

ALASKA LEGISLATURE

2531

HOUSE and SENATE FINANCE COMMITTEE FILES, 2003-2004

(B) To initiate a program change new information must be based on detailed site-specific studies which indicate that the habitat is substantially more productive than the information which was available on May 22, 1986, indicated.

(6) Except as provided in subparagraph (4) above, the significant public need and feasible and prudent alternative analysis under Section 49.55.120(d) will not apply to state, federal or local permit applications already submitted for all, or a part, of the affected area until a change to the special waterfront designation has become effective.

(7) Areas designated as special waterfronts are classified into use districts, as shown on the JCMP Map 3 Series. The allowable uses, conditional uses, and accessory uses for each of the four special use districts shown in this section shall be consistent with the ACMP if the requirements of applicable ACMP standards and district policies are met. Proponents of such uses shall be advised that in cases where the use of dredged or fill materials in waters of the United States is proposed, the requirements of the Clean Water Act §404(B)(1) guidelines shall apply and shall also be met before development may proceed.

(8) When the use of dredged or fill materials in the waters of the United States is required, a number of the listed allowable, conditional and accessory uses for each of the special waterfront designations that do not require direct siting in or access to the water to fulfill their basic purpose will generally be directed to land areas unless it is clearly demonstrated that upland alternatives are not available.

(b) MARINE COMMERCIAL DISTRICT

(1) Purpose: This district is intended to provide both land and water space for uses and activities which are directly related to or essential to maritime activities. Maritime activities include private boating, commercial boating of all types, visitor industry, including cruise ships and transient pleasure vessels, commercial fishing, charter fishing and boating, float plane activity and any other activity involving the human use of waterbodies for sport, recreation, or commerce.

(2) Allowable Uses and Activities:

(A) Floats, docks, jetties, groins, bulkheads, ramps, shore defense works, piers, wharfs, and other structures needed to provide access between shore and waterbody or to protect and stabilize the shoreline.

(B) Marine fuel, water and sanitation facilities including services and support for transient and permanent vessels.

(C) All forms of public, private, and commercial moorage.

(D) Parks, promenades, sidewalks, plazas and other forms of public open spaces.

(E) Retail services directly linked to a maritime clientele, including gear and supply stores, boat sales, repair and storage facilities, laundries, and food and beverage establishments. To be directly linked, the proposed use must show by design and orientation that the primary clientele will be persons arriving from or going to watercraft or working on or in conjunction with watercraft, and that the proposed use is reasonably located to be convenient to foot borne customers that are already found in the area or can be expected to be in the area.

(F) Offices which are a part of allowable uses.

(G) Research and education facilities related to the waterbody they abut.

(H) Fish and shellfish propagation and management.

(3) Conditional Uses:

(A) Hotels, motels and other types of transient lodging which are designed to take advantage of the shoreline amenity and which will result in increased visual or physical public access to the shoreline.

(B) Restaurants, cafes, and other food or beverage facilities meeting the design criteria in subsection (3)(A) for lodging facilities.

(C) Gift shops, entertainment facilities, ticketing agencies, and other visitor industry services.

(D) Offices which are a part of and necessary to approved conditional uses.

(E) Public utility facilities including lines, pump stations, transformer stations and similar uses.

(4) Accessory Uses:

(A) Parking lots, spaces and structures.

(B) Driveways, sidewalks, entrance structures, decorative structures, benches, landscaping features, awnings and similar improvements.

(C) Utility facilities needed for allowable uses and approved conditional uses.

(c) INDUSTRIAL COMMERCIAL DISTRICT

(1) Purpose: This district is intended for industrial and port uses which need or substantially benefit from a shoreline location. Many of the uses that are allowable in the Marine Commercial District are also allowable in the Industrial Commercial District if their impacts are similar to those of the Industrial Commercial District. This district is not oriented to the visitor industry but uses shall conform to landscaping and appearance standards as this district will be located close to other areas which are oriented to visitors and public access to the water.

(2) Allowable Uses:

(A) All forms and structures related to ship handling and mooring such as piers, wharfs, jetties, groins, shore defense works, floats ramps, docks, and dolphins.

(B) All forms and structures related to handling and storage of cargo, including storage yards, warehouses, cranes and similar machinery, marine railways.

(C) Any form of manufacturing or repair which is relevant to maritime activity and which substantially requires or benefits from a shoreline location.

(D) Marine fuel, water and sanitation facilities.

(E) Public, private and commercial moorage.

(F) Offices related to and a necessary part of allowable uses.

(G) Public access facilities, including boat ramps, promenades, sidewalks, viewing areas, and benches.

(H) Fish and shellfish propagation and management.

(3) Conditional Uses:

(A) Retail establishments catering to the needs of persons working in the District when close proximity of the retail use is important to the function of allowable uses.

(4) Accessory Uses:

(A) Same as for the Marine Commercial District.

(d) RETAIL COMMERCIAL DISTRICT

(1) Purpose: This district is intended to use the shoreline amenity as part of fully planned developments where a significant amount of space is made available for general retail uses. Retail space is among the highest valued commercial properties, forms the economic nucleus of the Retail Commercial District, and allows the economic possibility of creating and maintaining the public areas which are to be a part of this district. Retail uses may be allowed if they meet the criteria for "water-oriented" uses in a larger planned development. The city and borough must be assured that public access and other facilities will be provided before space will be made available for private retail commercial development.

(2) Allowable Uses:

(A) All uses shown as allowable in the Marine Commercial District.

(3) Conditional Uses:

(A) Same as for Marine Commercial District.

(B) Multi-family residential, 10 units or more.

(C) Water-oriented retail uses.

(4) Accessory Uses:

(A) Same as for the Marine Commercial District.

(e) OFFICE COMMERCIAL DISTRICT

(1) Purpose: This district is similar to the Retail Commercial District except that offices, if they meet the test for "water-oriented" uses, are to be the economic stimulus for development of the remainder of the district. The same requirements for an overall development plan will apply in this district as in the Retail district.

(2) Allowable Uses:

(A) All allowable uses in the Marine Commercial District.

(3) Conditional Uses:

(A) Same as for Marine Commercial District.

(B) Multi-family residential, 10 units or more.

(C) Water-oriented office uses.

(4) Accessory Uses:

(A) Same as for Marine Commercial District.

(f) Special Waterfront Area Designations. The eight areas shown on the JCMP Map 3 Series shall be individually regulated as follows:

(1) "Downtown Waterfront":

(A) Use District Designation: All use district designations provided in subsections (b) through (e) of this section.

(B) Additional Policies: As provided in CBJ 49.55.140(g).

(2) "Thane Site":

(A) Use District Designation: Industrial Commercial.

(B) Additional Policies: No floating structures are allowed within 300 feet of the stream mouth.

(3) "Douglas Island Harbor":

(A) Use District Designation: Marine Commercial.

(B) Additional Policies: None.

(4) "West End-Juneau Douglas Bridge":

(A) Use District Designation: Industrial Commercial.

(B) Additional Policy: A public fishing pier on the south side may be allowed.

(5) "3.5 Mile Egan Drive Site":

(A) Use District Designation: Industrial Commercial.

(B) Additional Policy: A portion of the intertidal area near the mouth of salmon creek has been set aside as natural beach for salmon to use in resting.

(6) "Head of Bay":
(A) Use District
Designation: Marine Commercial.
(B) Additional Policies:
None.

(7) "Ferry Terminal":
(A) Use District
Designation: Industrial Commercial.
(B) Additional Policies:
None.

(8) "Tee Harbor":
(A) Use District
Designation: Marine Commercial.
(B) Additional Policy: Fill
is limited to that necessary for a public boat
ramp.

(g) Special policies for the downtown waterfront, delineated on the JCMP Map 3 Series, Maps 3(A) through 3(F), are as follows:

(1) Water-Oriented Uses: Uses of the downtown waterfront as defined in CBJ 49.55.020, shall be water-dependent, water-related or water-oriented in character.

(2) Gold Creek Mouth Protection Zone: This zone appears on JCMP Maps 3(B) and (C). No structures or activities shall be allowed except as needed by the U.S. Coast Guard for its purposes or as allowed by the Alaska Department of Fish and Game for habitat maintenance and enhancement.

(3) Seawalk: A pedestrian access easement and walkway intended to provide a continuous pedestrian path along the entire downtown waterfront area, shall be included with all future development or redevelopment along the downtown waterfront shoreline. This walkway, to be known as the Seawalk, shall be a continuous path along the entire downtown waterfront with the following exceptions:

(A) The seawalk may depart from the shoreline in areas where government security or public safety are significant concerns.

(B) The seawalk shall not be required along the water's edge along South Franklin Street extending from the southern boundary of the Ferry Terminal to the second rock dump, but instead shall be constructed along the street or on the uphill side of the street. The seawalk shall be required to parallel South Franklin Street from the southern boundary of the Ferry Terminal to the second

rock dump when the state or the city and borough substantially improves or reconstructs the street, or when industrial uses of the area seaward of the street are relocated, whichever occurs first. If the seawalk is not constructed in the uphill location at the time South Franklin Street is substantially reconstructed or improved, then the seawalk shall be constructed along the street. If industrial uses relocate to another area and are replaced by residential land uses, the seawalk shall be located along the water's edge.

(C) The seawalk shall not be required for existing buildings located along the water's edge until additions or alterations, or both, in excess of 50 percent of the gross square footage of the existing structure are proposed or undertaken within a 36-month period as determined by the city and borough Building Division. General maintenance or repair work is exempt from this requirement.

(D) Existing access along the water's edge shall not be obstructed in any manner except on a temporary basis to accommodate repairs or new construction.

(h) Interpreting JCMP Map 3 Series. The purpose of this subsection is to assist users of JCMP Map 3 Series. The photomaps used for JCMP Map 3 Series show lines imposed over black and white aerial photographs which are prepared at a scale of approximately one inch equals 200 feet. The true scale may vary and the width of the lines themselves may result in an inexact depiction of where the lines are actually located.

(1) Lines which apparently follow street or right-of-way centerlines shall be construed as following such centerlines.

(2) Lines which apparently follow property or lot boundary lines shall be construed as following such boundary lines.

(3) Lines in water areas or on land where there are no survey lines shall be construed by using the scale of the maps in the Map 3 Series. Where doubt arises over the location of a line, the parties shall first establish the true scale of the photomap by using a known distance between points visible on the map. The outside, or seaward edge of the line appearing on the map shall then be construed as the line.



Kachemak Bay Conservation Society

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March 26, 2003

House Special Committee on Fisheries
Alaska Legislature
Juneau, AK

Dear Committee Members:

The Kachemak Bay Conservation Society is a membership organization whose mission is to protect the environment of the Kachemak Bay region and encourage sustainable use and stewardship of resources through advocacy, education/information, and collaboration. Over the years KBCS has commented on many different natural resources related issues in our community. We have found the Alaska Coastal Management Plan and its enforceable policies important in properly guiding local development projects so that they can be done with the least effects on our fisheries, wildlife, and habitat.

HB 191 & SB 143 and the accompanying Executive Order will create a "rubber stamp" ACMP by eliminating most of the "enforceable policies." Many coastal communities have adopted enforceable policies to protect the important sustainable resources that tourism and fishing require. Hours of public participation have gone into creating and using these local plans, and these bills and E.O. 106 will virtually undo all this work.

Local communities have come to expect that projects affecting local natural resources will be "consistent" with the existing state and local enforceable policies. KBCS feels that the proposed bills and E.O. 106 will undermine this local authority and so weaken the enforceable standards that our fisheries, wildlife and habitat will be in jeopardy. We can understand some minor adjustments to the ACMP, but there is no evidence to warrant a wholesale scrapping of protections that have given Alaska such a good reputation for stewardship of its fisheries.

ACMP consistency reviews do not unnecessarily delay development projects. If a proposed project is deemed to have an adverse impact on important fisheries or coastal resources a delay is warranted to fix the problems. Sometimes a simple lack of information needed to conduct a review may delay a project. These requirements often result in a better project that will have less impact on the environment.

KBCS firmly believes that coastal communities will be the biggest losers if the ACMP is gutted. These communities have the most to lose because their economies are so entwined in their natural resources. Homer's economy is in great part fisheries

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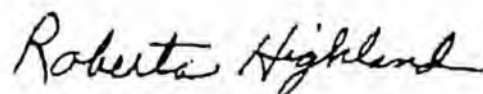
dependent. There has to be a balance between protecting fisheries and coastal development. Faster development does not guarantee better development or protection of natural resources and habitats. Protection of natural resources should be primary since these are the sustainable bases of so many coastal communities.

Of particular concern to KBCS is the elimination of the public from the review process. Furthermore, the imposition of development projects that do not have to go through a regulatory review is especially troubling. Citizen oversight is key to protecting coastal communities.

KBCS does not understand the Governor's reasoning in scraping a program that has just recently been reviewed and amended to improve it. Certainly this is a waste of taxpayer's money. Also, the drastic changes proposed in the Governor's E.O. 106 would likely require a new Environmental Impact Statement, which is extremely expensive. This is not in the best interests of the State of Alaska.

KBCS respectfully urges this committee to recommend that these bills not pass. The ACMP has been implemented by local communities and is working. Please do not dismantle a good system. Protection of our coastal communities, local and statewide economies, and Alaska's natural resources deserve our best stewardship and continued public oversight.

Sincerely,



Roberta Highland
President, KBCS

Akiak Native Community

Akiak IRA Council

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Akiak, Ak 99552

FAX (907) 765-7512

March 26, 2003

*Representative Hugh Fate, Chair
House Resources Committee
State House of Representatives
State Capitol
Juneau, Alaska 99801-1182*

Dear Representative Fate:

The Akiak IRA Council is the tribal governing body for the Native Village of Akiak, located near Bethel on the Kuskokwim River in Southwest Alaska. This letter will serve as our testimony and ask that you include this letter as part of the record for the hearing of the House Resources Committee on House Bill 191 that would make drastic changes to the Alaska Coastal Management Program. We are opposed to this bill and respectfully ask that you not allow this bill to pass out of your committee.

The negative impact of this bill would erase what little input our people and villages of our region have provided to the regional planning authority over land and water resources here in our village area and the Yukon-Kuskokwim delta region. If this bill passes, we will have no opportunity for input into regional planning for projects that directly affect our people and resources important to sustain our way of life. This is not the intent of a democratic form of government where the governed do not have a way to have meaningful and important input to project planning activities. We believe that our Cenaliulriit Coastal Resource Service Area, Alaska Coastal Management Program have had significant input to resource development planning in the few years of its existence and their work have helped us to prioritize resource development.

The need for regional planning for resource development is beginning to become critical at this time as State fund resources are beginning to shrink and our communities need tools as the Coastal Resource Service Area to protect our subsistence resources and also to properly plan to use natural gas for heating and electricity generation. We believe that this important state recognized agency will become more important in the future to protect subsistence resources and depending on some areas, may want to explore for natural resources to improve our way of life in this area. The CSRA will be a tool used in planning at the regional level for how our lands and water should be best managed to protect our subsistence resources and other important values as our natural resources that can be tapped in the near future.

Page 2. HB 131 Comments/Testimony

Finally, we oppose House Bill 191 and ask that you to oppose this bill and vote to preserve and allow our planning input to the coastal zone management authority in Alaska and other communities that depend on subsistence resources for survival and commercial fisheries.

Sincerely,

MOSES OWEN, CHIEF



*Ivan M. Ivan
Executive Director*

*cc: Representative Mary Kapsner
Representative Carl Morgan
Representative Richard Foster
Senator Lyman Hoffman
Senator Georgianna Lincoln
Senator Donny Olson*

If we look at the intent of the CZM Program, Congress strived for wise use of land and water resources of the coastal zone, which took into account the ecological, cultural, recreational, historical and aesthetic values, as well as the need for economic development.

The Northwest Arctic Borough and the North Slope Borough can serve as models where our district plans, which strive to protect our subsistence resources, upon which we still depend on today, can allow for major economic development and for the protection of our resources. Our district plans, coupled with our title 29 planning authority, allowed the leverage needed to promote and mitigate for responsible economic development.

The ACMP provides us with a program based on a partnership of shared state and local management responsibility. Our district coastal programs were developed on a local level and address our unique local issues, resources and policies. Our locally adopted district coastal programs were subject to an extensive public review, which was approved by both our Assembly as well as the Alaska Coastal Policy Council and the federal government.

By adopting a state wide "one size fits all" set of enforceable policies, you will take away, what we feel is the heart of our district plan, a set of policies that address the unique circumstances in each of our districts. Simply adding a paragraph of each of our plans cannot, and should not be viewed as an implementation policy that will address our local needs. By adopting these policies you will take away, a very strong tool provided to us in our district plan. The ability for local due diligence, expertise, experience and control.

This bill, hurts us in several separate ways, it takes away our unique enforceable policies, it removes the vital role for local involvement, expertise and government, and it will result in the loss of federal, state, and borough invested resources, time and expertise in developing and implementing the Borough CMP.

This bill, if passed will force us to look at our Municipal authority and title 9 zoning code to protect our subsistence resources, unique coastal environments and borough/local coastal management concerns.

ALEUTIANS WEST

COASTAL RESOURCE SERVICE AREA

Good Morning

My name is Karol Kolehmainen and I am the Program Coordinator for the Aleutians West Coastal Resource Service Area. Having said that I can surmise that many of you may think that I am speaking to you today to save my job. In fact, that is not why I am here. I am here because of the seven elected officials of the Aleutians West Board and all that they represent.

Geographically, they represent the entire western Aleutian area from Unalaska Island west to Attu Island, an area that is 20 to 60 miles in width and roughly 1000 miles long. It is bounded by the Pacific Ocean to the south and the Bering sea to the north and has a wealth of natural resources including some of the richest fishing grounds in the state. Like the geography the communities of the region are also diverse. Unalaska, the only Title 29 community and the number one seafood processing port in the nation for many years, has a population of over 4000 people, and Nikolski, a tribal government, has 39. Both of these communities contribute members to the AWCRSA Board.

Article 2 of Alaska Statute 46.40 provides the authority for coastal management in the unorganized borough and allowed the people of the western Aleutians to form a CRSA. Sixteen years ago, in 1987, the AWCRSA was established by a vote of the people of the unorganized western Aleutian area. They went through the process and gave of their time to develop a coastal management plan for the region. The plan was signed into law and provides representation of the local interest in state and federal permitting decisions. The plan has procedures and policies, not to prevent development, but to guide development activities within the coastal zone boundary. Recently we have been updating the plan, a massive undertaking, involving mapping of the resources of the entire area, collection of census data and cultural, historic, and economic information and the development of goals and objectives for the region, culminating in the development of coastal policies. All of this work was accomplished by a volunteer Board and using federal funding. Because the CRSA exists in the unorganized area it serves as a local authority for the entire area and the plan is the recognized information source for prospective developers and oil spill contingency planning.

If I have gone on at length about the area, it is because I care deeply about the region and respect the efforts of the AWCRSA Board. As previously stated, the board is strictly voluntary and its members have contributed many hours over many years to develop what it has become. I would like to add that I am the sole employee and the entire program is federally funded with monies passed through the state. Now, with a stroke of the pen, this political subdivision of the state will cease to exist.

I have reviewed the proposed legislation, and some of the supporting material, and wish to continue by specifically addressing some of the assertions. First, to

state that Title 29 municipalities will retain their existing land use authorities and regulate private land use activities is correct but doesn't provide the complete picture. In the AWCRSA, the Title 29 municipality, Unalaska, does not have a coastal management program, that role is provided by the CRSA. I suspect this is true in the other unorganized borough areas as well. Any one who has been involved with the rewrite of a comprehensive plan knows that it does not happen overnight and it will take much time and effort for a community to develop a coastal program and be eligible for the financial benefits of participation. Unalaska represents a mere 116 square miles of a much, much larger area.

Next, to say that DNR is authorized to adopt local ordinances as state enforceable policies for Federal reviews also seems to gloss over the very real concern of elimination of a local presence in permit decisions. I guess that is the ultimate in streamlining—the state makes the decision. I believe another word for that is centralization, but then that word is much less palatable.

And last, to say that the adoption of certain coastal policies for state decisions will continue to recognize a local input is just the second point made in an only slightly different way. When that happens, you no longer have local policies, you have state policies, and only the ones that were deemed acceptable apparently.

Now that I have said all of this, I would like to conclude by admitting that we recognize that passage of this legislation appears inevitable given the current political climate. In HB 191, Section 10, the legislation purports to provide a program of research, training, and technical assistance to coastal resource districts, including the direct granting to the districts. However, Section 16 repeals 46.40.120 through 180 eliminating the coastal resource districts, the CRSA's, which allow huge political subdivisions of the state, and includes many of the communities that could benefit the most from coastal grants. We respectfully request that the legislation be modified to allow the CRSA's to exist, permanently as coastal district areas or a similar functional area, or for a period of time long enough to allow the work that has been done to be redirected in a way that will let the areas develop meaningful authority in an acceptable and beneficial form.

Thank you for your time.

A handwritten signature in black ink, appearing to be "John M. ...", written in a cursive style.



Regional Citizens' Advisory Council / "Citizens promoting environmentally safe operation of the Alyeska terminal and associated tankers."

In Anchorage: 3709 Spenard Road / Anchorage, Alaska 99503 / (907) 277-7222 / FAX (907) 277-4523
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April 15, 2003

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Representative Mi. Chenault, Co-Chair, House Resources Committee
Representative Hugh "Bud" Fate, Co-Chair, House Resources Committee
Alaska State Legislature
State Capitol (MS 3100)
Juneau AK 99801-1182

Re: Committee Substitute for House Bill 191
Alaska Coastal Management Program (ACMP)

Dear Representatives Chenault and Fate:

We have reviewed the Committee Substitute for House Bill 191, and appreciate the Administration's efforts to accommodate concerns raised by coastal Alaskans in response to the original version of the bill.

However, we continue to believe that the bill, even as redrafted, could be weakened, if not eliminated, the vital role of local communities in reviewing projects with local impacts.

Our main concern is that the new draft leaves unanswered the question of to what extent, if any, a local entity may create enforceable standards on matters of local concern if they relate to air, land, water quality, or to a subject addressed in a state permit. It appears the communities could be largely eliminated from any significant role in the early stages of the permitting process, and might be able to participate only after the decision was made and the permit was out for public comment.

Specifically:

1. Section 11 states that Alaska Department of Environmental Conservation (ADEC) statutes and regulations regarding "protection of air, land, and water quality" are the "exclusive enforceable policies of the Alaska Coastal Management Program . . ." If so, what subjects would be left for local enforceable policies? The quoted language can be interpreted so broadly that nothing is left for local Coastal Resource Service Areas (CRSAs) to address. Would all current enforceable policies be valid, or would there be a winnowing process to eliminate all those which relate to "protection of air, land, and water quality"? May a CRSA create an enforceable policy in the area of air, land, or water quality that differs from state regulations because of a local need for stricter standards? The section also states that issuance of an ADEC permit constitutes a determination of consistency. Does this mean that there is no consistency review by other entities such as local CRSAs of topics covered by the ADEC permit, or merely that the reviewing entity may not simply duplicate the considerations by ADEC and second-guess that agency on those topics, but that a consistency review would still continue as to other matters?

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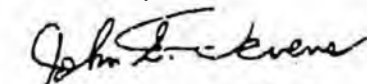
2. Section 21 states that the reviewing entity shall exclude from its consistency review and determination an activity "authorized" by ADEC under its air, land, and water quality requirements. This appears to be a "shield" protecting a project with an ADEC permit from locally generated objections. Does a local reviewing entity have the authority to enforce requirements - i.e., to find a project inconsistent with its coastal management plan - if the local requirements in any way relate to air, land, or water quality? Does it have such authority if, pursuant to section 14, the local enforceable policy relates specifically to a "matter of local concern" which arguably involves some aspect of air, land, or water quality? To put it another way, may local CRSAs create enforceable policies that relate to air, land, or water quality if the policies relate to matters of local concern rather than state or national concern? Or is anything that in any way relates to air, land, water quality or with the subject of an ADEC permit strictly off-limits to CRSAs?

3. Section 14 states that the department "may" approve coastal management plans that meet a detailed list of criteria. The word "may" is ambiguous and can be read as giving discretion not to approve. If a management plan meets all the criteria listed in that section, does the department have authority to disapprove it nonetheless?

We are also concerned that the tight deadlines for having coastal communities rewrite their plans into compliance with the new standards would place an undue burden on those communities, many of whom have already spent considerable amounts of time and money constructing their existing plans. It would seem more efficient to have all existing plans reviewed at the state level, presumably by a qualified contractor. Local communities would then be advised of specific problems and deficiencies that would need to be addressed in their rewrites. This would bring a consistency and efficiency to the rewriting process that would in all probability reduce both the time and the total cost of completing it.

As mentioned in our earlier correspondence on this subject, we believe the best way address these concerns, and to achieve a bill that meets the needs of the administration, the regulated community and coastal communities, is to form a broad-based task force to work on the measure over the legislative interim this year, then bring it back for action in the 2004 legislative session.

Sincerely,


John S. Devens, Ph.D.
Executive Director

cc: House Resources Committee
Representative Beverly Masek, Vice Chair
Representative Carl Garro
Representative Cheryl Henze
Representative Bob Lynn
Representative Kelly Wolf
Representative David Guttenberg
Representative Beth Kerttula

Representative Lise McCuire, Chair, House Judiciary Committee
Senator Scott Ogan, Chair, Senate Resources Committee
Representative John Harris, Co-Chair, House Finance Committee
Representative Bill Williams, Co-Chair, House Finance Committee
PWSRCAC Board and Member Organizations
Richard Ranger, Alyeska Pipeline Service Company

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April 23, 2003

Governor Frank Murkowski
State of Alaska, Office of the Governor
P.O. Box 110001
Juneau, Alaska
99811-0001

RE: Committee Substitute for House Bill 191 & Senate Bill 1-3

Dear Governor Murkowski:

The Northwest Arctic Borough (NAB) is concerned with the proposed changes to the Alaska Coastal Management Program in CS HB 191 and SB 143. Before any changes are made to this very important development tool, please consider meeting with our Assembly to review the goals of CS HB 191 and SB 143 and our concerns regarding the changes.

The NAB was incorporated as a home rule borough of the State of Alaska on June 2, 1986. Our borough is located in northwestern Alaska, and has a land area of about 39,000 square miles. The NAB has a coastline of greater than 300 miles in length, with the Kotzebue Sound, Hotham Inlet and Chukchi Sea of the Arctic Ocean comprising the major adjacent marine waters. The land area of the NAB encompasses most of the drainage of the Noatak, Kobuk, Selawik, Kivalina, Wulik, Inmachuk and Buckland Rivers, and extends approximately 175 miles north to south and 250 miles east to west. The coastline contains numerous lagoon systems and small islands which are important to the people and wildlife of the area. The eleven different communities in the region are home to approximately 7,000 residents. The eleven communities include:

- Ambler
- Buckland
- Deering
- Kiana
- Kivalina
- Kobuk
- Kotzebue
- Noatak
- Noorvik
- Selawik
- Shungnak

Ambler · Buckland · Candle · Deering · Kiana · Kivalina · Kobuk · Kotzebue · Noatak · Noorvik · Selawik · Shungnak

On April 3, 1979, the region's voters approved the organization of the then NANA Coastal Resource Service Area (CSRA.) The Concept Approved Draft NANA Coastal Management Plan (CMP) was published in 1985. In 1986, following the formation of the NAB, the NAB Planning Commission assumed the duties of the NANA CSRA Board. The NAB CMP plan policies were approved, with amendments resulting from public input, by the Alaska Coastal Policy Council on May 22, 1986 and by the federal Office of Ocean and Coastal Resource Management on December 1, 1989. The NAB CMP Plan policies were filed with the Lieutenant Governors office on December 22, 1989, and took effect on that date.

The NAB CMP is intended to provide for use and activities which can be conducted in a manner to prevent disturbance of the existing balance between our people, our subsistence economy, and our natural and physical environment, which we must view as an integrated whole to the maximum extent possible. The NAB CMP thus takes into account federal lands that would not otherwise be included in the NAB coastal area to insure that uses and activities generally outside of the control of the NAB are compatible and consistent with NAB CMP goals and objectives.

The elimination of the current Alaska Coastal Management Program was derived based on concerns over uncertainty for developers and the idea that the program provided a road block for development. The NAB uses the NAB CMP as a development tool to allow for major economic development and for the protection of our natural resources. Our district plans coupled with the our title 29 planning authority, allowed the leverage needed to promote and mitigate for responsible economic development. Furthermore, evidence has yet to be presented that would result in the gutting of the current coastal management program for the revised program provided in CS HB 191 and SB 143.

The current bill considers providing developers a set of policies that allows for predictability in the permitting process, yet it provides an uncertainty to the coastal districts on the authority provided to us. Additionally our authority, derived in part, from our local district plans, will be questioned and revised every five years regardless of the effectiveness of the local district plan.

The passage of CS HB 191 and SB 143 will result in the loss of many federal, state, and NAB invested resources, time, and expertise in developing and implementing our NAB CMP. Time and resources expended since the regional vote to approve the organization of the NANA CSRA in 1979. Additionally, it will not provide the financial assistance needed to start from scratch, much less the assistance needed every five years for the mandated review. Our current local enforceable policies provides very specific guidelines for evaluating if a project is determined consistent and is much too valuable to just throw away.

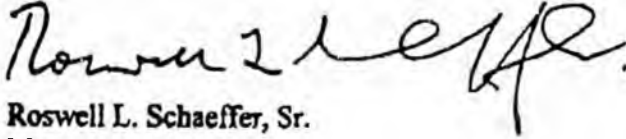
The CS of HB 191 and 143 offers to retain local community authorities but it makes the process so rigorous and complex, the result will be that few, if any, localities will have meaningful enforceable policies. The power of the State to amend any district plan to satisfy the provisions of the new bill held by the Department of Natural Resources is much too overwhelming.

Committee Substitute HB 191 and SB 143, if approved will take away a very strong tool provided to us in our district plan; the ability for local due deference, expertise, experience and control. The passage of CS HB 191 and 143 will in effect eliminate all rights of local residents

to do more than just comment on projects. We recommend that the current system of local review of projects for consistency with the existing regulations and policies be retained.

We are opposed, and will continue to show opposition to any bill that will remove the balance of the current partnership provided by the current program. Before any action is taken on CS HB 191 and SB 143, we request that a representative of the State of Alaska meet with our Assembly to discuss the changes to this very important program.

Sincerely,



Roswell L. Schaeffer, Sr.
Mayor



Sitka Conservation Society

PO Box 6533
Sitka, Alaska 99835
(907)747-7509
(907)747-6105 fax
home.gci.net/~sitkawild

Testimony on HB 191 & SB 143

This testimony is provided by Page Else, Acting Director of the Sitka Conservation Society. The Sitka Conservation Society has worked for the last 30 years to protect the resources of Southeast Alaska. We believe that economic health depends on healthy land and waters. Our members include commercial fishermen, hunters, tour operators, and many others who rely on the bounty of our surroundings for their living and their enjoyment.

In the early 1980's I lived in Wrangell, Alaska. At that time I had a grant from the Governors office to work with local oyster farmers studying plankton supplies. Later I edited A Manual for Oyster Farmers in Alaska published by the SeaGrant Program. During that period the biggest startup obstacle for the oyster farmers was the difficulty in identifying what permits were necessary for operation, and gridlock in getting the agencies to actually process and move applications forward. The agencies were unsure of what process to follow with these multi-jurisdictional applications. The Division of Governmental Coordination (DGC) was formed precisely because these development applications needed the clarity and streamlining provided by DGC. The system allows integration of the missions of different agencies and a system of checks and balances, with a clear resolution process. DNR does not have the staff or expertise to determine if a certain species of shellfish should be prohibited for import and culture because it might carry a dangerous parasite. Nor does DNR have the expertise or site-specific knowledge to determine if a mariculture operation will unnecessarily conflict with local subsistence users or commercial fisheries operations, and should be moved.

There is no evidence that the ACMP consistency review process unnecessarily delays important development projects. In fact it does the opposite by coordinating review. When delays occur, it is either because the proposed project could impact important fisheries or coastal resources and design adjustments are necessary, or because the project applicant has failed to provide the reviewing agency with sufficient information to conduct the review.

These bills are meant to streamline government but in fact they create more bureaucratic inefficiency. The State recently spent hundreds of thousands of dollars in a 3 year effort to amend ACMP consistency review rules; this legislation will waste that effort. Additionally, the federal oversight agency, NOAA, has indicated that such sweeping program changes will likely require a new Environmental Impacts Statement under NEPA, which is a costly and time consuming endeavor. Finally, the new process envisioned by the legislation will create much confusion and delay because DNR is not staffed or equipped to such a comprehensive, coordinated permitting role.

These bills undermine local control over local resources. The ACMP was originally passed because the state felt they needed more input and local control over federal actions in the coastal zone. The ACMP created local Coastal Districts because policymakers understood that locals have the most at stake and the best wisdom when making local resource decisions. These bills will strip away policies developed and enacted by local districts. These enforceable policies are the core of our Alaska Coastal Management Program and provide a way for local knowledge and priorities to be heard. Alaska's fish and subsistence resources deserve protection. Alaska has received high marks for its fisheries management programs, due in large part to the ACMP's fish and habitat protection provisions. While the ACMP may need some fine tuning, it does not need to be gutted.

Page Else
Page Else, Acting Director

Sitka Tribe of Alaska

Tribal Government of Sitka, Alaska



HB 191 Coastal Management Plan

As residents of the Sitka area we have participated in the Alaska Coastal Management Program since 1979. The program since its inception has provided appropriate guidance in the management of our resources that address long range plans and benefits that are mutually acceptable. The Alaska Coastal Management Plan included input at the local level and has continued to work well for all citizens. The Plan was designed to protect our resources, environment and people for the greater good. It is important to retain the Alaska Coastal Policy Council and keep the Plan in its present state. Any change to the Plan defeats its purpose and will not be economically feasible in the long run. Let us keep the Alaska Coastal Management Plan in place and work together to stabilize our economy in other areas of need. Thank you for your support.

Lawrence Widmark
Tribal Council Chairman
Sitka Tribe of Alaska

Date

4/23/03

HB 191 Coastal Management Plan

The Coastal Management Plan since its beginning is and has been well designed. Forming the plan included input from the local level, working through to the State level and continuing into the Federal level. It took much thought, effort, time and resources to complete the plan. It was sound and timely in design and it was accepted by the people its authority impacted upon. There was mutual agreements contained throughout the plan which were found to be mutually acceptable. The plan was designed to protect our environment, the resources and the people. There is no reason to alter the plan and reduce its intent into something less than satisfactory. The plan must be kept in place including the retention of the Alaska Coastal Policy Council. Altering the plan in anyway will defeat its purpose, damage the environment and pave the way to undermine the Outer Continental Shelf, our seas and oceans by allowing offshore drilling. Please keep the Coastal Management Plan intact. Focus your energy on the economy and our State will be safer place because of your effort. Thanks for your support.



June Degnan
Box 2743
Sitka, Alaska 99835
(907) 752-0030

April 23, 2003

Representative Fato, Chairman
House Resources Committee

Please accept these comments as part of the hearing record on Committee Substitute for House bill 191.

This bill will have the same effect as the original bill in removing local control over coastal natural resource management. Local decision making was established for good reasons. Those reasons are still valid, and the system has not been shown to be an important obstacle to reasonable development. The only reason to dismantle this law is to make way for destructive projects which will mortgage the future for short term gains.

Local districts and communities have not had a chance to participate in any refining of the proposed changes and would likely not approve most of them. The CS Bill 191 gives the state DNR too much power to make decisions biased in favor of development and against the best interests of long term coastal management. It takes decision making out of the hands of those to be affected the most and puts it in the hands of those with the most to gain politically by making biased decisions.

The CS Bill 191 will impose unnecessary costs on the communities by requiring drafts of new plans for DNR review and repeat the process every 5 years whether there is a real need for it or not. This is an expensive process for which there is no apparent source of funding. It gives DNR sole discretion to disapprove local enforceable policies if they do not comply with the narrowly written state versions. The CS Bill 191 also imposes more costs onto DNR and districts by requiring new enforceable statewide and district policies. A new environmental impact statement will likely be needed also in order to receive NOAA approval. This will be another added and substantial unnecessary cost to the state in a time when funds are not readily available.

This Bill also allows DNR to develop state-wide standards for district programs with no input from the districts or the public by way of public comment or hearing process. All stakeholders should have an opportunity to have control over their own livelihoods and not be subjected to the whims of some political appointees that do not have a stake in the effects of the regulations they are promulgating.

In summary, CS Bill 191 will waste state time and money to change a process and environmental protection laws that do not need changing. ACMP is not broken and does not need to be fixed. The only reason for this Bill is to remove restrictions on unwise and destructive development, which is the reason the plan was put into place. It is merely doing what it was designed to do, and it should be allowed to continue doing it.

Thank you for the opportunity to comment.

Duane Howe
58991 Gladys Ct
 Homer, Alaska 99603



Cenaliulriit CRSA

Serving the Yukon-Kuskokwim Delta
PO Box 69, Mekoryuk, AK 99630 / 907-827-8748

To the Honorable 23rd Legislature:

Subject: House Bill 143 – Alaska Coastal Management Program

Cenaliulriit Coastal Resource Service Area serves 35,168 square miles of the Yukon-Kuskokwim Delta, the largest refuge in Alaska, comprising 8,993 miles of shoreline, with 39 listed communities. Cenaliulriit has a history dating back to the early 1980's, and is one of the first Coastal Management Plans since 1985.

Cenaliulriit numbers the largest dependents, on a daily basis, to fish and wildlife, than any other part of the State of Alaska. Cenaliulriit has worked hard over the last 18 years to provide program improvement and opportunity of village participation and successful permitting. And to help the permitting process, the program is in its final year of mapping Customary Use Areas of fish and wildlife resources. The preliminary data indicate wide-ranging areas of overlap between villages, in all areas of coastal waters, inland rivers, fresh water areas, headwaters and land mass.

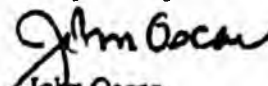
In the Cenaliulriit district, mining operations have not stopped, local infrastructure improvement continues, water and sewer, road, new facilities, and upgrade of bulk fuel facilities, airport improvements, and erosion control, to name a few and operating and permitting successfully.

The Association of Village Council presidents serving 56 villages passed a resolution at their mid-year annual convention requesting the legislature to oppose House Bill 191 and Senate Bill 143. The delegates of the convention were not aware of these new bills and very concerned that it eliminates a concerted effort to provide meaningful opportunity to participate in permitting. The delegates convey that fish and wildlife do not honor postage stamp municipal boundaries.

These bills require proper input from villages that are impacted by this new proposed process under the Department of Natural Resources. We honorably request the legislature to allow for meaningful review and opportunity for communities to assess the proposed changes to the Alaska Coastal Management Program.

Thank you for this opportunity to comment,

Respectfully,


John Oscar
Program Director

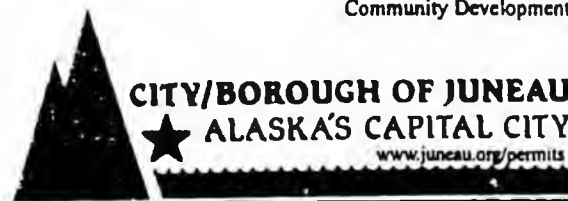
Section 14 in CSHB 191 could eliminate many of the enforceable policies in the Juneau plan. Specifically, the language in Section 14 states that the enforceable policies of the district plan may not address a matter regulated or authorized by state or federal law unless they specifically relate to a matter of local concern. This could adversely affect two important provisions of the Juneau Coastal Management Program (JCMP).

The **Juneau Wetlands Management Plan**, adopted as part of the Juneau Coastal Management Program could be invalidated. This plan, adopted after years of costly study, classifies wetlands into high and low value categories, and gives the City and Borough of Juneau general permit authority for low-value wetlands. This management approach for each wetland decreases permit processing time, makes permit decisions more predictable and ensures that potential impacts from wetlands development will be fully evaluated and mitigated.

Likewise, **Special Waterfront Development Districts** are designated in eight locations throughout the borough, where the seaward limits for fill and pile-supported structures have been identified and pre-approved as elements of the plan. These districts are specifically designated for water-dependent and water-related commercial and industrial development, and have been important for cruise-related development along the downtown waterfront and marine-related development supporting the Greens Creek and the tourism and fish processing industries at Auke Bay.

The wetlands plan and the waterfront districts are highlighted in this copy of the Juneau Coastal Management Program. These coastal plan elements are important tools in the City and Borough's development program. We would not like to see them lost as the Alaska Coastal Management Program is revised.

Peter Freer
Planning Supervisor
Community Development



Mail: 155 So. Seward St., Juneau, AK 99801 • Office: Marine View Center - 4th floor
peter_freer@ci.juneau.ak.us • Phone: 907-586-0463 • Fax: 907-586-3365

MAR-26-03 WED 10:35 AM MATSU LIO

FAX NO. 9073766180

FROM : Chickaloon Village

FAX NO. : 907 745 8763

Mar. 26 2003 29:52AM P1

MAR-26-03 WED 06:37 AM MATSU LIO

FAX NO. 9073766180



Alaska State Legislature

Please enter into the record my testimony to the HOUSE FISHERIES COMMITTEE
committee name

committee on HB 191 & SB 143, dated 3/26/03
bill/subject

Chickaloon Native Village hereby voices is opposition to HB 191 and SB 143. These bills will remove an important means of protecting subsistence resources and will undermine local control of resource use decisions.

As I understand it, this legislation will delete all enforceable policies for the Mat-Su Borough coastal district, including policies that protect fish and fish habitat. This includes the Subsistence Standard (6 AAC 80.120) and the Fish and Wildlife Habitat Standard (6 AAC 80.130). These standards allow coastal districts to manage for the protection of fish populations and to identify areas where subsistence uses take priority over non-subsistence uses. These are crucial tools to balance development and habitat conflicts. To throw this out of balance is a short-sighted, unwise decision which may have the long-term result of damaging our fish populations.

The Alaska Coastal Zone Management Plan created local districts because at the time policymakers rightfully understood that when it comes to making local resource decisions, local governments and citizens are the people most affected. As I understand it, these bills will remove enforceable policies already developed by local districts and leave the decision-making authority to the state. This will be a dangerous precedent in removing local control and input into decisions that directly affect local areas. And as you know, when citizens feel powerless over decisions that directly affect them, the result is resentment and conflict. This is not a positive for the citizens of Alaska. It appears to be a sellout to industry and other large development interests. This is not just "streamlining". It is strip mining fish and habitat protections and creating top down management.

I am sure that you, as citizens of Alaska and representatives of the citizens of Alaska, see the wisdom and justice in affording local residents as much control over local resources as possible, and I am sure that you also see the wisdom in continuing to protect our fish and fish habitat so that our future generations can benefit as we all have.

Signed: Jennifer G. McGill, Environmental Specialist
Testifier

CHICKALOON NATIVE VILLAGE

Representing (Optional)

P.O. Box 1105, CHICKALOON, AK 99674

Address

(907) 745-0737

Phone No.

State Legislative Information Center

LIO FAX 376-6180

House Special Committee on Fisheries
Rep. Paul Sexton, Chair
Alaska State Legislature
Juneau, AK 99801

Dear Committee members,

March 25, 2003

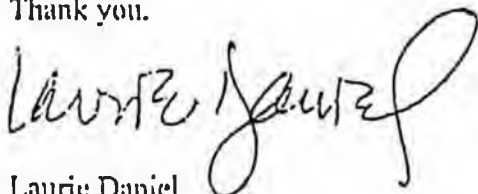
I am writing to ask you to oppose passage of HB 191 and SB 143 and to overturn E.O. 106. The Alaska constitution mandates a balanced approach to resource management for the maximum benefit of all Alaskans. The intent of this Executive Order and these proposed bills undermines local control over coastal natural resources, strips Alaska's fish and subsistence resources of both direct and habitat protections, diminishes the viable and wisely-established role of public in the coastal permitting process, and removes the balance between coastal resource protections and coastal development, especially regarding fish.

The idea that these bills will streamline state government, improve administrative efficiency, and carry a zero fiscal note is based on a false premise. This legislation effectively requires the state to start over in developing a coastal management program, to retool DNR in yet another facet to take on this role of coastal permitting, and very likely brings the need for a federal Environmental Impact Statement to evaluate compliance with federal coastal policy.

There is no legitimate evidence the existing system need such wholesale change. There is not evidence that the ACMP consistency review process unnecessarily delays important development projects. There is plenty of evidence that the Alaska Coastal Management Plan effectively protects our coastal natural resources from detrimental effects of development projects.

These bills, HB 191 and SB 143, and E.O. 106 toss the integral protections to our coastal natural resources out and erases virtually all state and local enforceable policies under the false pretense of permit streamlining and administrative efficiency. We cannot afford to no longer provide state and local stewardship and protection to our coastal and subsistence natural resources. I ask that you please strongly recommend that these bills do not pass into legislation and overturn E.O. 106.

Thank you.



Laurie Daniel
PO Box 3713
Homer, AK 99603

Hearing Officer, *HFSH*
Legislative hearings for HB 191 and SB 143
March 26, 2003
Juneau, Alaska

I am a resident of Homer, Alaska, where the coastal habitat and its wildlife are the most important part of the quality of life for all our local residents as well as visitors who come all year around to fish, watch the wildlife, and take boat and airplane rides to view and photograph the landscape and seascape. Commercial fishing is also still an important part of our economy also, although it is not as robust as it was in the early days while the coastal habitat was still pristine and before the resource was overharvested. It may still look pristine to some who do not look too closely, but as with all oceans of the world, it's waters are no longer pristine.

The reasons for the deterioration of the ocean habitats are many, but all are related to human carelessness and abuse of the lands and waters that feed into the oceans around the world. Industrial effluents in the form of smoke as well as polluted water contribute to the pollution in many subtle ways from thousands of watersheds and airsheds all over the seven continents. The quantity of pollution from one small source may not seem like much, but when thousands of small sources are added together they result in such insults as mercury poisoning from eating ocean fish, smothering algae blooms, invasions of exotic species transported with ship ballast, smothering of marine life by tree bark, eutrophication, or nutrient pollution from sewage, farm fertilizer runoff and other non-point sources of myriads of pesticides and chemicals not to mention oil spills and petroleum products all of which add up to world-wide ocean pollution.

Some states and countries, especially the European Union, are attempting to stop this ongoing pollution and degradation of coastal habitats by regulating the sources of the pollution. Alaska is fortunate in that its coastal waters are still in relatively good condition compared to others around the world. This relatively pristine condition can continue far into the future if we keep our regulations in place to prevent further degradation. This won't happen if we don't make it happen by maintaining the site-specific policies that have been put in place so laboriously over many years.

Any temporary increase in economic benefit from resource development that might result from removing environmental controls would not be worth the damage that would most certainly result from the loss of those regulations. I urge the legislature to reject HB 191 and SB 143 and any other attempt to relax the Alaska Coastal Management Program. The well being of Alaska's environment and long term economy as well as the quality of the oceans of the world depend on it.

Duane Howe
58991 Gladys Ct
Homer, AK 99603
907-235-9477



Date: March 26, 2003

Subject: HB191

To: Alaska State House of Representatives House Fisheries Committee

From: Gerald R. Brookman, 715 Muir Avenue, Kenai, Alaska 99611-8816

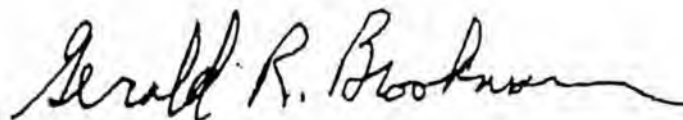
First, I believe that this bill would do much harm to Alaska's fisheries, and do little, if anything, to help them or their management.

We need to take a balanced approach to the management of Alaska's fisheries. The ACMP, while it may appear cumbersome to some people with a limited view of the issues involved or who are only concerned with a single issue, is a very important tool to assist the state in achieving balanced management, where all affected parties have an opportunity to voice their concerns and have them considered by an impartial body (or one that is, in theory if not always in practice, impartial). To throw it out would be tragic.

HB191 would deny the public an opportunity to have input into issues that affect their vital interests. It would deny local communities the opportunity to have input into how their areas are developed. Alaskans have, in the past, criticized management decisions made at the federal level without taking into consideration state interests; ironically, this bill would transfer management decisions from local to state level. While the final decision would continue to be made at the state level, retaining the ACMP as it is presently constituted would at least continue to allow local input into the final decisions.

In summary: HB191 is one of the most important that will be considered by this legislature. It's effects would be disastrous to our fisheries. I urge that you vote against it.

Sincerely,



P.O. Box 2994
 Homer, AK 99603

March 25, 2003

House Special Fisheries Committee
 Alaska State House
 Juneau, AK

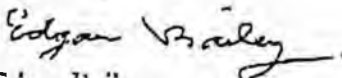
Dear Committee Members:

The Kenai Peninsula Borough has gone through a lengthy public process and developed a good set of "enforceable standards" under the Alaska Coastal Management Plan (ACMP). These enforceable standards help Borough citizens protect the natural resources of their communities by providing guidelines for carefully reviewing development projects to have the least effect on fisheries, wildlife, and habitat.

I urge you not to pass HB 191 and SB 143. These bills represent a rollback to standards that will likely be more like a "rubber stamp" that will effectively provide very little oversight to new development. I do not think this is what Kenai Peninsula communities want. People have come to expect projects to be consistent with the existing state and local enforceable policies because they see that these standards help protect important natural resources valuable to local economies. Furthermore, these bills will undermine local authority and lessen public input by eliminating the Alaska Coastal Policy Council.

Please keep the ACMP as it is presently constituted. If it needs to be tweaked, that is one thing. However, wholesale gutting of the program, which will likely cause NEPA to require an Environmental Impact Statement, is not the prudent thing to do. I urge you to turn down these bills.

Sincerely,


Edgur Bailey

P.O. Box 2994
Homer, AK 99603
March 25, 2003

House Special Fisheries Committee
Alaska State House
Juneau, AK

Dear Committee Members:

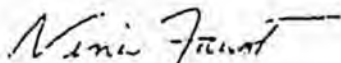
Coastal communities throughout Alaska have worked hard to develop a good Alaska Coastal Management Plan with effective "enforceable" policies. The Kenai Peninsula is no exception. HB 191 and SB 143 would dismantle a good system that protects sensitive coastal habitats and their fisheries and wildlife. I urge you not to pass these bills.

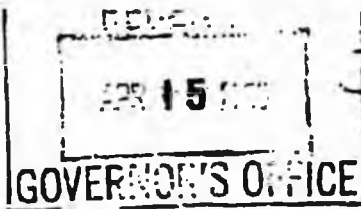
- Development projects that receive the careful oversight provided by the ACMP are probably better projects in the end. Discovering environmental problems beforehand saves money and can make a project much more welcome in a community. By being open to the scrutiny provided by ACMP and fixing problems beforehand, a company demonstrates its willingness to be a good neighbor within a coastal area.

I do not want to see the carefully adopted enforceable policies gutted, nor do I want to see public input curtailed by eliminating the Coastal Policy Council. Overall, I see no reason to make the sweeping changes called for in these bills. Furthermore, they are not fiscally responsible since they will likely require an Environmental Impact Statement, a very expensive document.

- Please allow communities to continue in their local stewardship for the sake of their economics and their natural resources. Do not pass HB 191 or SB 143. Thank you.

Sincerely,


Nina Faust



DANA OLSON
HC-30 box 5438
Wasilla, AK 99654
15, APRIL 2003

State of ALASKA
To Tom Irwin
DNR Commissioner AND
Governor FRANK Murkowski

"State Administration" AND "HB191"

I'm not expecting to change the concept of a global economy. I do believe it can be accomplished with Adequate notice AND public, private, community based decision making.

I'm not commenting on changes to the Coastal mgmt Program. I appear to be asked to comment on ^{changed} administration of the State of ALASKA in HB191. A Federal program doesn't grant Authority to legislate for Federal concerns AND policy objectives. The scope of legislative Authority is unconstitutional. The State sovereignty is based on its Constitution AND NOT Federal programs. The Public as a whole must be considered.

Try any is alive AND prospering; when political process is reduced to one State Agency or (head Agency).

In Fact 1990 Amendments to CMAA of 1972 require consideration of whole Zone AND its objectives which can not be rationalized under global economy standard.

NATURAL RESOURCES

APR 15 2003

COMMISSIONER'S OFFICE
ANCHORAGE

DEPARTMENT OF
NATURAL RESOURCES

APR 16 2003

COMMISSIONER'S OFFICE
ANCHORAGE

The political process is what ensures our civil rights protected under the U.S AND ALASKA CONSTITUTIONS. Civil rights soon vanish for all; when this approach is taken.

Ms. Marty Rutter Ford, Former ^{acting} DNR Commissioner is stated ^{at legislative hearings} prior as author of first version. ^{cm and pat Galin.} However I saw her working with DNR in ^{their Anchorage DNR} Commissioner's office. ^{I spoke to her.} She is not a state employee to my knowledge. Why isn't DNR allowing first public comments to DNR before using contracted persons or legislative appointees (without public scrutiny). Where is any public process? by DNR Commissioner?

The global fever will not stop unless its in its best interest to do so. Please tell me what is a best interest finding? ^{by DNR} Best interest finding based on global economics will be subject to challenge, Is this ^{propose change} going to prevent delay? I don't think so. Again, State Sovereignty is based on ALASKA constitution.

A program or a project must have disclosure, ^{AND ENFORCE POLICY (CMP)} A Constitution notice requirement. IF you take AWAY a courts ability to view a decision; the notice requirement is circumvented AS being meaningless. Such AN intention renders the legislation unconstitutional both Federally AND state. "No due process" ^{14th Amendment / 5th Amendment.}

I AM needing specific ON the impacts OF this rule-making; its not provided. (Inadequate notice)

I demand public meetings in Knik, Trapper Creeks, AND Chase ^{AS APPROVAL} before the DNR submits or implements ^{the proposed} legislative change. The legislature implements law; but DNR implements public process. legislative findings not fairly conducted AND with a purpose to violate 1st Amendment US Constitution "right of assembly" AND "petition" are unconstitutional.

Please request A stay in the House Resources Committee; so that DNR CAN respond, AND DNR Commissioner. -3-

(recent)
Finally, I received A MSB response
requiring I further comment back to ^{standard}
them concerning a citizen review
of sufficiency of notice in resource
decisions / permits issuance. More
time will be needed to address
this issue. I believe House Resources
received a copy of petition ^{and} set to
MSB clerk and ^{MSB} administration.

Thank you
In the event of bill movement;
please respond to my requests
in writing (timely).

Sincerely,
Dana A. Olson
4/15/2003

DANA L. OLSON
HC-30 box 5438
Wasilla, AK 99654

To Governor Frank Murkowski
AND ^{AK} legislature. HB 191
Please include with this bill.

373-4612

MAR 25, 2003

HB 191 AS proposed is too broad in scope
to comment on at this time. It appears
on its face to be changing the administration
of the state; which is outside the scope of
Federal Act.

I live in a COASTAL community of Knik,
in MSB COASTAL district, and request
public meetings before further changes or
passage of this bill. Citing AN enforceable
policy "LAND USE PLANS" 15 U.S.C.A. § 1453 (6a),
AS 38.04.1065. And the public process
for changes. The governor can not by pass
public process. This is attempt at
Significant program change not
approved by Secretary of Commerce,
through the National Oceanic and
Atmospheric Administration (NOAA);
Office of Ocean and Coastal
Resources Management (OCRM). No
determination was made whether the
new program would meet the require-
ments of Section 1455.

Program Approval must include a determination that the views of Federal Agencies affected by the program have been adequate considered. I see no such finding. I require a finding, before commenting. (Freedom of Information Request to Governor Frank Murkowski)
The program change/revision is not in the form of environmental impact statement as required. There is no need to comment on something that has no enforceable standard. The governor is acting outside his authority.

The governor has failed to comply with AS 46.03.040 State environmental plan.

The Court, in American Petroleum Institute v Necht (L.D. CAL 1978) reject the argument that adequate consideration of national interest, entailed "affirmative accommodation of energy facilities [as] a guide pro quo for [program] approval.

In California v Mack (N.D. CAL¹⁹⁸⁸)
the Federal district court held that
NOAA does not have the authority
to revisit the provisions of approved
plan or to coerce through its power
over funding an alteration of
Approved program itself.
(Judicial decisions are enforceable
policies; as defined 15 U.S.C.A. § 1453 (6a).

In Mack, California v Mack (N.D. CAL¹⁹⁸⁸)
The court rejected NOAA argument
that program changes it required
were merely routine programs
implementation rather than ~~an~~
Amendments.

In 14 U.S.C.A. § 1455 (d) (11);
the Act directed ALASKA to
implement LAND + WATER USE
PLANNING AND REGULATION.
This format WAS prior approved.
HB 191 is not consistent with
FEDERAL APPROVAL AND NO
PRESUMPTIONS CAN BE MADE.

Sec 19

SB 196 (1987) WAS legislative
directive AND I AM aggrieved. I AM
entitled to legislative Findings OF FACT,
Statute OF limitation IS NOT expired
AND I AM STILL AWAITING MY "due
process". I AM requesting A
legislative hearing on my Chase ¹⁹⁸⁴
Agricultural Hmstds. Please determine who
will provide or deny my request.

The Federal district Court in
American Petroleum Institute U
Knecht (CD. CAL. 1978) considered
Congress definition of A management
program "which emphasized
that the program set forth
objectives, policies AND standards
to give public AND private uses OF
... COASTAL ZONE."

The issue is that consistency
~~determines~~ does not make
those decisions

Lines 5 AND 6 HB 191 311.
IS NOT defined; AS TO BE
enforceable.

If there is no disclosure at earlier stages, then standing to challenge is not curtailed. This is a major component of due process 14th Amendment U.S. Constitution.

No Federal Preclusion. AND Supremacy Clause.

I cite VIII Sec 16 AK Constitution AS not being complied with AS no means to address it is in the proposed policies. Where there is ^{local} no remedy; there is no need for public comment or public participation.

I claim Supremacy Clause AND Full Faith AND Credit Clause CAN NOT be ignored AND over-riden by governor Nor the legislature.

Public trust can not be rationalized by government ^{nor governor.} OR the legislature; AS its common law.

enforceable policy AK Constitution AND 15 U.S.C.A. § 1453(6a).

I cite AK SURVIVAL US DNR IS
enforceable policy STANDARD, (JUDICIAL)
I cite NO RATIONAL BASIS FOR ITS
departure exists AND I require
"equal protection" under LAWS,
PROGRAMS.

The public interest WAS NOT
considered in the proposed rule-
making.

I cite LOCAL policy WAS
prior established in (97219CU) (FEDERAL)
I raise estoppel claim, AGAINST
STATE OF ALASKA, WHO WAS A
PARTY. Sorry but I'm not buying into
your bill. MSB COMPREHENSIVE
PLAN ie Knik FAIRVIEW COMPREHENSIVE
PLAN WAS ruled to be A ZONING
IMPLEMENTATION PLAN ONLY. NO TRANSPORTATION
AND THE HOLDING OF THAT CASE CAN IMPLY
~~TO BE~~ SINCE ALL OF MSB
COMPREHENSIVE PLANS WERE
IMPLEMENTED IN THE SAME
MANNER AND AUTHORITY, THEY ARE
INVALID FOR LOCAL POLICY.
MSB 1970 COMPREHENSIVE PLAN IS OUT OF DATE.

STANDARDS

NUISANCE CAN NOT BE ESTABLISHED
BY LOCAL POLICIES; WHEN
STATE IMPLEMENTS FEDERAL LAW.
IF LOCAL POLICIES ARE USED;
WHERE IS CONVEYANCE OF MY
1984 CHASE AGRICULTURAL HOMESTEADS?

Sincerely
Dina G. Olson
Mar 25, 2003

Bering Straits Coastal Resource Service Area Board
P. O. Box 190
Unalakleet, Alaska 99684
(907) 624-3062
FAX 624-3811

RESOLUTION 2003 - 02

A RESOLUTION OF THE
BERING STRAITS COASTAL RESOURCE SERVICE AREA BOARD
OPPOSING THE ELIMINATION OF
COASTAL RESOURCE SERVICE AREAS.

WHEREAS the ALASKA COASTAL MANAGEMENT PROGRAM provides a voice for the rural areas of the State of Alaska and

WHEREAS the ALASKA COASTAL MANAGEMENT PROGRAM allows citizens of Coastal Resource Service Areas to comment on projects requiring Federal, State or local permits and

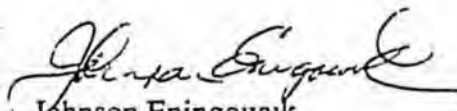
WHEREAS the citizens of the Coastal Resource Service Areas provide important local knowledge to State and Federal officials and

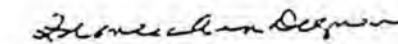
WHEREAS the citizens of the Coastal Resource Service Areas are experts in living in their own local areas

NOW THEREFORE BE IT RESOLVED that the Bering Straits Coastal Resource Service Area Board opposes the termination of Coastal Resource Service Areas.

BE IT FURTHER RESOLVED THAT the Alaska Coastal Management Program be left intact with the current regulations which were recently adopted by the State of Alaska and the U.S. Department of Commerce.

PASSED by a vote of 6 AYES and 0 NAYS on March 18, 2003.


Johnson Eningowuk
Chairman


Frances Ann Degnan
Secretary/Treasurer

Bering Straits Coastal Resource Service Area Board
P. O. Box 190
Unalakleet, Alaska 99684
(907) 624-3062
FAX 624-3833

RESOLUTION 2003 – 01

**A RESOLUTION OF THE BERING STRAITS COASTAL RESOURCE SERVICE
AREA BOARD OPPOSING THE TRANSFER OF THE ALASKA COASTAL
MANAGEMENT PROGRAM TO THE DEPARTMENT OF NATURAL RESOURCES.**

WHEREAS the Alaska Coastal Management Program is a networked program of the Federal, State and Local Governments and

WHEREAS the Alaska Coastal Management Program involves all levels of government in a public setting and

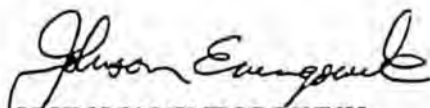
WHEREAS the Governor of Alaska appoints senior public officials from local and state government and

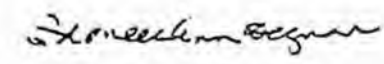
WHEREAS the Governor appoints the Director of Office of Management & Budget, the Commissioner of Community & Economic Development, the Commissioner of Environmental Conservation, the Commissioner of Fish & Game, the Commissioner of Natural Resources, and the Commissioner of Transportation & Public Facilities and or alternates and

WHEREAS the Division of Governmental Coordination is under the supervision of the Office of Management and Budget and serve as staff to the Alaska Coastal Policy Council.

NOW THEREFORE BE IT RESOLVED that the Bering Straits Coastal Resource Area Board respectfully urges the Governor of Alaska to withdraw executive orders that change this excellent public oriented network program.

PASSED by a vote of 4 AYES 0 NAYS on JANUARY 18, 2003.


JOHNSON ENINGOWUK
Chairman


FRANCES ANN DEGNAN
Secretary/ Treasurer

TESTIMONY
Larry J. Houle
Alaska Support Industry Alliance
Before
House Finance Committee
Re: CSHB 191

Mr. Chairman and members of the Committee my name is Larry Houle and I am the General Manager of the Alaska Support Industry Alliance more widely known as The Alliance. The Alliance is a non-profit state-wide trade association with chapters in Anchorage, Fairbanks and Kenai. The Alliance is comprised of over 420 member companies who derive their livelihood from Alaska's Oil and Gas industry. The employment base represented by Alliance membership exceeds is over 25,000 Alaska residents.

The Alaska Coastal Management Program (ACMP) includes the Coastal Consistency Review Process, which requires all projects located in the coastal zone to obtain a Consistency Determination before state or federal permits can be issued. Nearly all oil and gas exploration, development, expansion and routine operations and maintenance activities undergo the Consistency Review Process. The purpose of the Consistency Review Process is to assure that projects within the coastal zone are consistent with State of Alaska and local coastal district enforceable policies. HB 191 only enforces this.

Funding for exploration and development in Alaska faces increasing competition on a world-wide scale – most competing projects are closer to markets, are less capital intensive and do not have the challenges faced in arctic development. For companies to make investment decisions, operators need reliable predictions of permitting schedules and requirements. Delays and the lack of permit timeline certainty are significant factors which can adversely affect the economic viability of a project.

Given the significant transportation costs and huge arctic development costs, Alaska projects start out with a huge economic disadvantage. Because ACMP is integral to the permitting system for oil and gas operations in the coastal zone, this program is critical to the efficiency of oil and gas operations.

From the perspective of the contracting community today's ACMP program is the single most significant deterrent to new oil and gas development in the State. Simply because under the current program there exists NO time-line certainty and NO consistency in the interpretation of the Coastal Management Program. Numerous contradictory AG opinions conflict with administrative actions and petitions, while attempting to interpret the program they do little more than spawn third-party litigation and delay.

The current program puts the future of oil and gas development in Alaska at risk. But let's talk about a specific project as an example. A number of years ago, during the Myster Administration I was the Director of the Municipality of Anchorage's Heritage Land Bank, tasked with being the lead negotiator on the proposed replacement fuel pipeline between the Port of Anchorage and Ted Stevens Int. Airport.

The pipeline to be replaced was over 30 years old running a rather circuitous route through Anchorage; south on C St., under the Park Strip, into alleys, underneath private residential backyards and down Northern Lights----- we think. No one really knew where the pipeline ran because there was not a complete set of asbuilts in existence, in fact pipeline ownership was even in question. This old pipeline could not adequately supply fuel to the Airport so additional fuel was trucked and sent via rail from the Port through Anchorage streets to the Airport. The age of the pipeline also made us question pipeline integrity. The only documentation that existed was a 5 page faded permit.

The replacement or proposed pipeline would be owned by Anchorage Fueling and Service Company a consortium of 22 major airlines. This state-of-art, 12" pipeline was to be constructed all on Municipal land, following a designated 7.4 mile route to the Airport. The larger diameter pipe was designed to safely and reliably meet the increasing Airport demand.

While the City of Anchorage was not the applicant, representing the City I was aware of the contractor's challenges. The contractor CONAM Construction submitted the permit application to the State, the Corps of Engineers and the Municipality of Anchorage after preliminary discussions with each entity revealed the soundness of the project and in particular the routing of the new pipeline. The project quickly became a target for environmental concern as the routing took the new pipeline through the Anchorage coastal mud flats.

Throughout the next year and a half CONAM spent an extra \$1.5 million dollars securing the permit due to delay in the ACMP process. Construction and permitting timelines were constantly under revision. It was as if there was no process, no lead agency and no coordination from the Division of Governmental Coordination. At great expense to the client the contractor was forced to hire consultants to "invent a process" for permit review and coordination.

Specifically, there was no clear timetable, no limitations for review, no clear elevation process, phasing of the project was not allowed and all individual agency permits had to be complete and part of the consistency review yet there was no scope of review to which any one could work.

It should be noted that this was not a resource extraction project like mining or oil and gas. This was an infrastructure improvement project for the International Airport. If the state had owned the old pipeline that needed replacing, the permit would have been issued in a very different and expeditious way. Needless to say, in the end the consortium of airlines that experienced this permitting nightmare simply could not understand why our state was not supportive of a clearly beneficial project. A frequent topic of conversation was we should take the business elsewhere.

Speaking on behalf of the 420 company members that make up the Alaska Support Industry Alliance we encourage the Finance Committee to approve HB 191, a bill that will repair a broken system and send the signal that Alaska is reasonable place to invest and do business.

Bering Straits Coastal Resource Service Area Board
P. O. Box 190
Unalakleet, Alaska 99684
(907) 624-3062
FAX 624-3811

March 18, 2003.

Representative Paul Seaton, Chair
House Fisheries Committee
State Capitol Building
Juneau, Alaska 99801-1182

Subject: House Bill 191

Dear Representative Seaton:

The Bering Straits Coastal Resource Service Area Board opposes House Bill 191. Our Service Area is composed of nineteen communities from Shishmaref on the north, Stebbins on the south, Gambell on the west, and Unalakleet on eastern Norton Sound. All of our communities are heavily dependent on fish and other wildlife. All of our communities are located near or on the seashore or on a riverbank. Healthy fish and wildlife and clean air, water, and healthy land are very important to all our citizens! The Bering Straits Coastal Management Program assists local, state, and federal officials plan projects that will be beneficial to all citizens, including the applicant for a permit.

HB 191 terminates Coastal Resource Service Areas. We oppose this bill! HB 191 transfers the Alaska Coastal Management Program to the Department of Natural Resources, makes the Alaska Coastal Policy Council subservient to the Department of Natural Resources, and annuls the recently adopted consistency review regulations. The current Alaska Coastal Management Program is a valuable planning tool for permit reviewers, applicants, and our citizens.

All of our communities use vast areas of land and waters to hunt and fish. HB 191 eliminates vast areas from participation.

We enclose BSCRSA Resolutions 2003-01 and 2003-02 and urge you to keep the CRSAs intact.

Sincerely,



Johnson Eningowuk, Chairman 

HB

192

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: HB 192
(H) Publish Date: 3/12/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Natural Resources
Title: Designating Dept. of Natural Resources as BRU: Resource Development
lead agency for resource development projects Component: Development Special Projects
Sponsor: Rules
Requester: Governor Component No. 2039

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 36.2
Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
Funding for this legislation is included in the FY04 Governor's operating budget request. Under this legislation, DNR will establish an Office of Project Management and Permitting. This office will lead and coordinate all matters relating to the state's review and authorization of resource development projects. The purpose of the office is to facilitate and expedite resource development of large projects by coordinating and streamlining the permitting activities of all state agencies with authority over a project. To accomplish this DNR is requesting funding to establish the office and develop the program base for an on-going program. DNR is requesting five positions that will serve as project managers and coordinators.

Prepared by: Dick LeFebvre, Deputy Commissioner Phone 269-8427
Division: Commissioner's Office Date/Time 3/11/2003
Approved by: Tom Irwin, Commissioner Date 3/11/2003
Agency: Natural Resources

XERO COPY

FISCAL NOTE #1

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. HB 192

ANALYSIS CONTINUATION

These positions will be responsible for negotiating agreements and managing the overall state project review and permitting activities of all agencies with jurisdiction over a project. These positions will work with other state and federal agencies and local government to facilitate review and permitting.

Funding for the remainder of FY03 (May and June) is requested in the amount of \$36.2. This allows DNR to establish two of the requested positions to get the office started and begin the effort of streamlining the permitting process. Position costs are estimated at \$7.8/month per position for a total of \$31.2. Additional start up costs for space and computers are estimated at \$5.0.

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: HB 192
(H) Publish Date: 4/15/2003

Revision Date/Time (Note if correction): _____ Dept. Affected: DEC
Title: DNR lead for Resource Development Projects BRU: Administrative Services
Component: Office of the Commissioner
Sponsor: Rules
Requester: House Resources Component No.: 633

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0
Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill will have no fiscal impact on the department.

Prepared by: Mary Siroky, Legislative Liaison Phone: 465-5355
Division: Statewide Public Services Date/Time: 4/15/03 3:44 PM
Approved by: Kurt Fredriksson, Deputy Commissioner Date: 4/15/2003
Agency: Department of Environmental Conservation

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



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

HB192
P.O. Box 110001
JUNEAU, ALASKA 99811-0001
(907) 465-3500
FAX (907) 465-3532
WWW.GOV.STATE.AK.US

March 11, 2003

The Honorable Pete Kott
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Kott:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill designating the Department of Natural Resources (DNR) as the lead state agency in the permitting of resource development projects in this state.

The purpose of this bill is to facilitate and expedite resource development in Alaska. In recent years, the laws governing resource development have proliferated, and there are now more agencies than ever with permitting authority over large projects. Resource development should not be held up by the sheer complexity of government. This bill is intended to alleviate that problem.

This bill would authorize the DNR to lead and coordinate the permitting activities of all agencies with jurisdiction over the project and would repeal existing statutes in AS 46.35 regarding permit coordination. The result of the DNR's efforts as lead agency will be better communication, more efficient permitting, consolidated public process, and stable funding for the state's permitting process.

The repeal of the AS 46.35 provisions necessitates the relocation of unrelated language, specific to Department of Environmental Conservation permit decisions, to more appropriate locations in AS 46.03 and AS 46.04, as set out in secs. 2 and 3 of the bill.

I urge your prompt and favorable action on this measure.

Sincerely,

Handwritten signature of Frank H. Murkowski in black ink.
Frank H. Murkowski
Governor

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 192
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DEC
 Title DNR lead for Resource Development Projects BRU Administrative Services
 Component Office of the Commissioner
 Sponsor Rules
 Requester House Resources Component No. 633

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
* 03 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill will have no fiscal impact on the department.

Prepared by: Mary Siroky, Legislative Liaison
 Division: Statewide Public Services
 Approved by: Kurt Fredriksson, Deputy Commissioner
 Agency: Department of Environmental Conservation

Phone 465-5355
 Date/Time 4/14/03 11:18 AM
 Date 4/14/2003

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 192
 (H) Publish Date: 3/12/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Natural Resources
 Title Designating Dept. of Natural Resources as BRU Resource Development
lead agency for resource development projects Component Development Special Projects
 Sponsor Rules
 Requester Governor Component No. 2039

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type-Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 36.2

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal: X

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Funding for this legislation is included in the FY04 Governor's operating budget request. Under this legislation, DNR will establish an Office of Project Management and Permitting. This office will lead and coordinate all matters relating to the state's review and authorization of resource development projects. The purpose of the office is to facilitate and expedite resource development of large projects by coordinating and streamlining the permitting activities of all state agencies with authority over a project. To accomplish this DNR is requesting funding to establish the office and develop the program base for an on-going program. DNR is requesting five positions that will serve as project managers and coordinators.

Prepared by: Dick LeFebvre, Deputy Commissioner Phone 269-8427
 Division: Commissioner's Office Date/Time 3/11/2003
 Approved by: Tom Irwin, Commissioner Date 3/11/2003
 Agency: Natural Resources

FISCAL NOTE #1

**STATE OF ALASKA
2003 LEGISLATIVE SESSION**

BILL NO. HB 192

ANALYSIS CONTINUATION

These positions will be responsible for negotiating agreements and managing the overall state project review and permitting activities of all agencies with jurisdiction over a project. These positions will work with other state and federal agencies and local government to facilitate review and permitting.

Funding for the remainder of FY03 (May and June) is requested in the amount of \$36.2. This allows DNR to establish two of the requested positions to get the office started and begin the effort of streamlining the permitting process. Position costs are estimated at \$7.8/month per position for a total of \$31.2. Additional start up costs for space and computers are estimated at \$5.0.

**DEPARTMENT OF ENVIRONMENTAL CONSERVATION
COMMISSIONER BALLARD HB 192 TESTIMONY
HOUSE FINANCE COMMITTEE**

Governor Murkowski is committed to enhancing Alaska's economy through resource development. He is equally committed to protecting Alaska's environment. A strong economy will generate the revenue base to continue funding our important regulatory and development projects. Without a strong economy we cannot hope to have a strong government.

I have been before this committee to speak on behalf of other governor's bills and have opened with that same message. It is a fundamental principle to this administration and bears repeating.

In any undertaking, be it your home, your office, a small business or a large complex organization like state government – critical path planning is fundamental; without it time is wasted. This bill, HB 192, is about critical path planning. It directs the Department of Natural Resources to lead and coordinate resource development projects. It directs the permitting agencies to sequence actions and requirements so time lines are met. Armed with sequenced and prioritized project plans we can insure that each of our own department's permitting requirements are met without delay.

The genesis of this bill goes back several years. The resource agencies came together to coordinate permitting issues on large mine projects. They discussed, planned and communicated, and found that the permitting process became more efficient. It was not only more efficient for the agencies; it was more productive for industry. Why? Because, we, the permitting agencies, identified our regulatory requirements in a systematic and sequenced manner insuring that the most critical needs and timelines for the project were established. Because we, DNR, Fish and Game and DEC had identified and articulated the critical points and times in our regulatory processes, industry understood its responsibilities and provided the needed information on time. Additionally by evaluating its regulatory responsibilities as a whole industry can gain what synergies are possible.

Critical path planning provides efficiencies for the departments as well. We hold joint meetings. We use staff resources efficiently. Industry provides information we can all use because we agreed, at the outset, on data standards acceptable to all.

The state's citizens benefit from this approach. In rural communities it is more difficult to track separate agency processes so when agencies hold joint public meetings concerned citizens are given the entire regulatory picture. Without critical path planning, public participation happens based in the public notice requirement of individual permits, which can be months even years apart depending on the project.

I have also talked with many of you about how we are reviewing our regulations and statutes to ensure they are meaningful and not a victim of mission creep. As part of that process, we are deleting 46.35 Permit Coordination and Extension. This statute was enacted in 1977. That same year the legislature established the Coastal Management Program, which became the permit coordinator. AS 46.35 has become a relict. However there is one small section of AS 46.35 that is being relocated. Sections 2 and 3 of this bill move the Department of Environmental Conservation's authority to use our appeals process to other sections of law. The DEC process is easier to use and well laid out in understandable regulations.

It is also important to understand what HB 192 does not do. HB 192 bill does not change the protective standards that the state has developed and fine-tuned over the last decade. It does not change the Department of Environmental Conservation's permitting requirements, its regulatory discretion, enforcement or appeal process. This bill simply insures critical path planning.

Commissioner Irwin Testimony
HB 192, DNR Lead Agency
House Finance
April 25, 2003

Mr. Chairman, members of the Committee, my name is Tom Irwin. I am the Commissioner of the Department of Natural Resources. I'd like to introduce those who are with me today, Commissioner Ballard from DEC, Dick LeFebvre, DNR Deputy Commissioner, Cam Leonard from the Department of Law, on teleconference, Mary Siroky and Janet Burlison Baxter, DEC's and DNR's Legislative Liaisons. I appreciate the opportunity to testify in support of Senate Bill 142, An Act designating the Department of Natural Resources as lead agency for resource development projects.

The purpose of this bill is to help facilitate and expedite resource development in Alaska. This bill would specifically provide the Commissioner of the Department of Natural Resources with statutory authority under AS 38.05.020(b) to lead and coordinate all matters relating to the state's review and authorization of resource development projects.

As the state focuses more on development of its resources the department needs clear and explicit authority to carry out its role to lead and coordinate the state's review and authorization of resource development projects. Even though the department has and will continue to serve as lead for mining projects, the department's authority to serve as lead agency for other resource development projects is not as explicit. This bill will provide the necessary clarity as the state moves forward in the development of its resources.

The primary responsibility in the Department of Natural Resources for carrying out lead agency coordination functions will rest with the Office of Project Management and Permitting. This new Office within the department includes the project management function and the Alaska Coastal Zone Management program.

Large resource development projects, because of their scope and complexity, are more efficiently reviewed and authorized using a lead agency to coordinate and integrate, to the extent possible, the various permitting processes of the agencies involved using the project team approach. Smaller projects, normally less complex and requiring fewer permits, may benefit from lead agency coordination for review but may not require the establishment of a project team.

Resource development projects utilizing the lead coordinating agency and project review team approach will go through a three phase process. Phase I focuses on evaluating a proposed project to determine if the lead agency project team approach would best address the review and permitting needs of the project. Phase II results in establishment of the project team, development of an integrated agency review schedule, delineation of information requirements, and completion of any necessary agreements amongst the agencies and applicant. Phase III is the actual project review and authorization process,

including public participation, tailored specifically to the requirements for permitting the project

Additionally, we view this bill as assisting in our efforts to streamline project review and authorization. This bill will help to facilitate:

The state's ability to pull together agencies to address project specific concerns, and to facilitate and expedite the review and authorization process;

A more cohesive working relationship amongst agency representatives;

Better communication, more efficient permitting, consolidated public process where possible, and to assist in integrating the state's process with that of the federal agencies.

Speaking from personal experience, the laws governing resource development have proliferated, and there are now more agencies than ever with permitting authority over resource development projects. Resource development should not be held up by the sheer complexity of government. This bill is intended to help alleviate that problem as this bill would authorize DNR to lead and coordinate the permitting activities of all agencies with jurisdiction over the project

Thank you for the opportunity to provide our comments in support of this bill.

STATE OF ALASKA

FRANK H. MURKOWSKI, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

400 WILLOUGHBY AVENUE
JUNEAU, ALASKA 99801-1796
PHONE: (907) 465-2400
FAX: (907) 465-3886

550 WEST 7TH AVENUE, SUITE 1400
ANCHORAGE, ALASKA 99501-3650
PHONE: (907) 269-8431
FAX: (907) 269-8918

April 24, 2003

The Honorable John Harris
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 507
Juneau, AK 99801

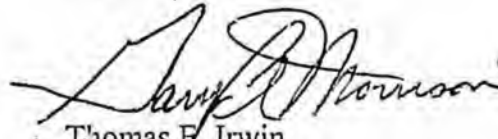
The Honorable Bill Williams
Co-Chair, House Finance Committee
Alaska State Legislature
State Capitol, Room 515
Juneau, AK 99801

Dear Representative Harris and Williams:

Thank you for hearing HB 192, Department of Natural Resources (DNR) Lead Agency bill in House Finance on Friday. I have enclosed information for the Committee. This information includes the transmittal letter from the Governor, a sectional analysis from the Department of Law, and a brief explanation of DNR's goals for the legislation.

Again, thank you for your consideration. Please contact Janet Burleson Baxter at (907) 465-4730 if you have any questions. You may also contact Bill Jeffress, Director, Office of Project Management and Permitting at (907) 465-8800.

Sincerely,


for Thomas E. Irwin
Commissioner

Enclosures

cc: Mike Tibbles, Legislative Liaison

"Develop, Conserve, and Enhance Natural Resources for Present and Future Alaskans."

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



HB192
P.O. Box 110001
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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 11, 2003

The Honorable Pete Kott
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Kott:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill designating the Department of Natural Resources (DNR) as the lead state agency in the permitting of resource development projects in this state.

The purpose of this bill is to facilitate and expedite resource development in Alaska. In recent years, the laws governing resource development have proliferated, and there are now more agencies than ever with permitting authority over large projects. Resource development should not be held up by the sheer complexity of government. This bill is intended to alleviate that problem.

This bill would authorize the DNR to lead and coordinate the permitting activities of all agencies with jurisdiction over the project and would repeal existing statutes in AS 46.35 regarding permit coordination. The result of the DNR's efforts as lead agency will be better communication, more efficient permitting, consolidated public process, and stable funding for the state's permitting process.

The repeal of the AS 46.35 provisions necessitates the relocation of unrelated language, specific to Department of Environmental Conservation permit decisions, to more appropriate locations in AS 46.03 and AS 46.04, as set out in secs. 2 and 3 of the bill.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in black ink that reads "Frank H. Murkowski".
Frank H. Murkowski
Governor

HB 192

Sectional Analysis

8 April, 2003

Sec. 1 -

This section is simple and self-explanatory.

Sec. 2 & Sec. 3 -

These two sections preserve, rather than change, current law. One of the current statutes to be deleted under Sec. 4, AS 46.35.090, includes this same exemption of ADEC permit decisions from the APA hearing procedures. *See* AS 46.35.090 (e). Sections 3 and 4 of this bill simply transplant that provision to AS 46.03 and AS 46.04, respectively. Detailed procedures governing ADEC's hearings are set out at 18 AAC 15.195 *et seq.*

Sec. 4 -

This section repeals almost all of the current Environmental Procedures Coordination Act, AS 46.35. Enacted in 1977, that Act gave ADEC the role of coordinating the state's authorization of projects requiring multiple permits from different agencies. However, in practice, the Act has seen little or no use. This bill would repeal that Act to reflect that DNR, rather than DEC, should assume the lead agency role. This section also deletes two other provisions in existing law that reference AS 46.35.

Department of Natural Resources
HB192, DNR Lead Agency for resource development projects
House Finance Committee
April 25, 2003

The purpose of the bill is to better facilitate and expedite resource development in Alaska. In recent years, the laws governing resource development have proliferated, and there are more agencies than ever with permitting authority over large resource development projects. Resource development should not be held up by the sheer complexity of government. This bill is intended to alleviate that problem.

The Department of Natural Resources (DNR) presently has statutory authority as lead agency for mining projects. The bill authorizes DNR to lead and coordinate the permitting activities of all agencies with jurisdiction over all resource development projects and repeals existing statutes in AS 46.35 regarding permit coordination.

DNR will establish the Office of Project Management and Permitting to carry out its lead responsibilities. This office will lead and coordinate all matters relating to the state's review and authorization of resource development projects. The purpose of the office is to facilitate and expedite resource development of large projects by coordinating and streamlining the permitting activities of all state agencies with authority over a project. The results of the DNR's efforts as lead agency will be better communication, better coordination among departments, more efficient permitting, consolidated public process, and stable funding for the state's permitting process.

The repeal of the AS 46.35 provision necessitates the relocation of unrelated language specific to the Department of Environmental Conservation permit decision to more appropriate locations in AS 46.03 and AS 46.04 as set out in Sections 2 and 3 of the bill.

HB

194

SFIN

FILE

HB 194

was referred to the
Senate Finance
Committee

No hearing was held
on this bill

HB

1988

HFIN

FILE

ALASKA STATE LEGISLATURE

Interim:
600 East Railroad Avenue
Wasilla, Alaska 99654
(907) 373-1842
Fax (907) 373-4729



Session:
State Capitol Building
Juneau, Alaska 99801-1182
(907) 465-2186
Fax (907) 465-3818

REPRESENTATIVE VIC KOHRING DISTRICT 14

SPONSOR STATEMENT

HB 198

ROYALTY REDUCTION ON CERTAIN OIL

The goal of House Bill 198, which amends existing statutes in Title 38, is to provide for a narrowly defined and specifically targeted reduction of royalty on oil produced from Cook Inlet fields and platforms as they approach the end of their economic lives. Recent plans to idle two of the 13 current oil producing platforms in the Inlet serve as a reminder of the certainty of the decline and ultimate end of production for these fields.

However, premature abandonment of these fields is not in the state's best interest, as the infrastructure that was created to serve these fields is extensive, and in some cases, irreplaceable. Decreasing the State's royalty share from 12.5% to 5% near the end of field life, improves the economics of these aging platforms. These may result in an extension of production from these platforms of up to 14 months.

Prolonging production will help to achieve several important policy objectives, including use of critical infrastructure to support new exploration or development of adjacent lands, delaying loss of industry jobs and increasing the total amount of oil and gas produced through these aging facilities.

To protect the State's economic interest, royalty reduction to five percent on oil produced from these targeted fields and platforms is designed to occur only when production declines below 1,200 barrels per day for the Dolly, Grayling, King Salmon, and Steelhead Platforms, and to continue at that level only so long as production does not go above that threshold. For any quarter, should production go above 750 barrels per day, the State's royalty share would increase one percent with each additional 100 barrels up to 1,200. Royalty share for production over 1,200 barrels would be 12.5%. For the Granite Point, Anna, Bruce, Baker, Dillon, XTO A & C platforms the royalty reduction is triggered at 750 barrels per day. These trigger production rates generally correspond to the different economics of these two sets of platforms.

By encouraging continued production of marginal fields, HB 198 will benefit the state and local economies through taxation and royalties, encourage future development of new oil discoveries by lowering the costs of industry infrastructure, as well as taking care of job number one -- preserving jobs for Alaskans.

FY2004 SL .EMENTALS

	A	B	C	D	E	F	G	H	I
1	Soc. No.	Department	BRU or Component	Supplemental Need	General Funds	Federal Funds	Other Funds	Fund Source	Total Funds
2	FAST TRACK SUPPLEMENTAL								
3	1	Administration	ETS	Appropriates the ACS disentanglement settlement of \$3,447,647 from the General Fund to the Information Services Fund	3,447.6				3,447.6
4	2	Law	Environmental Law	Exxon Valdez Oil Spill ongoing costs for experts and outside counsel to analyze continuing injury and develop restoration options; June 30, 2005 lapse date.			100.0	EVOS Restoration	100.0
5	3	Fish & Game	Capital	Receipts from City & Borough of Juneau to complete work at the indoor rifle range in Juneau. These receipts have already been received, and work at the rifle range is scheduled to start early spring.			75.0	Statutory Des Prgm Rcpls	75.0
6	4	Governor	Elections	General funds needed for the Help America Vote Act (HAVA) fund maintenance of effort. Some work on the upcoming primary and general elections will take place during FY 04.	180.0				180.0
7	5(a)	Health & Soc Svcs	Capital	Add the capital project for the State veterans' home conversion in Palmer to speed up the design work and take advantage of the summer construction season. A corresponding FY 05 capital amendment will also be submitted to delete the project from the FY 05 budget.	459.2	2,275.0	765.8	ASLC Dividend	3,500.0
8	5(b)	Health & Soc Svcs	Alaska Senior Assistance Program	Reduce excess federal fiscal relief funds		-3,334.0		Fed Unrestricted Rcpls	(3,334.0)
9	5(c)	Health & Soc Svcs	Senior Care	Use excess federal fiscal relief funds for FY 04 costs for Senior Care program		3,334.0		Fed Unrestricted Rcpls	3,334.0
10	5(d)	Health & Soc Svcs	Senior Care	FY 04 costs for Senior Care program	154.0				154.0
11	5(e)(1)	Health & Soc Svcs	Alaska Longevity Programs Mgmt	FY 04 costs for Senior Care program	46.0				46.0
12	5(e)(2)	Health & Soc Svcs	Health Purchasing Group	FY 04 costs for Senior Care program	85.0				85.0
13	5(e)(3)	Health & Soc Svcs	Public Assistance Administration	FY 04 costs for Senior Care program	25.0				25.0
14	5(e)(4)	Health & Soc Svcs	Public Assistance Data Processing	FY 04 costs for Senior Care program	6.8				6.8
15	6(a)	Natural Resources	Recorder's Office	Increased costs to process heavy volume of mortgage refinance activity			300.0	Receipt Supported Services	300.0
16	6(b)	Natural Resources	Office of Habitat Mgt. and Permitting	Replace unrealized inter-agency receipts in order to fulfill workload requirements	150.0				150.0
17	6(c)	Natural Resources	Capital	Increased activity in Remote Recreational Cabin Site Survey Contracts			119.0	Land Disposal Income Fund	119.0
18	7	Public Safety	Capital	Scope change for the Ketchikan Public Safety Building appropriation, sec. 1, ch. 82, SLA 2003, pg. 33, ln. 22, to include a purchase of a building and adjacent lot and improvements.					0.0
19	8(a)	Revenue	Alaska Permanent Fund Corp.	Increased costs to advocate for POMV			300.0	Perm Fund Rcpls	300.0
20	8(b)	Revenue	Alaska Permanent Fund Corp.	Authorization that APFC may advocate for POMV					0.0
21	9(a)	Transportation	Anchorage Airport Administration	Tenant improvement inspection oversight. DOT will contract out management of the extensive tenant building activity for the few months prior to opening the terminal. Internal staff cannot handle this level of one-time activity. Cost will not affect FY 05 budget.			200.0	Internal Airports Revenue Fund	200.0

FY2004 SUPPLEMENTALS

	A	B	C	D	E	F	G	H	I
22	9(b)	Transportation	Anchorage Airport Facilities	Concourse C operations costs of planning and implementation of the consultant contract (to be hired in March) and the first month (June) of operations and maintenance.			1,500.0	Internal Airports Revenue Fund	1,500.0
23	9(c)	Transportation	Capital	Federal contract to perform maintenance and operation for 5 years at Adak air facility. Interest earnings must be spent on the Adak air facility.		10,000.0		Adak Airport Operations	10,000.0
24	10(a)	Transportation	Capital	Earmarked projects passed in January's federal omnibus bill which must all be obligated before September 30, 2004:					0.0
25	10(a)(1)	Transportation	Capital	Alaska Statewide Airports Runway and Related Improvements (ED 99)		3,000.0	157.9	AIDEA Dividend	3,157.9
26	10(a)(2)	Transportation	Capital	Fairbanks Terminal Redevelopment (ED 60)		1,000.0	52.7	Internal Airport Revenue Fund	1,052.7
27	10(a)(3)	Transportation	Capital	Kodiak Terminal Improvements (ED 36)		1,000.0	26.4	AIDEA Dividend	1,026.4
28	10(a)(4)	Transportation	Capital	University of Alaska Transportation Research Center (ED 99)		2,000.0			2,000.0
29	10(a)(5)	Transportation	Capital	Circumpolar Infrastructure Task Force, Arctic Council and Northern Forum (ED 99)		1,000.0			1,000.0
30	10(a)(6)	Transportation	Capital	Kotzebue Dust and Persistent Particulate Abatement Research (ED 40)		1,000.0	250.0	AIDEA Dividend	1,250.0
31	10(a)(7)	Transportation	Capital	Coffman Cove/Wrangell/Petersburg Ferries and Ferry Facilities (ED 1-5)		2,000.0	500.0	AIDEA Dividend	2,500.0
32	10(a)(8)	Transportation	Capital	Arctic Winter Games Transportation Improvements (ED 99)		1,000.0			1,000.0
33	10(a)(9)	Transportation	Capital	Fl. Wainwright Alternative Access and Chena River Crossing (ED 60)		5,700.0	565.8	AIDEA Dividend	6,265.8
34	10(a)(10)	Transportation	Capital	Big Lake to Wasilla Pedestrian Trails (ED 70)		500.0			500.0
35	10(a)(11)	Transportation	Capital	Kincaid Park Trail Connection (ED 50)		900.0			900.0
36	10(a)(12)	Transportation	Capital	Funny River Bridge Crossing (ED 90)		5,000.0			5,000.0
37	10(a)(13)	Transportation	Capital	Glacier Creek/Nome Bypass (ED 39)		3,000.0			3,000.0
38	10(a)(14)	Transportation	Capital	McCarthy Creek Tram (ED 6)		200.0			200.0
39	10(a)(15)	Transportation	Capital	Bartlett Access Intersection Safety Improvement (ED 50)		500.0			500.0
40	10(a)(16)	Transportation	Capital	Nome Bypass Road (ED 39)		2,000.0			2,000.0
41	10(a)(17)	Transportation	Capital	C Street Railroad Bypass (ED 50)		2,000.0			2,000.0
42	10(a)(18)	Transportation	Capital	Chenega Road system (ED 5)		850.0			850.0
43	10(a)(19)	Transportation	Capital	Craig Road Improvements (ED 5)		1,000.0			1,000.0
44	10(a)(20)	Transportation	Capital	Donlin Creek Road (ED 6)		10,000.0			10,000.0
45	10(a)(21)	Transportation	Capital	False Pass Causeway and Road to the Terminus of the South Arm Breakwater (ED 37)		3,000.0			3,000.0
46	10(a)(22)	Transportation	Capital	Fairbanks Transit Bus Replacement (ED 60)		3,000.0			3,000.0
47	10(a)(23)	Transportation	Capital	Girdwood Project (ED 32)		1,000.0			1,000.0
48	10(a)(24)	Transportation	Capital	Hydaburg Road Improvement (ED 5)		2,000.0			2,000.0
49	10(a)(25)	Transportation	Capital	Keystone Drive and Related Improvements (ED 90)		1,500.0			1,500.0
50	10(a)(26)	Transportation	Capital	Lucille Street and Mack Drive Improvements-Wasilla (ED 14)		1,000.0			1,000.0
51	10(a)(27)	Transportation	Capital	Mat-Su Roads Improvement (ED 70)		3,000.0			3,000.0
52	10(a)(28)	Transportation	Capital	North Pole Roads Lighting ((ED 11)		950.0			950.0
53	10(a)(29)	Transportation	Capital	North Slope Borough Road Improvements (ED 40)		3,000.0			3,000.0
54	10(a)(30)	Transportation	Capital	Port of Ketchikan Ferry Facility (ED 1)		1,000.0			1,000.0
55	10(a)(31)	Transportation	Capital	Seldovia-Homer-Jakobof Bay Halibut Cove Ferry Planning and Design (ED 35)		2,000.0			2,000.0
56	10(a)(32)	Transportation	Capital	Seward Road Improvements (ED 35)		2,000.0			2,000.0
57	10(a)(33)	Transportation	Capital	Ship Creek Improvements (ED 50)		1,000.0			1,000.0
58	10(a)(34)	Transportation	Capital	Sitka Road Improvements (ED 2)		1,500.0			1,500.0
59	10(a)(35)	Transportation	Capital	University of Alaska Transportation Research Center (ED 99)		2,000.0			2,000.0
60	10(a)(36)	Transportation	Capital	Williamsport/Pile Bay Road Kenai (ED 90)		3,000.0			3,000.0
61	10(a)(37)	Transportation	Capital	Winner Creek Trail Improvements (ED 50)		1,000.0			1,000.0
62	10(a)(38)	Transportation	Capital	Yakataga River Bridge (ED 5)		3,000.0			3,000.0
63	10(a)(39)	Transportation	Capital	Alaska Mobility Coalition Bus Replacement (ED 79)		500.0			500.0

FY2004 SUPPLEMENTALS

	A	B	C	D	E	F	G	H	I
64	10(a)(40)	Transportation	Capital	Coffman Cove Inner Island Ferry/Bus Terminal (ED 1-5)		1,500.0	375.0	AIDEA Dividend; ASLC Dividend	1,875.0
65	10(a)(41)	Transportation	Capital	Mobility Coalition (ED 99)		500.0			500.0
66	10(b)	Transportation	Capital	Fund source section for projects listed in section 10(a)					0.0
67	11			Lapse of Appropriations					0.0
68	12			Contingent Effect and Contingent Effective Date					0.0
69	13			Effective Date					0.0
70				FAST TRACK BILL TOTAL	4,553.6	93,375.0	5,287.6		103,216.2
71									
72									
73	REGULAR SUPPLEMENTAL								
74	1(a) and (b)	Administration	OPA	FY 04 projected caseload and case cost growth.	800.0		300.0	Statutory Des Prgm Rcpts	1,100.0
75	1(c)	Administration	Public Defender	FY 04 projected caseload and case cost growth.	650.0				650.0
76	2(a)	Community	Regulatory Commission of Alaska Audits & Investigations	Additional funds for expert witness costs are required for a) completion of Alaska Communications Systems cases (\$20.0), b) Enstar case participation (\$15.0), c) assistance on the telecom regulations preceeding responsive to HB 111 (\$20.0), d) participation in other cases (\$60.0).			115.0	RCA Rcpts	115.0
77	2(b)	Community	Regulatory Commission of Alaska	Due to major developments in Cook Inlet and the Trans Alaska Pipeline System, the Regulatory Commission of Alaska's effort in regulating pipelines has significantly increased. To provide the necessary expertise two new positions, a range 21 Research Analyst IV and a range 19 Utility Financial Analyst are requested. Funds for additional office space, furniture and equipment are also requested.			114.6	RCA Rcpts	114.6
78	2(c)	Community	Capital	Repeal of funds to Saxman for Public Safety Bldg sec. 87, ch. 1, SSSLA 2002, pg. 138, ln. 9. Actual grant amount is \$1,074,341.	(1,074.3)				(1,074.3)
79	2(d)	Community	Power Cost Equalization	PCE Endowment fund appropriation to PCE fund to replace the general funds requested in FY 05 budget. This is the balance of the statutory 7% limit of the PCE Endowment monthly average market value available for appropriation in FY 04. An FY 05 budget amendment will also be submitted.			4,581.0	PCE Endowment Fund	4,581.0
80	3(a)	Corrections	Inmate Health Care	The cost of drug and scientific supplies continue to rise annually and contractual costs have increased due to eight catastrophic cases, each costing in excess of \$100.0.	1,100.0				1,100.0
81	3(b)	Corrections	Out of State Contracts	Due to increases in population and subsequent management of placement of prisoners, the out of state contracts and related travel costs are increasing from the budgeted 650 prisoners to in excess of 775 by the end of FY 04.	920.0				920.0
82	4(a)	Education	Foundation	FY 04 foundation program entitlement adjustment based on actual student count.	(3,654.0)				(3,654.0)
83	4(b)	Education	Pupil Transportation	Pupil transportation program adjustment based on actual student count	(788.4)				(788.4)
84	5(a) - (d)	All	Federal and Other Program Receipts	Technical correction to the LB&A language in FY 02-04 which changes "shall be reduced" to "may be reduced".					0.0
85	6	Fish & Game	Capital	Language change to FY 02 appropriation relating to use of the proceeds from sale of vessels to also include repair and maintenance of vessels					0.0
86	7	Governor	Elections	Additional Election Funds for improving accessibility to voting locations.			100.0	Election Fund	100.0
87	8(a)	Health & Soc Svcs	Pioneer Homes	Transfer within H&SS to cover projected funding shortfall as part of net-zero general fund supplemental.	711.9				711.9
88	8(a)	Health & Soc Svcs	Pioneer Homes	Excess authority from discontinued Longevity Bonus payments relating to failed SB 117.			(775.0)	Receipt Supported Services	(775.0)
89	8(b)	Health & Soc Svcs	Alcohol Safety Action Program	Operating expense belt tightening to achieve net-zero general fund supplemental	(42.1)				(42.1)
90	8(b)	Health & Soc Svcs	Behavioral Health Medicaid Services	Increased federal receipts for Medicaid		6,669.0			6,669.0
91	8(c)	Health & Soc Svcs	Community Action & Prevention Grants	Grant savings due to belt tightening	(50.2)				(50.2)

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services
Department of Education & Early Development
State of Alaska

FY2004 SUPPLEMENTALS

	A	B	C	D	E	F	G	H	I
64	10(a)(40)	Transportation	Capital	Coffman Cove Inner Island Ferry/Bus Terminal (ED 1-5)		1,500.0	375.0	AIDEA Dividend; ASLC Dividend	1,875.0
65	10(a)(41)	Transportation	Capital	Mobility Coalition (ED 99)		500.0			500.0
66	10(b)	Transportation	Capital	Fund source section for projects listed in section 10(a)					0.0
67	11			Lapse of Appropriations					0.0
68	12			Contingency Effect and Contingent Effective Date					0.0
69	13			Effective Date					0.0
70									
71				FAST TRACK BILL TOTAL	4,553.6	93,375.0	5,287.6		103,216.2
72									
73	REGULAR SUPPLEMENTAL								
74	1(a) and (b)	Administration	OPA	FY 04 projected caseload and case cost growth.	600.0		300.0	Statutory Des Prgm Rcpts	1,100.0
75	1(c)	Administration	Public Defender	FY 04 projected caseload and case cost growth.	650.0				650.0
76	2(a)	Community	Regulatory Commission of Alaska /udits & Investigations	Additional funds for expert witness costs are required for a) completion of Alaska Communications Systems cases (\$20.0), b) Enstar case participation (\$15.0), c) assistance on the telecom regulations preceeding responsive to HB 111 (\$20.0), d) participation in other cases (\$60.0).			115.0	RCA Rcpts	115.0
77	2(b)	Community	Regulatory Commission of Alaska	Due to major developments in Cook Inlet and the Trans Alaska Pipeline System, the Regulatory Commission of Alaska's effort in regulating pipelines has significantly increased. To provide the necessary expertise two new positions, a range 21 Research Analyst IV and a range 19 Utility Financial Analyst are requested. Funds for additional office space, furniture and equipment are also requested.			114.6	RCA Rcpts	114.6
78	2(c)	Community	Capital	Repeal of funds to Saxman for Public Safety Bldg sec. 87, ch. 1, SSSLA 2002, pg. 138, ln. 9. Actual grant amount is \$1,074,341.	(1,074.3)				(1,074.3)
79	2(d)	Community	Power Cost Equalization	PCE Endowment fund appropriation to PCE fund to replace the general funds requested in FY 05 budget. This is the balance of the statutory 7% limit of the PCE Endowment monthly average market value available for appropriation in FY 04. An FY 05 budget amendment will also be submitted.			4,581.0	PCE Endowment Fund	4,581.0
80	3(a)	Corrections	Inmate Health Care	The cost of drug and scientific supplies continue to rise annually and contractual costs have increased due to eight catastrophic cases, each costing in excess of \$100.0.	1,100.0				1,100.0
81	3(b)	Corrections	Out of State Contracts	Due to increases in population and subsequent management of placement of prisoners, the out of state contracts and related travel costs are increasing from the budgeted 650 prisoners to in excess of 775 by the end of FY 04.	920.0				920.0
82	4(a)	Education	Foundation	FY 04 foundation program entitlement adjustment based on actual student count.	(3,654.0)				(3,654.0)
83	4(b)	Education	Pupil Transportation	Pupil transportation program adjustment based on actual student count	(788.4)				(788.4)
84	5(a) - (d)	All	Federal and Other Program Receipts	Technical correction to the LB&A language in FY 02-04 which changes "shall be reduced" to "may be reduced".					0.0
85	6	Fish & Game	Capital	Language change to FY 02 appropriation relating to use of the proceeds from sale of vessels to also include repair and maintenance of vessels					0.0
86	7	Governor	Elections	Additional Election Funds for Improving accessibility to voting locations.			100.0	Election Fund	100.0
87	8(a)	Health & Soc Svcs	Pioneer Homes	Transfer within H&SS to cover projected funding shortfall as part of net-zero general fund supplemental.	711.9				711.9
88	8(a)	Health & Soc Svcs	Pioneer Homes	Excess authority from discontinued Longevity Bonus payments relating to failed SB 117.			(775.0)	Receipt Supported Services	(775.0)
89	8(b)	Health & Soc Svcs	Alcohol Safety Action Program	Operating expense belt tightening to achieve net-zero general fund supplemental	(42.1)				(42.1)
90	8(b)	Health & Soc Svcs	Behavioral Health Medicaid Services	Increased federal receipts for Medicaid		6,669.0			6,669.0
91	8(c)	Health & Soc Svcs	Community Action & Prevention Grants	Grant savings due to belt tightening	(50.2)				(50.2)

By Chenault

1

05-09-03 in House Finance

Proposed amendment to CS SS fir HB 198 (O&G)

Because Oil and Gas Royalties are reported by the month rather than the day I would like to propose an amendment:

Page 2 line 15

Insert "first" after the

Insert "day of the month following the month" after the and before the increased.

Page 3 line14

Insert "first" after the

Insert "day of the month following the month" after the and before the increased.

Page 4 line

Insert "first" after the

Insert "day of the month following the month" after the and before the increased.

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CCSSHB 198(O&G)
 (H) Publish Date: 4/28/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Natural Resources
 Title Royalty Reduction on Certain Oil BRU Resource Development
 Component Oil and Gas Development
 Sponsor Kohring, Rokeberg
 Requester House Oil and Gas Component No. 439

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	(220.9)	(358.5)	(591.4)	(589.5)	(561.5)	(485.1)
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*
 HB 198 amends AS 38.05.180(f)(5) to permit reduced royalty rates to as low as 5 percent for oil production from submerged lands in Cook Inlet. This royalty reduction would apply primarily to oil produced from offshore platforms and is tied to the daily rate of oil production. While HB 198 will result in a net loss in state revenues, it is expected to extend the field or platform life, thereby increasing future field or platform production and revenues in the out-years beyond what is likely to occur otherwise. Cumulative estimated net royalty revenue lost over the six-year forecast horizon FY 2004-09 is estimated to be (\$2,807) thousand or about (\$468) thousand per year (undiscounted). These estimates include cumulative undiscounted royalty revenue benefits of about \$800 thousand (\$570 thousand when discounted) from field-life extension that could arise as a result of royalty relief of the type offered in HB 198. These fiscal impacts do not consider the broader employment and regional economic effects from extended platform life. Also, field-life extension also provides an opportunity for additional exploration from existing platforms.

Prepared by: Mark D. Myers Phone 269-8802
 Division: Oil and Gas Date/Time 4/23/2003
 Approved by: Tom Irwin, Commissioner Date 4/23/2003
 Agency: Natural Resources

FISCAL NOTE #1

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. CSSSHB 198(O&G)

ANALYSIS CONTINUATION

HB 198 recognizes two broad groups of platforms, distinguished primarily by economic attributes associated with the degree of water handling and water injection. Platforms with major water handling and/or injection include: Dolly, Grayling, King Salmon, Steelhead, and Monopod. When oil production on these platforms falls below 1,200 barrels of oil per day (BPD) for at least one calendar quarter as certified by AOGCC, then the royalty percentage associated with that production would fall from whatever rate applies under the lease to a rate of 5 percent "for as long as the volume of oil produced from the platform remains less than 1,200 barrels a day." If average production from the field or platform that had declined below 1,200 BPD rises above this threshold for a period of at least one calendar quarter, then the bill provides for a schedule of up-ward royalty adjustments to production beyond the one-quarter term.

Platforms that do not presently employ substantial water handling and/or injection include: Granite Point, Anna, Bruce, Baker, Dillon, XTO.A and XTO.C. HB 198 provides for 750 barrels of oil per day as the economic limit rate of production for this group of platforms that would trigger royalty reduction from whatever rate applies under the lease to 5 percent. Royalty percentage upward adjustments, similar to those described under the 1,200 BPD threshold apply when oil production recovers for a sustained period of at least one calendar quarter. Note, the 750 BPD economic-limit rate of production also, applies to the West McArthur River field.

Over the past three-to-four decades, fifteen offshore, oil-production platforms have facilitated oil and gas operations in six offshore oil fields in the Cook Inlet Basin. Oil production on most of these platforms began around 1965-to-1967. The Osprey Platform, owned by Forest Oil, started continuous oil production in December 2002. Oil production from the Spark and Spurr platforms was shut-in in January 1992 and July 1992, respectively. The Dillon Platform, which served the Middle Ground Shoal oil field since September 1967, was shut-in by Unocal in January 2003. At present, twelve platforms support oil-production operations in the Cook Inlet Basin.

Three of the twelve active platforms currently produce oil at daily rates below the 750 barrels of oil per day (BPD) threshold contained in HB 198. These platforms, and the dates that corresponding production fell below 750 BPD are:

Platform	Field	Operator	Gross Production FY2002 / FY2003 (BPD)	Date Production falls below 750 BPD
Bruce	Granite Point	Unocal	619 / 476	July 1987
Dillon	Middle Ground Shoal	Unocal	423 / 374	March 1987
Baker	Middle Ground Shoal	Unocal	723 / 558	June 2002

The royalty revenue loss to rate would be approximately \$1.03 million FY 2002 and \$0.9 million in FY 2003 had HB 198 been in effect during these periods.

FISCAL NOTE #1

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO.

CSSSHB 198(O&G)

ANALYSIS CONTINUATION

Several platforms would be expected to trigger royalty relief under HB 198 during the FY2004 – FY2009 forecast horizon. If the rates of platform production continue to follow the historic patterns of decline, then the rate of production is expected to fall below 1,200 BPD for the King Salmon Platform in August 2004 and Steelhead in April 2005; platform production for XTO.C is expected to fall below 750 BPD in May 2007, as indicated in the following table:

Platform	Field	Operator	Gross Production (BPD) FY2002 / FY2003	Expected Date Production falls below	
				<u>750 BPD</u>	<u>1,200 BPD</u>
King Salmon	McArthur River	Unocal	7,468 / 3,891		Aug 2004
Steelhead	McArthur River	Unocal	1,914 / 1,584		April 2005
XTO.C	Middle Ground Shoal	XTO	1,047 / 1,099	May 2007	

The Dillon platform was shut-in in January 2003 and Baker is subject to imminent shut-in based on representations made by Unocal. These platforms are assumed to be shut-in for purposes of the forward fiscal impact analysis. The value of Cook Inlet crude oil in future years is assumed to be \$20.00 per barrel. The estimated cumulative gross royalty revenue loss is (\$3.6) million undiscounted over the six-year forecast period (equals (\$2.8) million when discounted at 8% per year), based on the difference between expected royalty revenue with and without the provisions contained in HB 198, not counting potential incremental production from extended field or platform life. When the cash-flow impact of royalty reduction under HB 198 is taken into account, delayed platform shut-in is expected for four platforms (including Bruce, described above) during the forecast horizon. The shut-in deferment would range between 2 and 14 months for a given platform. The resulting shut-in delays would generate between 500-to-700 thousand barrels of total incremental production (includes working-interest and royalty), of which approximately one-third would occur in the FY 2005-06 timeframe. The remainder of incremental production would occur during FY 2008-09 and beyond. The cumulative, upside royalty impact of the expected incremental production would range between \$400-to-\$800 thousand, depending on assumptions regarding threshold rates of production, discounting, and timing of ultimate platform shut-in.

Taking all short- and long-run factors into consideration, the overall royalty revenue impact of HB 198 would be approximately (\$2.8) million [(\$3.6) million in royalty foregone plus about \$0.8 million in royalty gain from extended platform life] or about (\$468) thousand per year (net) over the six-year period, FY 2004-2009. Note that these fiscal impacts do not consider the broader employment and regional economic effects from extended platform life.