of her income to what she thought was appropriate. The problems with her individual subsidies were not major ones, but it does cloud any involvement she might have had in discrediting Dr. Gold's administration of the program. Borough officials have reported she inquired about several different problem areas, including whether or not proper advertisement had preceded the request for new bidders. In the meantime, John Swan had also been interested as a potential administrator and Morse had been working to interest Swan in the day care program administration. He had been running a day care facility where Morse had taken her child. When you traveled to Fairbanks for your May 19 meeting with Blevins, Morse was in attendance.

That same trip report includes the following statement: "it was the borough's responsibility to monitor the activities of their subcontractor." You also stated, "that we would be very reluctant to approve a subcontract with Dr. Gold for next year, and recommended that they heartily consider operating the program in-house next year."

Regarding Brewer's field report from the next departmental trip on May 31, she reflected a much brighter picture of Dr. Gold's operation of the program. Although she details one case where a family had to have its payments terminated and the notice was somewhat short and indirect (the day care center was informed), the incident prompted her recommendation that a form and standard termination notice be worked out.

This Brewer report appears to contain other unfavorable impressions concerning Dr. Gold, but no examples were provided; they were requested for the future. Brewer's report states of Dr. Gold's administration of the program that applications were now complete; the back-up data was in place and no other close monitoring would be required before the "contracts are ready for renewal."

In the "Effectiveness of Program In Meeting Goals," Brewer wrote, "The program's effectiveness apparently has improved since the last visit. Applicants are now more carefully screened and clients are not being assisted at correct percentages for their income group."

To maintain a proper perspective, we should point out that the April field trip report with the same evaluation forms, detailed several problem areas: audit exceptions, refusal to allow access to all the files, files were incomplete, etc. To adequately insure we don't overlook that report, we have also included a copy of it as an attachment. The point is that

with the prior report or without it, Dr. Gold's administration of the program as is reflected by Brewer, certainly improved.

There are two final letters (one June 24 and a second dated July 25) which culminated in the Borough's action of not awarding a contract renewal to Dr. Gold.

On June 24, you responded to a June 22 letter from Fairbanks Mayor John Carlson which indicated the Borough's intent to apply for day care funds for fiscal 1978. This letter includes the following paragraph:

"Alaska State Law (AS 44.47.250) allows the borough to subcontract its obligations only with the consent of the Department of Community and Regional Affairs. The Department in examining and evaluating the appropriateness of the grant application, must weigh the commitment, the plan and capabilities of the Borough in administering the program."

It also states:

"Unless the borough can present evidence to indicate and guarantee a significant change in the program management by Dr. Gold that will assure a proper level of performance, the Department will not grant approval to the Borough to subcontract.

Prior to this letter's arrival on Mayor Carlson's desk, the borough had informed Dr. Gold that he was the only agency that responded to the Borough's request for bidders. He was told that he would receive the contract though no official paperwork had been signed. The mayor then informed Dr. Gold of the Department's letter.

Dr. Gold took great exception to your letter in public testimony. The Borough opted to operate the program in-house until it could gather more information about the entire matter and seek proposals from others who might also wish to administer the program. Garzini, in public testimony said had there been no letter from C&RA threatening a discontinuation of the day care assistance funding with Dr. Gold, he would have had little objection to the Borough's renewal of the contract with Dr. Gold.

In a July 25 letter from your office, you further outline other problems with Dr. Gold's past administration of the program and offer the following:

"Subsequent to our initial rejection, the Department has become aware of many other circumstances related to Dr. Gold and his other business activities, contracts and zoning

problems which would preclude Dr. Gold from being acceptable as the administrator of this program under any conditions."

Since that second letter, the borough has requested and accepted applications from six sources. These applicants all presented proposals for the day care program's administration based on new proposal guidelines that we feel your agency properly assisted in developing. Certainly, with this relatively new program, guidelines for those who might administer the program would be hard to develop based on no prior experience. Also, since your office has noted problem areas--not only in Fairbanks but Statewide--it is appropriate you should assist the local governments in proposal guidelines.

Dr. Gold has since charged the nature of these guidelines was such that it sought to exclude him. Since some valid concerns with his administration of the program prompted such proposal guidelines, we do not find your involvement here to be faulty.

Presently, the Borough is operating the day care assistance program in-house, awaiting the settlement of this Ombudsman complaint, as well as other factors (such as the local election) before opting to award a contract to any of the six proposal applicants (which includes Dr. Gold).

According to Phil Younker, the Borough will take action--one way or another--on this matter in the near future.

FINDINGS:

Pursuant to AS 24.55.150, we have found Departmental actions: 1) to be arbitrary regarding the enforcement of rules set out in the Day Care Assistance Manual; 2) to be based, in part, on improper grounds; 3) to be unfair, procedurally; and 4) unreasonable in the scope of information and materials collected in regard to Dr. Gold.

A. Actions Found to be Arbitrary

In many areas, you have held Dr. Gold accountable for following rules and procedures outlined in the Day Care Assistance Applications' Manual (which was made part of the contract to the Borough and also the subcontract to Dr. Gold). His refusal to allow Brewer access to files; exact compliance with the subsidy scale; required back up information for each applicant; his determination of who should continue to receive subsidies and who should be cut off; and the Borough's failure

to secure written permission from your division are all covered in the contract and/or manual.

Yet, page 19, article 5 of the manual calls for the Director (identified as you by manual definitions), to notify the agency (identified as Dr. Gold by means of the same manual definitions) of those problems inconsistent with either the work program or contract. If "after a reasonable period satisfactory adjustments are not made" the Director is then to notify the agency that payments will be withheld until the deficiencies are corrected."

Notification of the audit problems went to the Borough Treasurer almost immediately upon Brewer's filing of her trip report. The money was to be immediately withheld and Blevins was warned of the seriousness of Dr. Gold's refusal to allow the C&RA field worker access to all the files. No notice for compliance was given Dr. Gold.

B. Actions Found to be Based Upon Improper Grounds

The July 25 letter to Assembly Chairman Dave Brennan specifically outlined six major criticisms you defined as problems with the day care program administration by Dr. Gold. We find fault with four of those items discussed.

Item #2 and Item #4

We would like to couple Item #2 and Item #4 together as they are similar in our comparison of the facts regarding both. These criticisms deal with the original grant ceiling for the program being $106,495; that Dr. Gold should have apportioned an equal amount each month for the program's subsidies so that the money would last the year; that there was no mandate to serve all "eligibles" (as you allege is clearly stated in the contract); and that his expressed shortcomings due to improper training is invalid due to four trips made by your staff for auditing and training purposes.

First, we find that although the original grant amount was $106,495, Dr. Gold had been told from the start of his administering the program that there would be more money available. Pitts had told him that pending reports from other communities regarding whether these other areas would be able to use their allocated day care funds, more money would become available. Extra money was already accumulated from communities which could not get a program established for fiscal 1977 by the time Dr. Gold took charge of the Fairbanks program.

Dr. Gold chose not to apportion money on a month-to-month average, which was reasonably his prerogative based on the manual, law and contract (plus subcontract). The contract does not state, as you say, "that not every eligible person in the Fairbanks area must or should be served". The contract (in Appendix A) states that the contractor "agrees to serve" all families with reasonable access to licensed day care facilities in the Fairbanks area. The contract states just the opposite, according to our reading, of what you list as its clear statement regarding who should be served.

Whether or not Dr. Gold chose to apportion his total amount on a month-by-month average seems to fall in the category of local flexibility. How else would you interpret Pitts' suggestion that a monthly average be determined and adhered to as was stated in his October 22 letter to Dr. Gold? As long as Dr. Gold held enough money aside for the total subsidizing of WIN and AFDC recipients, then he was not in violation of the contract, according to our review. And, as new applicants qualified as eligibles and had lower incomes than those still receiving subsidies, we believe Dr. Gold was following the priority expressed by the law, guideline manual, contract and subcontract to favor lower income eligibles.

Finally, the lack of training or auditing Dr. Gold alludes to as reason for his shortcomings in administration of the day care program is difficult to determine as valid or invalid. You indicate that he cannot blame base line data projections as his basis for not terminating higher income eligibles. From the first moment he realized he would run short on funding for the year at the maximum subsidizing of all those eligibles, you indicate he should have averaged out his funds based on a month-to-month average. Since the funds did increase (and he had confidence there would be more coming) and there were more new applicants with lower incomes applying for subsidies, we believe Dr. Gold showed a management plan that was not prohibited by his contract--nor even criticised by your agency until after he had terminated many of those on the program under his plan of serving as many as he could as long as he could. Regarding training and auditing help, the field trip report for October only states that Dr. Gold wasn't able to make a meeting. Your February report does not mention any training or auditing other than your attempt to bring home the point the program was not "a free lunch". (And, Dr. Gold's records show the meeting as more of a strategy one for the legislative effort for supplemental

and fiscal 1978 funding of the program). Brewer's March report allows that new staff were on baord and that she would await that staff's familiarization with the back files before auditing. The April field report was covered above and the May report also indicates the Department's action in training Dr. Gold's staff and auditing the Fairbanks files. Proper training and auditing prior to the acknowledged problems in April are hard to detail in light of the field reports on file.

Item #5

The letter to Brennan questions Dr. Gold's method of cutting eligibles from the program; the short time frame in notifying eligibles that they are being cut; the explanation used in the form letter; and the lack of proper monitoring and analysis. The latter, you theorized, might have resulted in fewer cutbacks sooner and addition of new eligibles with lower incomes through natural attrition. Dr. Gold, however, cut eligibles, upon your October suggestion of terminating those from Group V, the Group IV, the Group III, etc. The time frame was short as he expected more funding and exercised his local management flexibility to keep eligibles in the program until the last moment. Regarding the misleading explanation you fault, Dr. Gold had sent the same letter terminating eligibles three different times (with copies to Pitts each time) using the same standard form letter he initiated in October for the first cut-off. No criticism was voiced until your July letter. Had Pitts voiced his concern over the explanation Dr. Gold used, it is likely (according to Dr. Gold) that the form letter would have been changed. Additionally, in the October 20, 1976 letter from Pitts which preceded Dr. Gold's first form letter, Pitts declared the problem "is, of course, insufficient funding to accommodate all persons eligible for Day Care Assistance." Dr. Gold's terminology to recipients of day care subsidies was, "Due to the inadequate amount of funds provided to the Fairbanks North Star Borough Day Care Assistance Program, it is impossible to continue funding all day care payments for the entire year." We don't find the two explanations significantly different.

Since it was (by contract and manual guidelines) the responsibility of both the Borough and the State to "monitor" the local program, we find it inconsistent to solely fault Dr. Gold with failure to properly monitor the program with regard to analyzing the list of eligibles in time to cut higher income eligibles to accommodate new applicants with lower incomes. In fact, the Borough received notice of its

monitoring problems, but the actual local administering agency (Dr. Gold) received none. Also, Dr. Gold's records show no natural attrition where he could have added those new eligibles in question with lower incomes.

Item #6

Here, you report that there were several audit exceptions "for which the borough is financially responsible." You further stated these exceptions "were due primarily to inadequate and inaccurate applicant screening on the part of Dr. Gold's staff". This is not true, according to your files and those of Dr. Gold, as well as information from Garzini. Your contract with the Borough and the subsequent subcontract with Dr. Gold holds the administrator responsible for problems in subsidy eligibility. The Borough paid all the audit exceptions that weren't adjusted after back-up information was obtained from the eligible applicants. Although Garzini states that Dr. Gold paid "a negligible amount" of the exceptions, his files show he paid none. Garzini clarified that most of the exceptions could be traced back to screening work done by the Borough when it first began the program--before Dr. Gold was contracted for the program's administration.

Information regarding the timely filing of monthly reports is difficult to detail except that the departmental files show the reports were late. Exactly how the reports should be filed, and what route each report should take through what local, Borough and State offices is unclear, but it is our finding that these reports were received in your offices late in at least three cases.

C. Action Found Unfair

Even if all the above criticisms and problems with Dr. Gold's administration of the Fairbanks program were accurate, we find it unfair to notify Dr. Gold (and at that, notify him indirectly through a letter to Mayor Carlson) of his total unacceptability for a contract renewal after the Borough has asked him to submit a letter requesting a contract renewal.

We have considered your argument that it was easier not to inform Dr. Gold of each problem as it arose in the hopes he would become a more conscientious administrator as time went by, but it, nevertheless, came as a su prise to him that you would not accept him as a subcontractor. Dr. Gold, and several other agency and local officials, certainly admit there were conflicts of philosophy between him and the Division. All admit there were deep personality conflicts (evident in Dr. Gold's letter to the Commissioner of April 26 and

Pitts' letter to the Commissioner of April 27). The Borough obviously did not think the problems so severe that they would not have rejected the contract renewal with Dr. Gold. Dr. Gold, after Brewer's May 31 trip, did not think his administration so faulty that a contract renewal would be jeopardized or, he felt, he would have received some feedback, as the Department certainly had been vocal about the program in the past few months.

In addition, Brewer's last field report shows Dr. Gold as improving, though each piece of correspondence from the State to the Borough gets progressively worse in its assessment of Dr. Gold's operation of the day care program in Fairbanks.

In the interest of making the Fairbanks program viable, it is understandable your field worker would attempt (and is evident by her continued patience) to try and correct problem areas as opposed to confronting Dr. Gold and his assistants with each error or criticism. But this same patience also lent to the lack of due process we feel Dr. Gold should have been afforded according to the manual procedures which call for the Director's calling attention to contract and work program problems.

Brewer's last comments in the May field report that additional monitoring in person was not necessary until the "contracts are ready for renewal", raises an inference that the subcontract to Dr. Gols would be acceptable.

The paragraph precluding Dr. Gold from "being acceptable as the administrator of this program under any conditions" based on "other circumstances related to Dr. Gold and his other business activities, contracts and zoning problems," is an unreasonable statement concerning Dr. Gold. The paperwork in his Anchorage file regarding establishment of a new mental health association for possible State grant funding does not show any positive letters about the fledgling group (which is now in the final stages of being approved for funding). The Borough zoning problems you allude to are being pursued through the court system. The "other business activities" reflected in paperwork in the file could include the proposal by Dr. Gold for continued grant allocations for drug treatment programs. Although Pitts' letter pointed out problems with his proposal, Dr. Gold received another year's funding approval just recently. And last, references made by Pitts to my assistant about other "alcoholism" grants awarded Dr. Gold that might interfere with day care recipients using Dr. Gold's same premises,

simply do not exist. He does not now have (nor has he had recently) any alcoholism programs which he is running or administering.

It is in addition to the voluminous paperwork in our files that are not direcly germane to the day care program's administration; the somewhat unprecedented letter by Pitts regarding Dr. Gold's drug abuse proposal; the harshness about Dr. Gold's running the program, as is reflected in your letters at the same time his field report evaluations by Brewer were showing improvement the questionable involvement of staff in Fairbanks; and the cloud of doubt by the non-specific paragraph cited above that prompt us to find your agency's actions unreasonable. These unreasonable statements figured heavily in Dr. Gold's not being awarded a second year's subcontract for the Fairbanks North Star Borough Day Care Assistance Program.

AGENCY ACTION JUSTIFIED

A. Statewide perspective needed and obtained through C&RA monitoring

Since the entire amount of day care assistance monies comes from the State with no federal matching monies, the State is in the best position to judge Statewide need and it can best ascertain how the money should best be allocated to the different programs. Through surveillance and monitoring, it is in a better position to determine how any one program measures up to another. In this regard, it was indeed proper that C&RA did outline all problem areas; we only would ask that more time be afforded in reviewing the cited grounds presented to the Borough Assembly as background for the action against Dr. Gold. Careful review of the Department's file would have cleared up the most serious and certainly the majority of problem areas cited.

B. Program problems properly outlined by the agency

The untimely filing of monthly reports, the refusal to allow field workers to review day care assistance recipient files at any time during the work day, as well as smaller, case-by-case details that required clarification or more attention are best brought out by the State agency. In some cases, the local government might not watch nor wish to closely monitor a program. The State, which has the background and knowledge of program administration throughout the State, is in a better position to pick up administrative

details that could tighten any single rural or urban program's administration. It would appear that at least some minor paperwork sloppiness as well as the lack of file access were proper criticisms for whatever reasons.

C. Suggestions for future program proposal advertising and proposal guidelines proper and helpful.

The mere questioning of how the contract was advertised in May was appropriate and suggestions for future advertisement were proper. It is possible that the Borough did not think any other local agency would be interested in the day care program's administration as the local government had initially approached Dr. Gold and asked him to administer the program in July of 1976. If the State were made aware of other potential candidates for the administration, it is their duty to inform the local government of such concern. Also, the guidelines for future subcontractors as recommended and mutually-worked out by the Borough and the agency were appropriate. The role of the State in carrying out its statutory authority in this program is primarily to assist the local governments--which it did in both questioning the form and extent of the advertising and working with the Borough on guidelines for future subcontractors.

D. However heavy-handed the C&RA action to discredit, the Borough chose not to challenge the State's authority and chose to accept its critical comments as basis for not renewing the day care contract with Dr. Gold.

If no fair comment had been afforded the subcontractor, we might have pointed out how unfair it was for a State agency--with all its implied power as a government authority--to barrel over a subcontractor. Obviously, given the advocacy talents of our complainant and the time he has been afforded before the Assembly to counter the C&RA comments, he was not precluded by the State from giving his side of the story.

The Borough may have based its action to nullify plans for renewing Dr. Gold's 1977 contract on the State's expressed authority mandating written approval of the exact subcontract. Or, the Borough may have based its action to readvertise the contract based on new guidelines worked out with the agency staff. Most likely, the Borough chose to accept the total accumulation of critical data from your agency along with your assertion that a subcontract with Dr. Gold would not be approved by them. The July 25 letter with the critical comments about advertising and the offer to work out better guideline proposals for subcontractors became the basis for

Dr. Gold's not getting a second year contract based on the old subcontract provisions.

In the same light, we feel it was the Borough's determination not to renew the contract, but that action was heavily based on your letter. Whether the Borough chooses to accept your authority is a matter of Borough or court jurisdiction. Whether the Assembly chooses to accept our analysis of the entire situation as a basis for reexamining their past action or future action is up to them. It is because we do not want to become overly involved in a related matter of municipal and State concern that we have offered these comments regarding action we think the State took that was justified and appropriate.

D. RECOMMENDATIONS

We hope that the review, as we have painstakenly presented it, will provide you with a careful enough review of the facts surrounding this complaint to weigh the following recommendations. It is my understanding that each recommendation has already been broached with you by my assistant. We hope these suggestions will provide you with meaningful alternatives that will tighten up the program's Statewide administration.

1. To straighten any confusion that might have been evidenced in this Fairbanks day care assistance program administration, we would suggest you begin the tedious but needed process of promulgating regulations, at least in the following areas:

A. What is the State's intent and interpretation of "permission to subcontract"? With that permission, is it then the responsibility of the Borough to determine the exact subcontractor? Other State agency examples provide for mixed interpretations as do court rulings on the authority of the State in subcontracting matters. Some rulings and agency examples reflect the contract law's strict interpretation of a due process of authority from the State to the contractor and the subsequent authority from the contractor to the subcontractor, with only minor connections from the State to the subcontractor.

B. In the application manual, it outlines how a day care assistance grant is made to a local government. However, the procedure of how one should obtain permission for subcontracting is not clear. For example, it calls for "written permission from the Department" for a

municipality to be able to subcontract. Yet, when should the permission, if so desired, be obtained? The application manual does not say, but alludes to subcontractor Articles of Incorporation as being necessary for the local government's complete grant application and possible approval. The manual also calls for subcontractor forms to be filled out after the grant is approved. Yet, with this complaint, the Borough was chastised for not seeking and/or obtaining prior written approval before it sent in the grant application for this upcoming year. One way or another, the procedure should be clarified.

C. Since the initial intent of the subcontractor option was to assist the particularly small communities, what kind of consideration should in-house vs. outside municipal subcomtract administration be given? Should a municipal government have to substantiate why it prefers to operate the program through subcontracts as you once intended? This clarification might be opportune now with other clarifications sought and, perhaps with the promulgation of regulations.

D. What does the Department infer by the local administering agency's responsibility to serve eligibles in the designated grant area? The confusion that exists through not addressing this point in the statute but addressing it rather contradictorily in the manual and the contract appendix should be clarified. It might make more overall management and planning sense to prioritize eligibles from the start of the fiscal year and apportion monthly subsidies to a determined ceiling, as now appears to be left up to the local government's or local agency's mandate to determine. If you believe the program better run (Statewide) by stricter management guidelines, then those should be clarified and made part of regulations.

E. Other specific areas brought to light by this inquiry stemming from the 1977 Fairbanks program experience should also be clarified in this review process. These areas include exact breakdown of State, contractor (or local government) and subcontractor (or local administering agency) responsibility. Appropriate termination procedures for recipients whose money begins to dwindle faster than anticipated; methods of accurately informing recipients in a properly-designated time frame to insure adequate time for easier adjustment; guidelines important for subcontractors' proposals Statewide, as well as advertising for new proposals; and a spelled-out monitoring effort regarding how problem areas are to be discussed, corrected, challenged and made a basis for disciplinary action should be readied.

Under litigation and court rulings regarding the applicability of the Administrative Procedures Act to agencies which have the permission to promulgate regulations (which you have in C&RA Day Care Assistance Program statutory authority--AS 44.47.250(b)(1), the courts have held that when you may promulgate regulations, you must.

Regulations for this program have already been discussed. Where we recognize a responsibility of your agency to establish some regulations to clarify the above-cited confusions, we would only suggest you begin work on these matters. However, if the line of agencies now awaiting regulations is too long to accommodate clarifications this year, we would suggest that the applications' manual include the needed clarifications. These additions and changes, as well as specific delineation of responsibilities might also--or might instead--be made a part of the applicable contracts and subcontracts. We are striving for equal enforcement of rules and regulations--no matter what form they should take.

An argument you have presented for not including all those points and matters within the policy manual as perspective regulations is the entire program's "armslength" attitude in its dealing with the general public. (Actually, we would like to see all manual procedures covered by regulation as the actual subsidy scale provides for the real flexibility you seem to desire in the program's administration.) Since a recipient's appeal is to Pitts' office, and since there have been recipients who have been penalized because the subsidy scale was not mandatorily followed by the administrator locally, we believe you have more of a direct link with the general public than your initial establishment of the program first indicated.

We would suggest, if you are considering these recommendations to tighten up on the mutual accountability of all agencies involved, that you expand your direct involvement with the public at large. More carefully outlining procedures and manual interpretations brings you into closer scrutiny by the public. We would suggest you further this involvement (not necessarily dramatically) and include selective recipient interviews in the field trips by your staffers. It is in this monitoring effort that you will get a more direct evaluation of a contractor or subcontractor's work effort.

As another step to involve the public, we would suggest public hearings or some public response mechanism where you might get the general response from State residents on the

matters outlined above. The public may have its own ideas about local versus State control and the guidelines for a contractor's involvement.

2. To clarify the record, which we hope we have detailed adequately to show problems with the grounds you cited for not wanting Dr. Gold involved in a subcontract for the day care program, we would recommend a clarifying letter be sent to Fairbanks Borough Mayor John Carlson and Fairbanks Borough Assembly Chairman Phil Younkers. We would hope the letter might explain the improper grounds we believe might have unfairly weighted Borough opinion against Dr. Gold. The same letter, we would suggest, also include a clarification of your apprehension of Dr. Gold as a future administrator. In talks with my assistant, you have indicated you would not protest Dr. Gold's acquiring of the contract (through criticisms or assertion of C&RA authority) if he were to abide by the guidelines worked out by you and the Borough staff. This explanation would be helpful in the recommended letter to the Borough Assembly and Mayor. Where we would appreciate a clarification of what we think are improper grounds, we would also offer that other proper grounds about Dr. Gold's administration of the program would appropriately be forwarded in this same letter. Assistance in the form of comments about other proposed administratiors would also be pertinent and proper here, we feel. Suggested monitoring efforts that might correct future problems while still insuring the Borough and local administering agency the right to due process could be included in this same proposed letter.

3. We would suggest a letter to Dr. Gold, although a copy of the above letter to the Fairbanks Borough would be appreciated as an alternative. Acceptable guidelines that would allow him to obtain the contract without any State controversy should the Borough opt to contract with him again, should be specified in this second letter. A forward, clear assessment of his past performance as an administrator; day care program spokesman before the legislature; and outspoken public critic of the Department would appropriately be outlined in this letter. And, by means of this complaint resolution, perhaps a future meeting between you, Pitts, Dr. Gold, the Commissioner and appropriate Borough contracts could take place to iron out personality conflicts that might remain.

SPECIAL FINDINGS

In the perusal of the file, we took special note of the letter Pitts forwarded to Commissioner McAnerny regarding Dr. Gold's early spring proposal for drug abuse funding. Through the A-95 grant approval process (those being specific funds administered through the State), grant proposals are routinely circulated throughout sister agencies in the hopes that others having dealt with proposed contractors will comment about the contractor in question. The process, although still somewhat rudimentary and selective in the circulation of proposals, is a good one.

The State should have a central information system which would allow cross-referencing and more complete examination of contractors. In this case, comments forwarded by Pitts, however, lead us to examine this process more closely. We find no problem with the concept of cross review of contractors' past performances within the evaluating agency. But, Pitts' assessment of Dr. Gold's proposal is inappropriate. The two-page evaluation (for reasons we have not been able to justify) recommends that another contractor/administrator be found for the Fairbanks drug treatment program. In the six lengthy paragraphs critical of Dr. Gold's drug program proposal, only one paragraph deals with Pitts' direct dealing with Dr. Gold through the day care program he actually oversees. The memo to C&RA Commissioner McAnerny was written on April 27 by Pitts--a day after the Commissioner was hand-delivered an inflammatory letter by Dr. Gold about Pitts' actions in regard to Brewer's controversial field trip to Fairbanks in April.

As there are no regulations, laws, procedures, or even standard practices exercised in the review of A-95 grant application proposals, we cannot find direct fault in Pitts' action except to say it was inappropriate.

Since the comments apparently did not get to the Drug Abuse Review Board in time for their full consideration and since they chose to award the contract to Dr. Gold for this upcoming year, we suggest no future action in this matter. We do feel that the process of cross referencing evaluations be reviewed toward insuring objectively, accountability and due process so that a valuable tool does not become a "blacklist".

We would recommend that future evaluation by C&RA staff of A-95 proposals be restricted to specific past

involvement with the contractor and that it be as precise as possible. Hopefully, through central agency, the Division of Policy Development and Planning personnel, there will be adequate response mechanisms afforded the contractor in question so that a fair evaluation is afforded by the State.

In summary, we hope this exhaustive look at the record has been helpful in your own review of the inquiry to our office by Dr. Gold. We have given much thought to the recommendations and options presented for your consideration in the hopes of bettering the program while setting the past record straight. In constantly weighing the findings and recommendations, we have attempted to set reasonable goals, which we believe are not arbitrary, given your initial discussions with our office last month. Please let us know if you have any questions or comments. We would like some response, even if it is an oral response within a week.

We are forwarding the exact copy of these findings, except for the section which details the staff situation and the details of any specific day care recipients as those names are confidential, to Dr. Gold, the complainant.

As everything but the names and files of day care assistance subsidy recipients are already part of the public record, in light of our prior consultation with you in regard to this matter, and the Borough's involvement as the prime contractor, we will make this report available to the Borough pursuant to their request as is outlined in the letter attached from Mayor Carlson. We will do this unless you have a reasonable objection to this procedure. If so, please give me a call this weekend (October 22 or 23; we plan to be in the office for a good part of the weekend) or call us on Monday or Tuesday, October 24 or 25.

We appreciate your cooperativeness in this matter and thank you for your consideration.

Sincerely,

Frank Flavin
Ombudsman

CA:FF:

cc: Jan Brewer, C&RA Anchorage staff
Harvey Pitts, Day Care Coordinator, C&RA Anchorage staff
Commissioner Lee McAnerny, C&RA
Dr. Frank Gold, former Fairbanks Day Care Assistance Program Administrator

5-31-78

Harvey Pitts C R/A 279-3402
re CSHB 913

Very much opposed to it.

Eric Lee flying to Juneau to see Rosini re bill.

Bill redundant - already governing regulations. Change language — pg. 250. Useless. Also removes department's regulatory review authority.

Local fairbanks problem. But legislation would have harmful statewide effects.

Sam Cotten has received unfavorable comments by telegram.

John Hartle Enlist Child Care Centers Fairbanks -

re CS for HB 913 -

"with the approval of the department" -

NO benefit to child care centers or providers. Hamp Pitts opposed because it makes it impossible for CFRA to administer.

Mun. of Anchorage opposed ??

CFRA opposed.

Ch. Scott Colton.
CFRA position paper opposite.

FN - proceed

CSHB 913 - Day Care Programs

in 5/26

John Hartle - opposition 586-2753

Changes language -

making mandatory -

removing C&RH Dept.

Nancy Pitts - C&RH Dept -

Arch Nunic. opposition)

FRANK J. GOLD, ED. D.
Registered Psychologist
3098 Airport Way
FAIRBANKS, ALASKA 99701
(907) 456-4409

June 5, 1978

Senator Joe Orsini
Chairman
Community & Regional Affairs
Alaska State Senate
Juneau, Alaska 99811

Dear Senator Orsini,

I have been told that CS HB 913 (an act relating to day care programs) is now in your committee.

Being aware that the session must be drawing to a close, but also being aware that at least in Fairbanks and Kodiak the contracting municipality's hands are about to be tied by the proposed regulations offered by the Department, I am requesting that your committee act on this legislation if at all possible.

The Department would like to refuse to allow these two communities future sub-contracting privileges. This is most distressing here in Fairbanks since the Fairbanks North Star Borough has continually gone on record as wanting to sub-contract the administration of the Day Care Assistance Program. My contact with Kodiak indicated that they too would like to continue sub-contracting.

This may not be the most important item to come before your committee, but it would be appreciated if you and your associates would find the time to put a minor stop in the irresponsible and dictatorial Department bureaucracy.

Thank you for your time.

Sincerely,

Frank J. Gold

cc: Glenn Hackney
Bill Sumner

HB
919

SENATE COMMUNITY AND REGIONAL AFFAIRS
COMMITTEE MEETING

June 3, 1978

Present: Senators Orsini, Ferguson, Sumner and Willis.

Absent: Senator Hackney

The Senate Community and Regional Affairs Committee met June 3, 1978 directly after session and passed out HB 919, grants-in-aid to municipalities and associations maintaining public libraries with a "DO PASS" recommendation. The Committee also amended the amount of the grant from "$500" to "$1,000".

HB
934

CONTACTS -

AK Assoc. of School Boards

Bill Oberstecket

NEA - Alaska - Bob Van Houte

Dept. of Ed - Steve Hoe ~~3891~~ 2896

Oxford Pendaflex

STOCK No. 7531/3

MADE IN U.S.A.

Bob VanHoude

NEA - support

(feeling) vehicle for binding arbitration -

---

affirming current practice

No fiscal impact

5-30-78
Overheat - Ass. AK School Boards
"No big deal
Affects current
practices.

Introduced: 4/14/78
Referred: Health,Education &
Social Services

IN THE HOUSE

BY THE LABOR AND MANAGEMENT COMMITTEE

HOUSE BILL NO. 934 am

IN THE LEGISLATURE OF THE STATE OF ALASKA

TENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to sick leave and certificated employees of school districts; and providing for an effective date."

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

* Section 1. AS 14.14.107 is repealed and re-enacted to read:

Sec. 14.14.107. SICK LEAVE AND SICK LEAVE TRANSFER. (a) Every school district shall allow its certificated employees * ^ one and one-third days of sick leave a month with unlimited accumulation of sick leave days.

* DELETE "AT LEAST"

(b) A certificated school district employee who changes employment from one school district to another district, or from a school district to the Department of Education, or from the department to a school district, may transfer all of the cumulative sick leave to the new employer. It is the responsibility of the employee to notify the new employer, within 90 days of commencing work, of the number of days to be transferred.

(c) The department may implement this section by regulation.

* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-070(c).

Van Winter NEA - reg. Waiver. no fiscal impact

Per Oxton 5-30-78 will get out shortly

SENATE COMMUNITY AND REGIONAL AFFAIRS
COMMITTEE MEETING

June 1, 1978

Present: Senators Orsini, Hackney and Sumner; Ann Mawn, Lt. Governor's office; Don M. Berry, Municipality of Anchorage; Steve Hole, DOE; Bob Cooksey, NEA-Alaska.

Absent: Senators Willis and Ferguson

The meeting was called to order at 3:10 p.m. and the bills before the Committee were SB 454 and HB 934 am.

SENATE BILL 454

Chairman Orsini stated that the Committee had a committee substitute for the bill. He stated that it took out all references to municipalities. There was no public testimony given at this time.

Senator Sumner moved that SB 454 pass out of committee with "INDIVIDUAL RECOMMENDATIONS".

HOUSE BILL 934 am

Chairman Orsini stated that this bill came of HESS committee with a "DO PASS" recommendation.

Bob Cooksey, NEA-Alaska, stated that they had no objections to the bill.

Steve Hole, Department of Education, stated that the Department was in favor of HB 934 am

Senator Sumner moved that HB 934 am pass out of committee with "INDIVIDUAL RECOMMENDATIONS".

The meeting was adjourned at 3:30 p.m.

HB
941

Richard Burnham AG's office

Oxford Benedictine

STOCK No. 753 1/3

MADE IN U.S.A.

SENATE COMMUNITY AND REGIONAL AFFAIRS
COMMITTEE MEETING

May 25, 1978

Present: Senators Orsini, Willis, Hackney and Sumner; Roger Allington, City and Borough of Juneau; Stuart H. Bowdoin, Bristol Bay Borough; Phil R. Holdsworth, S.E. Conference; Richard M. Burnham, Attorney, General's Office; Floyd Johnson, Division of Emergency Services, Jim Rolle, AML; Pat Conheady, Department of Natural Resources; Jack Chenoweth, LAA; Don Berry, Municipality of Anchorage; Annette Smith, H/C&RA; Royce Weller, Hugh Malone's Staff

Absent: Senator Ferguson

The meeting was called to order at 3:04. The bills before the Committee were HB 941 and CSHB 133.

HOUSE BILL 941

Richard Burnham, Assistant Attorney General representing the State in the litigation over the Highway complex in Anchorage, stated that that agreement may not have been entered into in good faith. He moved that there was an affidavit form filed in the AG's office giving the Municipality of Anchorage notice that it was doubtful that the Commissioner of the Department of Highways had the authority to dispose of the land on which the complex is located. He also stated that the Department of Administration appraised the land in 1973 at 3 1/2 million dollars. The next spring an appraiser, presumably hired by the Municipality and approved by the Commissioner, appraised the property at 1 million dollars. It was on the second appraisal that the lease purchase agreement was made. He stated that he did not feel that this was in the best interest of the state to lose 2 1/2 million dollars between two appraisals. Senator Orsini pointed out that he was assuming the first appraisal was correct and the second appraisal incorrect.

Floyd Johnson, Division of Emergency Services, Department of Military Affairs, stated that the division would need a supplemental appropriation for rent due to the Municipality of Anchorage if this bill were to pass. He stated that the supplemental would require $92,467 and asked that the bill be amended to require the Municipality and his agency to sit down in good faith and negotiate a new 3 year rental sublease agreement. He told the Committee that his agency can get 50/50 matching monies from the federal government for construction of emergency operation center, that it would take about 2 to 3 years to get this money committed, and any relocation of his office would be complicated by the need to move the division's complex communication system. He stated that it would take around $100,000 to make a move to another location, preferably to another downtown location, even if one were available.

Don Berry, Municipality of Anchorage, supplied the Committee with a letter from the Assistant Municipal Attorney.

Senator Willis moved to pass out HB 941 with "INDIVIDUAL RECOMMENDATIONS".

CS FOR HOUSE BILL 133

Roger Allington, City and Borough of Juneau, asked the Committee to take a second look at the 13,600 acreage allotment for Juneau and restore at least the amount of 19,584 acres which came out of the Senate Resources version. He stated that the city was in need of the land specifically in Juneau because of the need to relocate persons now living in hazardous downtown slide areas. Mr. Allington noted that an allotment of 24,000 acres for Juneau would be more appropriate for the Muricipality's needs.

Stuart Bowdoin, Bristol Bay Borough, stated that his borough was in support of the bill. He stated that the Borough was in dire need of the land and would take about anything that becomes available.

Phil Holdsworth, Southeastern Conference, stressed the need for Southeastern communities such as Petersburg, Wrangell and Skagway to have access to trust lands which now hem them in and restrict any future growth.

Jim Rolle, Alaska Municipal League, stated that the League does not feel that access to trust lands should be based on population and urged that cities, as well as boroughs, also be eligible for trsut lands and deficiency payments.

Pat Conheady, Department of Natural Resources, opposed the increase of the Anchorage allotment to 44,893 and referred to a letter of May 19 from the Director of the Division of Lands, Mike Smith. According to Mr. Conheady, a correct allotment figure for Anchorage would be 37,655 acres. He discussed the section of payment for land deficiency and supported the need for cities to have access to trust lands, particularly in Southeastern.

Mr. Conheady expressed concern regarding the January 1, 1980 deadline for determining land deficiency payments, the State was not sure when the 6A selections would be made and available for municipal selection.

Senator Sumner moved that the amendments be passed and pass out SCS for CSHB 133 with "INDIVIDUAL RECOMMENDATIONS".

The meeting was adjourned at 4:10 p.m.

of ALASKA

TO: H. B. Wellman, Director
Division of General Services/Supply
Department of Administration

DATE: September 27, 1973

FROM: Tom E. Nain, Area Supervisor
Division of General Services/Supply
Department of Administration

SUBJECT: Acquisition of Department of Highways Buildings

Please refer to Mr. Don Lowell's August 29 memo, subject as above. You asked for my recommendation concerning the Alaska Disaster Offices' request to obtain the maintenance facility at 1305 East 4th Avenue, Anchorage.

The facility is approximately 20.0 acres in size, of which approximately 16.0 acres is within a 6' chain-link fence. It is ungrade with 4th Avenue and a small portion of the north boundary is ungrade with 3rd Avenue. The east and south boundaries abut embankments that make access impractical from these sides. The enfenced area serves as a vehicle parking lot.

The fenced area has the following buildings:

a. Office building: Three stories of reinforced concrete having approximately 9330 gross square feet and approximately 7870 net square feet. This building houses the administrative offices of the Alaska Disaster Office which leases the space from the Department of Highway.

b. Maintenance building: Three stories of structural steel and metal siding. This building is approximately 66' x 150'.

A 60' x 66' section has three stories, each with 8' ceilings, served by a freight elevator. The first two floors are primarily shop and storage areas. The third floor is partitioned into offices.

The remaining 66' x 90' section has a shop with a 16' ceiling above which is another storage area.

c. Gas station: A wood frame building approximately 60' x 66' with 4 service bays. The station itself is approximately 20' x 60' and has offices on the second floor.

d. Paint storage area: Comprised of one wood frame building approximately 20' x 40' and 2 quonsets approximately 16' x 36' each.

e. Storage area: Comprised of 5 quonsets approximately 16' wide and from 36' to 54' long with a wooden loading dock.

f. Soils laboratory: (Leased to City of Anchorage.) A building approximately 36' x 150' consisting of a concrete structure and wood frame structure. The City uses this as their sign shop.

g. Open storage: Approximately 10.0 acres.

The Department of Highways reports their expenses to operate the maintenance building during FY 73 as follows:

Gas	$ 6866.65
Electricity	5178.51
Water	2907.14
Garbage	567.24
Other	3289.16
Personnel Services	568.62
Commodities	380.17
Overhead	3275.39
TOTAL	$23433.28

Based on 23,750 gross square feet, this building costs 6.8¢ per square foot per month. Used as storage, the buildings costs should be less. This is cheap storage on an actual cost basis. However, on a rate of return based on an appraisal of the value of the facility, the real cost to the State is much greater. If the land is worth $4.00 a square foot, the total value—exclusive of buildings—is $3,400,200 for which a minimal 6% return is $209,283 annually.

It has been suggested that this facility could be used to store USDA commodities and to be used for state surplus property sales. The available storage space is not ideally suited to food storage because of the 8' ceiling which restricts the use of equipment. Only 2500 square feet would be available for this use. The area could be used for state sales; however, the major attraction to buyers seems to be vehicles and construction equipment which are generated by the Department of Highways at 5700 Tudor Road. It appears more feasible to move the other miscellaneous sale items to that location.

There is always a need for miscellaneous storage by field offices in Anchorage. The quonsets and the maintenance building would be suitable for this purpose; however, control of access would be difficult and vacant storage areas have a way of becoming junk piles.

The Alaska Disaster Office does have storage problems and a facility adjacent to their present office seems to be practical; therefore, as the only outright expense for ADO to use this is the cost of transferring the property, I recommend that they be permitted to use the facility until permanent plans are made for either ADO or the facility.

cc: Alaska Disaster Office

TO: [illegible] Joseph H. Ehrl
Department of Administration

DATE: August 20, 1973

FROM: Donald Lovell, Director
Alaska Disaster Office
Department of Military Affairs

SUBJ: Acquisition of Department of Highways Buildings

The Department of Highways will be moving their equipment maintenance personnel from the old Department of Highways yard to their new facilities somewhere around November, 1973. The facilities they vacate will be empty, with the exception of a one-story building leased to the City of Anchorage for their sign shop and the building the Alaska Disaster Office occupies.

I request that the old Highway maintenance building (a three-story building) and five Quonset huts be assigned to the Alaska Disaster Office for storage of emergency supplies when Highways moves out. This is urgent, since equipment and supplies we now have are scattered around in several buildings, bonans, and Quonsets, creating a waste in manpower and time in receiving and distributing these items.

We have storage in a warehouse in Seward, eight bonans in Girdwood, a Quonset on Kingsport, a basement of a fire station, etc.

We would, upon acquisition of the building and Quonsets, move in our emergency hospitals, emergency medical, sanitation, and water supplies, tents, cots, blankets, and other equipment as it is acquired through Excess and Surplus Property for distribution to the several communities we serve. Additionally, the building would house our emergency vehicles and our mobile communications center.

Also, there should be adequate room in the building to store surplus commodity foods for your Department.

We have been desperately short of adequate, secure storage ever since my predecessor relinquished an 80'x120' warehouse to the Department of Highways.

Your early approval of this request would be appreciated.

Since 1974

used for "people mover" $850K/yr from State

Lease; 100 K/yr

10 K/yr option to purch

Dir of Emer Svc - leave then '84 occupy 1 of 3 bldgs

"prop" $123 K/yr (now ~$93K)

value $115 K/yr

state contests legality of lease

(contract entered by D. of H)

verbal agreement btwn Sullivan & Egan

Good Faith

5/25

CSHB 941

AG's office

Good faith - ?

AG's ltr informed mine of ques of
Dep of N Comm. authority to convey

In best interest of state ? '73 appraisal $3½ M (Dept of Admin
74 appraised $1 M (by ~~appraisal~~
(by appraisers under contr to muni.)

no formal opinion on legality

Court decision 1-2 months

$772 K supplemental necessary

wants amendment for good faith negotiation
muni & state for 3 year extension (from '79)

could get 50% matching funds from feds

$1.20 /sq ft $115 K /yr $23 K paying

~~$74 - $78~~ $90 K owed

CSHB 941

5/18/78

Mitch Gravo - Muni of Anch

1974 - And Record bldg from Dept of Hwys w/option to purch
Downtown space element supposed to find - need to be downtown

'91 appraisal ~ $1M
option to purch $10K/yr for 10 yrs
lease $100K/yr

'76 - state wanted to record lease, filed suit
- lease under litigation; 1 2 yrs to settle
1) C of H & locked auth
2) ~~xxx~~ no oppos pub noted
3) appraisal 6 mos prior rather than 3 mos

This bill notifies lessee - directs DNR & DTPF to negotiate

Pete Freylick - AG's off - (on Rich Burnham absence)

Did state have a need for property? (bottom p. 1 AG's letter)
what agency? (apparently, not DOT)
no communic between agencies (?)

If bill passes know issue of ability of DOT to sell/lease land; don't know if particular issue will be settled
Admin not known if have a pos yet

Superior Ct should decide by mid-summer

CSHB 941 cont'd

Floyd Johnson - Ak Div Emer Svc - Dept Mil Aff

~72 lease w/dept of Hwys for 1 of 3 bldgs (waited 2)
'74 instructed by AG not to make rent payments
'75, '76 rent money lapsed
77 - still have (carried forward)
78 - "
Total $93,430 owed to muni

concern w/impact on budget

don't have to be downtown

Rep. Rudd

good faith - even tho of questionable legality

if this is overturned in court, then there may be other leases which will be voided also on same basis

supports bill

Pg Borough muni Atch
also would agreement between Mayor & Gov on this
lease & at the need for more trans purposes (this not City responsib)
$850 K/yr from state → muni for more trans

re CSHB 94 [illegible]
Audio. Eds
x 3610

1574 April 15 -

$90,000 less the
rent.

---

only state agency [illegible]
Center.

Original sponsor:

Offerred:
Referred:

IN THE HOUSE

BY THE COMMITTEE FOR COMMUNITY AND REGIONAL AFFAIRS

IN THE LEGISLATURE OF THE STATE OF ALASKA

TENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act ratifying the lease-purchase agreement between the State and Municipality of Anchorage, concerning the former State Highway Complex at 4th and Post Roads in Anchorage."

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

Section 1. PURPOSE.

(1) Whereas, the State of Alaska, acting through the Commissioner of Highways, entered into a lease-purchase agreement with the City of Anchorage on November 14, 1974 concerning the former State Highway Complex at 3rd and Post Roads in Anchorage, Alaska, described more particularly as:

> Blocks 28-C, 28D, 29-A, 29-B, 29-C, 29-D, 30-A, and Lot 2, Block 30-B, all in the East Addition to the Anchorage Townsite, Anchorage, Alaska, with all fixtures and improvements except for the Northwesterly 90 feet of Block 28-C, East Addition, containing 32,930 square feet more or less; and the North 90 feet of Blocks 29-A, 29-B, and 30-A, East Addition, together containing 72,707 square feet, more or less.

Such agreement being recorded on November 20, 1974, in Book 232 at Page 317, Anchorage Recording District, Third Judicial District, State of Alaska; and

(2) Whereas, pursuant to the lease-purchase agreement the Municipality pays the State $100,000 a year in rent plus $10,000 a year in consideration for its option to purchase the property, such funds being applied to the purchase price of $1,000,000 if the Municipality chooses to exercise the option; and

(3) Whereas, the complex has been used by the Municipality as a maintenance and vehicular storage yard for the People Mover Mass Transit System; the Municipality intends to use the Complex as ~~the~~ a future operations center of the People Mover mass transit system; and

(4) Whereas, it is in the public interest to encourage development of such mass transit system; and

(5) Whereas, the lease-purchase agreement was entered into by both the State and City in good faith; and

(6) Whereas, for many years the City and Municipality of Anchorage have provided the street lighting systems on the State Highway System within the City and Municipality at no cost to the State; and,

(7) Whereas, the City of Anchorage has leased 8.7 acres of valuable land at Lake Spenard to the State as a site for the National Guard at a lease rate of $1 a year for 102 years, and in addition, the City has leased the State Division of Aviation 21 acres of valuable land adjacent to the shoreline of Lake Spenard at a nominal rate of $1,800 a year; and

(8) Whereas, question has arisen concerning whether execution of the conveyance by the Commissioner of Highways on behalf of the State created a valid instrument; and

(9) Whereas, enactment of a general law would be inappropriate to correct the statutory confusion from which such dispute arises since the Department of Highways no longer exists as a separate entity, having been merged into the Department of Transportation and Public Facilities pursuant to Executive Order No. 39(1977); and

(10) Whereas, the Legislature finds it in the best interest to both the State and Municipality of Anchorage to declare the lease-purchase agreement to be a valid document binding on both parties;

Section 2. IT IS HEREBY ENACTED THAT:

(1) The action of the former Commissioner of Highways in enacting the lease-purchase agreement between the State and City of Anchorage which was recorded on November 20, 1974 in Book 232, Page 317, Anchorage Recording District, Third Judicial District, State of Alaska, is hereby ratified.

(2) The Commissioner of Natural Resources and Director of the Division of Lands are empowered and directed to approve the lease-purchase agreement, as written, pursuant to the authority vested in them by AS 38.05.315(A).

Section 3. This Act takes effect immediately in accordance with AS 01.10.070(C).

LEASE-PURCHASE AGREEMENT

THIS AGREEMENT is entered into this 13 day of November 1974, by and between the STATE OF ALASKA, DEPARTMENT OF HIGHWAYS, hereinafter referred to as the "STATE," and the CITY OF ANCHORAGE, a municipal corporation organized and existing under its charter and the laws of the State of Alaska, hereinafter referred to as the "CITY."

WHEREAS, the STATE is the owner of the following described real property:

Blocks 28-C, 28D, 29-A, 29-B, 29-C,
29-D, 30-A, and Lot 2, Block 30-B,
all in the East Addition to the
Anchorage Townsite, Anchorage, Alaska,

which has improvements and fixtures located upon it, such real property, improvements and fixtures being hereinafter referred to as the "Premises"; and

WHEREAS, the CITY desires to lease the premises, excluding the excepted parcels described below, and desires to have the option to purchase the Premises and a contingent option to purchase the excepted parcels described below.

NOW, THEREFORE, in consideration of the mutual covenants described below, the STATE and the CITY hereby agree as follows:

1. Subject Property.

The STATE leases to the CITY, and the CITY leases from the STATE, all of the Premises, with the exception of the following four parcels, which are hereinafter referred to as the "Excepted Parcels": the Northwesterly 90 feet of Block 28-C, East Addition, containing 32,930 square feet more or less; and the North 90 feet of Blocks 29-A, 29-B, and 30-A, East Addition, together containing 72,707 square feet, more or less.

2. Rent and Terms of Lease.

The lease will be for a period of ten (10) years, commencing on August 14, 1974. The rent shall be One Hundred

RECORDED Nov 20 1974 BOOK 332 PAGE 347

cc: Treasury
Controller (Cloy Rodgers) 12/4/74
Purchasing (for conveyance purposes)

Thousand Dollars ($100,000) per year. The first year's rent shall be payable on Dec. 1, 1974. Each year's rent thereafter shall be payable, in advance, on August 14 of that year.

3. Option to Purchase Premises, Excluding Excepted Parcels.

A. Option, Price and Terms. At any time after one year of this lease has expired, the CITY shall have the right, at the CITY's option, to purchase the premises, excluding the Excepted Parcels, for the sum of One Million One Hundred Twenty-Six Thousand Dollars ($1,126,000). No interest shall be paid on this purchase price. The purchase price shall be paid in cash on the closing date. The price to be paid by the CITY for this option shall be Ten Thousand Dollars ($10,000) per year, commencing with the second year of this agreement, until the option is exercised or abandoned. This annual option price will be paid in advance on the same date on which the annual rent is to be paid (excluding the first rental payment date). If the CITY exercises this option, then the lease shall terminate and all of the payments of rent made by the CITY pursuant to paragraph 2, above, and all of the $10,000 per year payments made by the CITY for this option, will be credited to the above $1,126,000 purchase price.

B. Exercise of Option. The exercise of this option shall be accomplished by the CITY giving notice to the Commissioner of Highways, in writing, of the CITY's desire to exercise the option,

C. Closing Date. The sale transaction shall be closed within sixty (60) days of the exercise of this option.

D. Warranty Deed. Upon closing, the STATE will deliver to the CITY an executed warranty deed for the premises, excluding the Excepted Parcels, in favor of the CITY, subject only to encumbrances and restrictions of record as of August 14, 1974.

4. Contingent Option to Purchase Excepted Parcels.

A. Option, Price and Terms.

The Excepted Parcels, which have been described above, are being withheld from the present lease of the premises, and from the option described in paragraph 3, above, for possible use by the STATE for street or highway right-of-way expansion purposes. If the STATE decides that it does not need all or a portion of the Excepted Parcels for the above-described purpose, or upon the expiration of fifteen (15) years from the date of execution of this agreement without use for the above-described purpose being accomplished by the STATE, whichever is earlier, then the STATE will immediately offer the Excepted Parcels, or the portions of the Excepted Parcels not used for the above-described purpose, for sale to the CITY. The CITY shall have until August 14, 1984, or one year from the date of the above-described offer by the STATE, whichever is later, to decide whether to accept such offer. The purchase price of the Excepted Parcels, or portion thereof, shall be $2.00 per square foot, and shall be paid in cash on the closing date. No interest shall be paid on this purchase price.

B. Exercise of Option. The exercise of this option shall be accomplished by the CITY giving notice to the Commissioner of Highways, in writing, of the CITY's desire to exercise the option.

C. Closing Date. The sale transaction shall be closed within sixty (60) days of the exercise of this option.

D. Warranty Deed. Upon closing, the STATE will deliver to the CITY an executed warranty deed for the Excepted Parcels, or portion thereof, in favor of the CITY, subject only to encumbrances and restrictions of record as of August 14, 1974.

E. If the CITY has exercised the option described in paragraph 3, above, then the STATE will give the CITY one year's

notice of any right-of-way expansion upon any portions of the Excepted Parcels which have structures located upon them, so that such structures may be salvaged if the CITY so desires.

5. Possession.

The CITY has the right to possession of the Premises, excluding the Excepted Parcels, as of August 14, 1974. Commencing on August 14, 1974, the CITY will be responsible for all maintenance and utility costs.

6. Replat.

The CITY will prepare and submit a replat of the Premises to the appropriate platting authority. The replat will separate the Excepted Parcels from the remainder of the Premises.

7. Clean-up of Premises.

The STATE will clean up the Premises by November 1, 1974. Such clean-up will include the removal of all items which the CITY designates for removal. Such items will include, but will not be limited to, designated equipment, lumber, metal objects, barrels, drums, damaged pipe and culvert. Further, such clean-up will include the removal of all rubbish and refuse from the premises, and the removal of all spilled creosote, tar, and other chemical compounds. This clean-up will meet the standards of the City Department of Public Works, the Greater Anchorage Area Borough Department of Environmental Quality, and the State Department of Environmental Conservation. If the above-described clean-up is not completed by the date specified above, the CITY may perform such clean-up and deduct the costs of the clean-up from the next rental payment.

8. Termination.

The City may terminate this Lease-Purchase Agreement at any time by giving sixty (60) days notice. Rent and option payments shall be pro-rated to the date of termination.

9. Sub-Leases to Greater Anchorage Area Borough and Alaska Disaster Office.

The CITY will execute the sub-leases, which have been attached to this agreement and have been designated Exhibits A and B, to the above entities, for the portions of the Premises described in the sub-leases, pursuant to the terms and conditions contained in those sub-leases.

In the event of termination of this Lease-Purchase Agreement prior to the expiration of the terms of the sub-leases, such sub-leases shall be binding on the STATE for the remainder of the terms.

IN WITNESS WHEREOF, the parties have executed this agreement on the date first written above.

ATTEST:

City Clerk

CITY OF ANCHORAGE

By: City Manager

APPROVED AS TO FORM:

City Attorney

STATE OF ALASKA, DEPARTMENT OF HIGHWAYS

By: D. A. Campbell
Commissioner of Highways

STATE OF ALASKA)
)ss:
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 13 day of November 1974, before me, the undersigned, a Notary Public in and for the State of Alaska, duly sworn and commissioned as such, personally appeared DOUGLAS G. WEIFORD, known to me and to me known to be the City Manager of the CITY OF ANCHORAGE, Alaska, the municipal corporation that executed the foregoing instrument, and he acknowledged that he signed the foregoing instrument freely and voluntarily for the uses and purposes therein mentioned and acknowledged that he is authorized to execute said instrument on behalf of said municipal corporation, and that the seal affixed is the corporate seal of said municipal corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year in this certificate first above written.

Alice Lawman
Notary Public in and for Alaska
My Commission Expires: 11-26-77

STATE OF ALASKA)
FIRST)ss:
JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 28 day of Oct., 1974, before me, the undersigned, a Notary Public in and for the State of Alaska, duly sworn and commissioned as such, personally appeared B. A. Campbell, known to me and to me known to be the Commissioner of Highways, of the STATE OF ALASKA, DEPARTMENT OF HIGHWAYS, and he acknowledged that he is authorized to execute said instrument on behalf of said Alaska Disaster Office, that he signed said instrument freely and voluntarily for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Mary J. Hoff
Notary Public in and for Alaska
My Commission Expires: _____

My Commission Expires
November 13, 1977

IN THE SUPERIOR COURT FOR THE STATE OF ALASKA

THIRD JUDICIAL DISTRICT

STATE OF ALASKA,	)
	)
Plaintiff,	)
	)
vs.	)
	)
CITY AND BOROUGH OF ANCHORAGE a/k/a MUNICIPALITY OF ANCHORAGE,	)
	)
Defendant.	)

No. 76-7012 E. Civ.

AFFIDAVT OF DALE P. TUBBS

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

I, Dale P. Tubbs, being first duly sworn, deposes and says:

1. I have been retained by the Municipality of Anchorage to research and obtain past practice evidence of land disposal procedures used by the Alaska Division of Lands and other Alaska state agencies, particularly the former Department of Highways and the Department of Public Works, Division of Aviation.

2. My knowledge and experience with state agency land disposal practices is predicated on 14 years and 4 months employment with the Alaska Division of Lands in the following capacities:

January, 1962 - February, 1963: District Forestor - Duties included state timber sales.

February, 1963 - March, 1967: Area Forester - Duties included state timber sales and planning report preparation for state land management.

March, 1967 - January, 1969: Realty Officer II - Duties included coordination of state land disposal program for Southcentral Alaska, prepare right-of-way permits, lease agreements, and material sale contracts.

January, 1969 - December, 1973: Southcentral District Land Manager - Duties included supervision of the district land management planning, and disposal through sale, lease, and grants of state land.

MUNICIPALITY OF ANCHORAGE
OFFICE OF THE MUNICIPAL ATTORNEY
POUCH 6-650
630 WEST FIFTH AVENUE
ANCHORAGE, ALASKA
274-2525

December, 1973 - November, 1974: Acting Chief of Land Section - Duties included supervision of state land appraisal activities and the land disposal section for the division. This included the signing of state leases, permits, and sale contracts.

November, 1974 - April, 1976: Deputy Director of the Division of Lands - Duties included land disposal policy making and signing of state land permits in the absence of the director.

May, 1976 - Present: Land Management Consultant employed by Moening-Grey & Associates, Inc.

3. The information shown in Attachment I and II is derived through my research of the State Division of Lands records and case files. The material is a matter of public record.

Attachment I summarizes the type of land and resource disposal activity, approximate minimum number of transactions involved, the past practice treatment in regard to providing an appraisal as required by AS 38.05.310, and the past practice treatment of giving public notice as prescribed in AS 38.05.345. The treatment of disposals by public auction follow the prescribed appraisal and notice. Negotiated transactions did not include an appraisal when the legislation prescribed a land grant, such as borough selections, and in all instances except for some coal, oil, gas, and shore fishery offerings no public notice was given. This policy was derived from the belief of the Division of Lands that statutory authorized negotiated transactions did not require public notice.

Pages 5 and 6 of Attachment I summarizes the types of cases by recipient categories that have received land without public notice and in instances of AS 38.05.315(a) without appraisal.

Attachment II is a sampling of case files showing actual recipients of leases, sales, or grants of state land found within the Division of Lands case files. This table depicts the type of recipients involving negotiated transactions without public notice. Land appraisals were made for these parcels when trust lands were involved or the statute

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authorizing the conveyance required a fair market value return.

4. Contact was made with the land leasing and right-of-way sections within the Alaska Department of Transportation to reconfirm known past practices used by them. Ted Richards, an employee for the highways right-of-way section, confirmed that excess state lands, from highway projects, are commonly conveyed to abutting owners with a commissioners deed. No public notice is given for these transactions when the land was originally purchased with state money. Most of these transactions involve remnant land parcels.

Mr. Steve Parish, chief of airport leasing, confirmed the former division of aviation conducted all of its leasing activities without public notice. This policy was changed in November of 1976 when a directive was received to subject the leases being offered to public notice. The directive exempts the public notice requirement when a lease is being offered to another state agency.

5. A decision to void the negotiated lease transaction between the State and Anchorage for the former highway maintenance site on East Third Avenue because of the lack of public notice would put a cloud on the validity of all the existing negotiated lease, sale, and grant transactions entered into by the various state agencies conveying land or interest in land. These agencies include: Alaska Division of Lands, former Department of Highways, Alaska State Housing Authority, Division of Waters and Harbors, Division of Buildings (school sites), and the Division of Aviation.

Specific sites or types of facilities particularly impacted by such a decision would include:

a. Borough and municipal land selections - 350,000 acres.

b. Five schools in the Anchorage Municipality.

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c. Department of Highway sites in Glennallen and Fairbanks.

d. The prison facilities in Eagle River and Palmer.

e. All of the earthquake grant transactions at Port Lions and in the Anchorage vicinity.

f. Booth Memorial Home and the Alaska Crippled Childrens Treatment Center in Anchorage.

g. The Anchorage Ski Club lease for the Arctic Valley Ski site.

h. The only authorized solid waste sanitary fill site in the Anchorage Municipality.

i. The Nike site at Goose Bay.

j. Chugach Electric Association, Inc. power plant site at Beluga.

k. All sewer, telephone, water, electric power, and road easements issued to municipalities and boroughs.

Dated this 23rd day of September, 1977.

Dale P. Tubbs
DALE P. TUBBS

Subscribed and sworn to before me this 23rd day of September, 1977.

Richard A. Wanning
Notary Public in and for Alaska.
My commission expires: 1/6/81

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ATTACHMENT I

Division of Lands Land Disposal Practices Prior to 1976

Land disposal actions by the Alaska Division of Lands fall within definite patterns with little variation. These procedures remained essentially unchanged until about February-March, 1976. By that time disposal activity decreased to almost zero and new procedures were being implemented. Reasons for the procedural change include:

1. The court case involving the sale of state land on the Aleutian Islands and Alaska Peninsula - Aleut Corp vs State, Superior Court, 3rd Jud Dist GA 72-2893(1973).

2. Questions raised in the sale of oil and gas leases in Kachemack Bay.

3. Procedures used for lease and sale of lands to Alyeska Pipeline Service Company as provided in AS 38.35.

At the time of my resignation from the Division of Lands, I was working on a check sheet to outline which procedures must be followed to consumate a disposal. New legislation has since cleared up questionable areas as to review and public notice. The remaining decisions are administrative.

Prior to the 1976 legislation and the almost halting of disposals, the past practices of the Division of Lands can be documented as follows:

		Past Practice	
		AS 38.05.310 Appraisal within 90 Days	AS 38.05.345 Public Notice
Advertised Disposals - Public Auction	(Number of Cases)		
Land Sales (AS 38.05.045)	(3500+)	Yes	Yes

Past Practice

	(Number of Cases)	AS 38.05.310 Appraisal within 90 Days	AS 38.05.345 Public Notice
Land leases (AS 38.05.070)	(4000+)	Yes	Yes
Material Sales (AS 38.05.110) Upland & tide	(50+)	Informal	Yes
Timber Sales (AS 38.05.110)	(100)	Yes	Yes
Grazing leases (AS 38.05.070)	(50+)	-	Yes
Oil and Gas (AS 38.05.180)	(1600+)	-	Yes
Tid[illegible] leases (AS 38.05.070)	(25+)	Yes	Yes
Negotiated Disposals or Grants			
Transfer of State Land to Cities (AS 38.05.347)	(?)	No	No
1. Agricultural Preference (AS 38.05.069)	(30)	Yes	No
2. Forest Service Preference (AS 38.05.068)	(200+)	Yes	No
3. Preference Grazing leases (AS 38.05.075)	(20)	No	No
4. Upland Shore Fishery Sites Sale (AS 38.05.66)	(45)	Yes	No
5. Open to Entry (AS 38.05.077)	(4200)	Yes	No
6. State, Federal and Political Subdivisions (AS 38.05.315(a))	(hundreds)	Grantland No	No
		Trustland Yes	No

Past Practice

	(Number of Cases)	AS 38.05.310 Appraisal within 90 Days	AS 38.05.345 Public Notice
7. Non profit Organizations (AS 38.05.315(b-d))	(42)	Yes	No
8. Earthquake Grants (Chapter 116 SLA 1964)	(200+)	Statute Limit No	No
9. Material Sales (Tideland & Upland) (AS 38.05.110)	150	Informal	No
10. Timber Sales (AS 38.05.110)	(400+)	Informal	No
11. Preference right lease or sale (AS 38.05.035(b)(2))	(10)	Depends on Circumstance	No
12. Preference right sale (AS 38.05.035(b)(3)	(20)	Back dated Yes	No
13. Preference right sale (Nigh bill) (AS 38.05.035(b)(5)	(50)	Back dated Yes	No
14. Shore Fishery Lease (AS 38.05.082)	(275)	Administrative minimum	Yes
15. Negotiated lease (AS 38.05.070(b))	(100-200)	Minimum with clause for adjust. or appraisal	No
16. Off Shore Prospecting Permits	(Several thousand)	No	No
17. Tideland leases (AS 38.05.070(b)	(225)	Yes	No

Past Practice

		AS 38.05.310 Appraisal within 90 Days	AS 38.05.345 Public Notice
	(Number of Cases)		
18. Coal Prospecting Permits	(760)	No	Yes
19. Land exchanges (except Cook Inlet)	(20)	Yes	No
20. Occupied tidelands and Submerged lands (AS 38.05.320)	(382)	Grant	No
21. Oil and Gas leases - Noncompetitive	(2000+)	No	Yes
22. Right-of-way Permits	(1000+)	No	No
23. Inter-Agency Land Management transfers			
Tidelands	(200+)	No	No
Uplands	(hundreds	No	No
Municipal Selections AS 29		No	No

The above mentioned information can be summarized into several catagories. Disposals that were offered at public auction were appraised within 90 days of the auction date and public notice was published 3 times and or posted.

Negotiated transactions, except for shore fishery leases and openings of mineral lands were not given public notice. The statutes were interpreted to mean that if the transaction was within negotiable limits or as directed by statute, public notice was not necessary. Appraisals for the disposals was dependant on the type of action. Disposals to governmental agencies are for $1.00 if they involved general grant land. When trust lands were involved - (after about 1970) the market value was charged.

Cases of particular interest that have special color are:

1. Earthquake grants - (Chapter 116 SLA 1964) Allowed for granting land to those that lost land in the earthquake. Only administrative cost were to be charged.

2. Preference sales - AS 38.05.035(b). This section provides for negotiating a sale to a party that lost his land through administrative error. Appraisal is back dated to the claimants entry on the land.

3. Shore Fishery Sites - (AS 38.05.66). This section provided for a negotiated sale to certain persons that had a BLM special use permit. Appraisal was current market value but no public notice was made.

4. U.S. Forest Service Preference rights. (AS38.05.068). Provides for negotiated sale to valid U.S.F.S. permit holders. Appraisal is at current market value but no public notice is given.

5. Disposals to Governmental entities (AS 38.05.315(a)). Lands are conveyed by sale or lease for $1.00 if the lands are used for public purposes. Market value for trust land, no public notice was given. Particular disposals of interest.

   a. Lease to City of Anchorage for $1.00/yr. at Pt. Woronzof.
   b. Reconveyance of State land back to the BLM:
      (1) 2 townships - 46,000 acres - Tangle Lakes.
      (2) Campground with improvements at Lake Louise.
      (3) 10 acre site at Delta for BLM adm. site.
   c. OCD's to BIA for school facilities.
   d. Leases to the Military - such as Nike site at Goose Bay.
   e. OCD's or leases to cities.
      (1) Homer
      (2) Anchorage
      (3) Ketchikan
      (4) Kenai
      (5) Juneau
      (6) Hydaburg
      (7) Hoonah
      (8) Haines
      (9) Girdwood
      (10) Fairbanks
      (11) Delta Junction
      (12) Craig
      (13) Cordovia
      (14) Bethel

(15) Fort Yukon
(16) Soldotna
(17) Kodiak

6. Transfer of State land to cities. AS 38.05.347. Surplus state lands made available to cities for the asking. This is a land grant so no appraisal was made and no notice was given. Kenai and Anchorage were recipients of this grant.

7. Assoc. for Retarded Children - - Chapt 167 SLA 1960 Provided for a 75 year lease at $1.00 per year. No reappraisal. No public notice.

8. None of the $1.00 leases to governmental entities are reappraised at 5 year intervals as provided in AS 38.05.105.

9. No transactions transferring state public domain lands from ADL to another state agency was addressed in this report.

10. The Commissioner of Hwys. (Walt Parker) gave away the down stream side of the Yukon Bridge to Alyeska Pipeline Service Co. See agreement in court case file. State of Alaska vs Alyeska -- Civil.

Statutes that govern disposals by Dept. of Hwys.
AS 38.05.030(b)
AS 19.05.040(2)
AS 19.05.080-120
Federal Statutes
23 USC 317(c)
48 USC 364(a)
Omnibus act - section 21 (Hwys) found in 48 USC page 9031.
QCD conveying the Hwy site to the State.
PLO that set the Hwy sites aside for BPR use.

ATTACHMENT II

State Case File Number	Purchaser or Lessee	Type of Transaction	Effective Date of Contract	Remarks
58031	Dept. of Air Force	15 Yr. Lease	5/25/73	60 acres AS 38.05.315
58033	Dept. of Air Force	15 Yr. Lease	5/25/73	AS 38.05.315
34810	Salvation Army	55 Yr. Lease	10/2/68	Booth Memorial Home AS 38.05.315
56400	Greater Anch. Area Borough	55 Yr. Lease	2/24/72	AS 38.05.315
52379	Hope Cottage, Inc.	55 Yr. Lease	8/20/70	
02130	Assoc. for Retarded Children	75 Yr. Lease	9/1/60	Chapter 167 SLA 1960
242	Alaska Crippled Children Assoc.	55 Yr. Lease	8/6/68	AS 38.05.315
24054	BIA	QCD	8/6/64	17.5 acres Nome Vocational School Site
24123	BIA	QCD	7/27/64	At Nome
50451	BIA	QCD	4/9/70	Tok Dormitory Site
51232	BIA	QCD	9/17/70	Kenai Area
51937	BIA	QCD	8/7/70	Fort Yukon
52337	BLM-Dept. of Interior	QCD	8/20/70	45,818 acres Tangle Lakes-reconveyance to BLM
55555	BLM	QCD	8/19/71	2 acres
55556	BLM	QCD	8/19/71	4.38 acres Fbx
59592	BLM	QCD	1/30/73	10 acres Delta
32594	BLM	QCD	7/13/66	Campground at Lake Louise
22412	City of Anchorage	55 Yr. Lease	1/28/64	At Int'l. Airport 500 acres
00273	City of Anchorage	55 Yr. Lease	7/26/61	Willow Crest School Site
02384	U.S. Army	25 Yr. Lease	5/1/62	Nike Site at Goose Bay
112	City of Haines	55 Yr. Lease	7/2/75	AS 38.05.315
2564	City of Haines	55 Yr. Lease	4/7/66	
24338	City of Homer	QCD	8/3/64	Small boat harbor
47370	City of Homer	QCD	8/28/69	
51066	City of Homer	QCD	4/24/70	
37483	City of Hydaburg	QCD		School site. Deed issued by Div. of Bldg.
20649	City of Juneau	55 Yr. Lease	4/17/63	AS 38.05.315
38738	City of Juneau	Patent #751	7/1/68	Land exchange
22694	Juneau-Douglas Ind. School Dist.	QCD	5/21/64	
51056	City of Kenai	5 Yr. Lease	7/27/70	AS 38.05.315
55120	Kenai Peninsula Racing Assoc.	5 Yr. Lease	4/24/72	AS 38.05.315
22469	Kenai Pen. Public Utilities Dist.	QCD	2/26/64	

ATTACHMENT II

...e Case Number	Purchaser or Lessee	Type of Transaction	Effective Date of Contract	Remarks
0249	Kenai PUD #1	QCD	12/15/58	
7906	City of Ketchikan.	QCD		
0111	City of Ketchikan	QCD	5/15/63	
732	City Of Ketchikan	55 Yr. Lease	7/22/64	
780	City of Ketchikan	QCD		
746	USA-Air Force Corps of Eng.	25 Yr. Lease	5/16/64	Seward Recreation Camp
354-30380			11/1/65	Chap. 116 SLA 1964 Sec. 5
others		Grants for Earthquake Loss	11/1/67 Vari	89 grants in Zodiak Manor Alaska Subd.
057	Abbott Loop Community Chapel In	55 Yr. Lease	7/9/64	
+Leases	Various	5 Yr. Leases	Various	North Slope Lease Tracts
956	Polar Oil Field Services	5 Yr. Lease	9/3/70	
954	U.S. Forest Service	55 Yr. Lease	8/2/71	Girdwood area
036	Chugach Electric	55 Yr. Lease	5/19/66	Power Plant site at Beluga
094	Chugach Electric Assoc.	55 Yr. Lease	1/29/73	
462	Golden Valley Electric Assoc.	55 Yr. Lease	9/23/64	AS 38.05.315
148	Golden Valley Electric Assoc.	55 Yr. Lease	12/7/64	
593	Golden Valley Electric Assoc.	55 Yr. Lease	3/29/66	
947	Golden Valley Electric Assoc.	55 Yr. Lease	10/3/74	
018	Anchorage Sk. Corp.	55 Yr. Lease	11/20/67	
134	W. S. Jones	Sale Contract	1/13/71	Ag. preference right AS 38.05.069
304	Tanana Valley State Fair Assoc.	55 Yr. Lease	1/25/67	AS 38.05.315
37	Curtis Hoxworth	Sale Contract	2/21/75	
473	City of Girdwood	55 Yr. Lease	5/26/67	AS 38.05.315
649	City of Juneau	55 Yr. Lease	4/17/63	AS 38.05.315
831	The Salvation Army.	55 Yr. Lease	4/21/72	AS 38.05.315
011	City of Kenai	Land Sale-St. Pat. 1924	5/7/74	AS 38.05.315(a)
398	Wm. & Eleanor Grediagin	Land Sale	5/30/74	Cordova AS 38.05.068
382	George & Kathryn Anderson	Land Sale	5/30/74	Cordova AS 38.05.068
394	James Johnson	Land Sale	5/30/74	Cordova AS 38.05.068
395	Keith & Ernestine Hawley	Land Sale + 27 more like it	5/30/74	Cordova AS 38.05.068
186	Bachner & Assoc.	Sale Contract	9/21/70	Agricultural Preference
278	Clayton Beard		9/9/68	
113	Berman Packing Co.		9/28/68	
295	City of Bethel	QCD	6/21/68	
742	City of Bethel	Patent	9/25/68	School Site
144	Better Concrete Products, Inc.	5 Yr. Lease	8/21/70	
460	Douglas Blossom	Sale	4/5/66	Pref. sale AS 38.05.036(b)(5)

CHAPTER 142

AN ACT

Relating to the Ferries, Roads and Highways Construction Fund; appropriating $1,000,000 therefrom for highway construction; and providing for an effective date.

(C.S.S.B. 175)

Be it enacted by the Legislature of the State of Alaska:

Section 1. There is hereby appropriated from the Ferries, Roads and Highways Construction Fund to the Department of Public Works the sum of $1,000,000 contingent on the availability of federal aid highway matching funds for new road construction. Emphasis is to be placed on connecting centers of population to the state highway system that are not connected to the system by ferry or road.

Sec. 2. This Act takes effect on the day after its passage and approval or on the day it becomes law without such approval.

Approved April 25, 1961

CHAPTER 143

AN ACT

Relating to pre-session meetings of the finance committees; amending Sec. 20, Ch. 157, SLA 1959.

(H.B. 279)

Be it enacted by the Legislature of the State of Alaska:

Section 1. Sec. 20, Ch. 157, SLA 1959, is amended to read:

Sec. 20. Committees. a. Each house shall have standing committees to facilitate the transaction of business in accordance with the provisions of the rules of the legislature. Provisions may also be made in the rules for the appointment of special committees, as needed, by the presiding officer of each house. The legislature shall provide for the utilization of joint committees to facilitate and expedite business.

b. The finance committees of the house and senate shall convene at the capital for a joint meeting during the ten-day period preceding the convening of the second regular session of the legislature. The pre-session meeting shall be devoted to consultation with the executive budget committee, review of revenue and expenditures, and such other business which the finance committees determine will expedite their work and that of the legislature in the ensuing session.

Approved April 26, 1961

CHAPTER 144

AN ACT

Empowering and directing the director of the division of lands of the Department of Natural Resources to lease certain real property to Alyeska Ski Corporation, an Alaska corporation, for a limited use; and providing for an effective date.

(S.B. 141)

Be it enacted by the Legislature of the State of Alaska:

Section 1. The director of the division of lands of the Department of Natural Resources is empowered and directed to offer, by noncompetitive lease, to Alyeska Ski Corporation, an Alaska corporation, the following described real property lying in

the vicinity of Girdwood, in the Anchorage Recording District:

Beginning at a point being the southwest corner, Cor. #4, of U. S. Survey 3569, thence West 20 chs., North 60 chs., East 65½ chs. m/1 to the Chugach National Forest boundary line, thence South 60 chs. along the Chugach National Forest boundary line, thence West 5½ chs. m/1, to the southeast corner, Cor. #3, of U. S. Survey 3569, thence North 40 chs. along the east boundary of U. S. Survey 3569 to the northeast corner of the survey, Cor. #2, thence West 40 chs. along northern boundary of U. S. Survey 3569 to the northwest corner of the survey, Cor. #1, thence South 40 chs. along western border of U. S. Survey 3569 to point of beginning, containing approximately 233 acres.

Sec. 2. The lease shall be for a term of 55 years, conditioned upon the use of the land for the development and maintenance of a year-around resort area, such use including, but not being limited to, skiing, eating, airplane landing and other associated recreational facilities, and lodgings for the public and for employees of the lessee. Rent based on fair market value of the land shall be paid by the lessee and shall be subject to adjustment at five year intervals in accordance with Ch. 169, SLA 1959, as amended, and regulations pursuant thereto. The director, with the consent of the commissioner of the Department of Natural Resources, may impose such additional conditions or limitations in the lease as he determines will best serve the interests of Alaska. The director will make such limited conveyance within a reasonable time after said land has been conveyed to the State of Alaska by the United States of America.

Sec. 3. This Act takes effect on the day after its passage and approval or on the day it becomes law without such approval.

Became law without signature April 27, 1961

CHAPTER 145

AN ACT

Relating to penalties under the provisions of the Uniform Narcotic Drug Act; amending Sec. 40-3-20, ACLA 1949 as amended by Ch. 26, SLA 1951 and Ch. 106, SLA 1953; and providing for an effective date.

(S.B. 99)

Be it enacted by the Legislature of the State of Alaska:

Section 1. Sec. 40-3-20, ACLA 1949 as amended by Ch. 26, SLA 1951 and Ch. 106, SLA 1953 is amended to read:

Sec. 40-3-20. Penalties. Whoever violates any provision of this Act except that relating to the keeping of records by persons authorized to administer or professionally use narcotic drugs shall upon conviction be fined not more than $5,000.00 and be imprisoned not less than two nor more than 10 years. For a second offense, or if, in case of a first conviction of violation of any provision of this Act, the offender shall previously have been convicted of any violation of the laws of the United States or of any other state, territory or district relating to narcotic drugs, the offender shall be fined not more than $7,500.00 and be imprisoned not less than 10 nor more than 20 years. For a third or subsequent offense, or if the offender shall previously have been convicted two or more times in the aggregate of any violation of the laws of the United States or of any other state, territory or district relating to narcotic drugs, the offender shall be fined not more than $10,000.00 and be imprisoned not less than 20 nor more than 40 years.

Whoever violates any provision of this Act relating to the keeping of records by persons authorized to administer or professionally use narcotic drugs shall, upon conviction, be punished by a fine of not less than $500.00 nor more than $5,000.00 or by imprisonment for not more than five years, or both.

Whoever is convicted of illegally selling, giving or supplying narcotic drugs to a person under the age of twenty-one years shall be punished as follows:

the City of Seward for expenses incurred by the state through the Department of Public Safety for prisoner care during the fiscal year ending June 30, 1961.

Sec. 8. The sum of $475.00 is appropriated from the general fund to reimburse the Frontier Flying Service for expenses incurred by the state through the Department of Public Safety for transportation of personnel during the fiscal year ending June 30, 1960.

Sec. 9. The sum of $250.00 is appropriated from the general fund to reimburse the Wien Alaska Airlines for expenses incurred by the state through the Department of Public Safety for search and rescue during the fiscal year ending June 30, 1961.

Sec. 10. The sum of $116.67 is appropriated from the general fund to reimburse the Del-Air Flying Service for expenses incurred by the state through the Department of Public Safety for search and rescue during the fiscal year ending June 30, 1961.

Sec. 11. The sum of $823.38 is appropriated from the general fund to the Ellis Air Lines for expenses incurred by the state through the Department of Public Works, Division of Aviation, for repair of the Craig float during the fiscal year ending June 30, 1961.

Sec. 12. The sum of $300.00 is appropriated from the general fund to the Trading Union, Inc. for expenses incurred by the state through the Magistrate Courts for office rental during the fiscal year ending June 30, 1960.

Sec. 13. The sum of $2,052.65 is appropriated from the general fund to the General Services Administration for expenses incurred by the state through the Magistrate Courts for remodeling of rooms during the fiscal year ending June 30, 1960.

Sec. 14. The sum of $857.01 is appropriated from the general fund to the Alaska Airlines, Inc. for expenses incurred by the state through the Department of Law for transportation of witnesses during the fiscal year ending June 30, 1960.

Sec. 15. The sum of $34.00 is appropriated from the general fund to Ellis Airlines for expenses incurred by the state through the Department of Commerce for the transportation of a member of the Public Service Commission during the fiscal year ending June 30, 1961.

Sec. 16. The sum of $255.00 is appropriated from the general fund to Walter Muller, Kodiak Mortuary, for expenses incurred by the state through the Department of Health and Welfare for burial costs during the fiscal year ending June 30, 1961.

Sec. 17. The sum of $60.23 is appropriated from the general fund to reimburse the Pacific Northern Airlines for expenses incurred by the state through the Department of Public Works for transportation furnished during the fiscal year ending June 30, 1961.

Sec. 18. This Act takes effect on the day after its passage and approval or on the day it becomes law without such approval.

Approved March 2, 1962

CHAPTER 20

AN ACT

Empowering and directing the director of the division of lands of the Department of Natural Resources to issue a patent to Lot 3, Section 36, Township 20 North, Range 5 East, Seward Meridian, Alaska.

(H.B. 96)

Be it enacted by the Legislature of the State of Alaska:

Section 1. The director of the division of lands of the Department of Natural Resources is hereby empowered and directed to convey fee title to the following described state lands to John J. Corey:

Lot 3, Section 36, Township 20 North, Range 5 East, Seward Meridian, Alaska.

Sec. 2. Said conveyance shall only be

made on condition that the land be classified as "Residential" under the division of lands classification system and that John J. Corey reimburse the state for all costs in connection with the transfer but not to exceed $10 per acre.

Became law without signature March 8, 1962

CHAPTER 21

AN ACT

Transferring between appropriations made to the Department of Public Works for the fiscal year ending June 30, 1962; and providing for an effective date.

(S.B. 236)

Be it enacted by the Legislature of the State of Alaska:

Section 1. The sum of $1,000 is transferred from the line item appropriation for Commodities, Construction and Engineering Branch, Division of Aviation, Department of Public Works for the fiscal year ending June 30, 1962, to the line item for Contractual Services, Construction and Engineering Branch, Division of Aviation, Department of Public Works, for the fiscal year ending June 30, 1962.

Sec. 2. The sum of $1,000 is transferred from the line item appropriation for Travel, Construction and Engineering Branch, Division of Aviation, Department of Public Works, for the fiscal year ending June 30, 1962, to the line item for Contractual Services, Construction and Engineering Branch, Division of Aviation, Department of Public Works, for the fiscal year ending June 30, 1962.

Sec. 3. This Act takes effect on the day after its passage and approval or on the day it becomes law without such approval.

Approved March 12, 1962

CHAPTER 22

AN ACT

Providing for the designation of another officer to perform the authenticating functions of the secretary of state in his absence; and providing for an effective date.

(H.B. 358)

Be it enacted by the Legislature of the State of Alaska:

Section 1. The secretary of state may designate a head of a principal executive department, or more than one such officer in the alternative, who shall temporarily be custodian of the state seal and perform the authenticating functions of the secretary of state during such time as the secretary of state shall succeed to the office of governor, act as governor, be absent from the state, or otherwise not be available at the state capital to perform the above authenticating functions. The designation shall be in writing, signed by the secretary of state, and filed in the office of the secretary of state. The designation shall be effective until revoked by a later designation executed and filed in the same manner.

Sec. 2. This Act takes effect on the day after its passage and approval or on the day it becomes law without such approval.

Approved March 13, 1962

CHAPTER 23

AN ACT

Relating to the penalty for putting or throwing rubbish, garbage, or material on Alaska

merce; provided however, notwithstanding any other provisions of this Act, any domestic bank holding company, as defined by Subsec. b, organized pursuant to Ch. 126, SLA 1957, which shall maintain its principal office and place of business in this state and conduct its principal operations in this state may acquire and own all or any portion of the voting shares or other capital stock of, or all or substantially all of the assets of, any corporation which is subject to the regulations of the Commissioner of Commerce under the provisions of this Act; provided further, any such holding company may be required to post a bond in an amount equal to the par value of the stock held by it with the Commissioner of Commerce under such conditions as may be prescribed by him to assure full protection to the public; provided, any such holding company shall be subject to an examination by the Commissioner of Commerce or a competent person designated by him whenever he deems it necessary, but not less than once each year, and that the actual cost of each examination shall be paid to the Commissioner by every holding company so examined, and the Commissioner may maintain an action for the recovery of such costs in any court of competent jurisdiction.

b. "Domestic bank holding company" means any domestic corporation, business trust, association, or other similar organization which on the effective date of this Act or hereafter is designated a holding company affiliate by the Board of Governors of the Federal Reserve System rather than a bank holding company per se because such company is an owner or holder of shares of stock in a single banking corporation rather than of two or more banking corporations.

c. The Commissioner of Commerce is empowered to promulgate rules and regulations regulating domestic bank holding companies to insure financially sound banking organization and practice.

d. Any person or persons, company, or corporation, or any of the officers, servants, agents, or employees of any such person, company, or corporation who shall violate any of the rules and regulations promulgated pursuant to Subsec. c. shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine of not more than $5,000, or by imprisonment for a period of not more than one year, or by both; and in the case of a corporation, by a fine of not more than $5,000.

Sec. 2. This Act takes effect on the day after its passage and approval or on the day it becomes law without such approval.

Approved April 4, 1962

CHAPTER 54

AN ACT

Empowering and directing the director of the division of lands of the Department of Natural Resources to issue a patent to a portion of Lot 20, Section 1, Township 7 South, Range 13 West, Seward Meridian, Alaska; and providing for an effective date.

(C.S.S.B. 284)

Be it enacted by the Legislature of the State of Alaska:

Section 1. The director of the division of lands of the Department of Natural Resources is empowered and directed to convey fee title to certain state land described as a portion of Lot 20, Section 1, Township 7 South, Range 13 West, Seward Meridian, Alaska, to Charles B. Abbott, according to the following legal description:

Commencing at a G.L.O. Brass monument, which is the Southwest corner of Lot 14, said section, township, and range; thence due East 1560.00 feet to a point; thence South 0 degrees 01 minutes East 60.00 feet to a point; thence due East 90 feet to point of intersection to West line of said Lot 20; thence South 0 degrees 01 minutes East 79.00 feet on the West line of Lot 20 to a point designated as Corner Number 1 and POINT OF BEGINNING; thence South 54 degrees 05 minutes East 220.00 feet to a point

designated as Corner Number 2; thence North 35 degrees 55 minutes East 162 feet, more or less, to point of intersection with G.L.O. meander line of Kachemak Bay, which point is Corner Number 3; thence along the meander line in a northwest direction 220 feet, more or less, to a point from which the Point of Beginning bears South 35 degrees 55 minutes West, said point designated as Corner Number 4; thence South 35 degrees 55 minutes West 146 feet, more or less, to Corner Number 1 and POINT OF BEGINNING. The land thus described aggregates 0.79 acres, more or less.

Sec. 2. The conveyance provided for in this Act is in consideration of the voluntary relinquishment by Charles B. Abbott of a claim to this and several other contiguous lots in order to permit state selection and prompt development thereof. The conveyance is made at no cost to the patentee.

Sec. 3. This Act takes effect on the day after its passage and approval or on the day it becomes law without such approval.

Approved April 4, 1962

CHAPTER 55

AN ACT

Relating to land preference rights; amending Subsec. (16), Sec. 5, Art. II, Ch. 169, SLA 1959, as amended by Sec. 4, Ch. 61, SLA 1960; and providing for an effective date.

(H.B. 440)

Be it enacted by the Legislature of the State of Alaska:

Section 1. Subsec. (16), Sec. 5, Art. II, Ch. 169, SLA 1959, as amended by Sec. 4, Ch. 61, SLA 1960, is amended to read:

(16) The Director may grant preference rights for the lease or purchase of Alaska lands in order to correct the past or future errors or omissions of any state or federal administrative agency where inequitable detriment would otherwise result to a diligent claimant or applicant due to situations over which the claimant or applicant had no control. The exercise of this discretionary power shall operate only to divest Alaska of its title to or interests in lands, and shall be exercised only with the express approval of the Commissioner. Any claimant who shows bona fide improvement of Alaska lands made prior to March 31, 1960, and who has in good faith sought to obtain title to such lands, but who through error or omission of others has been denied title thereto may, on a showing satisfactory to the Commissioner, be accorded a preference right to lease or purchase same at an appraised price determined by the Division. Error or omission of a predecessor in interest or an agent, administrator, or executor which has clearly prejudiced the claimant may be the basis for granting a preference right.

Sec. 2. This Act takes effect on the day after its passage and approval or on the day it becomes law without such approval.

Approved April 4, 1962

CHAPTER 56

AN ACT

Relating to the fish and game resources of Alaska; amending Sec. 8, Art. II, Ch. 94, SLA 1959, as amended by Sec. 17, Ch. 131, SLA 1960; and providing for an effective date.

(H.C.S.C.S.S.B. 21)

Be it enacted by the Legislature of the State of Alaska:

Section 1. Sec. 8, Art. II, Ch. 94, SLA 1959, as amended by Sec. 17, Ch. 131, SLA 1960, is amended to read as follows:

Sec. 8. License Forfeiture. Upon con-

CHAPTER 91

AN ACT

Relating to the licensing of chiropractors; and providing for an effective date.

(H.B. 230)

Be It Enacted by the Legislature of the State of Alaska:

Section 1. AS 08.20.120 is amended to read:

Sec. 08.20.120. **Qualifications for License.** An applicant shall be issued a license to practice chiropractic if he

(1) is at least 21 years of age;

(2) has had a high school education or its equivalent;

(3) has successfully completed at least two academic years of study in a college of liberal arts or sciences;

(4) is a graduate of a legally chartered accredited school or college of chiropractic, approved by the board, which requires for graduation a residence course of instruction of not less than four years of nine months each;

(5) passes an examination given by the board;

(6) has a certificate of registration in the basic sciences as provided by AS 08.16.200.

Sec. 2. AS 08.20.130(c) is amended to read:

(c) A general average rating of 75 per cent is a passing grade on the examination.

Sec. 3. AS 08.20 is amended by adding a new section to read:

Sec. 08.20.135. **Associate.** A person who complies with sec. 120(1), (2), (4), (5), and (6) of this chapter shall, pending compliance with sec. 120(3) of this chapter, be licensed to serve as an associate in an existing chiropractic clinic or office under the direct supervision of a licensed chiropractor for a period not to exceed three years.

Sec. 4. This Act takes effect on the day after its passage and approval or on the day it becomes law without such approval.

Approved April 22, 1965

CHAPTER 92

AN ACT

Empowering and directing the director of the division of lands, Department of Natural Resources, to lease certain real property to Pioneer Memorial Park, Inc., an Alaska nonprofit corporation, for a limited use; and providing for an effective date.

(C.S.H.B. 238)

Be It Enacted by the Legislature of the State of Alaska:

Section 1. The Legislature finds that it is in the best interests of the state to convey certain lands in the Fairbanks Recording District to Pioneer Memorial Park, Inc., under certain unique conditions.

Sec. 2. The Legislature further finds that a conveyance which would be satisfactory in this situation could not be made under the existing general sale or leasing laws, and that any reasonable general sale and leasing laws which the Legislature might enact, and which would be acceptable in the vast majority of sale or leasing situations, would necessarily be, like the existing general laws, too restrictive or inapplicable in this situation, and would not provide for the multiple and special uses which are present in this situation.

Sec. 3. The Legislature further finds that the instant situation is of a rare and unique nature, and that the necessary and desirable conveyance can be accomplished only by a special act of the Legislature.

Sec. 4. The director of the division of lands of the Department of Natural Resources shall offer, by noncompetitive lease, to Pioneer Memorial Park, Inc., an Alaska nonprofit corporation, the following scribed real property in the Fairbanks cording District:

A parcel of land located within section 9, T. 1 S., R. 1. W., Fairbanks Meridian, consisting of: all and the whole of section Lot 12, of said section 9, and that portion of the SW ¼ SW ¼ of said section 9 which lies north of the north right-of-way line of Airport Road, said right-of-way being 50 feet on either side of said road center line, all of the above said land containing 44.85 acres, more or less.

Sec. 5. The lease shall be for a term of 55 years and for a nominal rental, conditioned upon the use of the land as a site of a pioneer park which is to include a facility for the preservation and display of historical items for the benefit of all Alaskans, students and tourists. The director may impose limitations in the lease which will ensure that the use of the land will be consistent with this basic purpose and in the best interest of the state. The lease may provide for a limited number of profit-making concessions, which will not detract from the primary use of the land as a pioneer park, and for subleases.

Sec. 6. The lease shall be granted only on the condition that Pioneer Memorial Park, Inc., immediately sublease the property to 67 North, a nonprofit Alaska corporation, or its successor, for use as a site for the 1967 centennial exposition and celebration. The term of the sublease shall be for as long as is necessary to accomplish this purpose, but not to exceed five years. The sublease may provide for a rental not to exceed one per cent annually of the fair market value of the property, excluding improvements, as determined by the director, and shall provide for construction, at no expense to Pioneer Memorial Park, Inc., of at least one structure suitable for use as a permanent exhibit hall for the pioneer park. The sublease shall provide that the property be returned to Pioneer Memorial Park, Inc., in a condition suitable for its use as a pioneer park. The sublease shall be subject to approval by the director, who may require other provisions which are in the best interest of the state.

Sec. 7. (a) Nothing in this Act shall prevent the director from including any provision in the lease or requiring any provision in a sublease which he considers to be in the best interest of the state.

(b) The director may agree with the Board of Regents of the University of Alaska that the Board of Regents may exercise any or all of the powers vested in the director by the lease.

Sec. 8. All transfers and management agreements concerning the property described in sec. 4 of this Act, made by or between state agencies, including the University of Alaska, are revoked and terminated.

Sec. 9. The director shall offer the lease within a reasonable time after this Act takes effect.

Sec. 10. This Act takes effect on the day after its passage and approval or on the day it becomes law without such approval.

Approved April 22, 1965

CHAPTER 93

AN ACT

Permitting treatment of residents in isolated areas by Public Health Service dentists and physicians.

(H.B. 244)

Be It Enacted by the Legislature of the State of Alaska:

Section 1. AS 08.36 is amended by adding a new section to read:

Sec. 08.36.271. Permits for Isolated Areas. (a) The Departme. of Health and Welfare shall designate as isolated areas those specific places and regions remote from major population centers which are not served by dentists licensed under this chapter and which have a

#3610

Alaska Division of Emergency Services

Financial Impact (HB-941)

Monies owed City of Anchorage (Sub Lease)

FY-75 - # 23,116.80
FY-76 - 23,116.80
FY-77 - Encumbered 23,116.80
FY-78 - 23,116.80
FY-79 - 23,116.80

92,467.20 Required Supplemental (Total Lease

Sub lease runs through June, 1979.

In addition To above, impact is as follows:

Commercial Rental in Anchorage # 100,000.00 per year (if available) Commencing in FY-80.

Removal and re-installation of communications equipment # 100,000.00, in FY-80.

Lorence / Davis / Smith 7-17-74 11:30 AM D.C.

Sent by Highway TeleType: 274-1321 "RM"

BRUCE CAMPBELL COMMISSIONER OF HIGHWAYS

ATTENTION FRANK BAXTER, DEPUTY DIRECTOR, ADMISTRATION

THIS IS TO CONFIRM THE CONTINUANCE OF THE DEPARTMENT OF HIGHWAYS, DEPARTMENT OF MILITARY AFFAIRS AGREEMENT EFFECTIVE APRIL 17, 1972, THROUGH JUNE 30, 1973, FOR THE ALASKA DISASTER OFFICE HEADQUARTER SPACE IN THE OLD ANCHORAGE HIGHWAY COMPLEX. IN ANY SALE AGREEMENT WITH THE CITY OF ANCHORAGE, PLEASE PROVIDE CONTINUED HEATED GARAGE SPACE FOR OUR EMERGENCY COMMUNICATIONS VAN VALUED AT $150,000. ALSO, IF POSSIBLE, ALLOW CONTINUED USE OF THE QUONSET HUTS UNTIL OTHER WAREHOUSING CAN BE PROVIDED.

DONALD LOWELL/DIRECTOR/ALASKA DISASTER OFFICE.

AGREEMENT

Between: DEPARTMENT OF HIGHWAYS and DEPARTMENT OF MILITARY AFFAIRS

The Alaska Disaster Office, Department of Military Affairs, is located in Department of Highways Building #400-140-701 (T-07559) at 1306 East 4th Avenue, Anchorage, Alaska.

The space assigned to the Alaska Disaster Office consists of a total of 9,632 square feet.

The Department of Military Affairs will be charged 20 cents a square foot, or $1,926.40 a month, $23,116.80 a year for office and shop area space.

This charge will be the proportionate share of expenses for heat and utilities for the building. Maintenance and janitorial services for space assigned to the Alaska Disaster Office will be the responsibility of the Department of Military Affairs. All costs incurred in performing same will be paid by them.

It is understood and accepted that the duration of this space rental agreement may be terminated upon a sixty (60) day notice whenever disposal of land and buildings at 1306 East 4th Avenue becomes required. Otherwise, the duration of this lease will be from April 17, 1972, through June 30, 1973.

B. A. Campbell
Commissioner
Department of Highways
State of Alaska

Major General William S. Elmore
Adjutant General
Department of Military Affairs
State of Alaska

STATE of ALASKA

MEMORANDUM

TO: Donald Lowell, Director
Alaska Disaster Office
Department of Military Affairs

DATE: April 4, 1975

FROM: Andrew S. Nerwick
Commissioner
Department of Administration

SUBJECT: Old Anchorage Highway Complex

Thank you for your letter regarding the requested sublease for the subject.

I have forwarded copies of the Lease Purchase and proposed Sublease for the complex to the Attorney General and requested that he make a determination of the legality of the Lease Purchase Agreement. Prior to further action on the proposed Sublease, we must have the Attorney General's decision on the Lease Purchase Agreement.

Your previous correspondence concerning this complex indicates that you are somewhat familiar with the circumstances of the Lease Purchase, therefore, I will not explain further. However, I must request your patience until we can obtain further word from the Attorney General.

By copy of this memorandum, Mr. Avrum Gross is requested to provide a decision relative to the above at the earliest convenience.

Thank you, and we will advise you of the outcome.

ANCHORAGE AK JULY 17, 1974 1722GZ ACO

B CAMPBELL
COMMISSIONER HWYS
344-2121 EXT 111

ATTN FRANK BAXTER/DEPUTY DIRECTOR, ADM

THIS IS TO CONFIRM THE CONTINUOUS OF THE DEPARTMENT OF HIGHWAYS, DEPARTMENT OF MILITARY AFFAIRS, AGREEMENT EFFECTIVE APRIL 17, 1972, JUNE 30, 1973, FOR THE ALASKA DISASTER OFFICE HEADQUARTERS SPACE IN THE OLD ANCHORAGE HIGHWAYS COMPLEX. IN ANY SALE AGREEMENT WITH THE CITY OF ANCHORAGE PLEASE PROVIDE CONTINUE HEATED GARAGE SPACE FOR OUR EMERGENCY COMMUNICATIONS VAN VALUED AT $15?,CCC. ALSO, IF POSSIBLE, ALLOW CONTINUE USE OF THE QUONSET HUTS UNTIL OTHER WARE-HOUSING CAN BE PROVIDED.

DONALD LOWELL
DIRECTOR/DISASTER OFFICE

1722GZ CAW

DH-4A2
8-69

STATE OF ALASKA
DEPARTMENT OF HIGHWAYS

SECTION ADMINISTRATIVE DIRECTOR

DATE JULY 17, 1974

FILE NO. [illegible]

TELETYPE

DONALD LOWELL
DIRECTOR/DISASTER OFFICE
ANCHORAGE

RE YOUR TWX OF JULY 17, 1974, WE AGREE TO CONTINUE THE LEASE BETWEEN THE DEPARTMENT OF HIGHWAYS AND THE DEPARTMENT OF MILITARY AFFAIRS UNDER THE TERMS OF THE ORIGINAL CONTRACT. YOUR ADDITIONAL REQUESTS WILL BE TRANSMITTED TO THE CITY OF ANCHORAGE.

FRANK BAXTER
DEPUTY ADMINISTRATIVE DIRECTOR
DEPARTMENT OF HIGHWAYS
JUNEAU

FB/kk

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you

TO: Donald Lowell, Director
Alaska Disaster Office
Department of Military Affairs

DATE: August 22, 1975

FROM: A. M. Saylors, Director
Division of General Services & Supply
Department of Administration

SUBJECT: Old Anchorage High

Pursuant to my recent discussion with the Attorney General's off
hereby advised to immediately terminate rent payments to the Ci
for space occupied in the subject facility. The rent monies sh
in a pending status until the Attorney General's office resolve
situation.

Your patience and cooperation in this matter are appreciated.
have further questions don't hesitate to ask.

cc: Andrew S. Warwick, Commissioner
Rodger Pegues
Lois Richardson
Leasing & Facilities

STATE OF ALASKA

JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

POUCH K – STATE CAPITOL
JUNEAU 99811

May 15, 1978

Honorable Chancy Croft
Alaska State Senate
Pouch V, State Capitol
Juneau, AK 99811

Re: CS HB 941

Dear Senator Croft:

I am writing this letter to you at the request of Representative Rudd. It is my understanding from her that the free conference committee wishes to know the State's side of the case involving what is commonly referred to as the "Old Anchorage Highway complex" located at Third and Post Road in Anchorage. You should be aware that this letter expresses no view on the question of the legality of CS HB 941. Frankly, I have serious doubts that the legislature can "ratify" an illegal transaction.

The litigation involving the Old Anchorage Highway complex began in the summer of 1976 with the filing of a complaint by the State. In July of 1977, the State moved for summary judgment and oral argument on the State's motion was held on September 26, 1977. Additional oral argument was held in the fall of 1977 and final oral argument was heard on April 25, 1978. We are now awaiting the court's decision.

I. Facts of the Case

The land referred to as the Old Anchorage Highway complex came to the State pursuant to the Alaska Omnibus Act of June 25, 1959 and was accepted by the Governor on behalf of the State on July 2, 1959. From that date until late 1973, the property and buildings located thereon were utilized by the Department of Highways as a maintenance yard and office compound.

The Department of Highways discontinued use of the property in 1973 and the property remained virtually unused until late 1974. During this period of inactivity, discussions ensued among various State departments concerning the best use to be made of the property. It was definitely conceded by all that the State did have a need for the property.

On October 21, 1974, during the course of the discussions concerning use of the property, it came to the attention of the Department of Law that the Commissioner of the Department of Highways was engaged in negotiations with the Municipality of Anchorage for the property's lease and possible sale. The Department of Law examined the issue and wrote a memo concluding that the Commissioner of the Department of Highways did not have the authority to enter into a lease-purchase agreement concerning the subject property.

Prior to writing that memorandum, David Shaftel, an attorney representing the Municipality in the negotiations, contacted Richard Bradley of the Department of Law. He advised Mr. Bradley that he was reviewing the purchase of the property by the Municipality and had certain misgivings about the legal aspects of the purchase. Mr. Bradley and Mr. Shaftel discussed the legality of the lease-purchase and Mr. Bradley informed Mr. Shaftel at the time that his conclusion was that the Commissioner of the Department of Highways did not have the authority and he specified which statutes he based his decision on.

Despite having knowledge that the Department of Law believed the Commissioner of the Department of Highways did not have the authority to enter into the lease-purchase agreement, the Municipality entered into the agreement on November 13, 1974. The agreement provides that the Municipality of Anchorage will pay $100,000 a year rent for ten years and $10,000 per year, starting the second year for ten years, for an option to purchase. The purchase price is set in the agreement at $1,126,000. The agreement does not provide for the payment of any interest whatsoever. In other words, at the end of ten years, the Municipality will have paid $1,000,000 in rent and $90,000 for the option to purchase, making a total of $1,090,000. By paying $36,000 at the end of ten years, the Municipality would be the owner of the property under the agreement. What the agreement really amounts to is nothing more than a ten-year interest-free loan in the amount of $1,126,000. The end result would be that despite tremendous inflation having occurred during the life of the agreement, and despite the continuously rising property costs in the Anchorage area, the Municipality will be in a position to purchase the property in 1984 at its 1974 value. The difference between the two amounts in this particular case could be as much as $3-4,000,000.