agreements; and
 - (11) a plan to ensure meeting the highest environmental and safety standards, including a citizens advisory council.
- (11) The goal of the authority is to have the Alaskan gas line in full production by 2007.

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

INITIAL APPOINTMENTS OF MEMBERS OF ALASKA NATURAL GAS DEVELOPMENT AUTHORITY BOARD OF DIRECTORS. Of the members first appointed under AS 41.41.020(a), enacted by sec. 2 of this Act,

1. three members shall be appointed to three-year terms;
2. two members shall be appointed to two-year terms; and
3. two members shall be appointed to one-year terms.

STATEMENT IN SUPPORT

Last year more than 40,000 Alaskans signed an initiative petition to place the choice to develop Alaska's gas in the hands of the owners of the gas: Alaska's people. If adopted, this would establish the Alaska Gas Development Authority supporting a project to build a natural gas pipeline from Prudhoe Bay to Valdez, keeping it completely in Alaska and not going through Canada. It only makes sense to keep the jobs and revenues within Alaska and within America. In addition, the potential for value added processing of Alaskan gas into petrochemicals should also be within Alaska, not in Canada or Chicago.

Building the gasline to Valdez gives us the option to diversify our markets into Asia and our own U.S. West Coast. Equally important, an All-Alaska gas project will make it feasible to bring cheap, clean energy to Alaskans in other parts of the state including Southcentral, which is projected to start having gas shortages within the next 10 years.

Alaska's gas has been stranded on the North Slope for almost 30 years now and the oil companies seem no closer to building a gasline than ever. They all seem to have different worldwide agendas and can't seem to work together to develop Alaska's North Slope gas. If the oil companies won't do it, this initiative at least gives us the option to do it ourselves with the spirit that built Alaska in the first place.

The Authority this initiative would establish would be similar to the Alaska Permanent Fund Corporation with a governing board to set policy, a small administrative structure and the actual work to design and build the project contracted out by bid to private companies who are experts in their field and who are held strictly accountable.

The initiative is not a guarantee that the project would be built. It requires that, within a year, the permits that already exist for the All-Alaskan route would be acquired, gas supply contracts would be secured from the North Slope producers, and an economic model would be completed to take to the market to seek sales contracts. At least our gas would be presented for sale to the market, which has never been done before.

The section of the initiative entitled "Credit of state not pledged" (Sec. 41.41.400) was carefully written so that the project would stand alone based on this project's revenues. This is not another Delta barley project. Nothing will be built until markets for the gas are secured.

Development of Alaska's gas represents a major stake in the future of all Alaskans. As Alaska now faces an impending fiscal crisis in coming years, the marketing of its gas in the most prudent and lucrative manner is paramount. Wouldn't it be better to solve our fiscal problems through an in-state project such as this rather than taxing Alaskans or taking your Permanent Fund dividend? We think so. Please vote YES on ballot measure # 3.

Scott Heyworth
Mike Macy
Tyrone Neel

The statement printed on this page is the opinion of the authors and is presented as submitted to the Division of Elections.

Ballot Measure 3 - Initiative Petition

Gas Pipeline Development Authority

STATEMENT IN OPPOSITION

The All-Alaska Gasline Initiative will force the State of Alaska to create a new, inefficient government bureaucracy that will compete and interfere with private enterprise. By law, the state's first task would be to expend state funds restudying an expensive, risky project that has already been shown to not be feasible. Therefore, this initiative should be defeated.

A recent report commissioned by the Legislature and completed by the Administration states that The All-Alaska Gasline Initiative is not in the best interest of the State. The report found that - should the State undertake construction of such a project - the financial risks are substantial. Except for the Permanent Fund, there is no ready source of investment money. Given the scope of such a project the potential for permit and construction delays leading to cost overruns, Alaska's entire savings account could be jeopardized. The State's credit rating would be put at risk because of the reliance on debt, thus devaluing any bonds should they be issued to finance the project. In addition, it is unlikely that State ownership would automatically add value.

The argument that the State of Alaska should do more to discharge its constitutional obligation to develop natural resources for the benefit of all Alaskans rings hollow. The State has long discharged its obligations by regulating the extraction and use of gas consistent with its existing lease agreements. The State also realizes profits from ongoing production through taxes and royalties.

The Initiative is restricted to a pipeline and liquefied natural gas (LNG) project in Valdez. Industry studies show that this restriction proves less feasible in the foreseeable future due to inadequate markets and the financial demands of the project. The market for such a project will be oversupplied by almost a factor of 2 from cheaper sources through at least 2010. This oversupply recently resulted in the first downturn of LNG prices into Japan since the business began in the late 1960's. The All-Alaska Gasline Initiative specifies that the State can only consider the most expensive project. Current estimates indicate that capital costs of an Alaskan LNG project will be at least double that of competing new supplies.

The Government lacks the technical expertise and experience for this big, risky project, especially at a time when smaller, more efficient government is needed to strengthen Alaska's long-term economic health. Just the feasibility study of the project would cost the State \$200 million. Since there is no assurance that it will be built, such a cost is likely a waste of money that the State can ill afford. It makes more sense for the State to support private industry efforts to commercialize North Slope Gas rather than create a bloated State-Owned

project that could end up costing more to build and run than it would generate in revenue.

The Alaska Support Industry Alliance is a statewide non-profit trade association whose membership derives their livelihood from Alaska's Oil and Gas Industry.

Larry J. Houle
General Manager
Alaska Support Industry Alliance

The statement printed on this page is the opinion of the author and is presented as submitted to the Division of Elections.

Presentation Outline
Senate/House Finance Committee Hearing
September 11, 2003
9:00 AM *time? -*

Outline of Presentation

- I. State Priorities for Alaska's Stranded Gas, & why
- II. ANGDA's funding request in light of State priority
- III. ANGDA's appropriate role

I. State Priorities for Alaska's Stranded Gas

- Stranded Gas Development Act legislation and expectation of an application from Producers
 - i. The SGDA was updated and passed this last session
 - ii. The Administration is awaiting an application from the gas producers under the SGA for an Alaska Highway Route project. We have been preparing internally for negotiating a contract under the SGDA, as contemplated by the Legislature.
- Federal legislation working its way through Congress
The U.S. Congress' Conference Committee has before it an energy bill that includes important provisions to which the State has been an active party. Such an energy bill, if passed, could pave the way for development of a natural gas pipeline that would take 4.5 BCF/day of Alaska's stranded gas to market. This Administration is committed to assisting passage of this bill, putting Alaska in a position to develop not only its existing gas reserves, but also any new discoveries that may be made.
- Why we support the Alaska Highway Route project as current priority and focus of our efforts
 - i. Project maximizes the value of Alaska's gas because it is a 4.5 BCF project, potentially expanding to 5.5 BCF. The LNG project is for less than half of this volume. An Alaska Highway Route maximizes the timely use of all the known reserves and provides a pathway to use all future discoveries.
 - ii. Producers control gas, this is their preferred project. The state is committed to work with the producers so long as they are actively pursuing the project. So long as the producers are actively pursuing their project the LNG project will not be able to contract for the purchase of gas.
 - iii. Maximizes the wellhead price, thus greater return to State
 - iv. Given current gas reserves, and recognizing the reserve requirements to underpin the Alaska Highway Route project, another project would be a secondary focus until further reserves are identified
 - v. A spur line to tidewater would complement the gas pipeline project in the future as additional gas reserves are identified

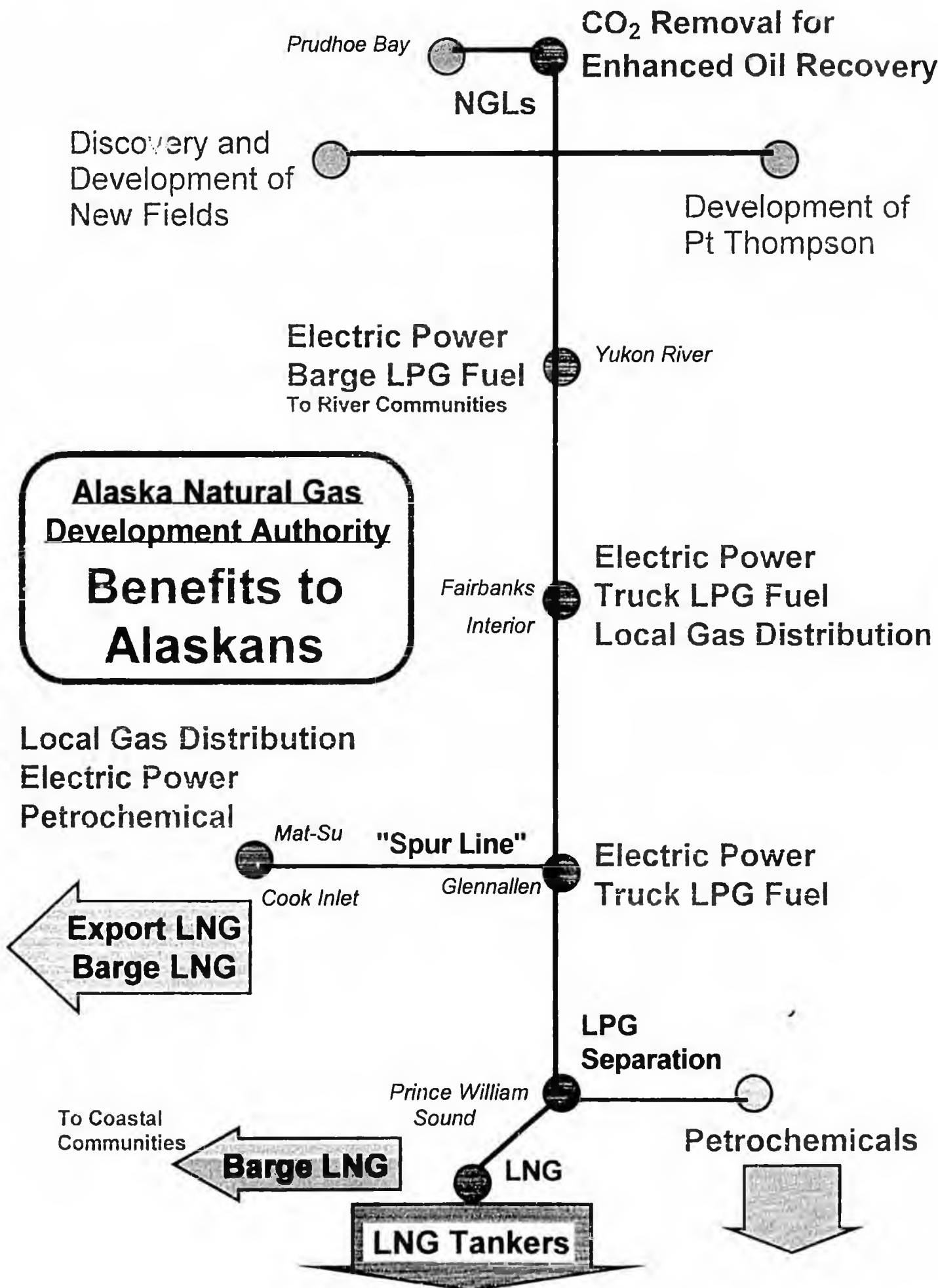
II. ANGDA's funding request prior to knowing the results of the energy bill is premature for several reasons:

- The project is not defined at this point. Until we know if there will be an Alaska Highway Route project, we will not know what an ANGDA project will look like.
- The legislature and the public have not had the opportunity to assess the risks associated with the project. The Administration feels that a thorough exploration & subsequent discussion of the benefits & risks of a state funded project need to occur before a major commitment is made. This conversation must involve the entire Legislature, the Executive Branch, the public and the ANGDA, and should precede a large budget request;
- We are in the process of developing the Administration's budget. Until the appropriate role for ANGDA is defined, we are uncertain what the appropriate request should be, where the funds should originate and what specific functions are appropriate;
- We do feel there are appropriate things ANGDA could be doing at this time (see Section III) and a smaller and more focused funding request may be appropriate, although such a request should be submitted as part of the normal budget process.

III. Though the funding request is premature, there are some activities which we believe would be appropriate for ANGDA:

- ANGDA has a statutory obligation to study bringing natural gas to market as LNG and we believe it is appropriate for them to do this in a fashion that complements the potential Alaska Highway Route project. Options for this include:
 - i. A spur line to Valdez
 - ii. A spur line to SC Alaska that could also provide natural gas to residents
- We believe ANGDA has a very appropriate role to assist the state in developing the best possible project for the state of Alaska. Specific issues that could be examined include:
 - Address questions of the role of the Alaska Railroad or the Port Authority in issuing tax exempt debt;
 - Explore financial issues surrounding the State's participation, such as
 - a. Amount and source of equity;
 - b. Cost of debt
 - c. Affect on tariffs
 - d. Tax questions
 - Investigate Jones Act legal and economic issues pertaining to LNG tankers
 - Identify benefits from in-state gas use

- We believe many of the above activities and studies can be done by using existing state and private resources. There is a substantial amount of research that could be done to compile and analyze existing data without requesting additional funds from the legislature or the Executive Branch at this time.



Alaska Natural Gas Development Authority

Harold Heinze

House Finance Committee
Senate Finance Committee
September 11, 2003

- The Alaska Natural Gas Development Authority (ANGDA) was created by a public initiative (BM # 3) and by law is

Benefit Driven

& A Doer

- Purpose of Today's Presentation is:
 - Explain business approach & project viability
 - Explain request for "grubstake" funding

ANGDA Business Concepts

- Public corporation run by Board
- Issue revenue bonds
- Administer State right-of-way
- Build & operate facilities in Alaska
- Buy & sell gas (more than Royalty gas)
- Invest at risk -- capture rewards
- Benefits driven (more than ROI)
- Contract for ships & marketing

ANGDA Benefits & LNG Project

- ANGDA focus is getting NS gas benefits to Alaska & Alaskans
- LNG export is integral to the economies of delivering gas within Alaska
- Alaskan LNG project is economically viable as infrastructure providing significant benefit values

West Coast LNG Situation

- There is a West Coast market opportunity now & the shorter shipping distance favors Alaska LNG
- Only 1 or 2 of the West Coast terminals will be open to Alaska LNG
- We may lose in the LNG market competition, but we have no chance if Alaska doesn't try NOW

ANGDA Project Concept & Cost

<u>Project Elements</u>	<u>Size</u>	<u>Cost</u>
Treatment	2 BCFPD share of plant	\$ 2 B
Pipelines	54" & 36"	\$ 4 B
Liquefaction	4 trains @ 4 M tn/yr	\$ 4 B
Tankers	10 LNG @ \$200M/ship	\$ 2 B
Total Export	16 M tn/yr	\$ 12 B

NOTIONAL Cost of Service
(For Different ANGDA Financial Assumptions)

	High ROR Commercial	Not Taxable	Benefit Driven Infrastructure
Pipeline	1.40	1.00	0.75
LNG	1.50	1.20	0.90
Total Cost of Service	\$2.90	\$2.20	\$1.65

Does NOT Include Wellhead Purchase Price

**ANGDA Approach to
Project Risk Elements**

Wellhead Price	Fixed Purchase Price
Construction	Overruns -- Tariff ?
Market Volume	Minimal -- Marketer
Market Price	Basket of Prices
Fiscal Changes	Not Applicable

Why is ANGDA Getting into Gas Business ?

- Authority will work out commercial terms with a producer-led highway pipeline for gas delivery to maximum Alaska benefit
- LNG based all-Alaskan project is economic and competitive for non-taxable Authority
- Alaska's portfolio of other gas or LNG projects is limited
- Alaska doesn't have multiple shots at a dynamic Pacific Rim market

High-Level ANGDA Strategy

- Support producer-led highway gas line (prefer their investment at risk) & define compatible Alaska benefit projects
- Keep wellhead price of gas high (lower cost of service) to encourage development of new reserves and higher current revenues
- Use margin to support public purposes

ANGDA Funding Request

- ANGDA Board respectfully requests accelerated funding of up to \$ 3 million now to finish conceptual design, cost estimate, schedule, benefits analysis, and marketing by Jan '04
- Demonstrated Legislative support to fund this request when session reconvenes would allow ANGDA to "borrow" the money now (\$2.5 million)

Accelerated Funding Request

- Satisfy statutory requirements in January instead of June next year
- Design funding is focused on new concepts and increased Alaska benefits
- Closes engineering gap with recent highway gasline design of producers
- Significant work value contributed (free)
- Contractors & spending focused in Alaska

ANGDA Conceptual Design Work

- Have developed work scope and cost estimates with contractors
 - ASRC Energy Services
 - VECO
 - Peratrovich, Nottingham & Drage (PND)
 - Wood Mackenzie
 - Northern Economics
- Intend to sole-source contracts (majority will be fixed-price)

New Design Elements

- Spur line from Glennallen to Cook Inlet area
- Barge mounted LNG plant & LNG storage tanks
- LNG plant & loading berth at old Valdez townsite
- LNG thermos barges

ANGDA Design & Benefits Study

• Design & Execution Plan	
– Pipelines	\$500 k
– LNG	\$900 k
– Marine	\$400 k
• in-State Uses & Benefit Analysis	\$150 k
• Marketing / Competitor Analysis	\$200 k
• Specialized Legal Opinions	\$150 k
• Staff & Administrative	\$200 k

TOTAL **\$2,500 k**

ANGDA Design & Benefits Study

- **Contributed Studies** (Donated Information)
 - Yukon Pacific
 - Alaska Gasline Port Authority
 - Tanker Design & Cost
 - Training in Alaska & Alaska Hire
 - Gas Compositions & Conservation
- **State In-House Expert Consulting**
 - Revenue Projection & Tariff Modeling
 - Social & Environmental Responsibility
 - Permitting & Land Use / Planning

Benefits in Design Concept

- Spur line to Cook Inlet provides future residential & industrial gas supply in area
- Study of barge mounted LNG plant would allow multi-\$B fabrication in Cook Inlet
- LNG thermos bottle barges can supply coastal communities
- Expanded Kenai LNG & urea plant options
- Propane content in gas line key to Yukon River supply and petrochemical plants

Benefit of New Design Elements

- "Spur line" provides abundant supply of gas to majority of residential, commercial, and industrial gas users in Alaska at current average price (\$ billions)
- "Barge mounted LNG plant" can be constructed at existing fabrication sites in Cook Inlet area and utilize existing resident craft labor (\$ billion)

Benefit of New Design Elements

- LNG plant & berthing location in existing industrial area of Valdez will significantly improve petrochemical and value-added business opportunities (\$100 million)
- Barge mounted cryogenic storage tanks can be used to supply large & small coastal communities of Alaska with clean and affordable energy (\$100 millions)

Why Proceed Now to Finish Project Concept Design??

- Market Pull – a complete conceptual design essential to being considered a “real” project by LNG buyers
- Producer Decisions – discussion with producers needs to be based on the value ANGDA adds to their project by satisfying a completely defined set of Alaska’s needs

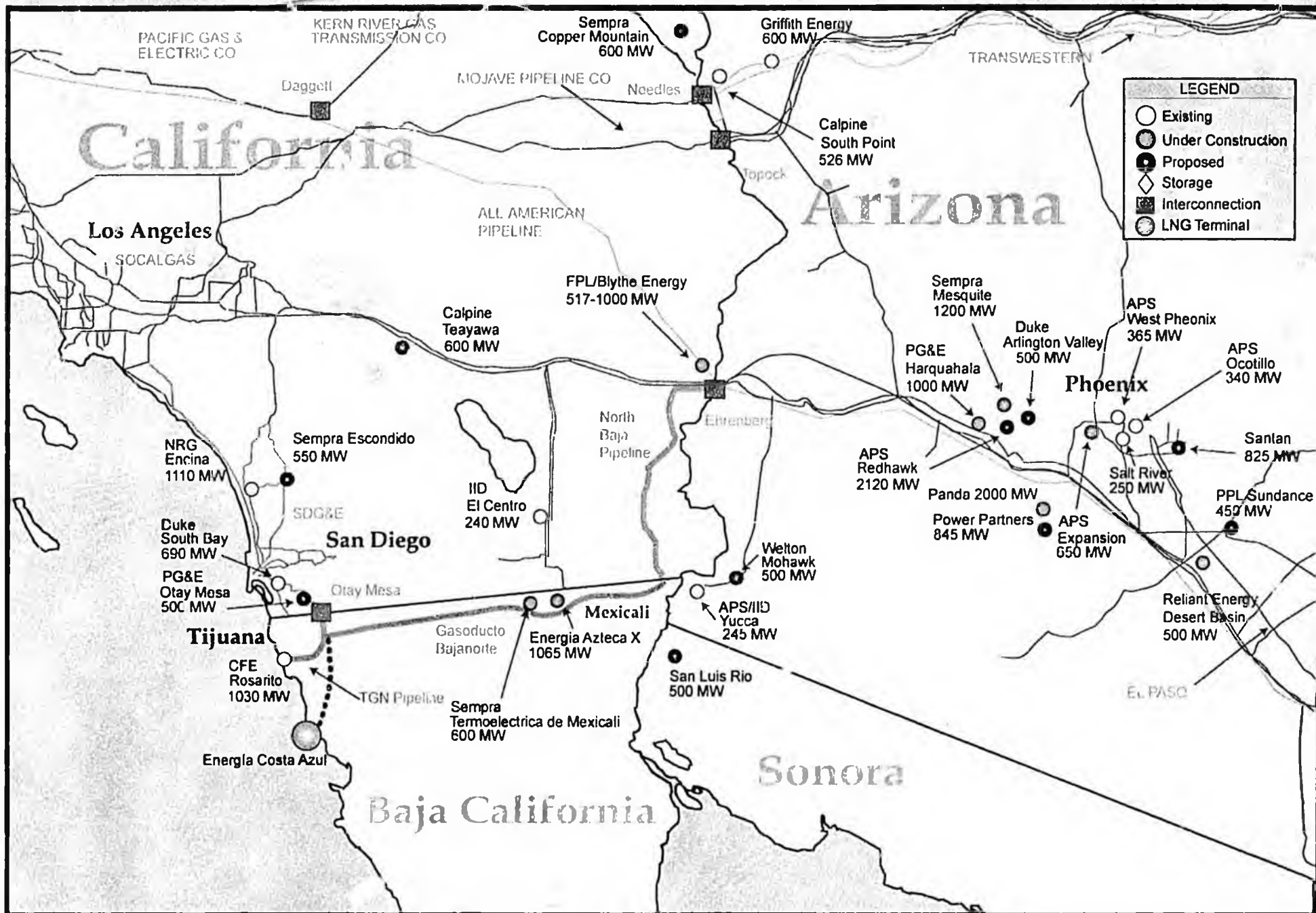
**Why Proceed Now
to Finish Project Concept Design??**

- Project Management – timely closure on critical design elements will allow focus on business decisions
- Energy in Alaska - Major energy decisions & commitments are being made without this project's options & alternatives included in the framework

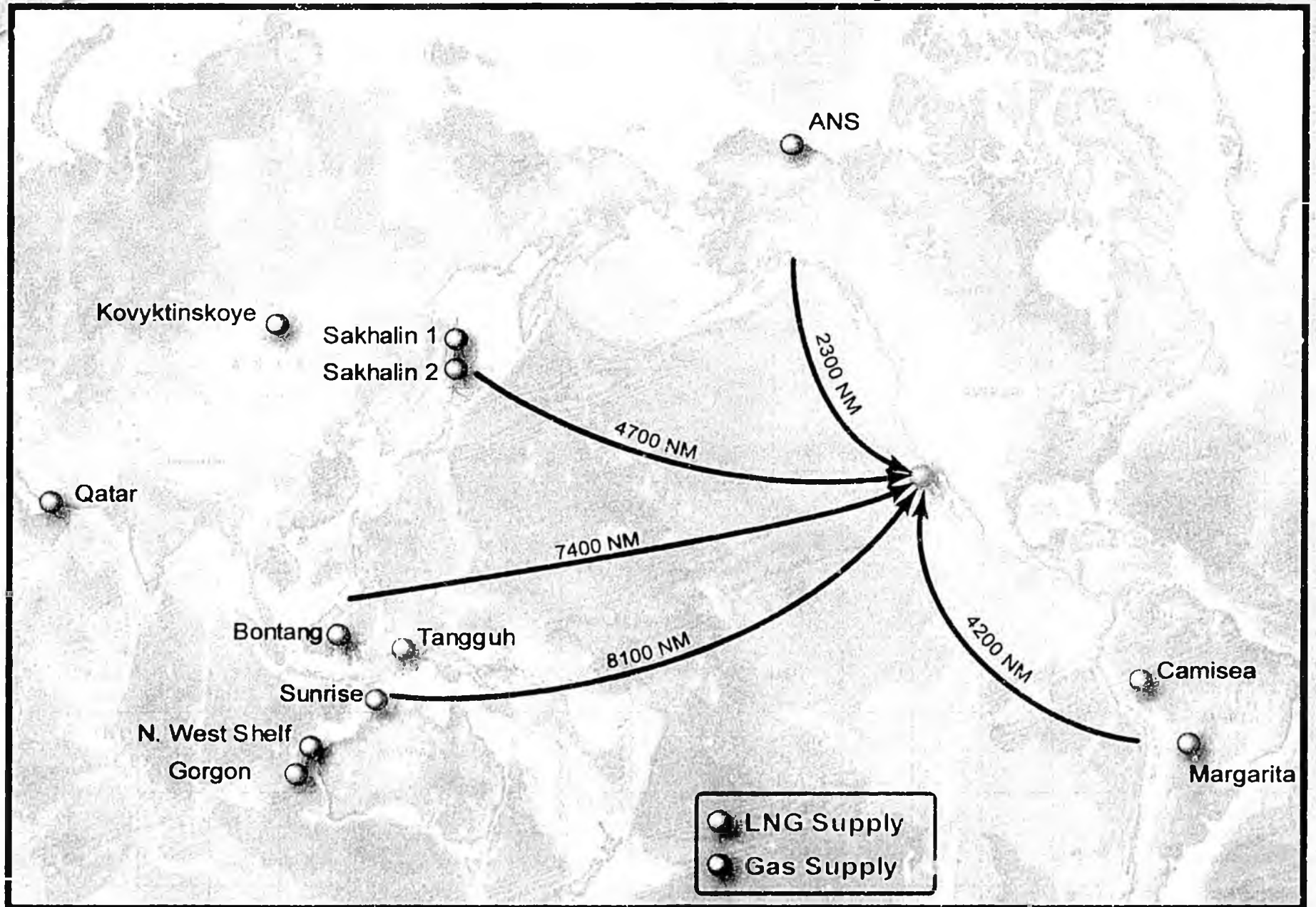
**Alaska Natural Gas
Development Authority**

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Pacific Basin Gas Competition





Sempra Energy®

STRAIGHTFORWARD

02
Annual Report

Based in San Diego, Sempra Energy is a Fortune 500 energy services corporation. Its utilities serve the largest customer base of any energy utility in the United States. With 12,000 employees worldwide, the Sempra Energy companies provide energy-related products and services to more than 9 million customers in the United States, Europe, Canada, Mexico, South America and Asia. Sempra Energy common shares trade on the New York Stock Exchange (NYSE) under the symbol "SRE." Additional information is available on the Web at www.sempra.com.

WE DO WHAT WE SAY

Financial Highlights
Key Statistics
Company Information

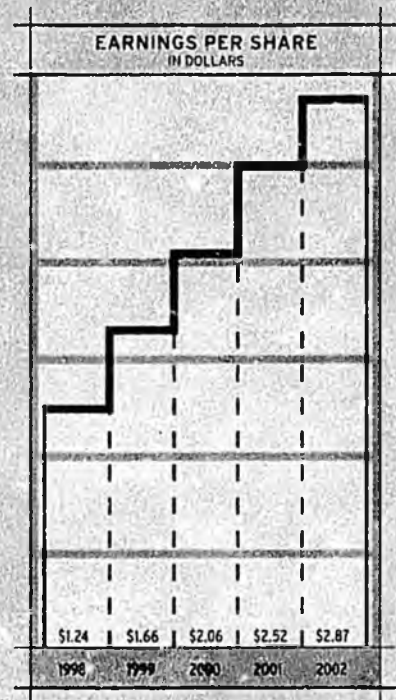
On the cover, Project Liberty is an oil refinery in Pocatello, Idaho. Sempra Energy, through its wholesale trading unit, is a leading marketer of oil and refined crude oil products, working with major producers worldwide.

SEMPRA ENERGY'S STRENGTHS
DIFFERENTIATE US FROM OTHERS
IN OUR INDUSTRY.

■ WE ARE FINANCIALLY STRONG.

■ WE EXECUTE.

■ WE MANAGE RISK.



WE DELIVER RESULTS

140%

INCREASE IN EARNINGS

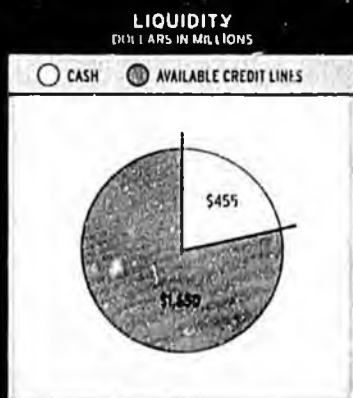
Sempra Energy continues to deliver solid financial results despite difficult conditions in the energy sector. In 2002, we generated earnings growth of 14 percent. Since the formation of Sempra Energy in 1998, we have increased our earnings per share by an average of 23 percent per year. In a challenging stock market in 2002, Sempra Energy's total return outperformed the major stock indexes and our industry peer group.

WE HAVE STRONG CASH FLOW AND LIQUIDITY.

Financial strength remains a key differentiator for Sempra Energy. We have a solid balance sheet and sufficient liquidity and cash flow to meet all of our planned operating needs.

\$2.1 billion

IN LIQUIDITY

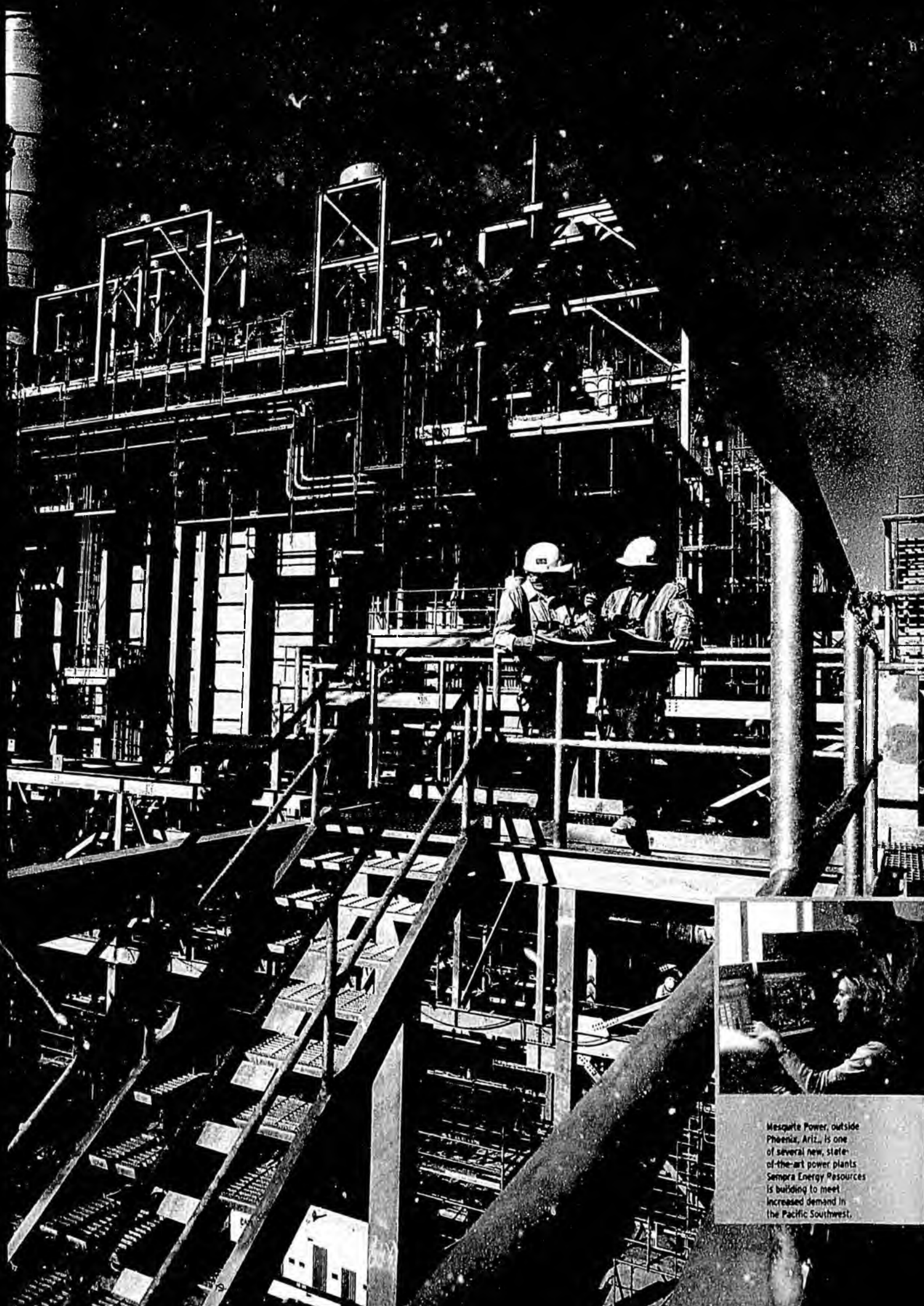


DESPITE SIGNIFICANT CHALLENGES IN
OUR INDUSTRY, WE ARE EXECUTING
OUR STRATEGY SUCCESSFULLY.

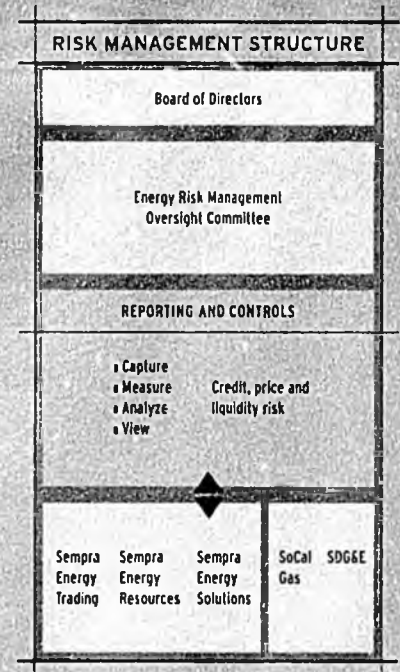
WE EXECUTE

We do not alter our strategy to suit the "flavor of the month:"

- We said we would maintain a solid financial foundation. In 2002, we posted record earnings for the fourth consecutive year.
- We said we would manage our California utilities efficiently. Southern California Gas Company and San Diego Gas & Electric both exceeded their authorized return on equity in 2002.
- We said we would expand our energy footprint in markets we know best. In 2002, we began operating a major new natural gas transmission pipeline in Northern Mexico and neared completion of three state-of-the-art power plants in the Western region. Our wholesale trading and retail energy marketing businesses are profitable and are industry leaders.



Mesquite Power, outside Phoenix, Ariz., is one of several new, state-of-the-art power plants Sempra Energy Resources is building to meet increased demand in the Pacific Southwest.



WE MANAGE RISK

WE HAVE PERSEVERED BECAUSE WE MANAGE OUR BUSINESS PRUDENTLY.

Risk management is an integral part of our culture. We make business decisions based on careful analysis and financial discipline.

This expertise at managing risk helped us navigate the energy crisis of 2000-2001 and enables us to operate a profitable energy-trading business while others have failed. Our team-based risk-management structure allows us to manage our business to generate more stable and predictable profits.

**WE ARE COMMITTED TO
MAINTAINING STRONG INVESTMENT-
GRADE CREDIT RATINGS.**

Sempra Energy holds stable outlooks from all three credit-ratings agencies. Maintaining strong investment-grade credit ratings is critical to our customers and suppliers, as well as to the equity and credit markets. Our access to the capital markets enhances our ability to grow our business and take advantage of opportunities in the marketplace.

SEMPRA
ENERGY
UNSECURED
DEBT

A- A Baa1

S&P

FITCH

MOODY'S

CREDIT RATINGS			
As of January 31, 2003	S&P	Fitch	Moody's
Sempra Energy			
Unsecured Debt	A-	A	Baa1
Commercial Paper	A-2	F1	P-2
Trust Preferred Securities	BBB	A-	Baa2
SDG&E			
Secured Debt	A+	AA	A1
Unsecured Debt	A	AA-	A2
Preferred Stock	A-	A+	Baa1
Commercial Paper	A-1	F1+	P-1
SoCalGas			
Secured Debt	A+	AA	A1
Unsecured Debt	A	AA-	A2
Preferred Stock	A-	A+	Baa1
Commercial Paper	A-1	F1+	P-1