

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILES 8672

2695 SCOMM 122: COMMISSION ON PRIVATIZATION. ., 1999

Facility Construction and Operation

What fees are charged?

The division charges fees to certify operators of water and wastewater systems:

- Application Fee \$20
- Examination Fee \$30
- Certificate Renewal Fee \$50

What's our relationship to the federal government?

A large part of the funding for the five programs is provided by annual grants from the U.S. Environmental Protection Agency (\$28 million) and the U.S. Department of Agriculture (\$20 million). Receiving those grants obligates the state to comply with a number of federal rules governing how the State administers those funds including such things as assuring that funds are used in accordance with federal law, reporting program expenditures and achievements to the granting agency, conducting financial audits, etc.

The Municipal Loan Program must be administered in accordance with federal statutes, regulations and guidance.

The Operator Training and Certification program must meet minimum standards specified by the federal Safe Drinking Water Act and Clean Water Act, as well as associated federal regulations and guidance.

Why us and not the feds?

The programs operated by this Division are exclusively state initiatives. Unlike many other DEC programs, the state does not operate the programs in lieu of federal management. The programs can only be operated by the state. Federal management is not an option.

Facility Construction and Operation

What do we do and why?

Primary Activities

Village Safe Water

Provide financial and engineering assistance to Alaska's smallest communities for water, sewerage and solid waste facility planning, design and construction.

Municipal Water, Sewerage and Solid Waste Matching Grants

Provide grants with a local match requirement and engineering assistance to larger communities for water, sewerage and solid waste projects.

Municipal Loans

Provide low-interest loans and engineering assistance to communities for water, sewerage and other types of wastewater projects.

Operator Training and Certification

Develop training programs, administer certification exams, establish certification proficiency standards, coordinate statewide training schedules, staff the Alaska Water and Wastewater Works Advisory Board, and maintain files and a database of certified water and wastewater operators.

Remote Maintenance Workers

Provide over-the-shoulder and emergency assistance to remote community water and sewerage system operators.

Results

A new, basic level of water and sewer service extended to an average of 800 households in rural Alaska each year.

Upgrades in municipal water, sewerage and solid waste facilities to keep pace with community needs and evolving drinking water, wastewater and solid standards.

Upgrades in municipal water and wastewater facilities to keep pace with community needs and evolving drinking water and wastewater standards.

Individuals that are competent to operate Alaska's water and sewer systems.

No catastrophic water or sewerage system failures due to freezing since 1989.

Protection of the state and federal investment in sanitation facilities

Improved system operation, water and wastewater quality, compliance with state and federal standards.

Facility Construction and Operation

What's privatized in this Division?

1. \$80 million annually (based on FY00) in feasibility studies, project design, construction, construction management.
2. Village Safe Water project financial management.
3. Annual loan program financial audits.
4. Operator training material and curricula development.
5. Operator training delivery.
6. Operator certification exam proctors.
7. 10 of 13 Remote Maintenance Workers.

Department of Environmental Conservation, Division of Spill Prevention and Response

Report to Privatization Commission October 22, 1999

What Is Spill Prevention & Response?

The Division of Spill Prevention and Response is comprised of three budget request units and six budget components that work together with Alaskans and industry to provide the safe handling and storage of petroleum products and to cleanup spills and contamination where public health or our environment is at risk.

What is our Mission?

To prevent, respond to, and ensure the cleanup of unauthorized discharges of oil or hazardous substances.

Who are our Customers?

Citizens with concerns or complaints about spills, tank owners and operators, Underground Tank Owners and Operation Association (AUTOO), qualified consultants for assessment and cleanup of contaminated sites, municipalities, local governments and villages, owners and operators of contaminated sites, subsistence resource users, other state agencies, financial institutions and realtors, federal facilities such as U.S. Air Force, U.S. Army, U.S. Coast Guard, oil exploration, production and refinery industry, rural electric cooperatives, municipalities (City of Anchorage, North Slope Borough), oil vessel transporters (tankers and barges), refineries, crude oil transmission pipeline operators, numerous industry small bulk fuel facilities, environmental groups, chemical handlers and transporters, regional citizens' advisory councils.

How is Spill Prevention & Response funded?

The Oil and Hazardous Substance Release Prevention and Response Fund (Response Fund) was created by the Legislature in 1986 as a way to provide funding for the safe handling of oil and hazardous substances based on a "user pays" principle. There have been four amendments since then fine-tuning how it works with the most recent being in 1994 which created separate response and prevention accounts. The Division of Spill Prevention and Response receives no General Funds. The Alaska legislature created the Response Fund to specifically fund these activities. Furthermore, the legislature expressed its intent and declared it to be public policy that funds for abatement of an oil or hazardous substance release will always be available (AS 46.08.030). The department aggressively seeks to cost recover all State dollars spent from the Response Fund conducting cleanup or containment activities. Monies recovered from Responsible Parties are then returned to the Response Fund to pay for new cleanup and containment activities.

Federal Funds are also received for military site cleanups including formerly used defense sites, active installations, base relocation and closures, oversight of federal civilian cleanups at the Pribilofs, program operation and management, voluntary cleanup program, operation of the Underground Storage Tank (UST) Program and cleanup of leaking underground storage tanks. The Department performs cost recovery activities to recover LUST Trust Fund Federal dollars spent on cleanup and containment activities which are then reissued to the State as federal grants to fund additional LUST activities.

Components and Programs

Director's Office (193.1)
Contaminated Sites (7,088.4)
Industry Preparedness & Pipeline (2,407.8)
Prevention & Emergency Response (3,109.9)
Response Fund Administration (1,642.1)
Local Emergency Planning Committees (543.4)

FY 00 Authorized Funding

Response Fund	10,662.1	71%
Federal Receipts	3,077.4	20%
STAF	917.6	7%
CIP	249.1	1.5%
Inter Agency Receipts	78.5	.5%
	\$14,984.7	100%

Contaminated Sites Program

FY 00 funding by source

Federal	3,068.9
Response Funds	2,918.1
Storage Tank Funds	917.6
Capital Project Funds	183.8
	7,088.4

We Charge for:

We recover all state costs for site investigation and cleanup.
Annual Underground Storage Tank Registration Fees (900 tanks) = 50.0 (annually)
UST Site Risk Assessment Contract Costs (25.0)
Management of Department of Defense cleanups (through a federal grant)
Program operating costs through .03/barrel surcharge on crude oil production.

What we do and why?

Primary Activities

Assess and clean up the highest risk contaminated sites.

- Rank contaminated sites based on risk to public health and the environment.
- Ensure responsible parties clean up their contaminated sites.
- Investigate and clean up high priority state-owned sites and "orphan" sites where responsible party is unknown or unwilling to take action.
- Apply consistent and measurable clean up standards.
- Expand the voluntary clean up program to include low & medium risk sites contaminated with hazardous substances in addition to the current low/medium risk petroleum contaminated sites.
- Provide financial assistance to owners and operators of leaking underground storage tanks for cleanup.
- Provide technical assistance to responsible parties cleaning up contaminated facilities.
- Provide financial assistance and conduct compliance reviews and inspections for cleanup.

Promote cost effective solutions.

- Employ risk-based clean up standards.
- Involve the public in the clean up process.
- Encourage clean up and economic reuse of industrial properties through relieving prospective purchaser's liability in exchange for cleanup work.
- Authorize and monitor commercial remediation facilities that receive contaminated soils.

Results

Reduction in human exposure to hazardous substances in the environment.

Reduction in damage to property and natural resources

Increase in number of properties being placed back into economic reuse/development and subsistence and recreational use.

Reduce the financial burden on underground storage tank owners for compliance with federal spill prevention requirements.

Reduce the number and size of releases from underground storage tanks.

Increased rate of clean up at lower priority sites with reduced government oversight.

Reduce the number and size of spills at rural bulk fuel facilities by educating and training owners and operators about proper fuel handling/storage, prevention strategies, the hazards of improper handling/storage, and clean up of spills.

Contaminated Sites Program

Prevent spills from underground storage tanks.

- Register all tanks and enter all tanks, tank closures, site assessment/tank tightness tests, and upgrades on a statewide underground storage tank database.
- Provide financial and technical assistance to facilitate private and public underground storage tank owners' compliance with federal regulations for spill prevention upgrades or tank closures.
- Verify status of underground storage tanks compliance with spill prevention standards.
- Enter into compliance order by consent with tank owners who failed to meet 1998 deadline.
- Educate and train small volume commercial fuel tank owners and operators in proper tank operation and spill prevention and response methods.

What's our relationship to the federal government?

The federal government funds program development to increase state capacity to investigate and clean up contaminated sites.

The Department of Defense provides funding to the program to ensure their clean ups meet state requirements. Providing this funding "up front" results in full "cost recovery" of the program's management of Defense site clean ups without incurring legal costs to obtain recovery after state funds are spent.

DEC has been designated by the federal government to implement RCRA Subtitle I (UST/LUST) in Alaska. The federal government provides grant funds in support of this effort.

Why us and not the feds?

The state is funded by three federal agencies, Department of Defense (DOD), Environmental Protection Agency (EPA) and National Oceanic and Atmospheric Administration (NOAA) to oversee federal investigations and clean up of sites contaminated by oil and other hazardous substances in Alaska. Department involvement ensures that federal cleanups meet the same state standards required at all other contaminated sites. Without the state program, the DOD, EPA and NOAA would only address sites of national significance and would make their own clean up decisions without consideration of Alaskan communities and their best interests, including protection of subsistence resources. It is likely that petroleum contaminated sites would not be cleaned up at all. Property will be conveyed to public and private institutions with long term contamination and economic liabilities.

State development of the "core" contaminated sites cleanup program and the voluntary clean up program are funded by the EPA. Both are state run programs and neither service would be delivered by EPA in the State. Under the "core" program, the department receives federal money for cleanup program development, which is not related to any one site. This funds the development of clean up guidelines, policies, professional training for staff, and funds state review of federal cleanup guidelines. If the

Contaminated Sites Program

federal funds were returned, the state would need to fund these services or experience inconsistent clean ups with higher costs. The voluntary clean up program encourages private party clean up of contaminated sites with minimal department involvement. Without the voluntary clean up program, responsible parties will have no incentive for clean up, the contamination will remain, and in the future may result in a clean up requiring substantial state involvement and costs. The state receives federal funds to regulate underground storage tanks to prevent contamination from leakage. The state also receives federal funds to help the owner identify, investigate and clean up leaks once they do occur. This assistance facilitates property transfers and commercial transactions. Should the state stop providing the services, the EPA will assume responsibility for the program in the state. The federal approach is to employ strict enforcement and penalty assessment rather than the technical and financial assistance offered by the state. The likely affect of a federal takeover will be some owners being forced out of business, a reduced number of fueling points in the state, a reduction in contaminated groundwater clean up efforts, a slow down in commercial transactions, increased legal costs for owners, and potentially increased legal costs for the state in the form of third party lawsuits.

Privatization & efficiency measures

Certified UST workers to close, install and test UST's.

Qualified persons to collect samples at leaking UST sites, develop cleanup plans and remedial sites.

Approved laboratories to analyze soil and water samples from LUST sites.

Certified inspectors to inspect UST systems as a result of new regulations.

Voluntary cleanup allows independent contaminated site cleanup by interested parties reducing government oversight.

Use of qualified professionals to collect environmental samples and develop and implement cleanup plans.

Use of independent laboratories to analyze soils and water samples from contaminated sites.

Loan assistance for storage tank owners.

Development of risk based regulations for establishing cleanup levels to allow flexibility for achieving cleanup based on risk to public health or the environment.

Private party agreements for contaminated sites and leaking underground tanks (APC, KPC, ARR and others).

Cleanup agreements with DOD for military site cleanups and NOAA for the Pribilofs.

Underground storage tank agreements with NPS and FAA and other state agencies.

State Memorandum of Agreement to conduct cleanup of state owned property (DNR, DOT, F&G and Education).

Prevention & Emergency Response Program

FY 00 funding by source

Response Funds	3,109.9
	3,109.9

What do we do and why?

Primary Activities

Maintain response preparedness.

- Continue to improve statewide spill response preparedness through the development of local response agreements with Alaska communities.
- Develop and maintain statewide and regional spill response plans.
- Position response equipment for use by locally-trained personnel under Department direction.
- Develop and maintain statewide hazardous materials response capability.
- Conduct joint training and discharge exercises.
- Maintain and improve statewide spill reporting, resource mobilization and logistical support functions to ensure prompt and effective State response.
- Establish and maintain communication system in catastrophic spill areas.
- Train responders to use the Incident Command System for spill response management.

Respond to all releases of oil and hazardous substances.

- Protect public health and the environment from the effects of spills.
- Ensure the containment, control and cleanup of all significant spills.
- Require the responsible party to take prompt and appropriate action to contain, control and clean up spills.
- Identify spill response technologies suitable for Alaskan conditions.

We charge for:

We recover all state costs for spill cleanup and containment efforts. The program seeks to recover all costs incurred in responding to spills of oil and hazardous substances from the responsible party. These funds are redeposited in the oil and hazardous substance release prevention and response fund. Program operating costs through .03/barrel surcharge on crude oil production.

Results

Protect people and resources from the effects of the more than 2,000 spills of oil and hazardous substances which occur annually in Alaska.

Ensure that all spills are cleaned up as quickly as possible to minimize damage to public health and the environment.

Reduce impacts through preparedness and rapid response.

Prevention & Emergency Response Program

What's our relationship to the federal government?

Under State law, DEC is the lead agency for oil and hazardous substance release prevention, planning and response. Under federal law, the U.S. Coast Guard and the U.S. Environmental Protection Agency are also responsible for these activities although neither agency has the funding or staff to serve the entire state. By working together, the USCG, the EPA, and the Department are able to maximize response resources and minimize duplicative or conflicting efforts through MOAs, integrated planning, and use of a common incident command system. Participation in this partnership ensures that State interests are met in release prevention, planning and response.

Why us and not the feds?

The program represents State interests and enforces State laws regarding the protection and restoration of State resources from spill impacts. These interests are specific to the State of Alaska and require a dedicated State agency to ensure that Alaska's land, water and air is protected from the effects of oil and hazardous substance spills.

Privatization & efficiency measures

Term contracts for a wide range of professional consulting services including cleanup, drills and technical services.
Direct pay for logistical support services, transportation, warehousing, and rental equipment.
Pre-positioned response equipment for use by spillers, on-scene coordinators and government agencies.
Training and technical assistance for spill response and contaminated site workers through 40- hour HAZWOPER training.
Competitive contracts for publications, spill summary reports, statewide hazmat response inventories, technical experts and others.
Emergency contracts for initial containment and control actions.
Memorandum of Agreements with EPA and USCG to coordinate prevention, preparedness and response.
Memorandum of Agreements for transfer of spill response assets to local government for spill response.
Integrated oil spill response and statewide disaster planning with other state agencies.
Community Spill Response Agreements with over 20 communities.
Incident Command System for emergency response.
Anchorage and Fairbanks Hazmat agreements.
Mutual aid agreement with the West Coast states and British Columbia.
Mutual aid agreement with Canada for Southeast Alaska and Beaufort Sea spill response.
Unified response planning with state, local and federal agencies.
Private contracts for a range of professional consulting services, cleanup and technical services.
Emergency contracts for immediate containment, control or patch and plug operations.
Training and technical assistance for spill response and contaminated site workers through 40-hour HAZWOPER training.
Standardized tactics manual for oil spill response and cleanup agreements with various responsible parties to enhance spill cleanup.

Industry Preparedness & Pipeline Program

FY 00 funding by source

Response Funds	2,255.5
Inter Agency Receipts	143.8
FED	8.5
	2,407.8

We charge for:

Initial and renewal fees for registration of Primary Response Action Contractors.
Program operating costs through .03/barrel surcharge on crude oil production.

What do we do and why?

Primary activities

Verify facility & vessel operators have adequate resources to respond to oil spills.

- Approve oil discharge prevention and response contingency plans.
- Inspect response equipment inventories and conduct spill response exercises and drills.
- Certify that 100% of the operators have approved financial capability to respond to spills.
- Conduct drills to ensure response readiness.

Ensure facility and vessel operators are operating with required spill prevention technologies.

- Approve oil discharge prevention and response contingency plans.
- Prevent spills by inspecting facilities, pipelines and marine vessels.
- Ensure operators implement Best Available Technology in their operation and contingency plans.
- Verify that state-of-the-art escort tractor tugs under construction for the Prince William Sound tanker fleet are placed into operation before the winter of FY 2000.

Increase North Slope open water and broken ice oil spill response capability.

- Test ability of North Slope operators to respond in broken ice.

Results

Ensure that oil handlers prevent spills.

Ensure oil handlers are financially and technically prepared to clean up spills.

Industry Preparedness & Pipeline Program

What's our relationship to the federal government?

Federal contingency planning and financial responsibility requirements are distinct and separate from state requirements. The state has responsibility for contingency plans for onshore and offshore facilities out to the 3 mile limit and for any oil barge or tank vessels operating in State waters. For smaller onshore facilities that do not meet the State's regulatory threshold requirements, the EPA requires a Spill Prevention Control, and Countermeasure (SPCC) Plan. Federal offshore contingency plans are required and administered by the USCG for vessels and by Minerals Management Services (MMS) for oil development operations.

Why us and not the feds?

State contingency plan and financial responsibility laws and regulations are separate and generally more stringent than federal requirements. In many cases, state approved plans are submitted to federal agencies to meet their requirements, and supplemented as necessary. By statute, ADEC has the responsibility for ensuring compliance with State laws and regulations for contingency plans, drills, inspections and proof of financial responsibility for terminal and tank farm facilities greater than 10,000 barrels, oil tank and barge vessels, exploration, production and refineries, and for crude oil transmission pipelines.

Privatization & efficiency measures

Competitive contracts for publications, spill summary reports, statewide hazmat response inventories, technical experts and others.

Alternative compliance option for non crude shippers.

Contracts for subject matter experts.

Coordinated contingency plan reviews to streamline state and federal plan review requirements.

Industry project review teams.

Integrated tactics manual for oil spill response.

Standardized spill scenarios.

Term contracts for a wide range of private sector professional consulting services.

Response Fund Administration

FY 00 funding by source

Response Fund	1,642.1
	1,642.1

We charge for:

Program operating costs through .03/barrel surcharge on crude oil production

What we do and why?

Primary Activities

Recover the state's costs for responding to an unauthorized release of oil or hazardous substance.

- Notify spillers of their obligation to reimburse state expenditures for responding to the responsible party's spill.
- Record all state expenditures to control, contain and clean up oil or hazardous substance spills.
- Refer cost recovery cases to the Department of Law for settlement.
- Follow financial planning strategies to guide annual response fund budget requests.
- Recover eligible costs expended for spill cleanup and containment from the federal Oil Spill Liability Trust Fund.
- Consolidate state agency requests for response funds to carry out the state's spill prevention and response priorities.

Results

Track State costs for responding to spills and take appropriate action to recover those costs from the responsible party.

Reimbursable Services Agreements with Departments of Fish and Game, Natural Resources, Military and Veterans Affairs, Administration, and Law to conduct spill prevention and response activities such as Industry and State/Regional Contingency Plan Reviews, disaster planning and control, adequate telecommunications support, and legal support for cost recovery and enforcement activities result in coordinated approach to spill prevention and disaster planning.

What's our relationship with the federal government?

None.

Why us and not the feds?

Not delegable.

Privatization & efficiency measures

Coordinated cost recovery process with Department of Law.
Streamlined cost recovery through implementation of regulations.

Local Emergency Planning Committees (LEPCs)

FY 00 funding by source

Response Fund	543.4
	543.4

We charge for:

The Municipality of Anchorage has established a local Community-Right-to-Know reporting requirement and charges reporting fees to fund the Municipality's program.

What we do and why?

Primary Activities

- Implement Tier II reporting requirements under federal and State Community-Right-to-Know laws.
- Complete all hazmat annex plans for each local community emergency plan as required.
- Update inventory of businesses storing chemicals.

Results

Inform public about chemical hazards.

Ensure local response plans account for chemical hazards.

What's our relationship to the federal government?

This is an unfunded federal program to meet EPA's Community Right to Know law. EPA has provided minimal technical assistance and federal funds should be used to meet these federal requirements.

Why us and not the feds?

The State has chosen to fund this program in lieu of any federal funding.

Privatization and efficiency measures

Businesses required to report should pay fees necessary to cover costs of this program.

Department of Environmental Conservation, Division of Statewide Public Service

Report to Privatization Commission September 22, 1999

What is Statewide Public Service?

The Division of Statewide Public Service (SPS) is a BRU with a single component, within the Department of Environmental Conservation, that provides information, compliance and permit assistance to Alaska's citizens, communities and businesses in order to reduce pollution and resolve environmental problems. Additionally, SPS investigates environmental damage and threats to public health. Through compliance assistance, SPS helps small businesses and communities find ways to meet or exceed environmental protection standards and avoid onerous permitting processes.

What is our Mission?

The mission of SPS is to provide environmental compliance assistance to communities and businesses and to help Alaskans find cost effective ways to prevent or reduce pollution.

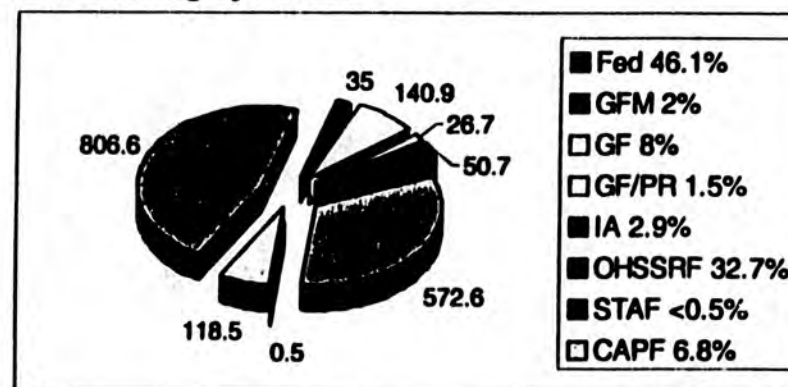
How is Statewide Public Service funded?

The Division of Statewide Public Service operates on a mix of funding sources. Nearly half of our operating budget is federal funds, one-third is Oil and Hazardous Substance Spill Response Fund dollars, and the remaining 21% is made up of general funds, interagency receipts, and monies from the Storage Tank Assistance Fund and the Clean Air Protection Fund. Additionally, Chugachmiut provides a staff person to work with SPS on the development of the "7 Generations: Addressing Village Environmental Issues for the Future Generations of Rural Alaska" environmental assessment guide and associated train the trainer program.

FY00 Authorized Funding

Federal Receipts	806.6	46.1%
General Fund Match	35.0	2.0%
General Fund	140.9	8.0%
General Fund/Program Receipts	26.7	1.5%
Inter Agency Receipts	50.0	2.9%
Response Fund	572.6	32.7%
Storage Tank Assistance Fund	0.5	0.0%
Clean Air Protection Fund	118.0	6.8%
Total	1,751.5	100.0%

FY00 funding by source



Statewide Public Service

Who are our customers?

- Small businesses
- Communities
- Industry needing multiple permits
- Any Alaskan in need of information or advice on how to navigate through the department, get a permit, or find ways to reduce or avoid pollution and solid or hazardous waste

What fees are charged?

SPS does not charge for any of our services. The division is funded by an indirect funding pool, which ensures that all funding sources, including the federal government, contribute to costs. Additionally our mission is to reduce compliance costs to businesses and communities.

Staff have worked with the court system and serious violators to have fines fund supplemental environmental programs. Fines have provided the Yukon River Intertribal Watershed Council funding to conduct a household hazardous cleanup program for communities on the Yukon and Koyukuk rivers. Currently, the division is negotiating with EPA to have fines that EPA is going to receive from the Coast Guard Base at Kodiak, transferred to DEC to make up for reduced federal funding for hazardous waste management compliance assistance.

What's our relationship to the federal government?

A significant portion of the program is funded by federal dollars for pollution prevention and hazardous waste management compliance assistance. We maintain a good working relationship with EPA, which allows the division to effectively facilitate environmental compliance for small businesses. It is our good relationship with EPA that allows for creative funding discussions such as that for use of Coast Guard fines.

Statewide Public Service cont.

What do we do and why?

Primary Activities

Results

Help communities assess, rank and begin to solve their own environmental problems	Representatives of more than 150 small communities have been trained in environmental assessment and evaluation techniques resulting in communities that can manage and prevent pollution and associated health hazards at the local level. The division developed the "7 Generations: Addressing Village Environmental Issues for the Future Generations of Rural Alaska" environmental assessment guide and the associated "Train the Trainer" course designed to build environmental management capacity within communities.
Reduce exposure to environmental hazards	The division assists communities in conducting household hazardous waste collection events, thus preventing dangerous disposal or dumping that could lead to pollution of water supplies. In 1998 the program helped communities collect well over 240 fifty-gallon drums of hazardous materials. The environmental crimes program provides deterrents to illegal dumping of hazardous substances by investigating and resolving serious violations.
Provide information and permit centers	Developed on-line and paper "permit questionnaire" to guide applicants through the permit process; developed fact sheets and "plain English" easy-to-understand guidance documents; provide assistance to Alaskans seeking information on a broad spectrum of environmental issues. Annually respond to over 5,000 requests for technical assistance.
Investigate and prosecute serious environmental violations	Prevents violators from receiving economic advantages and deters serious environmental crimes which endanger public health.
Reduce waste generated by businesses	More than \$1,400,000 has been saved by the reuse and recycling of valuable materials through the Alaska Materials Exchange. The division has assisted nearly 500 companies in implementing Green Star waste reduction and recycling activities, and significant waste reduction has already been achieved in some areas.

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

Statewide Public Service cont.

What do we do and why?

Primary Activities

Results

Help communities assess, rank and begin to solve their own environmental problems	Representatives of more than 150 small communities have been trained in environmental assessment and evaluation techniques resulting in communities that can manage and prevent pollution and associated health hazards at the local level. The division developed the "7 Generations: Addressing Village Environmental Issues for the Future Generations of Rural Alaska" environmental assessment guide and the associated "Train the Trainer" course designed to build environmental management capacity within communities.
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Provide information and permit centers	Developed on-line and paper "permit questionnaire" to guide applicants through the permit process; developed fact sheets and "plain English" easy-to-understand guidance documents; provide assistance to Alaskans seeking information on a broad spectrum of environmental issues. Annually respond to over 5,000 requests for technical assistance.
Investigate and prosecute serious environmental violations	Prevents violators from receiving economic advantages and deters serious environmental crimes which endanger public health.
Reduce waste generated by businesses	More than \$1,400,000 has been saved by the reuse and recycling of valuable materials through the Alaska Materials Exchange. The division has assisted nearly 500 companies in implementing Green Star waste reduction and recycling activities, and significant waste reduction has already been achieved in some areas.

Statewide Public Service cont.

Ensure that small businesses get the specific assistance they need to prevent pollution and ensure environmental compliance	In 1999 alone, the division helped 60 companies identify and work toward correcting almost 400 hazardous waste compliance concerns, thereby avoiding EPA fines and enforcement actions
Improve voluntary compliance as an alternative to environmental regulation	Program helps small businesses complete environmental permits and reduce permit costs. Provides on-site compliance assistance to businesses too small to have the resources to understand and implement complex hazardous waste management requirements.
Cross-program and major project review coordination	Staff the state emergency response commission; developed department's disaster and Y2K response plans; manage multi-program/multi-permit projects such as the Ketchikan Pulp Mill closure, clean-up and re-use, and the Anchorage Airport Gateway project.

Why us and not the feds?

- ❖ EPA's programs are typically enforcement only.
- ❖ We provide compliance assistance that EPA does not.
- ❖ We "Alaskanize" our assistance, rather than trying to force everyone into the "one size fits all" federal mold.

What's privatized in this program?

1. The Green Star program (waste reduction and recycling).
2. Most of the household hazardous waste collection program is done by communities. DEC only provides oversight and assistance at household hazardous waste events.
3. Large photocopying jobs, such as the Alaska Materials Exchange catalog.
4. Some outreach materials are developed by private contractors.
5. Supplemental Environmental Programs.

FISH + GAME

**COMMISSION ON PRIVATIZATION AND
DELIVERY OF GOVERNMENT SERVICES**

SUBCOMMITTEE REPORT

ON THE

DEPARTMENT OF FISH AND GAME

NOVEMBER 24, 1999

**Subcommittee Members: Mead Treadwell, Chair;
Rod Arno, Sue Aspelund, Representative Tom Brice, John Burke, Amy Daugherty,
Duncan Fields, Cliff Judkins, Dale Kelley, Steve Kemper, Bruce Knowles,
Stephanie Madsen, Kris Norosz, Jef Patterson, Pat Simpson**

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Report of the Fish and Game Subcommittee to the Commission on Privatization and Delivery of Government Services

- 1. This committee reviewed the Alaska Department of Fish and Game and the Commercial Fisheries Entry Commission, which is part of the ADF&G budget.**

- 2. ADF&G BRU's:**

Commercial Fisheries
Glacier Bay/Commercial/Subsistence Fishing Legal Defense
Sport Fisheries
Wildlife Conservation
Administration and Support
State Facilities Maintenance
Commissioner's Office
Subsistence
Subsistence Field Offices
Habitat
Limited Entry Program and Administration

- 3. The total budget for ADF&G authorized by the Legislature (approved by Conference Committee) from all sources in FY 2000 is \$111,819 million.**

Funding Source	Funding Amount (1000's of \$)
Federal Funds	33,939
General Funds	30,254
Fish and Game Funds	21,174
Other (e.g., Interagency Receipts)	9,940
Exxon Valdez Oil Spill Settlement	6,350
Test Fisheries Receipts	3,971
Statutorily Designated Receipts	3,481
GF Program Receipts	2,711
TOTAL	111,819

Significant revenues are generated for the state treasury from the use of fish and wildlife resources. The fisheries business tax and the fisheries landing tax generate approximately \$39 million annually (FY96-FY98 average). Crewmember licenses, limited entry permit fees, and commercial fishing vessel fees generate approximately \$6.5 million annually. Other revenues associated with commercial fishing include

Federal revenues, marine fuel taxes, test fish receipts, and statutorily designated program receipts. In FY 98, total revenues to the state treasury associated with commercial fishing exceeded \$71 million.

Recreational fishing and hunting also generate significant revenue for the state. These come primarily from two sources: federal revenues and state license and tag fees. However, recreational fishermen also contributed an estimated \$1.6 million in marine fuel taxes in FY 98. In FY 98, total revenues from recreational hunting and fishing totaled \$49 million.

The department oversees wildlife, fisheries, and habitat that account for many indirect sources of income to the state or its citizens. The exvessel value of Alaska's commercial fisheries is over \$1 billion. First wholesale values are approximately \$2.5 billion. Commercial fishing and seafood processing activities generate secondary and indirect benefits by their purchase of goods and services in Alaska. A 1994 report commissioned by the Pacific Seafood Processors Association estimated the economic impact on Alaska from just the onshore processing sector to be \$3.9 billion dollars.

Sport fisheries are major drivers of employment, local sales tax revenue, and other tourism induced dollars brought to the state. Preliminary estimates from a recent study commissioned by the Department of Fish and Game place the economic impact of recreational fishing at a half of a billion dollars.

Many nonresidents come to Alaska to hunt because of the big game hunting opportunities offered by Alaska. It has been estimated that the economic impact of the guiding industry is \$100 million annually. In addition, trapping of fur bearing animals has long been an important source of cash to rural residents.

While Alaska's fish and wildlife can never be expected to contribute the same kind of revenue to the state treasury, as does the oil and gas industry, they consistently rank as a primary engines in the state's economy.

4. Constitutional and Statutory Provisions Governing Agency Operation

Alaska's right to manage its fish and game was established under the Statehood Compact, and is provided for in the constitution.

This right of the state is also an obligation, as all Alaskans own the fish and game of the state, and it is not appropriate to delegate authority for management to any other party.

Laws providing for the department's functions are the Alaska Constitution, Title 8 and Title 16 of the state statutes.

We did not specifically review delegated or contracted authorities to the department from the federal government, but note that federal management of subsistence, certain species such as marine mammals, and joint management offshore in the EEZ require substantial state cooperation.

5. Agency Mission, Goals and Objectives

Senate Bill 169 provided mission statements to the department, the commissioner's office, the Divisions of Commercial Fisheries, Habitat and Restoration, Subsistence, Sport Fish, and Wildlife Conservation and the Commercial Fisheries Entry Commission.

The committee discussed these mission statements during the Department briefing. Our "reality check" review finds that the Department basically follows the core missions laid out in the legislation. We do not have any suggested changes to the core mission of the department. However, many subcommittee members expressed concerns over the department's ability to effectively carry out its core mission in the face of significant declines in state general fund dollars.

6. Number of Employees and Specialized Expertise Needed

ADF&G has 820 permanent full time employees, 914 permanent part-time employees, and 68 non-permanent employees in the FY 2000 authorization.

In order to fulfill its mission, the Department of Fish and Game requires professional staff with college degrees in the biological sciences, mathematics, statistics, and computer sciences. Some positions may require advanced degrees in the above fields or a related specialty, like genetics, limnology, or pathology.

While not as numerous as the biologists, professional economists, sociologists, and anthropologists are also necessary to fulfill the department's mission.

The department depends heavily on technical staff to implement field monitoring and data collection projects. In addition to any educational requirements, these individuals must have the ability to operate in remote and difficult conditions. Field project supervisors must be resourceful and adept at improvising solutions to unforeseen problems.

The department operates a small number of large research vessels. These vessels require trained and experienced captains and crews to operate. The senior boat officer positions require a U.S. Coast Guard Master's License.

7. Technology Needed to Perform Mission

We discussed technology needed to perform the department's mission in several areas.

They include:

- Employees experience and expertise;
- Computer/web based equipment and processes to automate data collection, licensing, and to make the process of licensing and submitting fish tickets more user-friendly;
- Boats and gear to collect data inshore, in streams, and offshore;
- Wildlife data collection gear.

Other institutions in the state also use this equipment and expertise. These include federal fish and wildlife agencies (USFWS and NOAA/NMFS), Universities, research institutions, and the private sector. Some resource sharing is in place now, and the committee believes additional sharing may be developed through collaboration and partnerships.

8. Existing Agency Contracts

The department provided the committee with a list of existing agency contracts. They are forwarded to the full commission in Appendix B.

9. Existing Privatization Practices

Notable privatization initiatives already underway at the department include:

- Privatization of state-owned hatcheries;
- Retail sales of fishing and hunting licenses;
- Contracting with private boat owners and processors for test fisheries. For example, contracting with industry to conduct dive fishery reconnaissance surveys, and salmon, crab, herring and groundfish stock assessments;
- Contracting with private or other institutional boat owners for research platforms;
- Contracting with local native and fishing organizations to conduct salmon stock assessment programs;
- Contracting for aircraft.

We discussed additional contracting out or privatization initiatives that would:

- Encourage software developers to automate fish tickets and data reporting;
- Use more private boats for research platforms;
- Work with artists to expand revenues from "collector" fish and duck stamps;
- Work with other agencies, institutes, universities and private industry to collect and analyze data;
- Develop new financing options for development of new fishing opportunities;
- Utilize private financing of new fisheries management and research;
- Use more volunteers for Fish and Wildlife Safeguard;



- Work with private firms or non-profit entities to manage special wildlife protected areas with high-tourism interest, including Pack Creek, McNeil River, and Round Island.

10. Recommendations

Committee members authored several background papers (Appendix A) on ideas for privatization, improving department efficiency and effectiveness, or partnerships contemplated by SB 33. The committee did not endorse the ideas or concepts contained in the background papers as recommendations. A summary of our actual committee recommendations in nine areas is included below:

A: Other State and National Privatization Efforts Offer Suggestions

The committee reviewed experiences in privatizing fisheries research and sport fishing and commercial fishing management in New Zealand, the Great Lakes, and New England. These efforts revealed difficulties in maintaining a good scientific method of stock assessment during the transition. Private streams, common in Europe, restrict sport fishermen or require individual permits or licensing fees for each stream. A long-term scientific research plan (3 to 5 years) was essential to coordinated research. The use of task order agreements to bundle similar activities under a single contract vehicle for administrative and less technical tasks could make the contracting process more efficient. These experiences made us cautious about recommending any privatization of stock assessment work in Alaska.

B: Research Plans and Partnerships

The subcommittee discussed the way the department administers scientific research and data collection to provide advice to decision-making bodies on hunting and fishing. We discussed ways additional collaboration with other scientists and research institutions could improve the management process. We looked at the expertise of a class of employees at the department who provide statistical grounding to data collection and research. We also discussed ways the department uses internal and external peer review to focus research. For example, results of department research are routinely presented to various State (Boards of Fish and Game) and Federal (Pacific Salmon Commission, North Pacific Fishery Management Council) boards and commissions, other agencies, and fishing organizations. The Division of Commercial Fisheries also publishes a peer-reviewed journal (Alaska Fishery Bulletin). The committee encourages the department to expand upon these efforts where practical.

Close to \$300 million in short- and long-term funds may become available from the Dinkum Sands settlement (\$160 million), the *Exxon Valdez* Research Trust, the Prince William Sound Oil Spill Recovery Institute (\$23 million), Bristol Bay and Norton Sound Disaster Funds, and other funds to study the Bering Sea. The committee recommends that the department work with the other individuals and entities governing this research to

help ensure that 1) processes are established with these new funds to provide now-casting (real-time stock assessment) and forecasting of fisheries populations, 2) greater local participation is involved in the scientific work leading to management decisions, and 3) fisheries management advances to include new technologies.

C: Funding for New Fishery Development Opportunities

The committee considered the difficulties of opening new fisheries while faced with declining budgets. The department's progress to date in the formulation of a State policy for a new developing fisheries program was reviewed. The project has been on going for a little over one year and a draft will soon be presented for public review.

One method of private funding for such projects that may warrant more consideration is contained in the recently enacted HB 198. This law provides a self-taxing mechanism to fund the development of dive fisheries based on the value of the product harvested. However, this program is still in its infancy and its success must be determined before expansion of this concept should occur. Other sources of funding and data collection for management purposes may include; bidding out development rights to a specific species in a given area, industry collection of data under agency supervision (e.g., sea urchin and geoduck assessment surveys), and industry contracting with the department to conduct stock assessment and survey work.

Whatever the means of securing private industry dollars for the purpose of stock assessment and management, it is imperative that the legislature upon receipt of this funding, earmark these funds for their intended purpose.

D: Electronic Data Collection and Reporting

The committee reviewed a number of software packages being developed in the private sector to allow electronic fish ticket submission. The Committee received a letter from the department about their plans to incorporate electronic data handling in their reporting process. Extensive efforts by the National Marine Fisheries Service were also reported. We recommend the department move quickly to resolve legal issues and work to implement open standards that will allow several vendors to provide reporting software to the market.

E: License Sales

The committee believes that privatization of fishing license sales has worked well. The Department now offers license sales online, but the customer must wait for a paper license to be mailed to them before they can hunt or fish. We see value to upgrading this process to allow immediate issuance of a license. We also examined revenues raised by the department from "collector" duck stamps and urge the department to consider extending this program to include king salmon stamps for their art value.

F: Stream Watch Programs

The Committee urges the department to work with the Department of Public Safety to enhance the existing private non-profit fish and wildlife protection program (Wildlife Safeguard) that now works through an 800-number to a centralized source. Many streams used by large numbers of fishermen are now accessible to cellular phones. We urge a program whereby a stream watch volunteer would notify a department representative when he or she is on site (near a stream) and that those volunteers are able to be called out to supplement or advance an enforcement effort by the department.

G: Further Use of Private Vessels/Chartering Out of Department Research Vessels

The committee looked at this issue and recommends that current policies, of using private vessels where possible to save money, be followed so long as scientific integrity is maintained. We see many opportunities for cooperation if requirements for research in any geographic area are shared between the department and outside entities. It is quite likely, once long-term research and monitoring efforts are identified for specific areas, that more cost-saving cooperation and platform sharing can take place.

H: Improve Enforcement by Use of Retired Officers/Better Fine and Settlement Policies

The committee examined the potential use of retired enforcement officers to supplement existing enforcement dollars. Although this is a Department of Public Safety issue and does not directly affect ADF&G, the committee recommends to the Commission that any legal impediments to allowing retired officers to assist in enforcement be reviewed and modified to allow this budget savings. The committee further recommends that the department work with the Department of Law to ensure that all civil fines and forfeitures from fish and game violations be dedicated back to fish and game research and management or habitat protection.

I: Contract Out Management of Protected Areas Where Economic Savings Would Be Achieved

The committee recommends that the department issue a request for proposals from private and non-profit entities, which might help manage state wildlife watching facilities at places, like Pack Creek, Round Island, and McNeil River. This program may further enhance the capability of the department to provide watchable wildlife opportunities for Alaska tourists. It may be that partnerships in management of these areas will reduce costs, increase revenues, and serve to increase both enjoyment and wildlife protection.

Conclusion and Acknowledgements

The Committee would like to thank the staff of the departments, the committee members themselves, and other individuals who provided support to our deliberations.

We believe maintaining strong and viable fish and wildlife populations are essential to the long-term, well being of the state and are an obligation of Alaska as an owner. A large part of the department's budget is spent on science, and we look to stronger partnerships to see that science is strengthened and improved. The department can use technology and volunteer help from Alaskans to more closely involve Alaskans in fish and wildlife management.

Committee members included the following. Participation among committee members varied with some never attending a meeting, others attending one or two meetings, and others attending most meetings.

Mead Treadwell
Amy Daugherty
Stephanie Madsen
Sue Aspelund
Patrick Simpson
Kris Norosz
John Burke
Dale Kelley
Duncan Fields
Bruce Knowles
Bill Blessington
Rod Arno
Cliff Judkins
Steve Kemper
Jeff Patterson
Representative Tom Brice
Geron Bruce – ADFG contact
Mary McDowell – CFEC contact



STATE OF ALASKA

DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER

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December 3, 1999

Honorable John Cowdery
Co-Chair, Commission on Privatization
Alaska State Legislature
716 West Fourth Avenue, Suite 320
Anchorage, AK 99501-2133

Dear Representative Cowdery:

You requested comments from the Department of Fish and Game on the recommendations on privatization and the delivery of government services prepared for the Commission on Privatization by the Department of Fish and Game subcommittee. Commission staff also invited the department to comment on the issue papers. Since the issue papers provide background to the discussions of specific recommendations, we will include any comments we have on the issue papers within our comments on the respective recommendations.

The department enjoyed a good working relationship with the members of the subcommittee. The subcommittee members were widely dispersed geographically, with members participating telephonically from Ketchikan, Petersburg, Juneau, Cordova, Kodiak, and Anchorage.

The department especially appreciates the effort of those members who volunteered to research specific issues and prepare background papers on their findings. In addition to preparing background papers, the subcommittee chairman also prepared the initial draft of the subcommittee report. After review by subcommittee members, the department formatted the report and submitted it to the commission.

The department would also like to express its appreciation to Representative Tom Brice for his participation in the subcommittee deliberations.

Department Response to Recommendations:

In reviewing the recommendations and the issue papers, it is important to remember that only the recommendations represent the views of the subcommittee. The issue papers were the products of individuals and presented to the subcommittee for its deliberation. The subcommittee discussed the issue papers, but did not always endorse the proposals as presented in the issue papers.

A: Other State and National Privatization Efforts Offer Suggestions

The recommendations in this item resulted from the research done by Patrick Simpson and presented by him in the first issue paper. His investigations revealed reservations among those with whom he spoke about the wholesale privatizing of stock assessment and related research. The department has similar reservations.

The department does contract some stock assessment work, and will continue to do so where it is appropriate and cost effective. However, stock assessment activities and actual management of fisheries, for example, need to be closely coordinated. It is also important that stock assessment work be conducted in a consistent manner from year to year. The individuals with whom Mr. Simpson spoke expressed similar concerns.

The department is unable to comment on the use of task order contracts, because more information is required to properly evaluate their costs and benefits. We are also uncertain as to whether the current state procurement code would permit the use of task order contracts.

The suggestion for a long-range research plan was a frequent subject of discussion within the subcommittee. This item is also addressed in recommendation B and in two other issue papers.

The department agrees that planning is an important ingredient in conducting successful and useful research, and department research is guided by planning on a project-by-project basis. However, stable funding is necessary to develop and carry out a long-term research plan. Stable funding is something the department, especially the Division of Commercial Fisheries, has lacked for many years. The funding for developing and implementing such a plan would have to be taken from ongoing fisheries management and stock assessment programs. This is something the subcommittee adamantly opposed. The department also objects to this.

B: Research Plans and Partnerships

This recommendation was partially addressed in our comments on the previous recommendation. The proposal described in the issue paper entitled, "Cooperation with Other Research Institutions for Improved Stock Assessment, Modeling, Biological/Ecological Knowledge, and Management" generated a lot of discussion during

several subcommittee meetings. It was the most controversial idea the subcommittee considered and a majority of the subcommittee opposed it. The department was also opposed.

This issue paper describes an alternative process for coordinating, prioritizing, planning, and conducting marine research. The department has no disagreement about the need to coordinate, plan, and involve the public in the development of marine research proposals. But in the department's view, existing processes are adequate, or can be improved, and there is no real need to invent a new process.

The department is also concerned, as were many of the subcommittee members, that in a time of budget reductions for fisheries management, this proposal is likely to divert money from management to research planning and ecosystem modeling. While ecosystem modeling may be an appealing idea, it is also a task that is complex, difficult, and therefore expensive. The marine environment is complex and dynamic. It is entirely possible to spend large sums of money, like the amount estimated in the issue paper, and still be unable to accurately model the marine environment.

The recommendation approved by the subcommittee urges increased communication, coordination, and planning between various entities that will be performing marine research in Alaska with the increased funding coming from the Federal government and the EVOS endowment. The department supports this recommendation. The department also supports the recommendations to utilize new technologies in fisheries management and forecasting and to provide opportunities for local involvement in the scientific work leading to decisions in fisheries management.

C: Funding for New Fishery Development Opportunities

The department concurs with the subcommittee recommendation that the legislature earmark funds provided by industry for fishery research and management to the purposes intended by the industry. This new funding should be supplemental to existing budgets and should not be viewed as an opportunity to reduce state general fund support for existing fishery management and research.

D: Electronic Data Collection and Reporting

The department concurs with these subcommittee recommendations.

E: License Sales

In the department's view, the opportunities to raise revenues from the sale of "collector edition art prints" of duck stamps or king salmon stamps are limited and problematic. Existing art collector duck stamp sales are declining in many states, including Alaska. We know of no successful fish stamp art print collector program. The market for these products is limited and has been saturated by the many states producing art prints. While

the department will continue to look at any opportunity to generate program receipts like the art print program, we do not believe this is a viable option.

F: Stream Watch Programs

The department has no comment on this recommendation other than to note that it is really more of an issue for consideration by the Department of Public Safety than for ADF&G.

G: Further Use of Private Vessels/Chartering Out of Department Research Vessels

The department is interested in the most cost-effective use of its research vessels. The department already contracts extensively with private vessels for conducting research as well as making its own vessels available for contract by other agencies. Potential enhancements to existing efforts will be welcomed and carefully evaluated.

H: Improve Enforcement by Use of Retired Officers/Better Fine and Settlement Policies

No comment. Defer to Department of Public Safety.

I: Contract Out Management of Protected Areas Where Economic Savings Would Be Achieved

The department does not support the privatization of developed wildlife viewing facilities on state wildlife sanctuaries or refuges. There are only 3 programs where the department charges the public to participate in wildlife viewing programs and little state money is spent on these programs. They are: Round Island (walrus viewing), McNeil River (bear viewing), and Pack Creek (bear viewing). Access to Creamers Field in Fairbanks and Potter Marsh in Anchorage is free. The later programs are primarily for education, not wildlife viewing.

Refuges, critical habitat areas, and sanctuaries are open to the public at minimal or no cost. Fees, where they exist, are set at levels to recoup operating expenses for specific facilities. McNeil River and Pack Creek are essentially self-supporting. The Division of Wildlife Conservation subsidizes the program at Round Island, because personnel at Round Island also collect valuable research data.

The benefit of this approach is that it provides the maximum public access. To interest a private operator, fees would have to be increased, probably substantially. High fees will discourage public use.

Many private businesses are already making money from state refuges and sanctuaries. Business like air taxi operators, charter boats, and eco-tours bring clients to these special areas. Secondary businesses like hotels, restaurants, retail stores and outfitters also benefit.

It is the department's view that the management of these public resources should be conducted by a public agency to insure that the viewing programs are conducted consistently with the purposes for which the areas were established. There may be opportunities to lease or permit private facilities in some portions of these areas as long as it can be done in a manner that is consistent with the purposes for which the areas were established.

This concludes the department's comments. We appreciate the opportunity to comment and hope our comments are useful. Please contact my office if you have any questions.

Sincerely,

Frank Rue
Commissioner



APPENDICES

- A. 1. - 8. Background Papers Submitted by Alaska Department of Fish and Game Subcommittee Members On Privatization and Delivery of Government Services**

Note: Appendix A contains background papers on ideas for privatization, improving department efficiency and effectiveness, or partnerships contemplated by SB 33. Authors of these background papers are noted. The ideas and concepts summarized in the background papers are not recommendations that were endorsed by the committee. Rather they represent research by the indicated members on issues that were discussed during the committee meetings.

- B. ADF&G Listing of Cooperative Agreements, Revenue Cooperative Agreements and Contracts**





Conversations With Other Agencies About Privatization

Submitted by Patrick K. Simpson

Scientific Fishery Systems, Inc.

September 30, 1999

The Alaska Department of Fish and Game has been very thorough in its discussion of potential areas for privatization. I have attempted to review other fisheries management groups both U.S. and abroad, that have dealt with, or are dealing with, privatization issues.

In my discussions with various management groups, I have asked these individuals where privatization might prove beneficial and where it could create potential problems. I have talked with a fisheries biologist with the USGS Great Lakes Science Center, an economist from the NOAA/NMFS New England Fisheries Science Center, and a fisheries biologist from New Zealand's National Institute of Water & Atmospheric Research Ltd (NIWA). Below are my notes and summary comments from these discussions. I will reduce these to a set of recommendations once I have received the comments from the rest of the committee.

USGS GLSC Fisheries Biologist

Research needs to be driven by an overall fisheries research plan that outlines what the key research questions are over a horizon of at least five years. These research areas are then prioritized and these priorities are used to define budgets. Research needs to be well defined. This fisheries biologist saw at least three different types of research: basic research, applied research, and monitoring. Basic research tends to be best performed by universities. Applied research tends to be done best through cooperative partnerships between universities, the cognizant management agency (be it state or federal), and industry. Applied research should be lead by the management agency. Monitoring activities, such as stock assessment, needs to be by the agency's internal scientists and the performance evaluation of those scientists needs to be heavily based upon successfully gathering the highest quality data over a long duration (i.e., more than 10 years).

Research done by universities should not be long-term research, but rather short-term basic research answering a specific question or addressing a key concern. Universities tend not to be set up for longer term research because most of the work is done by graduate students, and graduate students have a finite life within the university. Longer term research projects also tend to lose the interest of the university scientists. University scientists tend to be those that like to get an answer within a year or two, and then move on to something else.

Vessel management is always difficult. Currently the USGS GLSC has three research vessels and they are refitting a fourth. Each of these vessels plays a critical role during a portion of the year for stock assessments. For the best data to be collected for understanding and managing the fisheries for long-term sustainability, it is necessary to collect the data in as similar a way as possible each time. If a different vessel is used each time, say through contracting vessels instead of owning and operating them from within the agency, there are tremendous variations seen in the data that are created by different skippers fishing slightly differently, or by the vessel itself towing at different speeds because of different power. It is very difficult to decouple the vessel management from the long-term stock assessment and monitoring. In fact, this biologist was recommending that the vessel be made available outside the agency for charter opportunities as a way to derive more value from the vessel.

Task order contracts are used by the USGS to get contractor (who often has several subcontracts immediately available to them) support for administration and reoccurring support needs. Technicians that assist scientists, receptionists, librarians and folks of this nature tend to be acquired through highly competitive task order contracts. Once a task order is in place, it is relatively easy to get support for new activities (i.e., people), as long as those activities fall within the umbrella of the task order agreement.

To summarize the discussion with the USGS GLSC fisheries biologist, it is critical that the stock assessment and monitoring activities be handled by agency scientists, it will always result in the best data.

Basic research is best left to the universities and should be bid out on a contract by contract basis. Applied research requires cooperation amongst many individual groups to be successful. Although vessels are a burden, they are also a necessity to quality data collection. But, when the vessels are not used, they could be chartered out for other research functions outside the agency. Finally, it is essential to have a long-term roadmap for research activities. As with all roadmaps, the roads will change or even disappear, but at least there is a guide.

NMFS NEFSC Economist

The economist from NEFSC began by framing his comments with the question that drives much of their work at the NEFSC: "What is in the best benefit of the nation?" The economist went on to say that competition is often in the best benefit, so are sound business rules.

The economist was familiar with the privatization that was being implemented in New Zealand. This privatization has been successful because it followed the creation of property rights within the fisheries (i.e., Individual Fishing Quotas). Once the resource is reduced to property, then the industry (i.e. the property owners) do their own research to ensure its long term sustainability. This linkage between property rights and industry-funded research was seen to be very important. If this linkage does not exist, this puts the system on shakier ground when asking the industry to fund its own research.

Like the GLSC Fisheries Biologist, the NEFSC Economist felt that stock assessment must be left within the agency and it must remain funded for long durations.

Long-term research plans are also seen as being important, but it is equally as important that the review of these research plans includes, and whenever possible, is led by the agency. In the same fashion, the review of the research must stand up to the toughest scientific scrutiny from outside the agency as well. This requires a strong review process and dialogue that includes academia and industry.

I had asked about Task Order Agreements, and the NEFSC scientist said that these are used, but felt that tasks funded under these agreements should be those that are redundant and don't require a great deal of subjective analysis. As an example, otolith processing could be sent out to bid, as well as data entry. These are tasks that tend to not have a cost-benefit when conducted internal to the agency. Again, the economist cited the need for oversight by the agency.

In summary, the NEFSC economist further enforced the need for stock monitoring to be done within the agency by its scientists. If you ask industry to fund the research for improving sustainability, it will require the resource to be allocated amongst its fishers first, or it is not as reliable. Any tasks that are redundant and menial should be contracted out whenever possible. All research requires a strong agency presence, but requires all parties to be involved in the development of the long-term research plan to gain the greatest commitment from those outside the agency.

NIWA Fisheries Biologist

I talked with one of the leading fisheries biologists with NIWA. This biologist is heavily involved in stock assessments and fisheries research with NIWA. The fisheries biologist began with a bit of history. Ten years ago NZ put a quota management system in place based on a percentage of Total Allowable Catch (TAC). The TAC is set by the Ministry of Fisheries. Over the course of the last ten years, research functions have slowly been privatized, with the research functions being privatized about three years ago. The last group to be privatized was the Fisheries Research department (Department of Science and Environmental Research). With this last group's transition complete, the Ministry of Fisheries (MFISH) now only sets policy and administers research, but it does not carry out any research, it is done entirely through a bidding process. All research is procured through a series of tenders (RFP's) and all research is funded by a levy on the TAC (i.e., the industry funds all the research).

Throughout this privatization process, the issue of stock assessment continuity was recognized as a very key element in a sustainable fisheries management plan. As such, MFISH requires that their privatized research vessel (which is placed into a separate company) and its gear must be used for stock assessments. However, the stock assessment itself is put out for tender. To date, the winning organization for the stock

assessments continues to be NIWA, but there is increased competition from NZ's USGS (called GNS) and Australia's NMFS (called CSIRO). It is not a foregone conclusion that NIWA will always be the organization selected to conduct these stock assessments.

NIWA also has its own research vessel that was privatized from MFISH. This vessel is available to the highest bidder for research at any time. If the vessel is needed for stock assessment and for some other type of research at the same time, it will go to the highest bidder. Another interesting aspect of this vessel is that it could (but has not) apply for a quota of its own. The research vessel, which is a 40-meter factor trawler that has been converted over to do research, could easily be a part-time commercial fishing vessel as well. This was seen as a possible way to keep the vessel busy more of the year and keep its overhead costs to a minimum on the research. To date, the vessel has been kept busy with additional geological and oceanographic contract work that it has not had to pursue this line of funding.

One of the advantages of having NIWA being privatized is that the organization is now longer having to respond to artificial and conflicting political decrees. It is able to do the science in the most expedient manner without concern for one's own personal career. On the other hand, the tender process is slow and it is done annually, making it more difficult to respond quickly if necessary.

The fishing industry pays for all of the research costs. These costs are monitored quite heavily by the industry to ensure that the greatest return is gained for each dollar spent. As such, the research tends to be more focused on the commercially relevant species and very little research is done on the peripheral species. One aspect of this levy that has drawn attention is the use for enforcement. Until only recently, the fishing industry's levy was also used to fund enforcement. The industry has recently been able to move these costs back to MFISH, arguing that they are the only industry that is burdened in such a way.

Aquaculture is handled in much the same way as the deepwater marine fisheries that the fisheries biologist was specifically involved. Each aquaculture operation must perform an impact assessment, request and purchase the necessary licenses, and fund its own research.

When asked about the NEFSC economist's view that it is vital to create property rights to the resource through some form of ITQ to make the privatization effort sound, the NIWA fisheries biologist agreed. Once you produce an individual TAC, the business model becomes much more predictable, the management of the resource receives more attention toward sustainability, and there are tremendous economic advantages to both the fisher and the nation as the industry become focused on efficiency. Improvements in fishing practice will not improve without this linkage.

Finally, when asked if NZ had a long-term research plan in place, the fisheries biologist said there was not a plan, but it was recognized as being important and there was a significant effort in place to produce this plan. Long-term, in the opinion of the NZ fisheries biologist, was five years. With a long-term plan in place, it would then be possible to have multi-year contracts. Currently all contracts are renewed annually. A 2-3 year contract for stock assessment makes fiscal and scientific sense, but it requires a long-term plan to be in place.

In closing, the NZ fisheries biologist suggested a paper published in 1998 describing several case studies on contested stock assessment (assessments done by the industry because they feel the agency is not accurately assessing the stock) that might offer some additional viewpoints on how privatization has impacted this aspect of fisheries management. I have attached a copy of this paper. In summary, the NZ fisheries biologist agreed that the stock assessment function was vital, but in NZ MFISH has devised a way of privatizing this function without jeopardizing the continuity of the assessments by requiring the use of the same vessel and gear, but contracting the personnel. By privatizing, the NZ fisheries biologist believes that the science is better because it is not encumbered by political pressures that are ubiquitous to the fisheries. All fisheries research is funded by the industry, and that research is heavily focused toward commercially relevant species. The managing agency, MFISH, only sets policy and administers research, all other fisheries functions have been privatized. A long-term research plan is needed to ensure greater continuity in recurring functions and to provide a focal point for new activities. Finally, the industry must be under an individual quota program of some sort to make the privatization process successful.



**Cooperation with Other Research Institutions for Improved Stock Assessment,
Modeling, Biological/Ecological Knowledge, and Management**
Submitted by Mead Treadwell

Idea:

Convene Alaska's publicly supported marine research, oceanographic and monitoring institutions, private institutions, and federal and state agencies to cooperate in joint research and monitoring programs in geographic regions of the state.

1. Teams of scientists and managers from ADF&G and other marine and oceanographic research agencies and institutions would, for each of several appropriate geographic areas of the state, identify research and monitoring and modeling programs necessary to
 - a. maintain sustained yield management for key species
 - b. provide ecological models that use physical and biological monitoring to provide real-time ("nowcast") and forecast stock assessments
 - c. improve basic biological and ecological knowledge
1. The monitoring and research plans would identify capital and operating needs and potential funding sources from the Department's current activities and from outside sources. Major endowments exist or are pending for marine research, totaling at least \$300 million, in the following areas:
 - a. Southeast Alaska, as part of recent Salmon Treaty negotiations
 - b. The Gulf of Alaska, Cook Inlet and Prince William Sound, as a result of Congressional creation of the Prince William Sound Oil Spill Recovery Institute and the *Exxon Valdez* Trustee Council's creation of a research endowment
 - c. The North Pacific in general and the Bering Sea in particular, as part of the dedication of Dinkum Sands funds in an endowment to be managed by a North Pacific Board. In addition, several interagency funds exist to study the Bering Sea or to respond to fisheries failures in Bristol Bay and Norton Sound.
1. The Alaska Department of Fish and Game plays a role in the governance of each of the research programs identified above. The Committee is concerned that funds provided for basic stock assessment and fisheries management are inadequate today, and it suggests this approach as one way to practically define both capital and operating needs on a geographic basis, and to identify means of bringing new funding and efficiency to the process. We do not believe funds should be redirected from existing management while these plans are constructed and funded. Currently, the Committee finds ADF&G scientists collaborate between divisions of the department and, less frequently, collaborate with scientists outside the department. The Committee believes that the process of developing research and monitoring programs to support both research goals and management goals has the potential to provide:
 - a. More effective research and improved management information
 - b. Greater cost sharing between programs
 - c. Greater public involvement in and understanding of the science behind management
 - d. Easier integration of new technologies and techniques into fisheries management
 - e. Longer-term, stable funding for the department's basic mission, as modeling would help identify both capital and operating needs more clearly for the legislature
 - f. Protection of our resources by measuring and managing them in relation to each other, not just on a species-by-species approach.
 - g. Better definition of Alaska's research agenda.
 - h. Development of a remote sensing industry, and bring up Alaska expertise in nowcast-forecast modeling for export to other areas of the world
1. The cooperation envisioned by the Committee does not have to be mandated or authorized, but it could be supported by resolution and oversight. Cooperation may be accelerated if the legislature and the department were to authorize, fund and undertake the planning necessary to define a program in each geographic area, and to establish a policy that ADF&G and other state appointees would pursue funding to support these programs with the various sources now available. The legislature should also encourage the University of Alaska and ASTF to participate.



Overview of Department's Developing Fisheries Program

Submitted by Amy Daugherty

New fisheries were historically developed in the following manner:

1. Industry saw an opportunity to develop a new fishery on an unused species or stock and then applied for an exploratory permit from the commissioner or petitioned the Board of Fisheries to open a fishery.
2. Agency biological assessment of the target stock typically did not occur until after the fishery had commenced.
3. Stock assessment and inseason management efforts played catch up to the fishery.

The public, industry, and the department agree that this approach does not foster wise fishery management. Declining funding for fisheries management magnifies the inherent weakness of playing catch-up. The only way to play catch-up in a time of declining funding for managing new and developing fisheries is to take funds from existing and developed fisheries.

Assuming that public funding for fisheries management will continue to decline, an alternative to developing new fisheries, that doesn't depend on state operating funds, needs to be developed. This is something people in industry have been discussing for a couple of years. Industry recognizes that it will require those industry parties interested in developing a new fishery to shoulder more of the burden for stock assessment and management. It will also require more thought and planning in the start-up of new fisheries.

While people recognize the need and have ideas about what potential solutions might be, there is yet no agreement on what a new developing fisheries policy might look like. Some of the approaches that may be appropriate include: bidding out development rights to a specific species in a specific area, industry collection of data under agency supervision, industry contracting with the department to conduct stock assessment and management, a special assessment on the value of product harvested in a new fishery, or a combination of measures.

Recommendations

The subcommittee supports the proposition that stock assessment and management capability must be in place at the beginning of a new fishery. Achieving this is going to require increasing private sector involvement.

The department is working with industry and the broader public at this time on a specific proposal for developing new fisheries. In the near future a draft policy will be presented to the public for review and comments. The subcommittee recommends that this process continue to go forward.



Electronic Data Collection and Reporting

Submitted by

Patrick K. Simpson Stephanie Madsen
Scientific Fishery Systems, Inc. Pacific Seafood Processors Assoc
November 11, 1999

Opportunity:

There has been a great deal of work done by fisheries management agencies in the U.S. and abroad that are attempting to use technology to collect fisheries data more efficiently, more rapidly, and at a lower cost.

There are several opportunities afforded by electronic collection and reporting of fisheries information:

1. the reduction of paperwork required by individuals will reduce the cost of management,
2. the increased accuracy of the data collected will allow ADF&G to manage with the best information possible,
3. the improved speed of the data collection process will allow ADF&G to respond quickly using the best information available, and
4. the improved utilization of the collected data will allow ADF&G to maximize the use of all the available information when making its management decisions.

Recommendation:

The ADF&G Privatization Subcommittee recommends that ADF&G do the following:

1. continue to identify the information and data needs that it requires to manage in accordance with regulations,
2. continue to work with other agencies, inside and outside Alaska, to accelerate the development of electronic reporting,
3. publish specifications describing the information that must be collected and transferred, the format for the data being transferred, and the protocols under which this transfer must occur,
4. require all entities to electronically submit their information in the required format,
5. utilize the private sector for the development and maintenance of the software and associated communications infrastructure, and
6. facilitate an open process for providing electronic reporting solutions through the implementation of a certification program that would allow any software vendor to produce a software solution that met the department's specifications.

Justification:

After reviewing several of the electronic data collection and reporting programs currently underway in Alaska, the United States, and internationally, there are some guiding principles that have emerged that justify this recommendation:

1. Electronic reporting presents a cost savings opportunity in many areas, but there needs to be a cost-benefit analysis done across all data collection and reporting functions to be able to properly determine what the actual cost savings. As an example, it could be possible to incorporate data reporting and vessel monitoring in one onboard application and it could be possible to utilize the same web portal for selling fishing licenses and providing data reporting.
2. There are current electronic data collection and reporting programs underway in several forms both in Alaska, in the Lower 48, and abroad. A great deal of effort has already taken place in the design of electronic data collection and reporting systems. It would be possible to bootstrap an electronic reporting system design by starting with this body of work. An example of one of these systems is found in the attachment (Electronic Fish Catch Logbook System Design, Northwest Fisheries Science Center, National Marine Fisheries Service, 20 April 1999).
3. There are business models currently in place that shift the development costs of the electronic collection and reporting systems entirely to the developers in return for cost savings in their operations or access to the market. The following are examples of this business models being invoked today:

- Sitka Sound Seafoods is working toward an electronic reporting system that would replace the paper fish tickets with electronic tickets. Sitka Sound is doing all of the development at their cost because the amount of cost savings more than justifies their investment. Furthermore, when the program is completed, they are willing to give the software to ADF&G to freely distribute to other buyers across Alaska.¹
- NMFS Alaska Region Office and Alaska Dept of Fish and Game have agreed to pursue the development of a single reporting system for Groundfish deliveries that will further simplify reporting and greatly reduce reporting burden on the industry. The system would be developed during 2000 for implementation in 2001.²
- The Alaska Science and Technology Foundation has funded an electronic fish ticket program developed by Bill Wiebe. This project is utilizing computer technology to capture and report salmon harvest information between the tender fleet and the processors. It will develop software to relay catch data compiled by the fish ticket printer system to the processor's office for interface with their existing accounting software.³
- Ocean Logic, L.L.C is an Alaskan company developing software that facilitates the electronic collection, transfer, dissemination and use of harvest and production data from commercial fishing operations, primarily Federal fisheries at this time.⁴
- NMFS Northwest Fisheries Science Center has an Electronic Fish Catch Logbook program under development. In this program, the onboard data collection portion of the system is being developed by Scientific Fishery Systems, Inc. in return for exclusive access to the market.⁵
- The Atlantic Coastal Cooperative Statistics Program is a cooperative state-federal marine and coastal fisheries data collection program. The goal of the program is to cooperatively collect, manage, and disseminate fishery statistical data and information for the conservation and management of fishery resources of the Atlantic coast and to support the development and operation of a national data collection and data management program.⁶

¹ John Sevier, Sitka Sound Seafoods, Sitka AK, jsevier@ssssitka.com.

² Letter to Richard B. Lauber, Chairman of the NPFMC, from David Benton, Deputy Commissioner, ADF&G, and Steven Pennoyer, NMFS/ARO, dated October 6, 1999.

³ Alaska Science and Technology Foundation, www.astf.org, select the "Grants and Proposals" link, and search by keyword "Wiebe."

⁴ Ocean Logic, LLC, Ocean Logic, LLC 234 Gold Street Juneau AK 99801.

⁵ Electronic Fish Catch Logbook Program, <http://research.nwfsc.noaa.gov/logbook/index.html>, Carol Murray, Program Manager, NMFS/NWFSC, Carol.A.Murray@noaa.gov, Private Sector Partner, Scientific Fishery Systems, Inc, www.scifish.com.

⁶ Atlantic Coastal Cooperative Statistics Program, 1444 Eye Street, N.W. Washington, DC 20005, www.accsp.org.



**Department of Fish and Game
Division of Administration
Completed and Future Licensing Technological Enhancements**

Enhancements Already Completed:

- Professional License (Taxidermy, Fur Dealer, Game Farm, etc.): License is now a certificate that can be displayed at the place of business. Licensee keeps same number for each renewal. Licensee also receives automatic renewal notices informing them that it is time to renew their license. Date: April 1997.
- Permanent Identification Card: residents who meet disabled veteran requirements receive a computerized form and permanent card. (Requirement changed in 1998. Veterans were previously required to renew each year.) Date: November 1997.
- Internet inquiry of license file for Department of Public Safety. Date: December 1998.
- Computerization of licenses/forms issued by ADF&G (headquarters): Date: January 1998.
- Sport Fishing/Hunting/Trapping License(s): computerized license is perforated at bottom of page. Top of form can be changed at any time to reflect any changes in statutes, emergency orders, etc. that we may want to send to the licensee.
- Crewmember License: computerized license similar to sport license above.
- Big Game Tag Record: two part perforated form. Hunter keeps top part and sends bottom part back to the department. Form clearly identifies what types of big game tags were purchased by the hunter.
- Sport license application is available on the internet. Date: January 1998.
- Licensees purchase licenses from ADF&G (headquarters) Licensing Section using their credit card. Date: April 1998.
- Licensees purchase licenses/tags in Fairbanks regional office (can also use their credit card). Date: May 1999.
- Licensees purchase licenses/tags in Anchorage regional office (can also use their credit card). Date: July 1999.
- Harvest Information Program (HIP): Federal mandate to identify migratory bird hunters. Hunters able to register for this program through a 1-800 system beginning August 1, 1998.
- Internet Sales - Licensees purchase crewmember and sport licenses/tags over the Internet beginning October 1, 1999

Enhancements In Progress:

⇒ 1-800 sales - Licensees will be able to purchase sport licenses/tags by telephoning a 1-800 service. Licenses/tag will then be sent via mail to the licensee.

- Time Frame: To be completed by December 31, 1999.

Future Enhancements:

⇒ Computerize Fairbanks and Anchorage offices selling of licenses and tags similar to ADF&G headquarters.

- Time frame: To be completed by March 1, 2000.

⇒ Hunters will be able to apply for permit drawings on the Internet.

- Time frame: to be completed by April 1, 2000

⇒ Vendors sell computerized licenses: As a pilot, offer the opportunity for the top 20 stores in Alaska to automate their sales, by installing a computer onsite.

- Free up their staff time in manually processing licenses.
- Automates calculation of sale amount.
- Automates Collection Report.

- Possibly implement electronic transfer of sales revenues to the state.
- Feed the license into our data base keeping the data base more current.
- Time frame: To be completed by January 1, 2001.

⇒ Paperless Licensing:

- Proposed change in Statute, HB 164, to allow electronic number processing. Electronic number enables licensees to purchase a license or stamp anywhere in the world at any time of the day without worrying whether a vendor will have the stock they wish to purchase in the location they are flying into upon arrival.
- Department of Fish and Game programs that need to be reviewed as part of transition to paperless licensing:
 - SF harvest records
 - WC harvest tickets
 - King salmon stamp
 - Waterfowl stamp
- Need to work with Public Safety, Fish and Wildlife Protection to insure that all enforcement concerns related to paperless licensing are addressed.



ADF&G Research Vessel Program

Submitted by Amy Daugherty, 10/26/99

The question is not "should the department contract out to the private sector to conduct stock assessment research" but rather "should ADF&G contract out *all* or significantly more of their stock assessment research needs."

Overall, the department has a much larger need for vessels than their current fleet of five large manned research vessels can accommodate. Presently they already frequently contract with the private sector for vessels, skippers and crew. The department supplied the following information on the amount paid out to private contractors for vessel and aircraft charters over the past four fiscal years:

ADF&G payments to private vessel and aircraft contractors

Year	Vessels	Aircraft
FY99	773.6	2,241.4
FY98	679.2	1,736.8
FY97	932.3	1,857.0
FY96	1,123.4	1,935.0

The total amount of state funds expended on the statewide vessels program is approximately \$1.2 million. This includes funding for professional vessels personnel and operational expenses. The five research vessels are the *R/V Resolution* based in Kodiak, the *R/V Montague* (Cordova) and *R/V Pandalus* (Homer), the *R/V Medeia* (Juneau), and the *R/V Sundance* (Petersburg). The *R/V Resolution* and *R/V Medeia* operate with a three-person crew while the other vessels are operated by two-person crews.

Utilization of state vessels enables efficient scheduling of sea time to make for the most cost effective use of the state's resources. Freight hauls to remote field camps, fishery marker maintenance, field crew pick ups/drop offs, are often dovetailed into existing stock assessment surveys, eliminating the necessity for additional charters. The current vessel program works cooperatively with a number of industry and agency projects. For example, the PWS herring and pollock surveys are completed with cooperation of local processors who pay for costs of a commercial fishing vessel, the PWS Science Center who provides acoustic expertise and the state vessel which provides a research platform for collecting acoustic data and housing scientific staff.

Further cost savings are achieved through utilization of the same equipment and crews for repetitive surveys. Scheduling is more precise, set up time is minimized, and experienced skippers know the most efficient ways to complete the survey and collect reliable data. If private sector vessels are utilized, deck equipment is not standardized, and, as a result, setup takes longer and unanticipated delays are more likely to occur. State employee time is less efficient in these situations. Lacking the continuity of vessel and crew, surveys often take longer to complete, and data is less reliable.

The main impediment to full-scale contracting is cost. Vessels of the kind the department needs for stock assessment activities are owned by people who participate in fisheries and the timing of stock assessment activities often conflicts with ongoing fisheries. The department therefore is "buying a boat out of the fishery" in order to secure its services which can be prohibitively expensive.

Availability is also an issue. Uncertainty of actual time at sea and the need for flexibility of scheduling of mission are factors which do not easily lend themselves to contracting. In many cases, the department must juggle vessels schedules in order to be responsive to program needs.

State vessels are immediately available in an emergency, i.e., *Exxon Valdez* oil spill or search and rescue efforts, while a chartered vessel is not.

Research and stock assessment operations are becoming more mathematically sophisticated, and are tending toward more use of sophisticated electronics which are not "off the shelf" devices. Supporting these types of operations requires both platform modifications and a willingness and ability of ship's crews to understand specialized technology.

Utilizing state vessels also provides for consistency in vessel characteristics and crew needed for stock assessment/indexing surveys. All vessels possess different fishing characteristics, even if have they have the same dimensions, specifications, and gear. The primary value of consistent survey methods is reliable data and credible results.

The costs for state versus operation of a private vessel are similar except for:

- 1) Debt servicing for purchase of the vessel often exists for a private vessel;
- 2) The owner of the vessels must earn a profit, the state does not;
- 3) State self-insurance is substantially cheaper.

Agencies that do a substantial amount of chartering (U of A, UNOLS, NURPS, NOAA) have found it necessary to employ full time personnel to handle charter contracts, for reasons of safety and effectiveness. While the department is able to "get by" at present amounts of chartering, substantial increases could mandate additional personnel.

Using private vessels could threaten the confidentiality required in AS 16.05.815 regarding crab survey information.

Sometimes the cost of vessel operations is not fully funded. For example at UAF, a significant portion of the cost of the Alpha Helix is born by research grants. In Southeast, the costs of operating the Media and Sundance are not fully funded. When another agency wants to use another agency's vessel, they must pay a daily charter rate. In fact, it has been through this kind of cooperation with outside agencies and through federally funded research programs that the department has partially covered the annual operating cost for some of their vessels.

Recommendations

The subcommittee feels that department has developed a cost-effective mix of state and private vessels in their program. State vessels provide core, season-long services that are often cheaper than private vessels while private vessels provide the variable, mission-specific platforms that the core fleet cannot undertake or that are provided at a lower cost or more efficiently.

The subcommittee acknowledges and supports the department's efforts to develop cooperative relationships with industry and other state and federal agencies to conduct stock assessment and research activities using department research vessels.

The department is encouraged to charter private vessels to conduct research and fishery monitoring activities when:

- a) The project to be chartered can be precisely delineated in the contract with respect to length of time, precise tasks to be performed, locations, work times, equipment manifests, and personnel (both shipboard and scientific).
- b) The project does not require specialized scientific equipment.
- c) A vessel can be located to fulfill project requirements at the time it is needed.



Test Fisheries and Test Fish Funds

ADF&G Privatization Sub-Committee

Submitted by Sue Aspelund

9/30/99

Purpose of Test Fish Funds Receipts: This funding source within the Division of Commercial Fisheries is a Designated Program Receipts account which funds a variety of vital fisheries resource monitoring and assessment projects (salmon run strength, migratory timing, stock I.D. catch sampling, escapement enumeration projects, crab pot surveys, groundfish longline surveys, and herring and pollock hydro-acoustic surveys). Fish and shellfish taken during test fisheries or harvested under direct contracts are sold, as authorized by AS 16.05.050(15), and the receipts deposited in the Test Fish Fund. The revenues generated from the sale of these fish and shellfish are then used to pay for the costs of these projects.

Background: The Test Fish Fund was first established in the early 1960s as a way to both prevent waste of fish taken for ADF&G resource assessment programs and to establish a funding mechanism to pay for the necessary programs. The legislature instituted a program receipts mechanism to finance the test fish program. As part of the department's budget, the legislature and the governor (with the legislature setting the limits on expenditures) must authorize program receipts. They may also place other limitations on the fund by expressing intent as to its use, limiting expenditure by line item, or specifying sources of income for the fund. So far the legislature has only set an expenditure limit on the fund, and no other intent relative to use of the fund.

Through the 1970s and early 1980s the Fund was used primarily to offset the cost of test fishing operations. Beginning in FY 88, the legislature decided to expand use of the Test Fish Funds to pay for fishery management and research. The legislature shifted GF projects over to Test Fish Funds in order to prevent cuts due to seriously declining oil revenues. At that time, the focus of Test Fish Funds changed, and projects that did not involve actually catching fish as a means of stock assessment were transferred to the Fund. These projects have been judged by the department as sufficiently important to justify the harvest and sale of fish in order to assure their continuation (stock I.D., catch sampling, salmon smolt enumeration, and hydro-acoustic and aerial surveys).

Total Test Fish Fund receipts between FY 95 and 99 have ranged from a low of \$1.6 million to a high of \$2.2 million. The Total Receipt Authority for the same years has ranged from \$1.9 million to \$2.8 million. FY 99 Receipts equaled \$2.2 million, and the FY 99 Receipt Authority was \$2.8 million. FY 98 Expenditures were \$1.87 million (FY 99 figures were not uniformly available.)

There appear to be at least four factors limiting the utilization of and/or expanded use of test fish funds: (1) legislative receipt authority; (2) high demand for subsistence salmon harvests in some areas; (3) poor market conditions; and (4) support issues by the public for the projects (i.e., the commercial fisheries from whose common property harvests the fish are taken). Many fishermen are totally opposed to any Test Fish Funds program. They believe that it is the state's responsibility to adequately fund basic research and management functions since the commercial fisheries of the state provide more revenue into state coffers than is expended to manage the fisheries.

Policies/Procedures/SOPs (Standard Operating Procedures): Absent legislative intent, the department has developed its own policies on the operation of the Test Fish Funds. The policy recognizes that the fish being harvested could otherwise be taken in common property fisheries, and therefore, must be operated as efficiently as possible. When there is a project for which no revenue can be generated, the policy allows for generation of revenue by selling fish for the purpose of funding projects that would not otherwise be funded. For this type of project, public input as to the value of the project is solicited, public support measured, and the results presented to the director for approval of the project. If, in spite of legislative and gubernatorial support, there is substantial industry opposition to a project it will be taken by the department to the Board of Fisheries for discussion. Test fish harvests will be reviewed relative to stock levels to ensure that such harvests do not significantly impact the reproductive potential, sustainability or recovery of a stock. For this reason, some projects may not operate every year, or may not generate

revenue every year. Some projects cannot generate sufficient revenue to pay for themselves without compromising their scientific purposes. Due to this, some projects are required to generate more revenue in order to pay for those that cannot.

The department is required to acquire a Test Fish Funds permit card from CFEC, record harvests on fish tickets, and sell only to licensed buyers. Receipts are credited to the fiscal year in which the fish are harvested. As a general rule, Test Fish Funds revenues are to be kept within the fishery that generates the revenues. The director may, however, authorize the use of excess revenues from one project to offset expenditures for other projects within the management area or region that generated those revenues. Test fish revenues in excess of those needed to offset test fish expenditures within a management region will normally lapse into the General Fund, unless the director determines that those revenues are needed to address other resource assessment needs within the region or division. The Alaska Board of Fisheries mandates some projects.

Conclusions: After review of each region's FY 99 Test Fish Funds and Test Fisheries projects, it appears that most provide information which enable the department to optimize its ability to make responsive real-time management decisions. Should the department not have the information made available by these projects one could reasonably expect far less utilization of stocks due to more conservative management, poorer quality harvests, and potentially, greater harvest impacts on wild stocks. Without access to some of these project funds, some fisheries might have to be closed altogether.

Since a majority of Test Fish Funds Fisheries already utilize charter vessels via bid, it appears that there is little likelihood of further privatization available to the program.

Contacts:

Geron Bruce, ADF&G Legislative Liaison
Kevin Duffy, ADF&G Deputy Director of Commercial Fisheries
Doug Mecum, ADF&G Director of Commercial Fisheries

References: (all are available electronically by request from Sue Aspelund)

"Test Fish Receipts Policy"
"Test Fish SOP"
"FY 99 Test Fisheries and Test Fish Funds – Southeast Alaska Region"
"FY 99 Test Fisheries and Test Fish Funds – Central Region"
"FY 99 Test Fisheries and Test Fish Funds – AYK Region"
"FY 99 Test Fisheries and Test Fish Funds – Westward Region"
"CF Division Test Fish Receipts, FY 95-99"



Non-Streamwatch Enforcement Issues

ADF&G Privatization Sub-Committee

Submitted by Sue Aspelund, September 27, 1999

Use of Volunteers for Enforcement: Fish & Wildlife Protection has, in the past, utilized volunteered assistance. However, due to liability issues for both the volunteers and the citizens with which they deal, use of volunteers will likely be used on a very limited basis.

Use of Retired Protection Officers for Seasonal Enforcement: This concept was explored a couple of years ago, but due to concerns raised by the Alaska Police Standards Council and labor issues raised by the employees association, was not pursued.

Disposition of Criminal Fines: Initially, all money from criminal fines, penalties, and forfeitures go into the State's General Fund. Of that amount, the Legislature appropriates those that are related to fish and wildlife cases to the Fish & Game Fund. Then, the Departments of Public Safety and Law receive appropriations from the Fish & Game Fund as determined by? Department of Law uses its share of the funds to pay for a special fish & wildlife criminal prosecutor, and Public Safety uses its share as a portion of its base budget. Legislatively-appropriated General Funds, plus the share of the Fish & Game Fund comprise the core of the Public Safety budget.

Disposition of Civil Fines: The funds from civil cases come from one of two categories: (1) cases arising out of violations or actions that threaten or damage fishery resources; or (2) cases arising out of violations that do not threaten damage to fishery resources.

Money from the first category is deposited into the constitutionally-dedicated Fish & Game Fund. According to statute, these funds are to be used by the state to carry out the goals of Title 16. Public Safety used to receive a portion of these funds, but no longer does so. However, the patrol vessel Stimson was funded by this fund from the settlement of a huge case against Tyson Seafood.

Money from the second category of cases is deposited into the General Fund, some of which is occasionally legislatively-appropriated to Department of Public Safety. The Department of Fish & Game has been the primary recipient of this funding source for various types of projects. ADF&G has RSA'd (Reimbursable Service Agreement) out of this fund to the Department of Law for civil litigation support.

Are Fish & Game Cases Treated Seriously Enough by the Court System? Some courts (judges and magistrates) treat these cases very seriously. Others, however, do not. Courts consistently make calendar and judicial time available for these cases, though. The big differences are in the penalty phase of the cases. The most serious issue is the lack of criminal prosecution time available to pursue the cases. Since the appointment of a special criminal prosecutor, this problem has eased somewhat, but many cases are minimized due to the constraints of prosecutor time. It becomes an issue of priorities: a homicide or sex abuse case is more serious than a fish or game case, and requires a prosecutor to focus their efforts on that.

There is no formal settlement policy. The district attorneys will often settle out the cases with an opposing attorney. Sometimes they contact the trooper whose case it is, but more often than not they don't. Sometimes Fish & Wildlife has direct input in larger settlements, and normally Lance Nelson is used for those discussions.

Public Safety Privatization Sub-Committee: To date the only Fish & Wildlife Protection issues to be discussed is the exploration of further privatization of aircraft and major vehicle maintenance.

RECOMMENDATION: Increase enforcement presence in sport and commercial fishing areas.

Contacts: Delbert Smith, Deputy Commissioner of Public Safety
Colonel John Glass, Director of Division of Fish & Wildlife Protection
Major Joe Damico, Deputy Director of Division of Fish & Wildlife Protection



Appendix B. ADF&G listing of cooperative agreements, revenue cooperative agreements and contracts.

AMOUNT	CONTRACT #	CONTRACT TYPE	CONTRACTOR	SUBJECT
1,218	COOP-00-001	Cooperative Agreement	Port Graham Village Council	monitor subsistence salmon harvests
3,500,000	COOP-00-002	Cooperative Agreement	DIPAC	Juneau Chinook
988	COOP-00-003	Cooperative Agreement	Nanwalek Village Council	monitor subsistence salmon harvests
-	COOP-00-004	Cooperative Agreement	NSRAA	Chilkat River Sockeye Assessment
4,000,000	COOP-00-005	Cooperative Agreement	DIPAC	Transboundary Rivers Sockeye Enhancement
25,000	COOP-00-006	Revenue Coop. Agreement	U.S. Fish and Wildlife Service	Subsistence Migratory Bird harvest Info
-	COOP-00-007	Cooperative Agreement	State Parks	management of access sites
25,000	COOP-00-009	Revenue Coop. Agreement	U.S. Fish and Wildlife Service	Migratory bird subsistence harvest data
317,400	COOP-00-010	Revenue Coop. Agreement	National Park Service	Glacier Bay Fisheries Compensation
-	COOP-00-011	Cooperative Agreement	Boy Scouts of America Troop 3011	Excess eggs
2,800	COOP-00-012	Cooperative Agreement	Edzeno Native Council	Ethnographic Assessment
2,800	COOP-00-013	Cooperative Agreement	Cantwell Native Village Council	Ethnographic Assessment
2,800	COOP-00-014	Cooperative Agreement	Tanana Tribal Council	Ethnographic Assessment
2,800	COOP-00-015	Cooperative Agreement	Telida Tribal Council	Ethnographic Assessment
61,800	COOP-00-016	Cooperative Agreement	Chugach Regional Resources Comm.	Kodiak Island Youth Area Watch
32,900	COOP-00-017	Cooperative Agreement	Great Land Trust	Open Spaces project
40,000	COOP-00-018	Revenue Coop. Agreement	National Park Service	Wildlife Surveys
150,000	COOP-00-019	Revenue Coop. Agreement	National Park Service	Land use
20,000	COOP-00-020	Revenue Coop. Agreement	U.S. Fish and Wildlife Service	NAPCH Caribou Herd
15,000	COOP-99-001	Revenue Coop. Agreement	Pilot Point City Council	Ugashik River smolt—99
15,000	COOP-99-002	Revenue Coop. Agreement	Lake and Peninsula Borough	Ugashik River Smolt—99
70,000	COOP-99-003	Cooperative Agreement	Matanuska-Susitna Borough	Christiansen Lake Boat Launch
39,000	COOP-99-004	Revenue Coop. Agreement	U.S. Fish and Wildlife Service	Subsistence Migratory Bird Harvest Info
6,664	COOP-99-005	Revenue Coop. Agreement	SSRAA	Hugh Smith Lake Sockeye Fry Planting
22,673	COOP-99-006	Revenue Coop. Agreement	SSRAA	McDonald Lake Fertilization & Sockeye Enhanc
14,913	COOP-99-007	Revenue Coop. Agreement	SSRAA	Salmon Lake Sockeye Planting Evaluation
200,000	COOP-99-008	Cooperative Agreement	SSRAA	Green Lake Chinook Enhancement
-	COOP-99-009	Cooperative Agreement	U.S. Dept of Interior	INAD

10,000	COOP-99-010	Revenue Coop. Agreement	Placer Dome U.S. Inc.	Donlin Creek
100,000	COOP-99-011	Cooperative Agreement	City of Whittier	Whittier Boat Ramp Planning
	- COOP-99-012	Cooperative Agreement	U.S. Fish & Wildlife Service	Earth Quest Wildlife & Wildlands Camp
5,000	COOP-99-013	Cooperative Agreement	USGS	Situk River Gauging station
24,000	COOP-99-014	Revenue Coop. Agreement	U.S. Fish and Wildlife Service	Caribou tracking
9,500	COOP-99-015	Cooperative Agreement	USGS	Gauging station on Cottonwood Creek
60,000	COOP-99-016	Cooperative Agreement	US Geological Survey	Data collection at Pogo Mine
40,000	COOP-99-017	Revenue Coop. Agreement	U.S. Fish and Wildlife Service	Caribou calf survival study
5,500	COOP-99-018	Revenue Coop. Agreement	U. S. Geological Survey	Physiological ecology of walrus
	- COOP-99-019	Cooperative Agreement	Bering Sea Fisherman's Association	Trawl survey
73,000	COOP-99-019A	Cooperative Agreement	Alaska Pacific University	Sharptail Grouse Study
5,000	COOP-99-020	Cooperative Agreement	US Geological Survey	Peterson Creek Stream-gauge
25,000	COOP-99-021	Cooperative Agreement	City of Wrangell	Shoemaker Harbor Restroom
350,000	COOP-99-022	Cooperative Agreement	City of Craig	False Island Boat Ramp
9,732	COOP-99-023	Revenue Coop. Agreement	Kenai Watershed Forum	Kenai River Water Quality
8,762	COOP-99-024	Revenue Coop. Agreement	US Forest Service	Cooper Lake Limnology
	- COOP-99-025	Cooperative Agreement	U.S. Fish and Wildlife Service	Spirit and Unity Camp
4,600	COOP-99-026	Cooperative Agreement	U.S. Forest Service	Salmon Lake Dock and Walkway
7,000	COOP-99-027	Cooperative Agreement	US Geological Survey	Streamgauge on Mendenhall River
	- COOP-99-028	Revenue Coop. Agreement	Rocky Mountain Elk Foundation	brown bear permit auction/raffle
	- COOP-99-029	Revenue Coop. Agreement	Foundation for North Am. Wild Sheep	sheep & bear permit auction/raffle
	- COOP-99-030	Cooperative Agreement	Alaska Fish & Wildlife Safeguard	bison permit auction/raffle
	- COOP-99-031	Cooperative Agreement	Petersburg Rod & Gun Club	elk permit auction/raffle
	- COOP-99-032	Revenue Coop. Agreement	The Alaskan Bowhunters Association	bison & moose permit auction/raffle
	- COOP-99-033	Cooperative Agreement	KTOO-TV	Wolves of Alaska Video
	- COOP-99-034	Cooperative Agreement	Federal Aviation Administration	McGrath Office Space
	- COOP-99-035	Cooperative Agreement	Manilauq, Inc.	Cooperative Subsistence Data Collection
1,400	COOP-99-036	Cooperative Agreement	St. George Traditional Council	Sea Lion and Harbor Seal Research
2,285	COOP-99-037	Cooperative Agreement	Aleut Community of St. Paul	Sea Lion and Harbor Seal Research
	- COOP-99-038	Cooperative Agreement	Norton Sound/Bering Sea Regional	Incubation Facility on Hobson Creek
			Aquaculture Association	
12,000	COOP-99-039	Revenue Coop. Agreement	Colorado Division of Wildlife	Live Lynx Capture
342,100	COOP99039A	Revenue Coop. Agreement	USF&WS/CANCELLED	Subsistence Management Program
8,000	COOP-99-040	Cooperative Agreement	Kawerak, Inc	Cooperative Subsistence Data Collection

- COOP-99-041	Cooperative Agreement	U.S. Fish and Wildlife Service	Salmon in the Classroom Project
342,100 COOP-99-042	Revenue Coop. Agreement	U.S. Fish and Wildlife Service	Subsistence Management
30,000 COOP-99-043	Revenue Coop. Agreement	Natural Res. Cons. Service	Wildlife Habitat Incentives Program
3,578 COOP-99-044	Cooperative Agreement	USDA	lice on coyotes
10,000 COOP-99-046	Cooperative Agreement	AK Native Harbor Seal Commission	Harbor Seal Research
20,200 COOP-99-047	Cooperative Agreement	AK Native Harbor seal Commission	Harbor Seal Research, Information develop
4,400 COOP-99-048	Cooperative Agreement	U.S. Forest Service	Neck Creek Access Trail
3,869 COOP-99-049	Cooperative Agreement	U.S. Forest Service	deer pellet transects
260,000 COOP-99-050	Cooperative Agreement	AK DOT/PF	Dalton Hwy Yukon River Boat Launch
5,000 COOP-99-051	Cooperative Agreement	KTOO-TV	EVOS 10th Anniversary Video
5,000 COOP-99-052	Cooperative Agreement	USGS	Kenai River Boat Wake
35,580 COOP-99-053	Revenue Coop. Agreement	U.S. Fish and Wildlife Service	White Wing Scoters
40,000 COOP-99-054	Revenue Coop. Agreement	U.S. Fish and Wildlife Service	Steel Shot Training
128,843 COOP-99-055	Revenue Coop. Agreement	U.S. Geological Survey	Sockeye Growth Data
- COOP-99-056	Cooperative Agreement	So. SE Regional Aquaculture	Hugh Smith Lake Stocking
20,000 COOP-99-057	Revenue Coop. Agreement	U.S. Fish and Wildlife Service	Goodnews River Weir
- COOP-99-058	Cooperative Agreement	Chitina Native Corporation	Dipnet Fishery Access
- COOP-99-059	Cooperative Agreement	Ahtna Native Corporation	Dipnet Fishery Access
238,000 COOP-99-060	Cooperative Agreement	University of Alaska	Sea Grant Program
20,000 COOP-99-061	Cooperative Agreement	City and Borough of Sitka	Fish Cleaning Station
54,600 COOP-99-062	Revenue Coop. Agreement	Chignik Reg. Aquaculture Assoc.	Sockeye Smolt Studies
- COOP-99-063	Cooperative Agreement	SSRAA	McDonald Lake Equipment Use
19,700 COOP-99-064	Revenue Coop. Agreement	National Park service	Walrus Islands Boardwalks
- COOP-99-065	Cooperative Agreement	U.S. Fish and Wildlife Service	Western Alaska Natural Science Camp
10,000 COOP-99-066	Cooperative Agreement	U.S. Fish and Wildlife Service	Russian Walrus Harvest Study
- COOP-99-083	Cooperative Agreement	Orutsararmuit Native Council	sonar project & gillnet testfish on Kuskokwim
9,900 IHP-00-001	Revenue Contract	Pacific salmon Commission	Sockeye Philonema Prevalance Data
20,670 IHP-00-002	Professional Service	San Jose State University	Rockfish Stock Assessment
20 IHP-00-003	Revenue Contract	Wild North Productions	Video distribution and sales
5,000 IHP-00-003	Professional Service	Aquacoustics	Bendix Data Analysis and Consultation
2,500 IHP-00-004	Professional Service	Expressions	Brown Bear Survey
2,500 IHP-00-005	Professional Service	Dittman Research	Brown Bear Survey
15,000 IHP-00-006	Professional Service	Cpt Black Bart's Charters	Sea Urchin Survey

15,000 IHP-00-007	Professional Service	Al's Alaskan Diving and Services	Sea Urchin Survey
16,500 IHP-00-008	Revenue Contract	U.S. Fish and Wildlife Service	M/V <i>Curlew</i>
- IHP-00-009	Professional Service	VOID	FBX Rangemaster
3,000 IHP-00-010	Professional Service	HTI	Elliptical vs. Circular
40,000 IHP-00-011	Professional Service	Arktos & Associates	Brown Bear Planning Facilitator
- IHP-00-012	Revenue Contract	Ocean Olympic Fisheries, LLC	Onboard Observer
64,600 IHP-00-013	Revenue Contract	Delta Oceanographics	R/V <i>Medeia</i>
6,500 IHP-00-014	Professional Service	Herron and Associates	Strategic Planning training
5,000 IHP-00-015	Professional Service	Out to Bid	Fbx Shooting Range Lead Level Testing
4,000 IHP-00-016	Professional Service	Classic Design & Typography	AWC Layout
5,000 IHP-00-017	Professional Service	Expression, Inc.	AWC editing
2,400 IHP-00-018	Professional Service	Dan and Heidi Chae	Stakeholder Group Scribe
50,000 IHP-99-001	Professional Service	Nextlink, Inc.	Migratory Game Bird Harvest Information Prog
160,000 IHP-99-002	Professional Service	Kenmore Air Harbor	De Havilland Beaver Exchange
21,174 IHP-99-003	Professional Service	San Jose State Univ-Moss Landing	Rockfish Stock Assessment
9,900 IHP-99-004	Revenue Contract	Pacific Salmon Commission	Sockeye <i>Philonema</i> Prevalence data
11,702 IHP-99-005	Revenue Contract	North Slope Borough	Aerial Survey of Beluga Whales
12,000 IHP-99-006	Professional Service	U.S. Fish and Wildlife Service	M/V <i>Curlew</i>
1,000 IHP-99-007	Professional Service	C. Deming Cowles	Follow-up report
10,000 IHP-99-008	Professional Service	Resource Data, Inc.	Herring Spawn GIS Extension
- IHP-99-009	Revenue Contract	Steiner Prints	Alaska Waterfowl Stamp Print Program
650 IHP-99-010	Professional Service	Jennifer Coggins	AK Wildlife Curriculum Revision
5,000 IHP-99-011	Professional Service	Arktos Associates	Meeting facilitator
10,000 IHP-99-012	Professional Service	Microage	Year 2000 migration
- IHP-99-013	Professional Service	Grubstake Auction	Hide/antler disposal
246,200 IHP-99-014	Professional Service	Texas A&M University	Harbor Seal Lipid Metabolism Testing
2,000 IHP-99-015	Professional Service	Nate Mantua	Alaska Salmon Workshop Speaker
2,000 IHP-99-016	Professional Service	Alan Springer	Alaska Salmon Workshop Speaker
2,500 IHP-99-017	Professional Service	Dick Beamish	Alaska Salmon Workshop Speaker
2,500 IHP-99-018	Professional Service	Randall Peterman - CANCELLED	Alaska Salmon Workshop Speaker
58,663 IHP-99-019	Revenue Contract	Yukon Territorial Government	John Hechtol Salary
30,000 IHP-99-020	Revenue Contract	Cordova Electric Cooperative	Power Creek Environmental Comp. Monitor
25,000 IHP-99-021	Professional Service	Computer Matrix	EVOS Transcribing

2,000 IHP-99-022	Professional Service	Terry Quinn	Alaska Salmon Workshop
2,000 IHP-99-023	Professional Service	Bill Smoker - Cancelled	Alaska Salmon Workshop
2,000 IHP-99-024	Professional Service	Milo Akinson	Alaska Salmon Workshop
3,000 IHP-99-025	Professional Service	Tom Royer	Alaska Salmon Workshop
27,000 IHP-99-026	Revenue Contract	SE AK Regional Dive Fisheries Ass.	Geoduck Study
3,500 IHP-99-028	Professional Service	Doug Whittaker	Facilitator
10,000 IHP-99-029	Professional Service	E-3 Consulting	Economic changes in commercial fishing
- IHP-99-031	Professional Service	Ron's RiverBoat	concessionaire contract
1,291,313 IHP-99-032	Revenue Contract	Pacific States Marine Fish Comm.	AKFIN
- IHP-99-033	Revenue Contract	Exotic Alaskan Seafoods	onboard shellfish observer
25,000 IHP-99-034	Professional Service	Bioeconomics	Burbot, Pike sport fisheries study
9,950 IHP-99-035	Professional Service	Three Rivers Research	Workgroup facilitator
14,267 IHP-99-036	Revenue Contract	Ketchikan Gateway Borough	Red Sea Urchin Fishery
3,000 IHP-99-037	Professional Service	Bill Christie	Hunter Education
3,200 IHP-99-038	Professional Service	Randy Dorn	Hunter Education
1,500 IHP-99-039	Professional Service	Coastwise Engineering	Vessel Stability Training
1,500 IHP-99-040	Professional Service	Accuval-Resco	Land Appraisal
7,500 IHP-99-041	Revenue Contract	Project WILD	Environmental Education and Training
5,000 IHP-99-044	Professional Service	David Welch	Alaska Salmon Workshop
2,000 IHP-99-045	Professional Service	Kate Myers	Alaska Salmon Workshop
2,000 IHP-99-046	Professional Service	Mike Bradford	Alaska Salmon Workshop
2,000 IHP-99-050	Professional Service	Ted Cooney	Alaska Salmon Workshop
2,500 IHP-99-051	Professional Service	Jim Schumacher	Alaska Salmon Workshop
25,000 IHP-99-053	Professional Service	Livingston Stone	Kachemak Bay Consultant
3,850 IHP-99-054	Professional Service	Jennifer Coggins	Project WILD
74,000 IHP-99-055	Revenue Contract	Gronholdt & Associates	Spawn on Kelp Test Fishery
18,000 IHP-99-056	Professional Service	Prince William Sound Science Center	PWS Herring Acoustic Study
4,500 IHP-99-057	Professional Service	Herron and Associates	Strategic planning training
20,738 IHP-99-058	Revenue Contract	Pacific Fishery Management Council	Participation in Council Process
25,000 IHP-99-059	Revenue Contract	North Pacific Fish. Mgmt. Council	Council Liaison Support
3,000 IHP-99-059A	Professional Service	Bruce Finney	Alaska Salmon Workshop
150,000 IHP-99-060	Professional Service	US West	Telephonic license system
70,000 IHP-99-061	Revenue Contract	Cordova Electric Cooperative	Power Creek

5,000 IHP-99-062	Professional Service	Oceanus Alaska	kelp research
49,500 IHP-99-063	Revenue Contract	Kodiak Salmon Packers	Pink Salmon emergent fry sampling
10,500 IHP-99-064	Professional Service	Classic Design and Typography	Alaska Wildlife Curriculum Revisions
46,300 IHP-99-065	Revenue Contract	Pacific States Marine Fish. Comm.	Black Rockfish off SE Alaska
6,762 IHP-99-066	Revenue Contract	U.S. Forest Service	Limnology sampling
4,849 IHP-99-067	Revenue Contract	U.S. Forest Service	Lab Analysis
50,000 IHP-99-068	Professional Service	Alaska Bird Observatory	Banding Station
4,508 IHP-99-069	Revenue Contract	NOAA/NMFS/Auke Bay lab	Otolith Examination
21,260 IHP-99-070	Revenue Contract	NOAA/NMFS/Auke Bay lab	Otolith Exam
5,000 IHP-99-071	Professional Service	Mark Rowland	Workgroup Facilitator
5,000 IHP-99-072	Professional Service	Expression	Alaska Wildlife Curriculum Editing
5,000 IHP-99-073	Professional Service	Marine Consultants Associated	Marine Consultant
14,000 IHP-99-074	Professional Service	Arktos Associates	Kenai Brown Bear Planning Facilitator
10,000 IHP-99-075	Professional Service	Kachemak Country Publications	Kachemak Bay Historical Use
2,000 IHP-99-076	Professional Service	Technical Problem Solvers	Configure workstation
5,000 IHP-99-077	Professional Service	Natalia Varnavskaya	Walleye Pollock Analysis
9,000 IHP-99-078	Professional Service	Dittman and Associates	Brown Bear Information Survey
63,237 IHP-99-079	Revenue Contract	Cordova Electric Cooperative	Environmental Compliance Monitor
35,530 IHP-99-080	Professional Service	NOAA	Satellite radio Tracking
5,000 IHP-99-081	Professional Service	Don Cornelius	State Land Use Planning
5,000 IHP-99-082	Professional Service	SE AK Regional Dive Fishery Ass.	SE AK Dive Fishery Management Plan
5,000 IHP-99-084	Professional Service	ABR	Peregrine falcon study
10,000 IHP-99-085	Professional Service	National Sporting Clays Association	Shotgun instructor certification
3,900 IHP-99-086	Professional Service	Cheryl Scott	Harbor Seal data analysis
46,070 IHP-99-087	Revenue Contract	North Slope Borough	Arial Surveys of Beluga Whales
15,000 IHP-99-088	Professional Service	US Fish and Wildlife Service	M/V Curlew
1,864 IHP-99-089	Revenue Contract	National Park Service	Bear Training
15,000 IHP-99-090	Professional Service	University of Iowa	Scallop shell analysis
6,000 IHP-99-091	Revenue Contract	NSRAA	entry of fish tickets

GOVERNOR

**COMMISSION ON PRIVATIZATION
AND
DELIVERY OF GOVERNMENT SERVICES**

**SUBCOMMITTEE REPORT

ON THE

OFFICE OF THE GOVERNOR**

November 18, 1999

**Subcommittee Members: Wayne Anthony Ross, Chair; Bill Allen, Tom Anderson,
Matthew Fagnani, Cheryl Frasca, Jack Frost, Gregory Hall, Spence Hochstein,
Pauline Martens, Terry Martin, Paul Woerner, Andree McCloud**



Commission on Privatization Office of the Governor Subcommittee

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REPORT OF THE SUBCOMMITTEE ASSIGNED TO THE OFFICE OF THE GOVERNOR

Mission Statement: The Commission on Privatization was created to investigate privatization alternatives and to study methods of improvement of State services. A number of subcommittees were appointed to study various departments of State government. The subcommittees were given instructions to review the departments assigned to them and make recommendations regarding possible privatization of some of those department functions and/or other methods to improve State services. The subcommittees were directed to have recommendations, in the form of written reports, prepared by the end of October 1999. It was generally recognized (and the sub-committees were so advised) that, because of this legislative-directed deadline, the work of the subcommittees would of necessity be limited to only a few immediate suggestions involving the assigned departments, and it would not be possible for such reports to be all-encompassing regarding all aspects of the assigned departments. Instead, the sub-committees were directed to choose one or two aspects of their assigned departments for immediate consideration for privatization and/or improvement. The sub-committees were informed that other aspects of their assigned departments could be left to future consideration, if the life of the subcommittees are extended into future years.

The Subcommittee furnishing this report was assigned to the study the Governor's Office. While all aspects of the Governor's Office were, initially, reviewed via an overview of that office's functions, the Subcommittee chose to focus on what it perceived to be the most immediate problem that emerged from this Subcommittee's overview.

The Office of Management and Budget (OMB) is a part of the Governor's Office. OMB prepares the annual budget for the governor and monitors department and administrative financial policies. The State of Alaska utilizes a budgetary process that is complex, ambiguous and cumbersome for the general public to understand. The Subcommittee believes that one of the first steps towards improving State services is to simplify the budgetary process by improving the accounting and reporting of expenditures and revenue, specifically within OMB.

This Subcommittee report makes the following five suggestions (paragraphs 1-5) regarding preparation, presentation and evaluation of the State budget:

- 1) The budget should be complete, yet comprehensible to Alaskans;
- 2) To accomplish this, professionals from the private sector should be utilized;
- 3) Once a complete but comprehensible budget has been completed, further privatization studies should be undertaken to reduce the cost of government;
- 4) General fund parameters should be established in the budget process; and
- 5) A firm schedule and procedures for development and reporting of the budget should be established.

This Subcommittee also makes a separate recommendation (paragraph 6) to improve the methods utilized to encourage State employees, and other Alaskans, to furnish their input in the streamlining of State Government, in reducing the cost of government, and in improving the budget process.

Background: The Office of the Governor, though not an actual "department" in terms of budget reporting, is the smallest agency within the State's Operating Budget. Also considered a branch of government, in association with the executive and judiciary, the Office of the Governor houses the Office of Management and Budget, Division of Elections, and Human Rights Commission. In FY2000, the total Operating budget for the Office of the Governor was \$18,775,800.¹

1) THE BUDGET SHOULD BE COMPLETE, YET COMPREHENSIBLE TO ALASKANS

The budget process is very detailed and intricate, but it need not be written so complexly that analysts and the public alike cannot adequately understand or interpret its contents. Full disclosure of the costs for all sections of this budget, including "front sections" of both the operating and capital budget, will afford a more accurate and comprehensible report for the bureaucracy and the legislature to disseminate to the public. Clarity in the presentation of financial principles, concepts and terminology surrounding the budget should be emphasized to prevent deceptive reporting, as well as to encourage public trust. To this end, the Alaska Constitution and mandates by the voters should be an integral part of each budget cycle and the compilation of the annual budget must have safeguards to prevent improper activity.

Through a simplified presentation, perhaps adopting corporate and/or business-style reporting practices, the entire process could be easier to scrutinize, less costly and burdensome to produce, and ultimately beneficial to the State in terms of a cost effective

¹ Source: Conference Committee total - found in State of Alaska, Legislative Finance Division, FY2000 Operating Budget Summary.

operating and capital budget. An entire State financial accounting "package" could be combined as an all-encompassing unit, rather than in increments that delay the legislature and the public from receiving the full proposal. Anticipated/forecasted spending and revenue sources would avoid delays and cumulative committee review if provided in a thorough and understandable format. The upcoming legislature would benefit by receiving the budget at least 72 hours after released by the Free Conference Committee and before any full consideration of the budget by the Legislature.

2) TO ACCOMPLISH THIS, PROFESSIONALS FROM THE PRIVATE SECTOR SHOULD BE UTILIZED

When the State budget is compared to the budgets of corporations and other business forms whose budgets follow conventional "accounting" format, it is clear that such private sector presentations require less assistance to review and understand.

While it may be argued that the complexity of the State budget is a result of the checks and balances of government imposed through legislative scrutiny and executive veto power, in actuality, no technical difference exists between governmental and private sector accounting methods. The calculations are the same, the mathematics do not change and the general accounting principles are identical. In fact, the major national and regional accounting firms have qualified staff who are often contracted to perform compilation reviews and government audits for various divisions. As a result, a complete transfer of an agency's budgeting process to the private sector might be less costly in training and educational expense considering the absence of the necessity of a learning curve by participants from the private sector.

There are numerous types and techniques of privatization. *Outsourcing* allows the state government to contract with a private organization, for-profit or non-profit, to provide a service or part of a service. The Human Rights Commission, housed under the Governor's Office, is a good candidate to be outsourced to a non-profit entity for cost reduction and to ensure neutrality (provided, of course, that Federal laws and regulations allow such a procedure). *Management contracts* allow for the operation of a facility to be contracted to a private company. *Public-Private competition* (also referred to as "managed competition" and "market testing") open public services to competition and in-house public organizations are allowed to participate in the bidding process. *Franchises* afford a private firm exclusive rights to provide a service within a geographical area. *Internal markets* allow departments to purchase support services such as printing, maintenance, computer repair and training from in-house providers or outside suppliers. Market forces are "brought to bear" within the organization and internal customers can decline internal service providers should the quality be unacceptable or costs too high. Obviously, the remaining options are *commercialization*, *corporatization* (the state currently has

5 state-owned corporations) and *vouchers* (private school choice).²

3) ONCE A COMPLETE BUT COMPREHENSIBLE BUDGET HAS BEEN COMPLETED, FURTHER PRIVATIZATION STUDIES SHOULD BE UNDERTAKEN TO REDUCE THE COST OF GOVERNMENT

A lengthy and intricate privatization study is not conducive to solving the problem.³ Results matter, rather than "studying something to death." Even a report that assesses two or three budgetary schemes, recommended by private sector institutions, would be of use in improving the efficiency and clarity of the reporting process. If the OMB was to provide an alternative budget, coupled with recommendations from chief fiscal analysts in the Department of Revenue and Department of Administration, the selectivity and range of alternatives (public and private sector) would be comprehensive and such a presentation would allow thorough comparisons.

The Subcommittee believes that time is of the essence in adopting this budget revision. There should not be a lengthy delay in adopting prudent and comprehensive budgetary strategies. A schedule encompassing no more than one (1) year should be given to a salaried committee to pursue a privatization study. The sunset of the salaried committee would be immediately prior to the convening of the Twenty-Second Legislature, with a full report provided to the legislative and executive branches and accessible to the public by hard copy and Internet. The committee tasked with performing this study should contain individuals with both private and public backgrounds. It should be well-funded to aid in research and to allow it to remain autonomous from any governmental entity. The study would have specific duties sent forth in the legislation establishing that committee.

4) GENERAL FUND PARAMETERS SHOULD BE ESTABLISHED IN THE BUDGET PROCESS

Whereas this Subcommittee is specifically addressing the Office of the Governor, revisions to the foundation of the budget will assist all departments. To that end, it is submitted that the "general fund" should be defined as the fund in the state treasury consisting of all funds and accounts and all monies, revenues, and proceeds of a tax or license, except: the Permanent Fund established by Art. IX, Sec. 15 of the Alaska Constitution; the Budget Reserve Fund established by Art. IX, Sec. 17 of the Alaska Constitution; proceeds of any tax or license dedicated under Art. IX, Sec. 7 of the Alaska Constitution; federal funds; trust assets held by the state as trustee of an expressed trust; and funds held by public corporation except as otherwise

² Source: Privatization Database (Sep. 1999).

³ Neither, of course, is the current (possibly short-lived) Commission on Privatization, although the Commission is a good first step.

provided by law.

The "statutory treasury" should include all money, assets, and property and interests in property, whether real or personal, tangible or intangible, owned, held, or otherwise subject to use or disposition by the State of Alaska. As for "program receipts," the reference in the budget to "the amount available for appropriation" and "funds available for appropriation" should mean: the unrestricted revenue accruing to the general fund during the fiscal year; general fund program receipts as defined above; the unreserved, undesignated general fund balance carried forward from the preceding fiscal year that is not subject to repayment obligation imposed by Art. IX. Sec. 17(d) of the Alaska Constitution; and the balance in the Statutory Budget Reserve Fund.

5) A FIRM SCHEDULE AND PROCEDURES FOR DEVELOPMENT AND REPORTING OF THE BUDGET SHOULD BE ESTABLISHED

Timely reporting of the budget is the lifeline to its existence. It is also one of the primary concerns of the Subcommittee. If reasonable dates are established for recommendations, compilation, overview and presentation - the State budgetary process would be far more efficient.

The OMB is essentially in charge of this process, yet it resides under the Office of the Governor. Such gubernatorial purview should not be so extensive. Further, all State operating items and grants to non-profit or profit organizations and business should be in the annual operating budget. They should be visible, discernible and not hidden in the capital budget in the final days of legislative debate through conference committee interaction.

The total budget must be presented to the governor no later than December 31st of each year. All state expenditures, toward any purpose, should be fully disclosed (as in private enterprise) annually, as well as orally presented and in writing. All other recommendations should be completed no later than the end of the fiscal year.

A unified procedural system will allow for better government and public review. It will put state officials and our legislators on notice that the budget can no longer be fast-tracked without accountability. Time constraints and reporting requirements will ensure the budget can be accessed, reviewed and ultimately revised if necessary. The end result will be more efficient fiscal planning for the State, with private and public sector forces working in unison.

6) IMPROVE THE METHODS UTILIZED TO ENCOURAGE STATE EMPLOYEES, AND OTHER ALASKANS, TO FURNISH INPUT IN THE STREAMLINING OF STATE GOVERNMENT, IN REDUCING THE COST OF GOVERNMENT, AND IN IMPROVING THE BUDGET PROCESS.

An analysis of the State's limited adoption of an "employee suggestion program" revealed this process is not utilized to its fullest capacity. State employees are seldom encouraged to recommend cost-reduction ideas in their respective offices, nor do these agencies solicit substantive input from their staff. Yet, employee contributions to public-sector management's attempt at cost-savings has been proven to increase productivity and reduce overall costs. It is further noted that certain State employee fear reprisals from superiors for making such recommendations. Protection under "whistle blower" laws do not diminish the apprehension of employees who fear adverse consequences from questioning current State procedures, when the employees have suggestions and ideas that, if utilized, could improve governmental services and reduce costs.

One recommendation to improve this situation is to implement a program evaluation system whereby State employees have a forum to generate ideas and suggestions regarding time savings, productivity, profitability, service quality, safety, and customer service. A procedure should be established to compensate and/or otherwise recognize employees who suggest cost reductions, while maintaining anonymity if requested. Regular publication, distribution and commentary by staff would be encouraged, through routine reassessment and recognition.

SUMMARY

During the course of meetings of the Subcommittee assigned to the Governor's Office (and the resulting and necessary perusal of the State budget), it became apparent that comprehension of budget documents was difficult, at best. When compared with the budgets of corporations or other entities whose budgets all seem to follow a more conventional and familiar format, it was discovered that greater need for assistance and explanation was required for comprehension of even the smallest portions of the State budget.

Similarly, in contacting other members of other subcommittees assigned to other State departments, members of the Subcommittee ascertained that they, too, were having similar difficulties in reading and understanding budgetary documents.

It is the collective opinion of the membership of this Subcommittee that the budget of the State should be simplified, and should more closely follow standard accounting format, in order to allow the State budget to be easily read and understood by the citizenry. The above report makes suggestions on how to accomplish that goal.

Finally, as stated above, there should be improvements made in the methods and procedures utilized to encourage State employees, as well as other Alaskans, to furnish their input in the streamlining of State Government and in reducing the cost of such government.