

ALASKA LEGISLATURE SPECIAL COMMITTEE / SUBJECT TITLE 00 / 2

216 SCOMM 9: HOUSE SPEC. COMM. ON PERMANENT FUND 1977-78

Respondents - continued

Renewable Resource Consulting Services Ltd.

Math Sci Northwest, Inc.

U.S. Army Corps of Engineers

Summary of Responses to Questions Relating
To Data Repositories

Question 10

(Centralized Resource Data Repository)

High Value	12
Some Value	9
Low Value	5
Uncertain	1

Question 11

(Synthesis function within a centralized data center)

High Value	5
Some Value	4
Low Value	13
Uncertain	5

Terry Gardiner

Box 6092, Ketchikan, Alaska 99901 Pouch V, Juneau, Alaska 99811

July 1, 1977

Clark,

Could you please authorize the following:

- A. Salary for $\frac{1}{2}$ time secretary @ \$550 a month
Peggy Thompson 225-6882 in Ketchikan
- B. a Telephone credit card number to bill P.F. calls
- C. authorization to bill incidental office supply costs

I am having the Criminal Code Commission pick up the rest of the budget for the office & office equipment rental and associated costs to the crim. code. Also I'm combining crim code meeting with P.F. meeting to minimize travel cost (i.e. Crim Code meets 14/15th in HNC.) Bryan budget \$6,000 for my office; revised budget should not exceed \$4,000 now.

Also will need travel & per diem authorizations for approximately 5 persons on a task force for Alaska Research and Development for Renewable Resources. John Williams is handling primary staff work on this project. ~~the~~ Only costs should be 300 & meetings. Judy Brogan (she formerly worked AEIDC) has a personal interest in this project and would like to attend the meetings. A concept meeting and work out line on the project will be available by July 15th. Starting in April we have nearly completed survey research in detail on all research and development organizations

Terry Gardiner

Box 6092, Ketchikan, Alaska 99901

Pouch V, Juneau, Alaska 99811

that are during work related to renewable resources. The concept is basically this — If we are to do rational renewable resource development in Alaska, we need overall co-ordination of the following steps

A. Research & knowledge needs

B. Collection of data.

C. Synthesizing of information

D. Dissemination of information

Presently there are no overall objectives set by the state (just by individual research agencies) as to our knowledge and information on renewable resources. As I said more detailed info forthcoming on or by 15th.

Osterback has an interim committee working on the 200 mile fisheries zone and its development. John Williams and I have worked with them extensively on their work plan, staff hiring and consultants. Much of the end product they generate will be useful to P.F. & R.P. Fund's work.

Doug & I met with Au & Barrier to get them to do detailed research on several legal questions (i.e. Nokey question about inflation and P.F. net value in distant future; how "permanent" are other funds in excess of 25%?) Also Barrier is nearing completion on lengthy memo of list of questions on the P.F. requested by Jim Rhode.

Doug is primarily concentrating on those items listed to you in the memo before the end of the session.

I requested Doug Lehr to give us a proposed work plan for Tom Singer — haven't received it yet. We need to make sure he is working on research is beneficial to our needs.

GARDINER

Alaska State Legislature

SPECIAL COMMITTEE ON
THE ALASKA PERMANENT FUND
(907) 276-3433

528 W. 5TH, SUITE 270
ANCHORAGE, AK. 99501

[POUCH V. JUNEAU, AK. 99811]
(907) 465-3873



MEMBERS

REP. CLARK GRUENING, CHMN.
REP. TERRY GARDINER, V. CHMN.
REP. E. J. HAUGEN
REP. RUSS MEEKINS
REP. BILL MILES
REP. LEO SCHAEFFER
REP. RICK URION

House of Representatives

July 7, 1977

TO: Myrt Charney, director, Administrative Services

FROM: Representative Clark Gruening

RE: Office in Ketchikan

Could you please send the proper forms to Terry Gardiner to hire a 1/2-time secretary in Ketchikan at the salary of \$550/month. He also needs a telephone credit card number to bill permanent fund business calls. I would also like to authorize Terry to bill the agency for incidental office supply costs, with payment being deducted from the House Permanent Fund appropriation.

Thank you for your help.

Clark Gruening

PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.

Clark -

This material is in response to the meeting we had in Juneau. Everybody - committee members, staff, and administration people need an overall picture of what is happening on the Permanent Fund.

This is meant to be a simple outline form reproduced on legal size paper. In the future we can add extra columns by simply adding another legal size paper on the right.

Since time has transpired there are probably other things that could be filled in on Column IV (Tasks in performance) to bring everybody up to date. This listing doesn't contain Senate activities which we need to fill in as soon as it is available. Also details on some of the contracts could be better defined (ie ISEK etc).

Sorry this is late. Let me know by letter how to hire $\frac{1}{2}$ time secretary, office expenses etc. - that is why this is hand written, late and a mess - will correct in future. Fishing was great.

Very

Column I

House Committee

Clark Gorming Chairman
Terry Gaudin V Chm
Leo Shaeffer
Bill Miles
Russ McKinnis
Ernie Hanger
Rick Vrain

Senate Committee

George Hohman Chairman
John Rosler
Pat Rodley V Chm
John Sackett
Bill ? Sumner

~~Administration~~

~~Staff~~

chief staff person

Brian Rogers
John Williams (contracting Bureau)

chief staff person

Rob Kosci

Administration

Revenue - Lon. Gallagher + Jim Edensor

DDDP - Fran Ulmer + Russ Cahill

(DDDP will co-ordinate effort by other departments as needed)

Column II

Page 2

PERMANENT FUND WORK ELEMENTS (Excluding Public Input)

EFFORT	TASK REQUIREMENTS	RATIONALE	END PRODUCT
<u>Public Participation & Information</u>			
Summary of Background Information			
.Public Forum	What has been said; what directions were given; what can't be determined; what problems were highlighted (comprehensive, absence of back-up material); what can back-up material provide?	Provides basic input for formulating refined set of goals and for generating Legislative Report and Public Forum Document.	Preliminary of goals, objectives and priorities, and of concern.
.SIAC	Summary of SIAC consultant inputs, future plans, coordination possibilities.	Same as above plus input to developing fund management strategies.	Summary memorandum information
.Misc.	Prior consultant advice; legislative/staff points of view and information; types of investments, management, results, performance of other major investment efforts in Alaska (e.g. Native Corporations).	Same as above plus provides some guidance for individual investment investigations.	Summary memorandum
Legislative Report Public Forum Report	Generate reports including back-up information and tabloid-ready questions.	Forms basis for public information/public input process.	
<u>Fiscal Planning + Investment</u>			
General Implications			
.Broadbrush	Think piece on potential impact of fund on Alaska, in-state vs. out-of-state investments; efficiency of capital markets, loan vs. direct expenditures.	Provides back-up information for Legislative Report and Public Forum Document as well as helping to define more specific areas of investigation.	Memo-type report.
.Analytics	Analytical evaluation of above-impacts on population, per capita income, and growth.	Same as above.	MAP-model Report.
Investment Studies			
.General	Overview of investment opportunities, sectoral and regional analyses, State programs, evaluation (in terms of market return/viability)	general back-ground information, back-up input to Public Forum Document	report outlining investment potentials and relationship to fund management alternatives
.Interim	Refinement of above, including rationale, criteria for project selection, measures of success-long-term implications, sensitivity analyses, specific investments comparative evaluations	provides input to enabling legislation, as well as to the alternate fund managers	report detailing initial investment opportunities
.Final	Effort is an on-going responsibility of fund managers		
.Initial	Definition of fiscal tools (loans, bonds, CIP, Renewable Resources Revolving Fund, general fund, etc.) strengths and weaknesses.	Back-up input to legislative Report.	Internal memorandum
.Preliminary	Short- and long-term possible expenditure patterns combined with alternative revenue projections. Investigate size of "surplus" in general fund, implications for Permanent Fund contribution, context for evaluating alternative uses of earnings moving the financing of government expenditures to a recurring basis.	Provides input to interim goals formulation and Public Forum Report.	Same as above
.Final	Continuation of above.	Provides input to selecting optional fund management approach(es).	Same as above but effort is on-going beyond Permanent Fund effort.
Fund Management Structure			
.Preliminary	For selected management alternatives, investigate structural make-up potentials-control, organization, operating procedures, accountability, performance	input to final structure decision	memo-type report highlighting strengths and weaknesses and initial recommendations

		Forum document as well as helping to define more specific areas of investigation.	
<u>.Analytics</u>	Analytical evaluation of above-impacts on population, per capita income, and growth.	Same as above.	MAP-model Report.
<u>Investment Studies</u>			
.General	Overview of investment opportunities, sectoral and regional analyses, State programs, evaluation (in terms of market return/viability)	general back-ground information, back-up input to Public Forum Document	report outlining investment potentials and relationship to fund management alternatives
.Interim	Refinement of above, including rationale, criteria for project selection, measures of success-long-term implications, sensitivity analyses, specific investments comparative evaluations	provides input to enabling legislation, as well as to the alternate fund managers	report detailing initial investment opportunities
.Final	Effort is an on-going responsibility of fund managers	--	--
<u>.Initial</u>	Definition of fiscal tools (loans, bonds, CIP, Renewable Resources Revolving Fund, general fund, etc.) strengths and weaknesses.	Back-up input to legislative Report.	Internal memo
.Preliminary	Short- and long-term possible expenditure patterns combined with alternative revenue projections. Investigate size of "surplus" in general fund, implications for Permanent Fund contribution, context for evaluating alternative uses of earnings moving the financing of government expenditures to a recurring basis.	Provides input to interim goals formulation and Public Forum Report.	Same as above
.Final	Continuation of above.	Provides input to selecting optional fund management approach(es).	Same as above but effort is on-going beyond Permanent Fund effort.
<u>Fund Management Structure</u>			
.Preliminary	For selected management alternatives, investigate structural make-up potentials-control, organization, operating procedures, accountability, performance evaluation, flexibility to change, safety and maintenance of fund	input to final structure decision	memo-type report highlighting strengths and weaknesses and initial recommendations
.Final	Refinement of above, including investment criteria, staffing, funding, location (centralized or regional), pilot projects, requirements, sunset concept	basis of enabling legislation	report with final organizational recommendations
<u>Fund Management Activities</u>			
.General	Critique of present enabling legislation overview of CDC, Development Banks, State Banks, credit unions, consumer coops, etc. - traditional goals.	Background information for Legislative Report, Public Forum Document and interim goals formulation.	Memo-type report.
.Interim	Refinement of above including a comparative evaluation, pros & cons, implications, relationships to State goals, general selection criteria, test strategy with types of investments.	Part of decision-making process to narrow down management funds to a select few.	Report(s) with recommendation for selected management strategies.
.Final	More detailed and analytical evaluation of selected management fund strategies including analysis of practicality, conflicts, with existing legislation, implications, political considerations (special interest groups).	Part of decision-making process to select optional management strategy(ies), input to fund structures and legislative decisions.	Report(s) with recommendation for optional management strategies.
<u>Legal Analysis</u>	<i>Structures, Tools and Policies</i>		
.Preliminary	Define "permanent" and "income producing" (market ROI? over-all vs. project? income to fund or individuals?).	Provide back-up information for Legislative Report.	Internal memo with recommendations.
.Final	Refine above plus defining "prudent person," inflation, reserve accounts, & put into fund (greater than 25% - can it be withdrawn, interest (can it be withdrawn)?	Highlights constraints to fund management strategies and individual investments.	Same as above

Column III

Goals & Objectives

Actors + Activities (available)

Public Forum

Jack Kruse

CCR I

Rowan (Poll complete in June for DPDP)

McGinnis

Independent Public TV, INC

Jane Spencer

Rocky Mountain Institute

P.F. Staff

Brian Rogers

Judy Brogan

Investment Planning and Impact

Actors
&
Activities

DPDP (Dona Lehr)

Legislative Research

DNR

ISER M.A.P. (\$20,000 contract)

Revenue - Revenue Model

Econ Dev - Impact Model

Alaska Inc. Study (Covington/Barling)

P.F. Staff

Dick Haggart

John Williams

Structures, Tools and Guidelines

Actors
&
Activities

Revenue

LAA - Legal division

Pricewaterhouse (\$40,000 contract)

DPDP (Russ Cahill & Tom Singer)

White Weld (\$10,000 contract)

P.F. Staff

Doug Pope

Jim Rhoad

John Williams

Column IV

Tasks in Performance (June 1 - July 15)

Goals & Objectives

1. Brian Rogers - P.F. library & bibliography
- Analysis of work to date
2. Judy Brogan - "Role of P.F. - Preliminary Analysis"
3. Rowan Poll through DPDP on P.F., Alaska Inc, Surplus wealth

Investment Planning & Impact

1. Arlon Tussing - complete by July 1st contract on "Broadbrush" looks on potential impact of the P.F.
2. Dick Haggart - complete by July 1st - definition of fiscal tools
3. John Williams - A.P.F. Mailing, circulation & distribution list
B. organizing work on Alaska Research & Development Council concept
C. 200 mile fishing zone development financing
4. Bill Miles & Rob Kassis - Memo on Boston trip & course on Econ Dev Alternatives
5. Belden Daniels - contract on capital efficiencies, CEDC
6. Budget & Management - Analysis of state loan programs
7. IBER - M.A.P. Model upgrading for impact of P.F.

Structures, Tools & Guidelines

1. L.A.A. Legal division Bill Barnes - legal questions by Jim Rhode & Terry Gardiner
2. Tom Singer (starts July 1) DPDP will forward proposed workplan on alternative structures
3. Doug Pope - 1. Alternative structures & Models for R.R. Fund
2. Possible inter relations of R.R. Fund to P.F. & loan programs

PLEASE NOTE: THE PRECEDING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.

Gardiner memo

May 11, 1977

MEMO

To: Dick Haggart
Legislative Research

From: Terry Gardiner *T.G.*

Re: Permanent Fund- Fiscal planning

One thing that I forgot to mention in our conversation about work that you would be doing on fiscal planning for the permanent fund committee, was that DPDP is coordinating various administration efforts that could be utilized by the permanent fund committee. In conjunction with this you should contact Clark Gruening or myself if you feel there are certain activities or tasks that could be performed by the administration people. DPDP suggested that possibly budget and management, revenue and DPDP itself could be of help in the area of fiscal planning.

Jerry P

PERMANENT FUND FILES

I. INITIAL PLANNING & PROJECTIONS

A. Legislative History

1.) House Journal - 1/15/76

→ 2.) Letter from Gov. Hammond to Hugh Malone, Finance Chairman

→ B. Attorney General Opinion/HB 324

C. Permanent Fund - Legislative Committee

1.) HB 210/Interim Management

→ D. G & O for Alaska (Gruening's Cabin)

E. Permanent Fund Projections

1.) Initial Goals

→ 2.) Article By Clark Gruening

3.) P.F. Analysis/ 25% Contribution Rate

F. Applications

1.) Jerome L. Kaufman/Madison Wisc.

2.) Andre' L. Delbecq/ " "

3.) June Spencer / " "

4.) Dr. David H. Gustafson/ Madison Wisc.

5.) Deidre S. Ganopole/ Anchorage, Alaska

G. Brookings Institute

1.) Memo to Clark Gruening from Shari Cross

H. P.F. Committee Memos

1.) Gardiner to Rogers/Public Info. & Participation Process

→ RRDF 2.) Pope to Clark Gruening/Progress on Renewable Resources Development Fund

→ RRDF 3.) Pope to Gardiner/Progress on RR Development Fund

4.) Erickson (LAA) to Gardiner/ re: John Williams

5.) Gardiner to Berrier/Bill Request-Creation of Alaska Research and Development Council

6.) Gardiner to Williams/Meeting of State Agriculture Policy Task Force

7.) Gardiner to Rogers/ Public Forum

→ PF - RRDF 8.) Pope to Berrier/RR Development Fund-Constitutionality

→ PF - RRDF 9.) Pope to Berrier/ High Risk - Low Risk Spending

→ 10.) Pope to Gardiner/ P.F. Amendment

11.) Rogers to Gruening/Tentative Committee Schedule

I. State Loan Programs

→ 1.) Memo from Commissioner Hubbard to C. Gruening

→ 2.) Listed State Funds

→ J. Rader Memo from Terry Gardiner

Permanent Fund Files cont.

II. PROPOSALS

- A. Arthur D. Little Inc. / Study Proposal for Sectoral Analysis
- B. Bailey Report/ 'A Canvass of Attitudes Concerning Alaska's Permanent Fund'
- RRDF C. Best - Use - Canada/ The Herring Fishery
- RRDF D. Delta Barley Project
- E. ISEGR - Econometric Model - 3/10/77
- RRDF F. Milnes Report/ Ak. Private Sector - Salmon Enhancement & Rehabilitation, S.E. Alaska
- RRDF G. Orth Paper/ Ak. Salmon Enhancement Program
- H. Public Forum
 - 1.) Growth Policy Council - News Release - 4/7/77
 - a.) Mid-Year Report - 3/1977
- I. Rowan Proposal
- J. SEP Canada Public Involvement - PIP
Background W.P.#2

III. RENEWABLE RESOURCES

- A. Renewable Resources Act
 - 1.) Ak. Statutes: 37.10.090 - 37.11.100
 - 2.) Memo from A. Latham (LAA) to Gardiner/Estimate of Fund Balances
 - 3.) House Journal/May 31, 1974 - CSHB 673 - R.R. Fund
- B. Staff Memos
 - 1.) Richard Haggart, J. Williams to Gardiner & Pope/Standards of Care for the Renewable Resources Fund
 - 2.) Pope to Gardiner/Federal Approach in Renewable Resources Planning Act
 - 3.) U of A Article/ Ak's Growth to 1990 - 1/76
- C. Work Programs for Renewable Resources Analysis
 - 1.) To Dave Hanson from Commissioner Martin

Permanent Fund Files cont.

III. RENEWABLE RESOURCES cont.

D. Pope Memos

1.) Progress Report on RR Fund/April 14, 1977

E. John Williams - RR Assessment

1.) Memo to Gardiner - 2/14/77

2.) Resource Charts

a.) Fisheries

b.) Agriculture

c.) Forestry

IV. CONSULTANTS & ADVISORS

A. Earl Combs - Mariculture

B. Peter McDowell - uni of A

C. McHarg Planning

D. McKinsey & Company

E. Northrim Associates

F. Portola

G. Price Waterhouse / 1976-77 Report

H. Lester Thurow

V. OPINION POLLS & AEIDC

A. AEIDC

B. Government Opinion Polls

C. Hammond's Opinion Polls

- Citizen 7d61 #2
- Rowan

Permanent Fund Files cont.

VI. MISCELLANEOUS/ NOTES & LETTERS OF INTEREST

- A. Friends of the Earth
-  B. Law of Trust - Pope 4/29/77
- C. P.F. Notes - Jim Rhode
-  D. Public Trust - Pope 3/15/77
- E. Sonneman Letters

also "Bible"

TERRY GARDINER

STATE REPRESENTATIVE

POUCH V
JUNEAU
99811

BOX 1092
KETCHIKAN
99901

Alaska State Legislature

March 2, 1977

TO: Senator John Rader

FROM: Terry Gardiner

RE: Permanent Fund and Renewable Resources Committee

It is time for all Alaskans, including those of us in the Legislature, to stand back from issues such as the Permanent Fund and Renewable Resource Development and to look to the greater objectives that we all wish to accomplish in the State of Alaska. If we establish the major objectives of how we want Alaska to be, we will better be able to determine how we want to spend government funds, organize governmental institutions and solve specific problems including the Permanent Fund and Renewable Resources Fund.

Establishing Objectives

In establishing the objectives for the State, there needs to be a great deal of information disseminated to the public with consequent feed back to public officials in Alaskan government. Possible objectives for the State of Alaska could be as follows:

- 1) Alaska should capture the total profitability of resource development for Alaska,
- 2) Alaska should raise the standard of living for all Alaskans to a determined level,
- 3) Alaska should improve the quality of life for all Alaskans to a determined basis,
- 4) A comprehensive approach to the actions and expenditures of Alaska State Government should be developed,
- 5) Alaska should develop government, economic and social institutions and systems that are dynamic and capable of change in the future. (An example of this would be a comprehensive research and development program that was related to our goals that would help the State of Alaska evolve into the future.

These are only some suggested objectives and there may be many others or many differences, but the important thing is to set our objectives at the outset. Without objectives we will have no way to test various alternative strategies to see if they will be effective in accomplishing anything that Alaskans want. If you have objectives, you can measure various alternative proposals to see if they meet your objectives.

Renewable Resource Development

It occurs to me that one of the major strategies available in Alaska for meeting many of our objectives, is the development of our renewable resources. The proposal is to develop a plan for renewable resource development that meets the objectives that we will set out as a State. We should not be developing resources for the sake of development but rather to meet the objectives of Alaskans.

The Permanent Fund and the Renewable Resource Fund in this scenario then become tools which can be utilized to develop our renewable resources. Other usages of these funds, as well as other State funds, should be directed at other strategies to meet our overall objectives. The Permanent Fund and the Renewable Resources Fund are not ends within themselves, but merely one tool in a strategy to achieve our overall objectives.

A Process to Achieve Alaska's Objectives

First, we should appoint a joint legislative committee. These appointments should be based on the individual strengths deemed necessary to develop and achieve a process to accomplish objectives. The joint committee should function with other Legislators and Alaskans to establish our state objectives. Among the tasks of the committee, will be to make decisions on strategies and alternatives to achieve objectives and to communicate and receive feed-back from the public. To help the legislative committee in its tasks and to make decisions, there are people around the nation known as "process and decision managers" who are experienced in helping groups set objectives and make decisions. We may want to utilize such people to help our group perform these items.

Senator John Rader
Page 3
Memo

Working directly for the legislative committee would be what I would term a "Strategy Force." The Strategy Force would be made up of between five and seven full time people with specific experience that we deem relevant. Several of these people would have worldwide experience, such as the caliber of consultants from McKinsey & Company. We should then pull in others from the Legislature, Administration, and the private sector in Alaska to complete the ranks of the Strategy Force. This will create a balanced group with both specific worldwide and Alaskan knowledge and experience to determine different strategies to offer as alternatives to meet the proposed objectives.

Secondly, we would create some specific task force to work on certain problem areas or proposals. These task forces would utilize institutions and individuals in Alaska on a voluntary basis to come up with ideas and proposals. A specific Legislator from the legislative committee would be assigned to work with each task force as well as working with the strategy force on the specific problems.

The members involved on the task forces have one advantage over the other people involved. They are members of the general public and are outside the organization of government where they can have a clear perspective on reality. Many times government and other organizations fail because they are inside-looking outside through a lens.

It will also be important for the legislative committee to maintain a very good communication system and feed back system directly with the public by having public hearings, taking polls, and communicating directly with individual Alaskans.

A Dynamic Planning Process

Several things should be remembered in consideration of this proposed process for setting objectives and developing a plan to accomplish them - this process is only a beginning and needs to be implanted as an ongoing operation of Alaska. It will be necessary for us to institute some short term and long term planning processes on an ongoing basis after this initial phase. It will also be necessary every five years or so to make a major re-examination of all of our assumptions, resources, and re-analysis of our entire structure and strategy. It is only through such a process that the state can move effectively into the future.

Senator John Rader
Page 4
Memo

Summary

In the next year it is imperative, in consideration of the exciting resource and financial potentials, that the Legislature attempt the following:

- 1) Establish Alaskan objectives for the State's future.
- 2) Develop a process to achieve our objectives
- 3) Establish a dynamic planning process to enable Alaska to effectively move into the future.

Legis. Com.

1. Set Objectives
2. Make decisions
3. Communications responsibility
4. limited Committee staff
5. LAA Administrative contracts

Process +
Decision
Managers

1. Help Evaluate decision making
2. Evaluate + monitor communications

Strategy Force

1. 5-7 persons
2. Full Time
3. Strengths
4. Represent 3 Age groups
5. Represent
 - A. World
 - B. Alaska
 1. Legis
 2. Admin
 3. Private

Task Force

1. Alaska Inst + Ind
2. Part Time

TASK FORCE

TASK FORCE

TASK Force

Public

1. Hearings
 2. Polls
 3. Part time
- Com. members

PERMANENT FUND

It may be premature to make detailed decisions regarding investments at this time. The prematurity of investment study and decisions results from several factors:

1. We have not yet defined the capabilities and effectiveness of the permanent fund, the level of funding and management structure.
2. It will be at least eighteen months before the permanent fund is ready to make actual investment decisions.
3. The interrelationship of the permanent fund with other financial tools such as renewable resource fund, the general fund, bonds and loan programs has not been defined. (The goals and objectives of the state may be more efficiently met by a particular financial tool.)

In conformity with the recognition of this problem, we should view the permanent fund in a longer time span than that of the next six months. As an example, I would propose the following overview of the next few years.

I. June 1, 1977 - January 1, 1978: Permanent Fund Committee Effort

Major components of the permanent fund committee's efforts are:

- a. Establish goals and objectives for Alaska
- b. Establish goals and objectives for the permanent fund, renewable resource fund and other financial tools
- c. Propose general investment strategies for the permanent fund that would help meet goals and objectives of the state

PERMANENT FUND
(page 2)

- d. Propose a level of funding for the permanent fund and other financial tools
- e. Proposal for investment income of permanent fund
- f. A proposed management structure for the permanent fund and renewable resource fund
- g. Proposed management decision making guidelines for permanent fund and renewable resource fund structures
- h. A final report outlining the work product of the committee and how the permanent fund should operate

II. January 1, 1978 - June 1, 1978: 1978 Legislative Session

During this time period needed legislation would be passed and further studies could be conducted as needed and defined in the final report.

- a. Legislation for management structure and guidelines for permanent fund and renewable resource fund
- b. Level of funding and income disposal
- c. Prescribe general investment strategies for the permanent fund
- d. Investment program for the renewable resources fund
- e. Provide for continuation of permanent fund's investments until June 1979 (present situation)

III. June 1, 1978 - January 1, 1979: Implementation of Legislation

- a. Management structures prescribed in statute would be organized and set up

PERMANENT FUND
(page 3)

- b. Organization of regional advisory committees
- c. Conduct in-depth economic analysis
 - 1. Develop good econometric model for use by state and permanent fund structure
 - 2. Possible sectoral analysis
- d. Specific investment plans and recommendations by the following:
 - 1. The administration
 - 2. The legislature
 - 3. Regional advisory councils
 - 4. Investment proposals from the public
- e. Comprehensive report ^{By P.F. Management Structure} submitted to the Legislature analyzing specific investment strategies ("d" above) with recommendations considering:
 - 1. Consistency with permanent fund general investment strategies
 - 2. Relationship to state's goals and objectives

IV. January 1, 1979 - June 1, 1979: 1979 Legislative Session

- a. Legislature considers specific investment areas report by permanent fund structure
 - 1. Specific investment strategies prescribed by joint resolution for next two year period
- b. Any amendment and revisions of structure, management tools and level of funding could be adopted at this time

PERMANENT FUND
(page 4)

V. June 1, 1979- Funds Become Operative

Permanent fund structure and renewable resource fund structure become fully operational.

- a. Processes for change go into effect

Terry Gardiner

Box 6092, Ketchikan, Alaska 99901 Pouch V, Juneau, Alaska 99811

April 12, 1977

TO: Brian Rogers
 Permanent Fund Committee

FROM: Terry Gardiner

RE: Univ. of Alaska IFEGR

I received a message from Vic Fischer that he and Lee Gorsuch from the Institute will be here in Juneau on Thursday and on through the weekend. I think that would be a good time to sit down with them and discuss what role they could play in helping the Permanent Fund Committee with its task. You might want to make some arrangements for the meeting. I will be in Anchorage this weekend and am busy on Thursday night after 7:00p.m.

Terry Gardiner

Box 6092, Ketchikan, Alaska 99901 Pouch V, Juneau, Alaska 99811

March 29, 1977

MEMO

TO: Brian Rogers

FROM: Terry Gardiner 

I had a conversation with Vic Fischer from the Institute of Social Economic Governmental Research about the potentials of involvement of the Institute. Basicly, he outlined two general possibilities that would involve the Institute with the Permanent Fund Committee. He further suggested that we should meet with Lee Gorsuch, the Director of the Institute to detail many of these proposals further. His phone number is 278-4621 in Anchorage. Vic felt that he would be happy to come down here, possibly even on a weekend if we requested it.

The Institute has a staff of professional economists that range over various economic areas such as resources, public finance, and government. We discussed work that the Institute has been doing with regional econometric models, work with the Legislative Affairs Agency on a State Revenue model and new work being done on economic sub-models, such as education, employment or capital expenditures. With this capability the Institute would be available to do substantive studies on specific topics. This would mean contract monies would necessarily be made available to the Institute for this work.

Vic also mentioned the other capability the Institute would be available for - advisory capacity. In this vain, the Institute has worked with other groups on an at-call basis. This would mean providing them with travel perdium and expense money to be available to the Committee when we need them on specific items. They could handle such items as lining up other people to work for us or advise us, giving advice to us on decision making, and reviewing various economic proposals that might come before us. It is my own personal feeling that regardless of whether we use the Institute for substantive studies that we definately should utilize them in an advisory capacity because they are an Alaskan Institution of substantial knowledge and experience.

Possibly the best way to start this on the track is for you to call Lee Gorsuch and define some dates when he might be available to meet with us and to get some of his general ideas in relation to the topics mentioned above.

cc: Clark Gruening

PLEASE NOTE: THE FOLLOWING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.

Terry Gardiner

Box 6092, Ketchikan, Alaska 99901 Pouch V, Juneau, Alaska 99811

March 17, 1977

MEMO

TO: Bryan Rogers

FROM: Terry Gardiner *T.G.*

There are three underlying questions that the citizens of Alaska should address themselves to. Our Committee should utilize different methods developing and transmitting information to the public on these questions. The three questions are:

1. What are the goals for the future of Alaska?
2. How can Alaska achieve these goals?
3. How can the Permanent Fund and other state funds be used in achieving these goals?

It has been suggested that we could use such people as Row & Associates to help us conceptualize these questions and other subquestions.

The paper I have given you on public involvement specific strategies from the salmon enhancement program in Canada might be helpful in flushing out the details of a public participation and information process. Also there is an outline of a planning process from June Spencer that I will be receiving. This may be helpful in giving us some more details on what is an effective planning process.

At this point it looks like there will be at least five distinct phases to our public information and participation process. We should try to outline these steps in some kind of time schedule basis, the components of each element, the problems and costs.

The first element will be to create some television programs that could be used either through Capital '77 and more extensive television uses. This should be a very general program, attract people's attention to the Permanent Fund and the overall importance of setting up goals and objectives for the future of Alaska. Basically we need to bring the public of Alaska to the same point

Memo
Public Info & Participation
Process
Page 2

in the process that we feel we are.

The second step will be the utilization of various guest speakers and idea people around the state. This is an information stage to provide education and alternatives to the public. These people should not necessarily be identified with the Permanent Fund Committee perse , but should be utilized to educate and provoke thought. We should use both Alaskans and people from outside of Alaska in this phase. In this phase we should outline all the alternative media sources that are available to be utilized at no cost or minimal cost. It has also been suggested that we could do some joint sponsorship of guest speakers of other organizations and institutions.

The third would be newspaper insert distribution. This would actually be part of step five, the public forum. The newspaper insert should outline the basic questions and give further information to the public concerning these questions.

No. 4, Immediately preceeding the start up of step five, the public forum, there should be a goal session of the nature of the Brookings Institute. Again, this phase does several things, it creates interest in the topic, provides education and stimulates thinking. This program should be filmed and made available to all citizens around the State.

No. 5, Sometime in September, the regional public forums and other citizen workshops will be held. The information that has been created in the first four steps should be utilized at the public forum. An essential element to make the public forums function and worthwhile is to have a portion of the Permanent Fund Committee attend each forum. Since there will be seven meetings, not all members will attend. We should schedule each Committee member for a certain amount of public forums so that we know that each public forum will be covered by Committee members. This is essential for the public to feel that the Government is not only listening but will do something about their ideas and suggestions.



NATIONAL
Bank of Alaska

Main Office: Box 600 • Anchorage, Alaska 99510 • 907/212-5544

March 8, 1977

Representative Terry Gardiner
Alaska State Legislature
Juneau, Alaska

Dear Rep. Gardiner:

Mr. Norm Bailey has contacted me concerning a reference for McKinsey Company, who, I am told, is being considered for a consulting assignment by the legislature. Apparently, McKinsey has cited National Bank of Alaska as a former client.

I am somewhat confused by McKinsey's reference inasmuch as we have never contracted with them for consulting services. It is possible that there could be some confusion as to which Alaskan bank they advised. Quite possibly, the reference may have to do with a recent meeting I had with one McKinsey consultant. He interviewed me regarding the economic outlook for Anchorage in connection with a relatively modest contract McKinsey had with Anchorage Natural Gas, a subsidiary of Alaska Interstate.

My awareness of McKinsey's general reputation stems from the exposure I received as a graduate student at the Harvard Business School where McKinsey recruited actively for prospective consulting partners. Briefly, McKinsey is one of the foremost, if not the foremost international management consulting group active today. Let us say, at least, that is the reputation among American and multinational industry. They have a broad range of expertise and have been heavily involved in developing countries and also natural resources management from the third world perspective as well as industry's. It is my impression that McKinsey has a fairly balanced mix of private and public sector consulting work.

Representative Terry Gardiner
March 8, 1977
Page 2

Among non-Alaskan consultants, McKinsey represents a very fine albeit expensive, option for Permanent Fund work. If I may, I would suggest a very careful interview process with the McKinsey people to assure a thorough indoctrination of the consultants to the Alaska scene. The selection of the specific individuals to be on sight in Alaska will be of crucial importance. I know of some McKinsey people who would be absolutely inappropriate for an Alaska assignment.

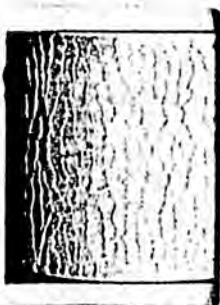
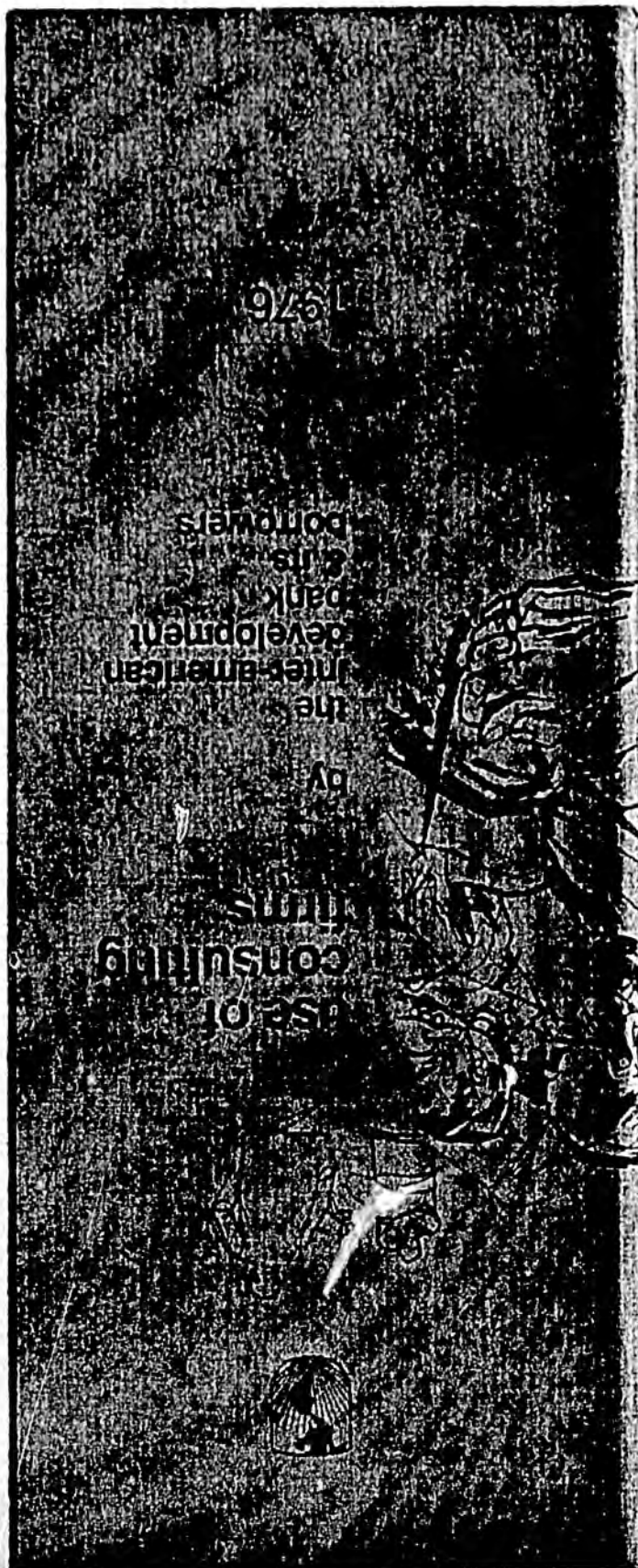
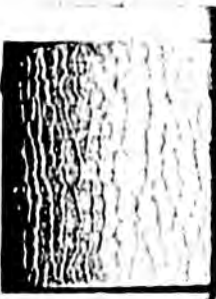
If I may be of any further assistance, please do not hesitate to contact me.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Bill Hall".

William J. Hall
Economist

WJH:amp



NOTE

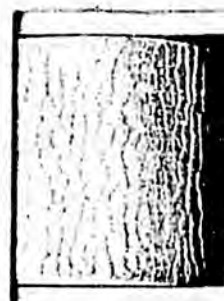
Separate publication of the Inter-American Development Bank concerns itself with the *Guidelines for Procurement* under IDB contracts.

**Policies
and procedures
for selection
and contracting
of professional
services firms
by Bank borrowers
and beneficiaries**

October 1976

INTER-AMERICAN DEVELOPMENT BANK
808 17TH STREET, N.W.
WASHINGTON, D.C. 20577

Cable Address
INTAMBANC, Washington



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I. GENERAL

Section 1.01 Purpose

The purpose of this Statement is to establish policies and procedures for the selection and contracting of professional services firms by the Bank's borrowers, sub-borrowers under Bank loans made through intermediary institutions, or agencies executing projects financed by the Bank (all of the preceding hereinafter referred to as "borrowers"), and beneficiaries of, or agencies executing, technical cooperation activities financed by the Bank (hereinafter referred to as "beneficiaries"), employing in whole or in part financial resources of the Bank or of other funds administered by the Bank or for which the Bank is the executing agency.

Section 1.02 Definition of Professional Services Firms

Professional Services Firms are defined as consulting firms, legally constituted, composed primarily of professional personnel, to offer consultation, advice, expert testimony or diversified professional services. These firms include those composed of engineers, management consultants, economists, market analysts, planners, architects or other specialized consultants for the preparation of technical-economic feasibility studies, management studies, special reports, plans, designs, specifications, and bidding documents; for the supervision and/or inspection of work; and for the provision of professional advice and assistance regarding administration, accounting and accounting systems, organization, systems analysis, and other operational or management problems. "Not-for-profit" establishments, including but not necessarily limited to such organizations as universities, foundations, and autonomous or semiautonomous elements of national governments or international organizations, when offering professional services in the manner described above will be considered as Professional Services Firms for the purposes of this Statement.

Section 1.03 Exclusions

1.03.1 Individual Consultants, Auditors and Legal Firms. This Statement is not applicable to individual consultants, to auditing firms employed for the purpose of making independent audits, or to law firms.

1.03.2 Others. The procedures of this Statement are not applicable to the selection and contracting of consulting firms, the services of which constitute a portion of a project or technical cooperation activity partially financed by the Bank, but for the services of which the Bank is providing no financing. However, in such cases, the Bank reserves the right to review and approve the consulting firm selected, the terms of reference of the services to be performed, and the price of the services contracted.

Section 1.04 Applicability to Sub-Borrowers

The policies and procedures set forth in this Statement shall be applied by sub-borrowers, under Bank loans made through intermediary institutions, to the extent and in the manner specifically provided for in the individual loan contracts between the Bank and the borrower which is to act as the intermediary.

II. POLICY

Section 2.01 General

While the services offered by professional services firms normally represent only a small percentage of the costs of projects, the results of their work usually have a great effect on the success of the projects. Therefore, one of the most significant decisions in project planning and execution involves the selection and contracting of fully-qualified professional services firms. This selection will be made only on the basis of demonstrated competence and qualification for the type of professional services required. Contracts will be negotiated for these professional services at fair and reasonable prices. Both the selection and the contracting of professional services firms will be

done without recourse to competitive bidding on a price basis. In order to allow for a comparison of proposals, and the selection of the most advantageous for the borrower or beneficiary, the Bank requires that a minimum number of proposals be given consideration. On the other hand, because of the high cost of preparation of proposals, the Bank encourages its borrowers or beneficiaries to avoid inviting proposals from large numbers of consulting firms.

Section 2.02 Responsibility for Selection

When a borrower or beneficiary requires consulting services in connection with a loan contract or technical cooperation agreement, it is his responsibility to select a qualified firm, subject to the requirements established in the contract or agreement with the Bank, and subject to Bank approval of the selection. The Bank does not choose or recommend professional services firms, but if requested the Bank may assist in the selection process as provided in Chapter IV of this Statement.

Section 2.03 Continuation and Scope of Consulting Services

A professional services firm which has completed the feasibility study for a project, or is under contract for design of a project, and has rendered services satisfactory to the borrower or beneficiary, may under special circumstances be approved by the Bank for continuation of services on the project, provided the borrower or beneficiary makes a special request accompanied by an explanation of the circumstances. Under ordinary circumstances, the same firm may be utilized for the feasibility study; design, either preliminary or final; preparation of technical and procurement specifications; and/or supervision of a project.

Section 2.04 Subsidiary or Affiliated Consulting Firms

A fully-qualified professional services firm which is a subsidiary or affiliate of a construction contractor, equipment supplier, or holding company,

normally will be considered acceptable only if it agrees in writing to limit its role to the provision of professional consulting services, and agrees in the contract to disqualify itself and its associates from any construction work, material or equipment supply or financial participation on the same project.

2.05 Eligibility and Nationality Requirements*

The nationality of a qualified professional services firm must meet Bank requirements established for the particular financial resources being utilized by the Bank to finance the services.

Only consulting firms from countries which are eligible for procurement utilizing resources being provided for a specific loan or technical cooperation, shall be eligible for consideration. The Bank does not accept limitations or conditions which impede or restrict the selection of consulting firms from eligible countries or requirements and conditions which are based solely on nationality. In specific cases, and whenever in doubt, consulting firms should verify their eligibility with their potential client prior to expenditure of funds for business development or the preparation of proposals which might not be considered.

The Bank shall determine the nationality of a professional services firm in accordance with the following criteria:

- (a) The country in which the firm is duly established or legally organized;
- (b) The country in which the firm maintains the principal seat of its operations;
- (c) The nationality of one or more firms, or the citizenship or bona fide residency of individuals, possessing ownership, with the right to participate in net profits, of more than 50 percent of the firm, as established by the bona fide certification of a duly authorized officer of the firm;
- (d) The existence of any arrangements by

* For information on current Bank eligibility rules, see Addendum to pamphlet titled *Guidelines for Procurement Under IDB Loans*, October 1976.

which a substantial portion of the firm's profits or other tangible benefits of the firm is transferred to firms or individuals of a given nationality;

(e) A determination by the Bank that a firm constitutes an integral part of the economy of a country, as evidenced by bona fide residency in the country of a substantial portion of the executive, technical, and professional personnel of the firm; and that the firm has available in the country the operating equipment or supplies necessary to carry out the task to be contracted.

The Bank's nationality requirements are also applicable to firms which are proposed to carry out a portion of the task involved under either a joint venture with or a sub-contract to a qualified professional services firm which meets the nationality requirements for selection.

Section 2.06 Professional Qualifications

An analysis of the professional qualifications of a consulting firm for a specific project will take cognizance of the firm's experience and that of its principals, in providing successful consulting services for projects of a comparable size, complexity and technical specialty as those of the task involved; assigned number of professionally qualified personnel; previous experience in the region and in foreign areas; language capability; financial capacity; present work load; ability to organize sufficient personnel to do the work within the required time; high ethical and professional reputation, and a position completely free of any potential conflict of interest.

Section 2.07 Utilization of Engineer-Constructors

Contracts for professional consulting services are normally maintained separate and distinct from all other contractual arrangements for construction, supply, operations or financing. However, under certain conditions "engineer-constructors" may be utilized, under special procedures and with the approval of the Bank for the provision of comprehensive services, including design and construction of a complete facility, with the pro-

vision of guarantees for its output, and operation of the facility during an initial or test period.

Section 2.08 Preferential Consideration for Local Firms and Individuals

Because the development of the Latin American technical and professional capability will contribute to the economic progress of the region, the Bank encourages the utilization of local consulting firms, individual professionals, and technicians, as follows:

In cases where the qualifications of a local national professional services firm, or of a consortium of local and foreign firms, are determined to be equal to those of a foreign firm, preference in selection will be given first to the local national firm and second to the consortium of local and foreign firms.

Associations or consortia of foreign and local consulting firms are encouraged wherever the requirements of the project indicate that such arrangements will be beneficial in the conduct of the work and in the provision of the professional services required.

Foreign firms are encouraged to utilize, as far as possible, local national professional and technical personnel in the conduct of their work.

Section 2.09 Cost of Services

Although the selection and the contracting of professional services will be done without recourse to competitive bidding on a price basis, and although such services normally constitute only a small percentage of the costs of projects, the Bank considers that the economic development needs of its members require that the cost of services provided be maintained at reasonable and minimum levels consistent with acquisition of the technically qualified and competent services required. To this end, the Bank is prepared to render assistance to borrowers and beneficiaries in their contract negotiations, as provided in Chapter IV of this Statement.

III. PROCEDURES

Section 3.01 Registration of firms

Consulting firms interested in the activities of the Bank throughout Latin America, are encouraged to register themselves with the Bank, Office of Professional Services Firms, providing information on their technical competence, experience, staff and language capabilities which should be updated every two years utilizing Bank forms.

Section 3.02 Selection of Firm

3.02.1 Prior to the selection of a professional services firm, borrowers or beneficiaries must submit for approval of the Bank:

- (1) In the case of tasks with an estimated cost in excess of US\$50,000 or its equivalent, a certification that the borrower or beneficiary has publicly announced the requirements for the professional services, identifying the periodicals, both national, international and the dates of the announcements, and organizations to which announcements were delivered;
- (2) The procedure to be employed in selecting and contracting the professional services firm;
- (3) The terms of reference (specifications) describing the work to be done by the firm together with an estimate of the cost; and
- (4) The list of firms, numbering no less than three and no more than eight, from which it would be intended to invite proposals.

3.02.2 Once the Bank has approved the foregoing requisites, the borrower or beneficiary shall invite unpriced technical proposals from at least three of the approved firms utilizing the approved procedures and terms of reference.

3.02.3 The borrower or beneficiary shall analyze proposals received and establish an order of merit among them. If desired, he may utilize an additional board of consultants to review proposals and provide technical and expert advice in establishing an order of merit.

When an order of merit has been established among the firms, the firm listed as first will be invited to negotiate a contract. During these negotiations, the details of the terms of reference shall be reviewed completely to assure full, mutual understanding with the firm; contractual and legal requirements of the agreement shall be reviewed; and finally, detailed costs shall be developed.

If agreement cannot be reached with this firm on the contract terms, it will be notified in writing that its proposal has been rejected, and negotiations will be undertaken with the second firm and so on until a satisfactory agreement is reached.

3.02.4 A borrower or beneficiary may utilize a system of two sealed envelopes for receiving proposals. If such system is followed, the first envelope shall contain the technical proposal exclusive of costs; the second shall contain the proposed costs for the services.

The borrower or beneficiary shall analyze the technical proposals and establish the order of merit among them. Contract negotiation shall commence with the firm offering the best proposal. The second envelope of this firm shall be opened in the presence of the firm and utilized in contract negotiation. All other second envelopes will remain sealed, and, if an agreement is reached with the first firm, they will be returned to the respective firms. If an agreement is not reached with the first firm on the contract terms, it will be rejected by written notification and negotiation will be undertaken with the second firm and so on until a satisfactory agreement is reached.

3.02.5 Inability to agree on detailed costs or compensation for the services, or a judgment on the part of the borrower or beneficiary that such costs or compensation are unreasonable or excessive, shall be considered sufficient grounds for notification of rejection of a proposal and the initiation of negotiations with the second firm and so on. Once a firm has been rejected it will not be recalled for further negotiation.

Section 3.03 Contracts for Professional Services

The Bank requires that contracts between borrowers or beneficiaries and consulting firms be prepared in sufficient detail for the mutual protection of both parties to the contract. These contracts should clearly define all significant obligations, including time schedules, a full definition of the work and the terms of reference finally agreed upon, and a detailed schedule of compensation.

3.03.1 Compensation for consulting services should be calculated and established according to one of four normal, internationally recognized methods acceptable to the Bank. These methods are the following:

- a. Per diem plus incurred direct expenses;
- b. Fixed lump sum;
- c. Cost plus a fixed amount; and
- d. Salary cost times a factor, plus incurred direct expenses.

3.03.2 The Bank shall not approve consulting contracts for which compensation has been computed solely on the basis of a percentage of the estimated or actual cost of construction. While it is recognized that a percentage computation may be utilized by a borrower or beneficiary for the purposes of preliminary estimation of costs, the actual costs should reflect the specific breakdown of projected expenses for labor, materials, overhead and profit. The Bank also shall not accept contracts unless they clearly establish both a time limitation and a cost limitation.

3.03.3 The final and complete draft of the contract negotiated with the consulting firm, together with a detailed breakdown of costs and pricing data, shall be submitted for the approval of the Bank before the agreement is signed and work begun.

Section 3.04 Special Procedures for Engineer-Constructors

To secure approval of the bank for utilization of an engineer-constructor, a borrower must prepare

a request which will demonstrate the reason for the requirement. After an initial approval of such a request, the Bank will require the borrower to submit for its approval the following:

- a. the list of engineer-constructors whom the borrower considers qualified for the work and from whom it expects to request proposals;
- b. the draft of the letter requesting proposals, which will include the terms of reference and time to be allowed for preparation of proposals, and specify the date of their submission; and
- c. the method the borrower intends to use in evaluating proposals received, selecting the engineer-constructor, negotiating costs, and awarding the contract. The borrower must demonstrate that he is capable of evaluating proposals, negotiating the contract, and maintaining supervision and inspection of the project, or that, if not so capable, he will employ professional consultants to assist as necessary.

IV. ASSISTANCE TO BORROWERS OR BENEFICIARIES

Section 4.01 General

The Bank is prepared to assist borrowers or beneficiaries in the selection and contracting of consulting firms through the distribution of guidelines for selection and contracting procedures, reference materials, information on costs and fees, and typical forms used internationally in contracting for consulting services. In addition, the Bank may, from time to time, provide technical cooperation in the training of contract negotiating officers and consulting services contract administrators of borrowers and beneficiaries. The Bank also encourages distribution by professional consulting societies of their catalogs and directories of professional organizations to appropriate borrowers and beneficiaries to permit the widest possible consideration of consulting firms.

Section 4.02 Information on Firms

Although the Bank neither chooses nor recommends professional services firms, the Bank is pre-

pared, upon request, to provide borrowers and beneficiaries with a suggested list of candidate consulting firms for specific projects or programs.

4.02.1 If a borrower or beneficiary finds that he is unable to develop a list of qualified consulting firms, the Bank is prepared to meet with him and assist in a review of background information available in the Bank on qualified consulting firms, and to assist him in preparation of a list of candidate firms.

4.02.2 If the borrower or beneficiary is unable to visit the Bank, he may request in writing direct assistance from the Bank in the preparation of a list of candidate firms. In such case, the Bank is prepared to draw up a suggested preliminary list of no less than ten and no more than twenty candidate firms from which a borrower or beneficiary could invite expressions of interest and qualifications.

Section 4.03 Assistance in Negotiations

4.03.1 Upon request of a borrower or beneficiary, the Bank is prepared to designate an observer who shall serve only in an advisory capacity, to assist in the review of consulting firms' proposals, and attend meetings at which the borrower or beneficiary interviews, selects or negotiates with professional services firms.

4.03.2 The Bank is prepared, upon request, to assist borrowers and beneficiaries in their conduct of negotiations with regard to the compensation of the consulting firm by the provision of all available information with respect to the known costs and prices of similar tasks conducted by consulting firms, prevailing charges, rates and fees, and other information which may be helpful to the borrower or beneficiary in securing fair and reasonable contract terms.

ADDENDUM

LOAN ANNOUNCEMENTS

The Inter-American Development Bank announces its loans as soon as its Board of Executive Directors authorizes them. Announcements are made by the Office of Information of the Bank through press releases mailed to news media, as well as to public and private entities including consulting firms, which are on the Bank's mailing list. These announcements give information about the loan operation, the borrower, the amount and terms, the source of funds, the total cost of the project, and the purpose for which the Bank's financing will be used.

A consulting firm wishing to be included on the Bank's mailing list for loan announcements or for other Bank publications may request this from:

Office of Information
Inter-American Development Bank
808 17th Street, N.W.
Washington, D.C. 20577

The Bank does not mail announcements on the signature of loan contracts, which generally follow by a few weeks the action of the Board of Executive Directors. However, it notifies the news media of such contract signatures as they occur.

The Bank regards its negotiations with prospective borrowers as confidential and does not provide information on loans prior to their final consideration by the Board of Executive Directors.

To assist its member countries in the preparation of technical-economic feasibility studies and project designs, the Bank makes loans for preinvestment studies. A list of the executing agencies for loans already made can be obtained from:

Office of Professional Services Firms, PRA
Inter-American Development Bank
808 17th Street, N.W.
Washington, D.C. 20577

PLEASE NOTE: THE PRECEDING PAGES WERE TREATED
AS A UNIT IN THE ORIGINAL DOCUMENT.

TERRY GARDINER

STATE REPRESENTATIVE

POUCH V
JUNEAU
99811

BOX 1092
KETCHIKAN
99801

Alaska State Legislature

March 9, 1977

MEMO

TO: Bryan Rogers

FROM: Terry Gardiner *T.G.*

The one leg of a plan that I have proposed for a Permanent Fund process has been a little unclear even in my own mind. We want to have some direct communication system between the Permanent Fund Committee and the general public. I've thought about hearings, poles and other direct communication methods.

One other mechanism exists that we can utilize - public forum. June Spencer brought this idea up to Clark and I. It is an already existing system that is not tainted with a partisanship of the Legislature.

Tim Bradner of the Growth Policy Council had been talking to Clark and I and other Legislators about a new role for the Growth Policy Council and the Public Forum. Generally he wanted to relate it more to the Legislature than it has been in the past. He, like others, was concerned that people would see it as a campaign arm of the Governor. Also the Legislature should be utilizing the public forum for its decision making process.

Tim Bradner is going to meet with June Spencer today. Sometime next week I would like to set up a meeting when Tim Bradner returns with the Permanent Fund group and staff to work out the details of how the Public Forum might be involved with the Permanent Fund Committee.

Make sure you contact me on Monday or Tuesday next week to work out details of getting such a meeting set up.

TERRY GARDINER

STATE REPRESENTATIVE

POUCH V
JUNEAU
99811

BOX 1092
KETCHIKAN
99901

Alaska State Legislature

March 2, 1977

TO: Senator John Rader

FROM: Terry Gardiner

RE: Permanent Fund and Renewable Resources Committee

It is time for all Alaskans, including those of us in the Legislature, to stand back from issues such as the Permanent Fund and Renewable Resource Development and to look to the greater objectives that we all wish to accomplish in the State of Alaska. If we establish the major objectives of how we want Alaska to be, we will better be able to determine how we want to spend government funds, organize governmental institutions and solve specific problems including the Permanent Fund and Renewable Resources Fund.

Establishing Objectives

In establishing the objectives for the State, there needs to be a great deal of information disseminated to the public with consequent feed back to public officials in Alaskan government. Possible objectives for the State of Alaska could be as follows:

1) Alaska should capture the total profitability of resource development for Alaska,

2) Alaska should raise the standard of living for all Alaskans to a determined level,

3) Alaska should improve the quality of life for all Alaskans to a determined basis,

4) A comprehensive approach to the actions and expenditures of Alaska State Government should be developed,

5) Alaska should develop government, economic and social institutions and systems that are dynamic and capable of change in the future. (An example of this would be a comprehensive research and development program that was related to our goals that would help the State of Alaska evolve into the future.

Senator John Rader
Page 2
Memo

These are only some suggested objectives and there may be many others or many differences, but the important thing is to set our objectives at the outset. Without objectives we will have no way to test various alternative strategies to see if they will be effective in accomplishing anything that Alaskans want. If you have objectives, you can measure various alternative proposals to see if they meet your objectives.

Renewable Resource Development

It occurs to me that one of the major strategies available in Alaska for meeting many of our objectives, is the development of our renewable resources. The proposal is to develop a plan for renewable resource development that meets the objectives that we will set out as a State. We should not be developing resources for the sake of development but rather to meet the objectives of Alaskans.

The Permanent Fund and the Renewable Resource Fund in this scenario then become tools which can be utilized to develop our renewable resources. Other usages of these funds, as well as other State funds, should be directed at other strategies to meet our overall objectives. The Permanent Fund and the Renewable Resources Fund are not ends within themselves, but merely one tool in a strategy to achieve our overall objectives.

A Process to Achieve Alaska's Objectives

First, we should appoint a joint legislative committee. These appointments should be based on the individual strengths deemed necessary to develop and achieve a process to accomplish objectives. The joint committee should function with other Legislators and Alaskans to establish our state objectives. Among the tasks of the committee, will be to make decisions on strategies and alternatives to achieve objectives and to communicate and receive feed-back from the public. To help the legislative committee in its tasks and to make decisions, there are people around the nation known as "process and decision managers" who are experienced in helping groups set objectives and make decisions. We may want to utilize such people to help our group perform these items.

Working directly for the legislative committee would be what I would term a "Strategy Force." The Strategy Force would be made up of between five and seven full time people with specific experience that we deem relevant. Several of these people would have worldwide experience, such as the caliber of consultants from McKinsey & Company. We should then pull in others from the Legislature, Administration, and the private sector in Alaska to complete the ranks of the Strategy Force. This will create a balanced group with both specific worldwide and Alaskan knowledge and experience to determine different strategies to offer as alternatives to meet the proposed objectives.

Secondly, we would create some specific task force to work on certain problem areas or proposals. These task forces would utilize institutions and individuals in Alaska on a voluntary basis to come up with ideas and proposals. A specific Legislator from the legislative committee would be assigned to work with each task force as well as working with the strategy force on the specific problems.

The members involved on the task forces have one advantage over the other people involved. They are members of the general public and are outside the organization of government where they can have a clear perspective on reality. Many times government and other organizations fail because they are inside-looking outside through a lens.

It will also be important for the legislative committee to maintain a very good communication system and feed back system directly with the public by having public hearings, taking polls, and communicating directly with individual Alaskans.

A Dynamic Planning Process

Several things should be remembered in consideration of this proposed process for setting objectives and developing a plan to accomplish them - this process is only a beginning and needs to be implanted as an ongoing operation of Alaska. It will be necessary for us to institute some short term and long term planning processes on an ongoing basis after this initial phase. It will also be necessary every five years or so to make a major re-examination of all of our assumptions, resources, and re-analysis of our entire structure and strategy. It is only through such a process that the state can move effectively into the future.

Senator John Rader
Page 4
Memo

Summary

In the next year it is imperative, in consideration of the exciting resource and financial potentials, that the Legislature attempt the following:

- 1) Establish Alaskan objectives for the State's future.
- 2) Develop a process to achieve our objectives
- 3) Establish a dynamic planning process to enable Alaska to effectively move into the future.

legis.com

- 1. Set Objectives
- 2. Make decisions
- 3. Communications responsibility
- 4. limited Committee staff
- 5. LAA Administrative contracts

Process +
Decision
Managers

- 1. Help Evaluate decision making
- 2. Evaluate + monitor communications

Strategy Force

- 1. 5-7 persons
- 2. Full Time
- 3. Strengths
- 4. Represent 3 Age groups
- 5. Represent
 - A. World
 - B. Alaska
 - 1. Legis
 - 2. Admin
 - 3. Private

Task Force

- 1. Alaska Inst + Ind
- 2. Part Time

TASK FORCE

TASK FORCE

TASK FORCE

Public

- 1. hearings
- 2. Polls
- 3. Part time

Brian Rogers
TERRY GARDINER

STATE REPRESENTATIVE

POUCH V
JUNEAU
99811

BOX 1092
KETCHIKAN
99901

Alaska State Legislature

March 2, 1977

MEMO

TO: John Williams
Legislative Research Div.

FROM: Terry Gardiner *TG*

I am sending you another packet of information that I think is relative to our efforts on renewable resource development. I have talked to you several times about my concern for a coordinated research and development effort in this state.

I think Mr. Hickok's letter and questions he raises in terms of the role of the Arctic Environmental Information and Data Center, confirm my concern over the lack of coordination and direction for total research and development efforts in this state.

I would suggest, subject to any better idea that you or others might have, that we need to catalog all research and development agencies, whether federal, state, private, or otherwise, doing research in development work in Alaska. We should also get some general information about their budgets, nature of work, responsibility, and inner relation with others. This cataloging should also include estimates on the in-house efforts of agencies such as Forest Service, Fish & Game, Natural Resources, and others.

In terms of the Arctic Environmental Information and Data Center, I would be interested in any ideas of yours or others as to how it should fit into the overall future of Alaska and state government efforts.

TERRY GARDINER

STATE REPRESENTATIVE
POUCH V BOX 1092
JUNEAU KETCHIKAN
99811 99901

Alaska State Legislature

February 28, 1977

MEMO

TO: Hugh Malone
Clark Gruening

FROM: Terry Gardiner T.G.

RE: McKinsey and Company

Who Is McKinsey and Company

McKinsey and Company is the largest multi-national management consulting firm in the world with 22 offices worldwide. Bob Waterman is the fellow we talked to and is the Director of the San Francisco office. McKinsey is also one of the oldest management consultant firms in the world. Approximately 50% of their billings are in the area of planning. 20% of their work is done for banks and financial institutions. 92% of their work is for the private sector. The remaining 8% is with the government sector.

According to Waterman, there are 600 senior partners in McKinsey of which 40 are directors. None of the senior partners are allowed to serve on any boards of directors except public service type. Their company sometimes works with clients with conflicting interests but if this does occur, they are run out of separate offices and clients are fully informed of the conflict.

Just to get a feel of what Waterman and McKinsey are all about, this is a list of Waterman's recent jobs. Waterman recently returned to the United States in September. Since then he has been working to set up their Tokyo office. For eight months previous to Switzerland, Waterman taught at the Luzann Business School in Switzerland. Previous to that he worked for several months in Australia for the Australian Public Broadcasting Commission. In 1970, Waterman worked for about six months in Alaska, presumably for the National Bank of Alaska. We are trying to check out some of these experiences. Seattle First National Bank has been one of his major clients over the last 15 years that he has been with McKinsey. In that time, Seattle First has gone from 150th to the top 10 banks in the United States.

How Does McKinsey Work?

According to Waterman, McKinsey is as big as they want to be and makes as much money as they want. Their real goal beyond that is to help organizations change, this is defined as real change not a bunch of reports stacked on a shelf. Typically, McKinsey sends in a team to work with an organization to solve their problems.

McKinsey sighted several reasons why he felt their organization gave top performance. 1) McKinsey sends top level people in, that devote full time to a particular problem which generally an organization cannot do. In fact, he said many times they find that they know more about the organization and its problems than the organization itself after working for several months. 2) McKinsey has alot of worldwide experience in problem solving, more than any particular organization has. 3) By being so large and worldwide, McKinsey can draw on experience of many different types in the world. 4) McKinsey has alot of experience in planning, approximately 50% of their total billings. 5) McKinsey utilizes teams. Generally the size of the team they send in depends on the client's ability to assimilate information and change. The teams are generally multi-disciplinary. They select the individuals for their teams, based of whether they are excited about the particular project and problem; their specific past experience such as, public sector verses private sector, or planning and organization experience.

Additionally, Waterman sighted one other approach that they use that is fairly successful. For instance if McKinsey were to work on the Permanent Fund and Renewable Resource Development in Alaska, they would want several Alaskans involved as full-time "equals" on their team. This has the advantage of educating McKinsey people rather rapidly. It speeds up the entire process of knowing individuals and receiving data from Alaska. Later, as McKinsey bows out of the implementation stage of a particular project, Alaskans who were involved in the team effort, remain in the State to help carry out the rest of the project.

How Does McKinsey Actually Work on Problem Solving?

McKinsey is results oriented as supposed to being a study group. Typically, in a problem solving project, the first 25% of their time is devoted to advocating the position chosen by the decision makers. This means alot of communications and making sure everyone in the organization understands the process and objectives. The last half of the effort is devoted to the details of implementing the plan. This involves pilot projects and testing to make sure that the process is actually going to work.

As an example, in the Australian project with the Australian Public Broadcasting Commission, McKinsey went back and did a project over at the cost of 120 thousand dollars because neither McKinsey nor the clients were satisfied with the results.

Waterman said that typically in a public sector work, much more time was devoted to communication than to actual problem solving.

Functionally, McKinsey works with checkpoints approximately every two months. This allows both the client and the consultant to decide where to go from the check point and whether each wants to continue to be involved in the effort.

The McKinsey Planning Process

McKinsey's first involvement with a client in organization is the process of goal setting (objectives.) They utilize various management techniques to help the client set their objectives. They approach it from the point of view of whatever technique works.

The actual planning process first consists of a short term annual plan that takes into consideration budget analysis, goals, and control process.

The second element of the planning process is the longer term, such as a five year plan version. This is a general version of the overall plan and is brought up to date annually.

The third element of the planning process is the decisions on major resource allocations. This would mean some rough determinations of what percentage of capital and other resources would go towards certain developments. Justifications are also necessary for these allocations. Major resource allocation are also updated annually.

The first three elements of the planning process are actually done by the managing group of an organization. The fourth element of the planning process is done by an outside force. The fourth element is a major re-examination of the entire organization and objectives. This is done every four or five years. At this point, all assumptions are questioned and restated; all resources are assessed, allocations reviewed, and a thorough reanalysis of structure and strategy of the organization.

McKinsey's Price

Waterman gave us a very rough figure of 30 to 40 thousand dollars monthly to send a full team into Alaska. The team would move into Alaska, their families etc., to work full time on the project. They would also have, of course, the backup of their worldwide organization. Based on these figures, for a six or seven month project he estimated somewhere between 180,000 and 280,000 dollars. This figure would be effected by how much full time state support was given to the overall project, such as full time Alaskan members on the "team".

Further Information From Waterman

Waterman stated that he will send us reports and information on several relevant projects from McKinsey. Specific ones that he listed in our conversation were the agricultural development in Tanzania, cooperative agricultural development in Portugal, and a new project they are involved in with the Saudi Arabian Government on expenditures of excess capital.

McKinsey and Company
Page 4

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Waterman will also send us some background material on individuals that might be chosen on a task force to work with us.

I have a brochure from Mc Kinsey available in my office.

Room 124, 465 3718.

TERRY GARDINER

STATE REPRESENTATIVE

POUCH V
JUNEAU
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KETCHIKAN
99901

Alaska State Legislature

February 17, 1977

MEMO

To: Brian Rogers

From: Terry Gardiner

Joe Sonneman has proposed the state implement, something similar to the Full Employment Act of 1946, from the federal level. This is a totally new idea and law to me. Possibly you could check this out after having read his letter and see where this idea might fit into the work of the Permanent Fund Committee.

421 W. 7th
Claremont, California 91711

*Copy to
Brian Ray*

February 11, 1977

Terry Gardiner
State Representative
Pouch V
Juneau, Alaska 99811

Dear Terry:

Thanks for your letter and encouraging words.

That the Permanent Fund will not be set up this year may in fact turn out to be an advantage, if the following plan is adopted.

The authority from which ~~the~~ Federal Reserve derives its economic stabilizing powers, and the authority which established the ~~President's~~ Council of Economic Advisors, is the ~~Full Employment~~ Act of 1946. For the first time, this Act set forth national goals which have enabled Arthur Burns and others to justify the Keynesian style of economics that is involved in the stabilizing process. It's not ~~that they~~ could not have done the same thing without the 1946 Act, but that the Act made their public relations job incomparably easier.

Accordingly, it may well be possible, considering Alaska's typically high unemployment rate and considering how that rate will be aggravated once pipeline employment ceases, to introduce and pass this year some similar Alaskan Full Employment Act.

If this can be done--and it does not seem improbable from this perspective--the groundwork will have been set for the use of the Permanent Fund as a stabilizing economic tool in the Alaskan Economy . . . and this without once having mentioned the Permanent Fund in the proposed Alaskan Full Employment Act.

Hope you appreciate the urgency and advantages of such a bill and are able to get it through. Thanks for telling me about the Renewable Resources Fund; let me know when projects come up that I may help.

Cordially,

Joe Sonneman

Preconditions For Mandate

~~Brian~~
~~filipino~~
gardiner

idea

Organizational Structure
Heterogeneous

- Legislators - Bi Partisan
- Staff
- Administrators
- Citizen Leaders

General Awareness of Issue
Amplified By Increase :

Frequency

No. of Groups Concerned

Publicity

Reliability + Validity of
Instruments

Decision to Approve Effort



Formation of Planning Coordinating
Committee (Strategy Force)

Structure

Composed of:

Scientific + Technical Personnel

Representatives Key Constituent Groups

Org. Process People

Roles:

- 1.) Monitor
- 2.) Administration, Coord. + Control
- 3.) Buffer Between Task Forces + Phase Teams.

Phases In Process

- I Needs Assessment or Problem Identification
- II Knowledge Exploration
- III Program Design + Review
- IV Program Implementation + Evaluation
- V Program Transfer + Evaluation

Phase 1 Problem Exploration

Form problem exploration team

- Heterogeneous
- Breadth of knowledge
- Group facilitation skills

Identify Target Groups

- Leaders
- Consumers
- Field Staff
- Interest groups

Methods For Citizen Exploration

Nominal Groups

Delphi

Questionnaires

Committees

Interviews

Hearings

Study Groups

Task Forces

Phase 1: Problem Exploration

Content Analyze Data
Identify Priority Areas



Prepare Preliminary Report



Problem Report Review

By Staff Force + Staff

By Key Ref. Groups

— Request Supporting or
Contradicting Data

— Clarify Format + Wordling



Spin Off Non-Program
Areas

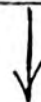


Final Report Preparation
+ Distribution

— To ALL Constituent
Groups

— Organizations

— Board of Directors



Final Decision On Areas For
Consideration

Phase II: Knowledge Exploration

Form Knowledge Exploration Teams

- One team for each related set of priority problems
- Heterogeneous Composition
- Breadth of Knowledge
- Group facilitation Skills

Phase II: Knowledge Exploration

Build Conceptual Framework
for Organizing Existing Knowledge

— Determine Key Elements

— Prepare Position Paper
summarizing framework

: Causal Relationships
underlying Problems

: Conditions Equilibrium



Identify Multidisciplinary
Expertise:

Obtain Nominations

: Prof. Orgs.

: Scientific Groups

: Provider Agency

Conduct Telephone Interviews

: Key Concepts

: Other Resource People

: Literature

LIT SEARCH

Survey of Experts

: Delphi

: Questionnaires

Mtg with Panel of
Experts

Build Conceptual Framework For Organizing Existing Knowledge

Obtain reactions to
conceptual framework



Get more problem
info if necessary and
retrack to research
phase



Go Back
to Go

Prepare Preliminary Knowledge Exploration Paper
Suggest Alternative Solutions

Solution 1
More Cost

Solution 2
More Research

Others

Strategy Force Review and
Modifications
in preparation for formal review
by reference groups & board

Finalize Preliminary Report of Knowledge Exploration

- : Identify Solution Components
- : Gross technical Requirements
- : Favorable/Unfavorable Factors
- : Relationships to Other Factors



Select Key Resource Controllers, Administrators,
& Reference Groups to Participate in
Preliminary Review



Big, Formal Endorsement

- : Positive Features Highlighted
- : Modifications Elicited
- : Obtain Mandate to Design
Program Incorporating Changes



Phase III: Program Design and Review

Proposal Developed By Staff

A. Program Design

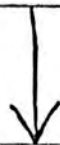
- Experimental Design, pilot
- Technical/Social Objectives
- Population included
- Spin-Off Design

B. Resource Development

- Joint Funding
- Program Control
- Contracts Development

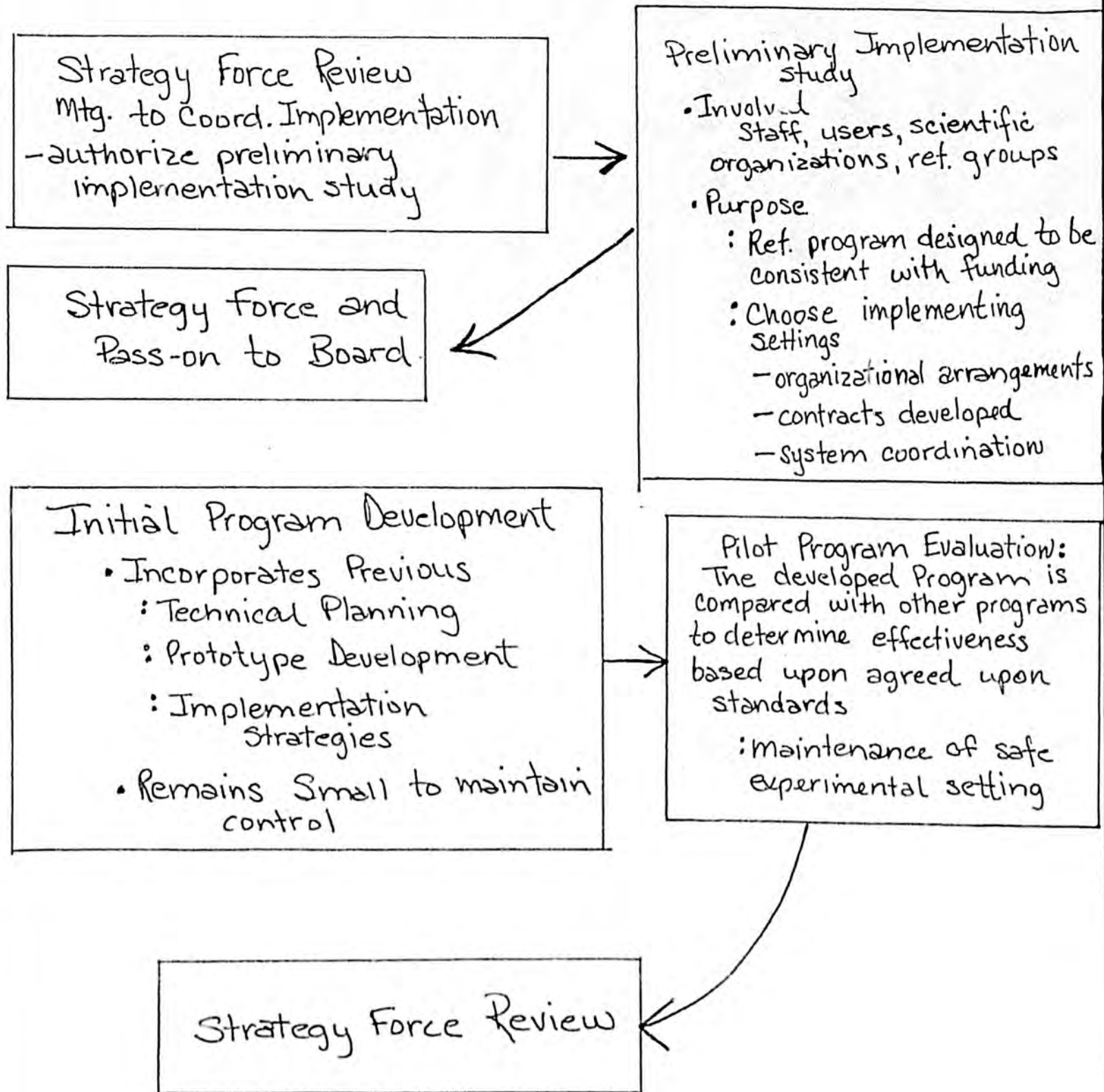


Review By Strategy force and
Modifications Made



Review By Reference Groups And
Board

Phase IV : Program Implementation and Evaluation



Phase V

Program Transfer

- 1.) Maintain Design Integrity
- 2.) Resource Slack Needed
- 3.) Maintain Central Values with
User Organizations
- 4.) Decrease Costs
Where Possible !

Program Transfer Activities

- 1.) Publicize Successful Evaluation Results
- 2.) Make Education Materials
- 3.) Increase Prestige By Expertise Used In Prog. Planning
- 4.) Aim For Major User Groups
- 5.) Increase Boundary —
Spanning Roles.

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AS A UNIT IN THE ORIGINAL DOCUMENT.

-TERRY GARDINER

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Room 124, 465 3718.

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AS A UNIT IN THE ORIGINAL DOCUMENT.



Where There's a Cause There's a Caucus on Capitol Hill

It used to be tough for a Member of Congress to get information on pending bills. But now more than a dozen general and specialized groups fill that gap.

BY MICHAEL J. MALBIN

A Member of Congress in the 1960s had only a few ways of getting information about legislation. He could read a committee report, he could rely on word of mouth or if he were a liberal Democrat, he might rely on the one-page, biased summaries then being produced by the Democratic Study Group.

Today's House is a different place, and one reason is that there are many more ways for Members to find out what is happening. Democrats began publishing their Whip Advisories after Rep. John J. McFall, D-Calif., became Whip in 1973. Republicans started their weekly *Legislative Digest* in 1972. The Democratic Study Group greatly expanded its research efforts in 1969. And since 1971, there has been a proliferation of special research staffs not affiliated with the party leadership and financed primarily by Members contributing part of their own staff salary allowances to pay for a shared staff.

So far, there has been no comparable development in the Senate whose rules do not permit Senators to pool their resources the way House rules do.

What follows is a brief description of the many groups that have grown up in the House.

GENERAL GROUPS

There are four groups outside the established party leadership that try to serve the broad policy needs of at least a substantial number of House Republicans or Democrats. These include the liberal and almost all-encompassing Democratic Study Group, the smaller, more conservative Democratic Research Organization (DRO), the conservative Republican Study Committee (RSC) and the quite small, moderate Republican Wednesday Group.

The success of the Democratic Study Group (DSG) has made it the organization others try to copy. It was organized at a meeting attended by 40 Members on Sept. 5, 1959. Originally designed to be a whip system among liberals that would also act as a bridge to the established party leadership, the role of the DSG began to change when Richard P. Conlon, a former journalist on the staff of then-Sen. Walter F. Mondale, D-Minn., was hired by the DSG chairman at the time, Rep. James G. O'Hara, D-Mich., in 1968.

Since 1969 and the advent of the Nixon Administration, the DSG has moved in two different directions. It has been most visible as the instigator of the wave of reforms House Democrats have adopted over the past eight years. (For background, see Vol. 8, No. 49, p. 1731.)

But, Conlon said in an interview, these activities represent less than 10 per cent of DSG staff production, although they are the prime focus of many of the active Members. The other 90 per cent of the staff's work is legislative research.

During the 94th Congress, the DSG produced approximately 4,500 pages of information, a total that dwarfs the output of other general purpose groups. It also roughly equals total DSG production during its first 10 years.

DSG's research comes in five forms. Most basic is the weekly *Legislative Report*, which summarizes pending legislation and indicates key amendments to be offered by DSG members. Supplements are issued when needed, often on less than a day's notice. Second, the DSG prepares "Fact Sheets," which are in-depth analyses of major bills, citing pro and con arguments on the key provisions and amendments. Conlon said some Members originally questioned

the "Boy Scout" approach of giving both sides, but he feels the organization remains credible precisely because it does so.

The DSG also put out 28 "Special Reports," in-depth treatments of subjects not related to immediate floor action. These reports, on issues ranging from oil pricing to presidential vetoes, may take a position. The DSG's other research includes weekly "Staff Bulletins" and monthly roll call vote analyses.

Conlon said the DSG had approximately 225 Members in the 94th Congress who paid dues of \$100 per year. Another 25 of the House's 290 Democrats paid \$100 for the research but preferred not to become members. More than 100 of the 225 Members also contribute part of their personal staff allowance to support the DSG.

The DSG has a staff of 25 and a \$300,000 annual budget that comes almost entirely from members. Proceeds from an annual fund-raising dinner go to a separate campaign fund. Conlon said the DSG gave out approximately \$150,000 in campaign funds in 1976. About half went for polling services and the rest was split about equally between 50 incumbents and 50 non-incumbents.

The Democratic Research Organization (DRO) was formed at the end of 1972 as a conservative counterpart to the DSG by Democrats Joe D. Waggoner Jr. of Louisiana, G.V. (Sonny) Montgomery of Mississippi, Dawson Mathis of Georgia, Robert L.F. Sikes of Florida and David E. Satterfield III of Virginia. It had about 65 to 70 Members in the 94th Congress, according to staff director Robert N. Pitner. Several members get the information offered by both DSG and DRO. Dues are \$100 per year and at least 18 Members contributed a portion of their staff allow-

ance in 1975 to pay the salaries of the four full-time and three part-time staff members.

DRO's research tends to be similar to the in-depth "Fact Sheets" produced by the DSG. During the 94th Congress, the staff produced approximately 100 analyses of bills, with the arguments for and against major provisions and amendments and with a clearly labeled statement of the Ford Administration's position. Most run from eight to 10 pages, but they range from one to 50 single-spaced, typed, mimeographed sheets. The staff tries to get the analyses to Members two to three days before an item reaches the floor.

The DRO also sponsors occasional briefings for Members and their staff, with speakers from the Ford Administration, the American Enterprise Institute for Public Policy Research or elsewhere. About 10 Members attend a typical briefing, but as many as 40 have come. There also is a special ad hoc committee of the DRO with 18 Members that held hearings on the feasibility of balancing the federal budget.

The Republican leadership in the House, unlike the Democratic leadership, provides Republican Members with enough basic information about legislation to make them feel they do not need the same kind of staff research Democrats get from the DSG and DRO. As a result, the staffs of both the Republican Study Committee and the Wednesday Group regularly take specific positions on issues.

The Republican Study Committee (RSC), formed in 1973, has 60 conservative Republicans as members and a staff of 11. As with the DSG and the DRO, Members pay \$100 dues per year and the staff is supported by Members' staff allowances.

The RSC staff, headed by Edwin J. Feulner Jr., produces approximately 1,000 pages of material per year. The most basic item in the package is "Fact Sheets" on legislation. The RSC produced about 50 last year. Unlike the DSG's and the DRO's equivalent reports, these give pros and cons only on items dividing RSC members. Where members agree, the sheets concentrate on presenting what staff counsel Daphne Miller termed "the conservative point of view."

The staff also produced a summary of key issues likely to come up in the 95th Congress and a resource guide of conservatives on and off Capitol Hill indexed by name and subject area.

The Wednesday Group's four-person staff produced 25 background papers on individual issues in the 94th Congress. But executive director Patricia Gold-

man said in an interview that the members of the group, unlike those of the DSG, DRO or RSC, see the weekly meetings—held at 5 p.m. on Wednesdays—as the most important part of the organization. Typically, about 25 of the group's 36 members attend to exchange information about what is happening inside their committees.

Although the group started in 1962 as a haven for young moderates and progressives, members now include such centrist Republicans as M. Caldwell Butler of Virginia. Because of the importance members place on informal discussion, new members must be invited to join, much like in a fraternity.

The Wednesday Group's staff produced only one major legislative proposal in the 94th Congress. Goldman said that with a Democratic President,

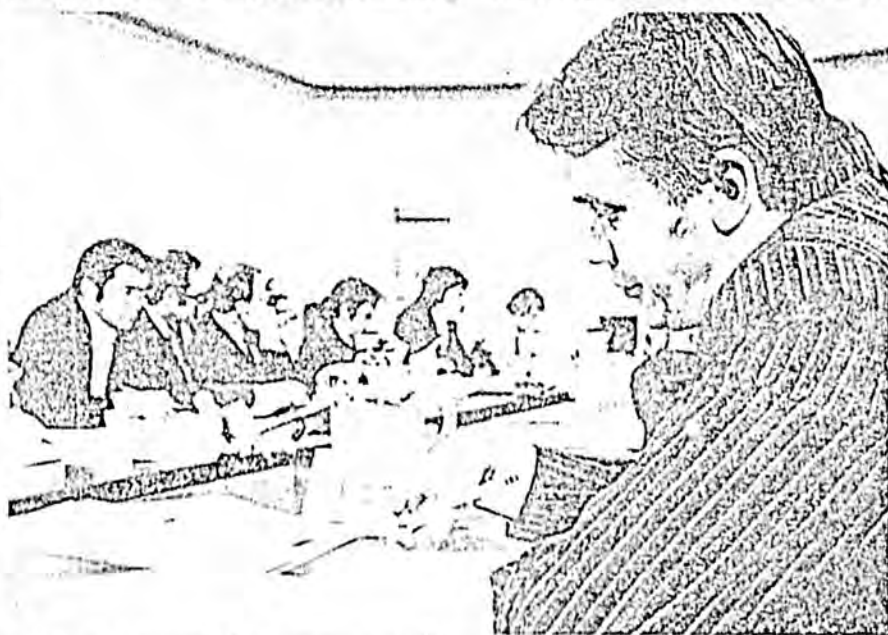
R. Schneider said that the vast majority of the work done by staff is for the 137 House members. The staff is headed by Sanford Z. Persons.

The group's work falls into two categories, each with a separate source of funds. Purely educational briefings for staff and Members—usually talks given by outsiders—are supported by tax deductible outside donations. These funds also pay for staff research.

Anything relating to legislation, must be supported by Members' staff allowances (which Schneider said cover about half of the non-exempt expenses) and by non-exempt contributions.

The National Security Research Group hopes to become the alternative to the peace through law group, staff director John J. Tierney Jr. said.

The group began at a breakfast meet-



The New Members' Caucus was one group that had a major impact on the 94th Congress.

group members will feel less constrained to defer to the executive branch on legislation. As a result, she said, she expects the group to hire specialists as consultants in the new Congress to produce more Republican alternatives to Democratic programs.

ISSUE GROUPS

At least six different groups build themselves around issues. These range from the 10-year-old, bipartisan and bicameral Members of Congress for Peace Through Law, with its 172 members, to the struggling new National Security Research Group and the Clearinghouse on the Future.

Members of Congress for Peace Through Law was founded by former Sen. (1957-69) Joseph S. Clark, D-Pa., in 1966. It began with 12 members and grew as opposition to the Vietnam war mounted. The membership now includes 35 Senators, but staff consultant Barry

ing in June 1976, which was attended by 25 Members of Congress, approximately half Democrats and half Republicans. Former Defense Secretary (1974-75) James R. Schlesinger (soon to be energy czar in the Carter Administration) spoke to the group, while Reps. Jack F. Kemp, R-N.Y., and Samuel S. Stratton, D-N.Y., acted as co-chairmen of the group.

Shortly after the meeting, Tierney began sending a newsletter to 191 Members of Congress. The newsletter summarizes published material on national security, announces meetings with outside experts and briefly describes legislation scheduled for the coming week. Tierney also published a roll call vote analysis on major foreign policy issues in the 94th Congress.

Tierney, who taught international relations at Catholic University until 1975, has been a public affairs fellow of the Hoover Institution on War, Revolution and Peace at Stanford University since then. As a result, Tierney was able to start the group while on his grant without asking Members for funds. He will need financial support in the coming Congress to continue.

The Environmental Study Conference (ESC), like the anti-war group, is a bipartisan, bicameral organization. Founded on Jan. 7, 1975, with 11 members, the group grew to 118 by that April 25. Senators were added in 1976 and the group now includes about 170 House Members and 30 Senators. They pay \$35 per Congress in dues. A much smaller core of about 20 House Members have supported ESC's staff of seven with clerk-hire allotments.

The ESC's *Weekly Bulletin*, unlike publications of other groups, tracks environmental legislation throughout the legislative process. The summaries normally indicate a major bill's status and controversies it has generated, without giving both sides of the issue. "Fact Sheets" are longer and do contain pro and con arguments.

The ESC also sponsored 19 briefings for members and their staffs in the past year, typically including experts on both sides of an important environmental issue. The most recent briefing, held Dec. 14, was on the environmental implications of genetic recombination research.

The Congressional Rural Caucus (CRC) was formed in July 1973 by two freshman Democrats, Reps. Charles Rose of North Carolina and Clem Rogers McSpadden of Oklahoma (who is no longer in Congress). They were joined by 20 others. According to staff director Frank G. Tsutras, the caucus now has 100 members. Members are invited to join based on their records on rural development issues, which, Tsutras stresses, embrace nonfarm as well as farm matters. There are no dues.

With what amounts to a two-person office with part-time help from some of the Members' staffs, there is no way Tsutras can follow all issues pertaining to rural development. Rather than limit himself to legislation coming to the floor, Tsutras set priorities for the coming Congress that included oversight of the Agriculture Department's implementation of the Rural Development Act of 1972, rural health care, transportation, housing and unemployment and items pertaining to rural areas in the federal budget.

Rep. John B. Breckinridge, D-Ky., is head of the caucus.

The Congressional Clearinghouse on Women's Rights was formed in mid-1975 with an initial base of 14 supporters, including Rose and Rep. Patricia Schroeder, D-Colo. Legal counsel Carol J. Forbes declined to say how many active supporters the clearinghouse would have in the 95th Congress.

The main product of the clearinghouse is a weekly newsletter, the bulk of which is an index to items on issues of concern to women from hearings, the *Congressional Record*, periodicals and newspapers. The items, which represent all perspectives, are kept on file in the office for reference. The newsletter also includes one or two articles on women's issues that reflect a definite point of view. "This is an advocacy office," Forbes said.

So far, there has been no comparable development in the Senate because Senate rules do not permit Senators to pool their resources the way House rules do.

Rose is involved in yet another group. The Congressional Clearinghouse on the Future, with a staff of one, shares the office of a Rose subcommittee that also is shared by the women's clearinghouse. The main products so far are a brief monthly newsletter previewing coming hearings that have something to do with the future and a monthly series of seminars scheduled for 1977.

OTHER GROUPS

There are at least six more groups with staff serving the House—two regional, two ethnic, and two class.

The Congressional Black Caucus, formed in March 1971, is made up of the 17 black Members of the House. Rep. Fortney H. (Pete) Stark, D-Calif., a white, was denied membership on June 19, 1975.

Barbara Williams, who heads the caucus's staff of seven, said the efforts of the caucus are divided between coordinating information on the members' legislative priorities and acting as a national voice on issues of concern to blacks. Internally, the main effort of the caucus is to maintain a whip system, she said. Most congressional observers, however, see the caucus more as a convenient label to consolidate the power of the 17 black Members of Congress to act as public spokespersons. "Members believed that a Black Caucus in Congress, speaking with a single voice, would provide a political voice far beyond their numbers," the caucus's most recent status report says.

The caucus's \$100,000 budget comes from an annual dinner.

The five Spanish-surnamed Members of Congress announced the formation of a Congressional Hispanic Caucus on Dec. 8. Like the Black Caucus, this group plans to use its caucus as a forum for announcing legislative priorities and for bargaining with the Carter Administration. The group has not yet decided whether to hire its own staff.

The Northeast-Midwest Economic Advancement Coalition, chaired by Rep. Michael Harrington, D-Mass., is made up of all House Members from the 16 states in its region. The coalition held hearings in Boston and Chicago Dec. 13 and 14, on regional economic issues. The coalition has no staff, but Harrington aide John Moriarty said there will

be a staff of at least four by early 1977. (For background, see Vol. 8, No. 48, p. 1699 and No. 37, p. 1293.)

The New England Congressional Caucus and New England Economic Research Office is the oldest regional caucus that has a staff in Congress. Jill A. Schuker heads the caucus, Paul A. London heads the separate research office and they share one aide. In recent Congresses, Schuker and London concentrated on energy, transportation and federal funding formulas. With the Northeast-Midwest coalition's interest in federal funding formulas, the New Englanders may now focus on broader issues. (For background, see Vol. 8, No. 26, p. 889.)

Most freshman Members form class organizations that go out of business after two years, except for occasional social gatherings, but freshman Democrats elected to the 94th Congress decided to hire a staff for their New Members' Caucus and then use it as a whip system and as a means of exchanging information. The members, now sophomores, decided Dec. 8 to continue their organization. The new freshman Democrats formed their own organization, Dec. 2, adopting the "old" freshman Members' bylaws, but the new group, chaired by Rep. Jim Mattox, D-Texas, has not decided what it wants to do about staff. Both groups want to interview the candidates for committee chairmanships, at least where vacancies now exist. (For background on the caucus, see Vol. 8, No. 7, p. 189.) □

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Alaska State Legislature

February 25, 1977

MEMO

TO: Brian Rogers, Permanent Fund Committee

FROM: Terry Gardiner T.G.

In the Bush Caucus the other day, Senator Ferguson brought up a very pertinent issue. The Governor has proposed that we place 50% of our oil revenues in the permanent stead instead of the constitutionally mandated 25%.

Before we can decide whether this would be desirable or what level we could afford to put into the Permanent Fund, we need to make several assesments. First we need to determine what the real needs of the citizens of Alaska are. We then need to decide which of these needs will be necessary to meet by operating and capital expenditures of state government. This information would give us a much better idea of how much oil revenues we will have left over to invest in the Permanent Fund.

DPDP may have some good information concerning the near future needs of Alaskans. I suspect also that the Dept. of Revenue has some kind of computer runs that they use to forecast the Governor's 50% Permanent Fund.

I think it would be appropriate for the Permanent Fund and Renewable Resources Committee to start researching this topic.

TERRY GARDINER

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Alaska State Legislature

February 25, 1977

MEMO

TO: Doug Pope

FROM: Terry Gardiner

Re: Permanent Fund and Renewable Resources

The first task is to try to develop some institutions that will be capable of living by the public trust standards. We are going to be formulating a plan for the long range development of Alaska's renewable resources. We are going to be creating various institutions that will design this plan, implement, and change this change as the future dictates. We need to develop some general guide lines at the outset for any insitutions involved in renewable resource development. Until we have developed specific institutions, it will probably be easier to implant these guidelines based on the public trust concept. Your immediate task should be to generally outline the elements of the public trust guidelines.

You should obtain a Memo from Brian Rogers that outlines our preliminary schedule for the Permanent Fund and Renewable Resources Committee. The schedule is merely a very rough draft to give us a starting point. The only concrete dates on it are the March 15 deadline for the creation of a budget proposal and the assesment of all information sources. It would probably be best for Brian to handle the budget aspects and for both of you to jointly work on the information sources. We can classify information sources into two broad catagories. Those catagories are; Alaskan sources of information, and non-Alaskan sources of information or alternatively called world sources. Within each of those two classifications, I think we can break information sources down to two subclassifications - individuals and institutions. Our immediate task then is to identify all of these individual and institutional sources of information who help the Committee both from Alaska and from the rest of the world. In identifying these sources we also need to identify their extent of knowledge, their experience, and their biasis. Having done this we will be able to properly select the right sources of information for the Committees task.

Memo
Doup Pope
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One small item of interest is the Forest Service maps that the Senate Resources Committee Room has obtained. These maps can be obtained from the Forest Service and graphically display the forest and agricultural potential of Alaska. Contact the Forest Service office in the Federal Building and see if we can get these maps and any similar maps. Also the Governor's Office of International Fisheries, which Chuck Meechum heads, probably has some maps depicting the 200-mile limit and displaying some numbers potential fisheries sources. See if you can obtain one of these maps also.

I have already written a memo to Brian Rogers about the concept of needs assesment of Alaskan citizens. The Governor has proposed a fifty percent distribution level for the Permanent Fund, as opposed to the twenty-five percent contribution level proposed in the existing constitutional amendment. Before we can decide what the proper figure is, we must first assess the actual needs of Alaskans. These needs would be in the terms of state operating and capital budgets. Once we have assesed these needs, we would then know what is left over that could be placed in the Permanent Fund for alternative uses. You should check with both the Department of Revenue and DPDP about the work that they have done in coming up with the Governor's proposal. I would not be surprised to find that their work up to this point is very superficial. The information should be as long-term as possible.

One area that all of us need to start studying up is on the organizational and management theories. In your spare time you might poke around with different individuals that you know and library resources to give us a little education on this area.

Terry Gardiner

Box 6092, Ketchikan, Alaska 99901 Pouch V, Juneau, Alaska 99811

March 21, 1977

MEMO

TO: Brian Rogers
Permanent Fund Committee

FROM: Terry Gardiner *T.G.*

RE: All Industries for Rural Communities

Clark has talked several times about the positive values attached to establishing cottage industries. I have had a little time invisioning the implementation of this concept because I cannot easily think of specific examples to fit this mold.

An idea has come across my desk from Dick Whittaker who is a former Legislator and a member of the Rural Capp Board from Ketchikan. He pointed out a problem in employment in rural Alaska that I think somewhat fits into Clark's idea of cottage industries.

What we are really trying to do with cottage industries, of course, is to establish viable economies in small communities in rural Alaska. Part of any industry is the ongoing services to maintain human beings in that community. Presently, many of these services are carried on by people from other communities. Anchorage is probably the best example for that fact that many of our large communities really draw their life blood from the small communities they service. One of the results has been the creation of large rich communities and small poor communities.

In keeping with this theory, take the following example. A recent contract was let in the Ketchikan area on Prince of Wales Island for 1.5 million dollars to straighten a highway, upgrade it, and place culverts and bridges. The bid was taken by a contractor from Fairbanks who subcontracted it to a contractor from Ketchikan. The employees and workers came from Ketchikan and all of the work was performed by them. On the other hand, the same work could have been done by people from the west coast communities of Craig, Klawock and Hydaburg. Possibly this work would have had to have been extended over a longer period of years.

Memo
Brian Rogers
March 21, 1977

I think this situation is typical of contracting jobs in all of rural Alaska. Contractors come in and use employment from other places. Of course, the real problem is that there are no contractors which reside in the small communities and therefore the people interested in employment from rural areas could not bid on the State projects.

Some proposed solutions to this might be:

1. Assistance and needed services to small contractors from rural areas.
2. Change in state contracting and bidding procedures tailored to needs and capabilities of small rural contractors.
3. A different outlook in time scheduling for capital projects by the State of Alaska.

This is not directly what Clark was thinking of but I think it fits in to the overall picture of creating viable economies in small communities.