

1109

HRES

HB 516

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HB 544

1109

<u>Commodities</u>	<u>Amount</u>
General Office (7 people x \$500)	<u>\$ 3,500</u>
	\$ 3,500
<u>Equipment</u>	
Office Equipment (7 people x \$1,500)	<u>\$ 10,500</u>
	\$ 10,500
TOTAL	\$3,262,145
Amount contained in Governor's Budget Encompassing State Bottomfisheries Program (FY '81)	\$2,741,200
Amount Contained in Governor's Budget Encompassing Present Fisheries Development Activities of the Department of Commerce and Economic Development	<u>136,100</u>
Total Amount Currently Budgeted by Governor for Activities to be Consolidated	\$2,877,300
Amount Presently Unbudgeted and Judged to be Required for Operation of Office	\$3,262,145 <u>-2,877,300</u> \$ 384,845

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. SSHB 516  
 Title Office of Fisheries Development  
 Requested by Osterback Date 2/8/80

II. FISCAL DETAIL

Agency Affected Department of Commerce & Economic Development  
 Program Category Affected Development  
 BRU, Program, or Subprogram(s) Affected Commissioner's Office, Div. of Economic Enterprise  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		151.7	166.9	183.6	202.0	222.2
200 TRAVEL		27.8	34.8	43.4	54.2	67.9
300 CONTRACTUAL		197.3	217.0	130.0	143.0	157.3
400 COMMODITIES		1.9	2.1	2.3	2.5	2.8
500 EQUIPMENT		6.2	.5	.6	.6	.7
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		<b>384.9</b>	<b>421.3</b>	<b>359.9</b>	<b>402.4</b>	<b>450.9</b>

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
<b>GENERAL FUND</b>		<b>384.9</b>	<b>421.3</b>	<b>359.9</b>	<b>402.4</b>	<b>450.9</b>
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME		4	4	4	4	4
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The budget represents amounts required for operations of office over and above amounts contained in Governor's FY 81 budget submission covering existing functions to be incorporated (Bottomfisheries program - \$2,741,200; Division of Economic Enterprise - \$136,083).

Annual budget change generally assumes a 10 percent increase per year in all categories except travel which is estimated to increase 25 percent per year.

IV. DATE 3/4/80

PREPARED BY Richard E. Reynolds  
 AGENCY DIVISION OF ECONOMIC ENTERPRISE  
 PHONE 465-2018

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

Draft

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST  
Bill/Resolution No. CSSHB 516  
Title Office of Fisheries Development  
Requested by Osterback Date 2/8/80

II. FISCAL DETAIL  
Agency Affected Department of Commerce & Economic Development  
Program Category Affected Development  
BRU, Program, or Subprogram(s) Affected Division of Economic Enterprise  
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		82.9	91.2	100.3		
200 TRAVEL		18.8	23.4	29.3		
300 CONTRACTUAL		259.0	284.9	139.0		
400 COMMODITIES		1.0	1.1	1.2		
500 EQUIPMENT		3.0	3.3	3.6		
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		<b>364.7</b>	<b>403.9</b>	<b>273.4</b>		

FUNDING (Thousands of Dollars)

GENERAL FUND		364.7	403.9	273.4		
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		3	3	3		
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

This budget excludes previously submitted bottomfish funding required in the Governor's budget. Annual budget change assumes a 10 percent increase per year in all categories except travel which is estimated to increase 25 percent per year.

*Handwritten notes:*  
See original note prepared 5/4/80

IV. DATE 2/26/80 PREPARED BY Richard E. Reynolds  
AGENCY Division of Economic Enterprise  
PHONE 2018  
Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

CS for

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 516  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE - SECOND SESSION

## A BILL

For an Act entitled: "An Act establishing the office of fisheries development."

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

\*Section 1. AS 44.33 is amended by adding new sections to read:

ARTICLE 11. OFFICE OF FISHERIES DEVELOPMENT.

Sec. 44.33.502. OFFICE OF FISHERIES DEVELOPMENT. There is established in the Department of Commerce and Economic Development the office of fisheries development.

Sec. 44.33.504. COORDINATION OF STUDIES AND DEVELOPMENT ACTIVITIES:

(a) This office shall be the lead agency in state government for fisheries development. The office shall coordinate all fisheries development-related studies, recommendations, proposals and activities made or conducted by the departments and agencies of the state. As far as practicable, the office shall coordinate the fisheries development-related studies, recommendation, and proposals made in this state with similar activities in other states.

(b) The office shall make suggestions to departments and agencies of the state with respect to appropriate activities which would further the development of the state's fisheries.

Sec. 44.33.506. COMPREHENSIVE BOTTOMFISH PLAN. The office of fisheries development shall establish a comprehensive bottomfish development plan which shall include detailed project schedules and budgets, and a method for monitoring the performance of bottomfish projects included in the plan. The office shall determine and emphasize in the bottomfish plan those projects which most compliment the needs of private sector fishery entities, especially industry-wide activities like AFDF. The office shall amend the plan as necessary.

Sec. 44.33.508. ANNUAL REPORT. The office shall prepare an annual report. The report shall include a summary of fisheries development activities in the state, a description of the actions taken by the office to coordinate fisheries development activities, a summary of the plan established under AS 44.33.506, and suggestions for the more efficient development of the fisheries of the state. The office shall distribute copies of the report to the governor and commissioners of Community & Regional Affairs, Fish & Game, Revenue, Labor, Transportation/Public Facilities, and to each legislator.

Sec. 44.33.510. DEFINITION. For the purposes of AS 44.33.502

44.33.510 (1) "office" means the office of fisheries development. (2) "Fisheries Development" means commerce, taxation, finance, marketing, economics, and business aspects of fisheries. *(3) In the purpose of the act, the word "office" shall mean a body or organization established by the state or a local government.*

\*Section 2. (a) The office of fisheries development established in AS 44.33.502., enacted by section 1 of this Act, shall conduct studies to identify:

(1) types of private investment in the Alaska fisheries industry which are most likely to occur before January 1, 1930;

(2) types of organizations for the harvesting, processing, and marketing of *bottomfish* species which are consistent with market conditions and conducive to participation by Alaska residents;

(3) methods for the state to assist residents with the formation of the organizations determined under (2) of this subsection, including enabling legislation, organizational grants, educational assistance, and direct organizational and technical assistance; and

(4) economic incentives and other means to encourage development of the fish and shellfish industry in a manner consistent with market conditions and beneficial to the Alaska economy and to Alaska residents.

(b) The office shall prepare a report summarizing the findings of the studies required by this section and shall distribute copies of the report to the governor and the legislature by February 1, 1982 and annually thereafter.

Sec. 44.33.503 INTENT

It is the intent of the legislature that:

(a) the State encourage, and provide for, greater development and eventual maximization of Alaskan fisheries, consistent with public interest;

(b) the State do everything in its power to assure development and utilization of Alaskan fisheries by residents of the State, alleviating the effects of apparent ownership or control of major segments of the fishing industry by non-resident interests;

(c) the State combine the various government agencies dealing with fisheries development into a single, effective agency so that benefits of this developing industry accrue to Alaskans and the effort of the State is not fragmented.

# Alaska State Legislature



WHILE IN JUNEAU  
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REPRESENTATIVE  
**ALVIN OSTERBACK**  
BOX 71  
SAND POINT, ALASKA 99681  
(907) 382-2387  
CO-CHAIRMAN  
HOUSE RESOURCES COMMITTEE

## House of Representatives

DISTRICT 18

ADAK  
AKNIGH  
ARUTAN  
ALITAK  
ATKA  
BELTORSKI  
CHIGNIK  
CHIGNIK LAGOON  
CHIGNIK LAKE  
COLD BAY  
FALSE PASS  
IVANOF BAY  
KARLUK  
KING COVE  
LARSEN BAY  
NELSON LAGOON  
NIROLSKI  
OLD HARBOR  
PERRYVILLE  
PORT LIONS  
SAND POINT  
SQUAW HARBOR  
ST. GEORGE  
ST. PAUL  
UBANIK BAY  
UNALASKA

### MEMORANDUM

DATE: February 20, 1980

TO: Terry Gardiner, Speaker  
House of Representatives

FROM: Representative Alvin Osterback

This is to request travel and two days per diem for Dr. Frank Orth of Belluvue, Washington to attend a House Resources hearing on February 26. On that day we plan to have a hearing on SSHB 516 and HB 697 which resulted from the conclusions of the 1980 Interim Bottomfish report. As Dr. Orth was instrumental in the drafting of these bills it would be most helpful to have him at the hearing. Please make arrangements for the travel and per diem.

Thank you.

Address:

Frank Orth and Associates  
225 108th Avenue, North East  
Suite 311  
Belluvue, WA 98004

Phone 206-455-3507

M E M O R A N D U M

To: House Resources Committee  
From: John Sund, A.A. Rep. Gardiner  
Date: February 27, 1980  
Re: HB 516

It is my understanding that during the committee's consideration of HB 516 on February 26, a memorandum consisting of two pages titled "Fisheries Legislation Analysis" with my name penned in as the author was circulated to the committee.

I wish to clarify several things regarding that memorandum. The memorandum consists of eight pages only of which the first two pages were given to the committee. Secondly, the memorandum was prepared by Mr. Wally Miller at the request of Representative Gardiner when Mr. Miller was a consultant to the Aquaculture Policy Study Committee. I have enclosed a copy of the entire memorandum for the committee's review as it was given to the staff of the House Resources Committee.

The basic thrust of the memorandum states that if the state is going to address the issue of a comprehensive fishery development approach, it should do so in an organized and comprehensive manner. The portions of the memorandum that were not distributed to the committee lay out basic areas that should be addressed and some basic elements to the plan that should be included.

A second memorandum which was not distributed to the staff of the House Resources Committee is also attached for your review. Although the first portion of the memorandum deals with discussion of discounting techniques as that applies to resource evaluation may not be of interest to the committee members, the latter portion of the memo deals with the establishment of the lead agency concept for developing programs which involve more than one state department. The proposed legislation which is attached to the memo is a copy of the Washington State lead agency statutes.

Since the proposed bill HB 516 uses the words "lead agency" in its draft it is perhaps appropriate for the committee to address the concept of how lead agencies operate in other states.

I apologize for the confusion this may have created with the committee, but I felt an obligation to provide the committee members an opportunity to be cognizant of the entire memorandum on this subject.

MEMORANDUM

February 4, 1980

TO: Members of the Aquaculture Policy Study  
Committee

FROM: Wallace G. Miller *WGM*

SUBJECT: Additional Comments - Final Report

I have been requested to elaborate upon two items contained in the final report. The first item has to do with why we did not explicitly recommend the use of discounting revenues and costs in the Return on Investment and Cost Benefit Analysis Models. The second is a request for additional information about the duties and responsibilities associated with the designation of a lead agency.

With regard to the use of discounting the current practice of most economists is to discount future revenues and costs in order to: (1) express future revenues and costs in terms of today's dollars and; (2) to provide a means for evening out differing peaks and valleys in cost and revenue streams.

In our report we gave considerable thought to the effect that discounting could have on the aquaculture project selection process. We recommended that discounting not be used unless it could be assured that it would not create a bias toward selecting short-term projects over long-term projects. We also recommend that the economic analysis be conducted using constant dollars (i.e., 1979) and current dollars (reflecting future estimates of costs and prices) in order to take into account possible economic changes in the fishery.

The following table shows a discount rate of 15% for a 10 year period.

<u>Year</u>	<u>Discount Factor*</u>
1	.850
2	.723
3	.614
4	.522
5	.444
6	.377
7	.321
8	.273
9	.232
10	.197

\* Slight error due to rounding.

As the table would indicate, a dollar of revenue obtained in year one would be roughly twice as valuable as a dollar obtained in year five and over four times as valuable as a dollar of revenue obtained in year ten. Fisheries resource development is a long-term proposition. An over emphasis on short-term rewards through the application of discounting could introduce a bias in the project selection process.

This problem with discounting has been recognized by other economists dealing with fisheries development projects.

The Food and Agriculture Organization of the United Nations and FAO Fisheries Technical Paper 149 entitled, Manual on the Identification and Preparation of Fishery Investment Projects makes the following comments regarding discounting. (pages 6-7) "...the present value of relatively longer-term (fisheries) benefits is very low. It must be said, because it has been all too often the basis of private decision-making, that in principle, and at high discount rates, larger immediate benefits can have a greater present value than a smaller stream of benefits continuing in perpetuity."

"The flaw in this argument is that the use of discounting methods expresses the present worth of a project to present people in a specified economic environment. It says nothing about the worth, or otherwise, of a present project to future people, whose calculus with respect to such a project would be quite different. It may reasonably be argued from the theory of Consumers Surplus that future generations would prefer some fish to no fish at all, and at the expense...of the present generation."

Notwithstanding this very valid concern about the bias which discounting could introduce in the project evaluation process, the author of the FAO report goes on to endorse the discounting procedure without recommending any satisfactory method to counteract the bias.

The author also states that, "The simple Rate of Return may be used because of its ease of calculation as a preliminary indication of particular use to the analyst at the (project) identification stage."

In summary, we have stopped short of recommending the use of a particular discounting technique because we see no way of counteracting the short-term bias which could be introduced by this procedure particularly in the species selected for aquaculture projects (i.e., pinks over coho because of the earlier return) as well as in the type of aquaculture project to be undertaken.

Finally, and perhaps most importantly the role of economic analysis needs to be placed in perspective along with other factors which much be considered in evaluating an aquaculture project. According to Gordon Campleman, author of FAO Fisheries Technical Paper 149, "This is to say that the purpose of project appraisal (economic analysis) is less to establish a uniquely probable rate of return on the capital involved than to reveal the financial and economic "bones" of a project and to establish its ranking among other competing possible projects in the economy at large, similarly measured." In the final analysis, the appraisal specialist cannot assume the role, of the investor. Even where none of the figures and computations are disputed, final acceptance or rejection of a project depends, in large part, upon the feel of the investor or financing institution for the degree of risk involved, their evaluation of non-quantifiable social effects, political factors, etc."

With regard to the request for additional information regarding the duties and responsibilities of a lead agency designation, I have attached a copy of a section of Washington Administrative Code WAC 197-10-200 through WAC 197-10-260 which deal with the application of the lead agency concept as it is used in the implementation of the State Environmental Policy Act.

This application of the lead agency concept is a general model which allows for different state or different local government agencies to assume lead agency responsibility for making threshold determinations of environmental impact and for preparing environmental impact statements.

The use of the lead agency is a relatively new concept in governmental organization. It serves a critically important role which is often overlooked or neglected by traditional governmentbureaucratic organizations. For example, Alaskan fisheries issues cut across federal agencies (NMFS, NPFMC) state agencies (ADF & G, C & ED, DE to name but a few. Without a formalized lead agency system in place, coordination and communication among the bureaucratic entities becomes hapenstance, if indeed they occur.

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Emphasis supplied by underlining.

If a lead agency system were implemented for Alaskan fisheries the roles and responsibilities, where they are currently, clearly definable can be specified in the system. As new issues arise which have not been previously defined and assigned to a lead agency, the lead agency system has provisions for the assignment of this new responsibility. In essence the use lead agency concept is designed to overcome the two most often voiced complaints about bureaucratic organization. These are: bureaucratic statement, "That's not my responsibility," and the equally bureaucratic turfism position, "That program belongs in my organization." The lead agency concept can help overcome needless delay and reduce haggling over turf by afixing responsibility through a formal process.

The use of the lead agency concept is being implemented in new ways. For example, in a tri-county area, one county will assume lead agency responsibility for public transportation while another will assume the responsibility for public health services in the tri-county area. To be sure there is plenty of arguments as to whether preferential treatment is accorded to the residents of a county with lead agency status, however, the continued use of this new form of government suggests to me that it is preferable to each county unit of government attempting to be all things to its residents.

I believe the application of a lead agency concept which formally defines the roles and responsibilities of the federal, state and regional associations involved in the salmon aquaculture program is a critically important step forward toward creating a cohesive Alaskan Salmon Resource Development Program. In fact, without such a structural foundation, I believe it will be difficult, if not impossible, for such a program to exist in a state beyond only a hollow name.

## LEAD AGENCY

WAC 197-10-200 LEAD AGENCY--RESPONSIBILITIES. The lead agency shall be the only agency responsible for complying with the threshold determination procedures of WAC 197-10-300 through -390; and the lead agency shall be responsible for the supervision, or actual preparation, of draft EISs pursuant to WAC 197-10-400 through -495, including the circulation of such statements, and the conduct of any public hearings required by this chapter. The lead agency shall also prepare or supervise preparation of any required final EIS pursuant to WAC 197-10-550 through -695.

### WAC 197-10-203 DETERMINATION OF LEAD AGENCY--PROCEDURES.

(1) The first agency receiving or initiating a proposal for a major action, or for any part of a proposal when the total proposal involves a major action, shall determine the lead agency for that proposal. To ensure that the lead agency is determined early, agencies shall determine the lead agency for all proposals for a major action they receive, unless the lead agency has been previously determined or the agency receiving the proposal is aware that another agency is in the process of determining the lead agency. The lead agency shall be determined by using the criteria in WAC 197-10-205 through -245.

(2) If the acting agency determines that another agency is the lead agency, it shall mail to such lead agency a copy of the application it received, together with its determination of lead agency and explanation thereof. If the agency receiving this determination agrees that it is the lead agency, it shall so notify the other agencies with jurisdiction. If it does not agree, and the dispute cannot be resolved by agreement, the agencies shall immediately petition CEP for a lead agency determination pursuant to WAC 197-10-260.

(3) If the acting agency determines that it is the lead agency, it shall immediately mail a copy of its determination and explanation thereof to all other agencies with jurisdiction over the proposal. The acting agency shall then proceed, as the lead agency, to the threshold determination procedure of WAC 197-10-300 through -390. If another agency with jurisdiction objects to the lead agency determination, and the dispute cannot be resolved by agreement, the agencies shall immediately petition CEP for a lead agency determination pursuant to WAC 197-10-260.

(4) Any agency receiving a lead agency determination to which it objects shall either resolve the dispute, withdraw its objection, or petition to CEP for a lead agency determination within fifteen days of receiving the determination.

(5) To make the lead agency determination, an acting agency must determine to the best of its ability the other agencies with jurisdiction over the proposal. This can be done by requesting the information from a private applicant.

or through consultation with the information centers established pursuant to RCW 90.62.120 within the Environmental Coordination Procedures Act of 1973 (ECPA).

WAC 197-10-205 LEAD AGENCY DESIGNATION--GOVERNMENTAL PROPOSALS. The lead agency for all proposals initiated by an agency shall be the agency making the proposal. In the event that two or more agencies share in the implementation of a proposal, the agencies shall by agreement determine which agency will assume the status of lead agency. For the purposes of this section, a proposal by an agency does not include proposals to license private activity.

WAC 197-10-210 LEAD AGENCY DESIGNATION--PROPOSALS INVOLVING BOTH PRIVATE AND PUBLIC CONSTRUCTION ACTIVITY. When the total proposal will involve both private and public construction activity, it shall be characterized as either a private or a public project for the purposes of lead agency designation, depending upon whether the primary sponsor or initiator of the project is an agency or from the private sector. Any project in which agency and private interests are too intertwined to make this characterization shall be considered a public project. The lead agency for all public projects shall be determined pursuant to WAC 197-10-205.

WAC 197-10-215 LEAD AGENCY DESIGNATION--PRIVATE PROJECTS FOR WHICH THERE IS ONLY ONE AGENCY WITH JURISDICTION. For proposed private projects for which there is only one agency with jurisdiction, the lead agency shall be the agency with jurisdiction.

WAC 197-10-220 LEAD AGENCY DESIGNATION--PRIVATE PROJECTS REQUIRING LICENSES FROM MORE THAN ONE AGENCY, WHEN ONE OF THE AGENCIES IS A COUNTY/CITY. For proposals for private projects which require licenses from more than one agency when at least one of the agencies requiring a license is county/city, the lead agency shall be the county/city within whose jurisdiction is located the greatest portion of the proposed project area, as measured in square feet. For the purposes of this section, the jurisdiction of a county shall not include the areas within the limits of cities or towns within such county.

WAC 197-10-225 LEAD AGENCY DESIGNATION--PRIVATE PROJECTS REQUIRING LICENSES FROM MORE THAN ONE STATE AGENCY.  
(1) For private projects which require licenses from more than one state agency, but require no license from a county/city, the lead agency shall be one of the state agencies requiring a license, based upon the following order of priority:

- (a) Department of ecology.
- (b) Department of social and health services.
- (c) Department of natural resources.
- (d) Department of fisheries.
- (e) Department of game.
- (f) Utilities and transportation commission.
- (g) Department of motor vehicles.
- (h) Department of labor and industries.

(2) For private projects requiring a license from more than one state agency, but requiring no license from a county/city, and when none of the state agencies requiring a license is on the above list, the lead agency shall be the licensing agency which has the largest biennial appropriation.

(3) When, due to the provision of subsection (1) of this section, an agency would be the lead agency solely because of its involvement in a program jointly administered with another agency, the other agency shall be designated the lead agency for proposals for which it is primarily responsible under agreements previously made between the two agencies for joint operation of the program.

WAC 197-10-30 LEAD AGENCY DESIGNATION--SPECIFIC PROPOSALS. Notwithstanding the lead agency designation criteria contained in WAC 197-10-205 through -225, the lead agency for proposals within the areas listed below shall be as follows:

(1) For all governmental actions relating to thermal power plants for which certification is required under Chapter 80.50, RCW, the lead agency shall be the thermal power plant site evaluation council: PROVIDED, That for any public project requiring such certification and for which the study authorized by RCW 80.50.175 will not be made, the lead agency shall be the agency initiating the project.

(2) For all private projects relating to the utilization of geothermal resources subject to Chapter 79.16, RCW, the lead agency shall be the department of natural resources.

(3) For all private projects requiring a license or other approval from the oil and gas conservation committee pursuant to Chapter 78.52, RCW, the lead agency shall be the department of natural resources, except that for projects subject to RCW 78.52.125, the EIS shall be prepared in accordance with that section.

(4) For all private activity requiring a license or approval under the Forest Practices Act of 1974, Chapter 76-04, RCW, the lead agency shall be the department of natural resources: PROVIDED, That for any proposal which will require a license from a county/city acting under the powers enumerated in RCW 76.09.240, the lead agency shall be the county/city requiring the license.

(5) For all private projects requiring a license or lease to use or affect state lands, the lead agency shall be the state agency managing the lands in question: PROVIDED, That this subsection shall not apply to the sale or lease of state-owned tidelands, harbor areas or beds of navigable waters, when such sale or lease is incidental to a larger project for which one or more licenses from other state or local agencies is required.

(6) For all proposals which are being processed under the Environmental Coordination Procedures Act of 1973 (ECPA), Chapter 90.62, RCW, the lead agency shall be determined by the department of ecology; except that when county/city licenses are applied for prior to filing the ECPA application, a lead agency shall be determined pursuant to the standards of these guidelines prior to granting such county/city licenses.

(7) For private projects which require the issuance of a National Pollutant Discharge Elimination System (NPDES) permit under § 402 of the Federal Water Pollution Control Act (33 USC § 1251, et. seq.), for a pulp or paper mill or oil refinery, the lead agency shall be the department of ecology.

(8) For proposals to construct a pipeline greater than six inches in diameter and fifty miles in length, used for the transportation of crude petroleum or petroleum fuels or oil or derivatives thereof, or for the transportation of synthetic or natural gas under pressure, the lead agency shall be the department of ecology.

(9) For proposals that will result in an impoundment of water with a water surface in excess of forty acres, the lead agency shall be the department of ecology.

(10) For proposals to construct facilities on a single site designed for, or capable of, storing a total of one million or more gallons of any liquid fuel, the lead agency shall be the department of ecology.

(11) For proposals to construct any new oil refinery, or an expansion of an existing refinery that shall increase capacity by ten thousand barrels per day or more, the lead agency shall be the department of ecology.

(12) For proposals to construct any new metallic mineral processing plant, or to expand any such existing plant by ten percent or more of design capacity, the lead agency shall be the department of ecology.

WAC 197-10-235 LOCAL AGENCY TRANSFER OF LEAD AGENCY STATUS TO A STATE AGENCY. For any proposal for a private project where a city or town with a population of under five thousand or a county of fifth through ninth class would be the lead agency pursuant to the designation criteria of WAC 197-10-210 through -230, and when one or more state agencies are agencies with jurisdiction over the proposal, such local agency may at its option transfer the lead agency duties to that state agency with jurisdiction appearing first on the priority listing in WAC 197-10-225. In such event, the state agency so determined shall be the lead agency and the agency making the transfer shall be an agency with jurisdiction. Transfer is accomplished by the county, city or town transmitting a notice of the transfer together with any relevant information it may have on the proposal to the appropriate state agency with jurisdiction. The local agency making the transfer shall also give notice of the transfer to any private applicant and other agencies with jurisdiction involved in the proposal.

WAC 197-10-240 AGREEMENTS AS TO LEAD AGENCY STATUS. Nothing herein shall prohibit an agency from assuming the role of lead agency as a result of an agreement among all agencies with jurisdiction.

WAC 197-10-245 AGREEMENTS BETWEEN AGENCIES AS TO DIVISION OF LEAD AGENCY DUTIES. Two or more agencies may by agreement share or divide the responsibilities of lead agency through any arrangement agreed upon. In such event, however, the agencies involved shall designate one of them as the nominal lead agency, which shall be responsible for complying with the duties of the lead agency under these guidelines. Other agencies with jurisdiction shall be notified of the agreement and determination of the nominal lead agency.

WAC 197-10-260 DISPUTE AS TO LEAD AGENCY DETERMINATION  
--RESOLUTION BY CEP. (1) In the event that the agencies with jurisdiction are unable to determine which agency is the lead agency under these guidelines, any agency with jurisdiction may petition CEP for such determination. Such petition shall clearly describe the proposal in question, and include a list of all licenses and approvals required for the proposal. Any such petition shall be filed with CEP within fifteen days after receipt by the petitioning agency of the determination to which it objects. Copies of the petition shall be mailed to any private applicant involved, as well as to all other agencies with jurisdiction over the proposal. The applicant and agencies with jurisdiction may file with CEP a written response to the petition within ten days of the date of the initial filing.

(2) Within fifteen days of receipt of a petition, CEP shall make a written determination of the lead agency, which shall be mailed to the applicant and all agencies with jurisdiction. CEP shall make its determination in accordance with these guidelines; or in the event the guidelines do not control, the lead agency shall be the agency whose action, license, or licenses will have the greatest effect on the environment.

WAC 197-10-270 ASSUMPTION OF LEAD AGENCY STATUS BY ANOTHER AGENCY WITH JURISDICTION. When there has been an assumption of lead agency status by another agency with jurisdiction over a proposal, pursuant to WAC 197-10-345, the lead agency responsibilities regarding threshold determination procedures (WAC 197-10-300 through -390) transfer to the new lead agency.

## FISHERIES LEGISLATION ANALYSIS

### A. Proposed Legislation Analyzed

- HB 553 - The bill would require Alaska Department of Commerce and Economic Development to provide solutions to the Bristol Bay salmon marketing problem.
- HB 518 - The bill would create a Fisheries Development Committee.
- HE 517 - The bill would appropriate \$1,250,000 to ADC & ED to provide a grant to the Alaska Fisheries Development Foundation for bottomfish development.
- HB 519 - The bill would appropriate \$300,000 to the Fisheries Development Committee.
- HCR 36 - This Concurrent Resolution would require the Governor to create a bottomfish plan.
- HB 516 - The bill would establish an Office of Fisheries Development in ADC & ED.
- HCR 37 - The concurrent resolution would require ADC & ED to prepare a bottomfish plan.

### B. Major Legislative Goals

The major goals of the proposed legislation appear to be:

1. To establish a new office for fisheries development (which may encompass shellfish, bottomfish and salmon) which has lead agency responsibility in conducting studies and formulating recommendations as well as to provide a single point of responsibility and accountability for coordinating fisheries studies and development activities carried out by other state agencies.
2. To provide for legislative oversight over the development of bottomfish in Alaska and adjacent waters.
3. To encourage the executive branch to develop a bottomfish plan for the State of Alaska.
4. To provide solutions to the Bristol Bay salmon marketing problems.

### C. Analysis of Proposed Legislation

The goals expressed in the legislation are straight forward. Action and results are desired in several areas of the fishery and the importance of this desire is pointedly made by the proposed creation of an legislative oversight committee and the proposed language contained in HCR 36.

Based upon our recent analysis of the Alaskan fishery we have expressed many similar concerns addressed by the proposed legislation.

For example, whereas the proposed legislation calls for the creation of an Office of Fisheries Development, we recommend that a lead agency be designed to coordinate all Alaskan fisheries resource development activities including shellfish, bottomfish and salmon. The Alaskan fishery is very dynamic and while Bristol Bay salmon might be this year's problem, king crab could for example, be a major issue next year. What we have recommended is a more general fisheries authority which would allow the lead agency to stay on top of a broader spectrum of issues. Hopefully, this broader authority will help avoid the need in the future to resort to crisis management measures to obtain desired results.

For the most part the establishment of an Office on Fisheries Development and the designation of a lead agency goes after the same point: we need a central, responsible organization which can be held accountable for fisheries development. While we suggested ADF & G could be designed the lead agency, such a designation could also be assigned to ADC & ED.

A second recommendation included in our study which is not fully addressed in the proposed legislation is the scope and content of the plan to be prepared.

For example, we proposed that an Alaskan Fisheries Resource Development Plan be created. (This responsibility could be assigned to the proposed office or a lead agency, which in turn could be ADC & ED.)

The scope of the Alaskan Fisheries Resource Development plan would initially cover three areas. These are:

Bottomfish  
Salmon  
Shellfish  
(Others may be added later)

While we recognize the urgent need to get moving on bottomfish, unless some meaningful effort is undertaken in the other areas we could get back into a crisis management situation (like the Bristol Bay salmon problem) which typically results in last minute temporary fixes to the problem.

The content of the Alaskan Fisheries Development Plan, for each species as appropriate, would include:

1. A Stock Assessment - This portion of the plan would identify species demographics (number, size, geographic distribution, etc.) as well as estimates of harvest rates based upon such factors as reproduction cycle, predation, disease, growth and maturation characteristics, breeding, feeding, survival rates and other relevant factors.

2. A Harvest Capability Assessment - This portion of the plan would identify all of the vessels by gear type as well as other harvesting methods, including average harvest capability, maximum capability, minimum harvest rates to sustain operations. The number of crew and on-board personnel would also be identified.

3. A Processing Capability Assessment - This portion of the plan would identify all of the processing vessels, plants and other processing modes available in the Alaskan fishery.

4. A Market Capacity Assessment - This portion of the plan would identify current and potential markets by species and stocks, tonnage, quality, price and customer for Alaskan fisheries product.

5. Stock/Harvest/Processing/Marketing Alternatives - The intent of this portion of the plan is to identify the alternative rates under differing economic and biological assumptions at which the various stocks can be harvested, processed and marketed. Against these estimates the capability to harvest can be compared to determine averages and shortages in fleet composition by gear type and for targeted species.

The third element which can now be introduced is the processing capability

If we accept the idea that an allowable harvest rate by species and stocks can be established, and further that the existing fleet, or as supplemented by foreign vessels if necessary in selected fisheries, can accomplish the harvest, the next step is to ensure that processing facilities to support the harvest are available on land or on vessels.

The next critical steps in this chain of activities is the marketing of the catch. In Seattle recently a fisherman gave his catch of bottomfish away free because there was no market for them. Beyond this simple example market quotas need to be set which on the one hand ensure adequate compensation to fishermen and on the other, reasonable satisfaction of the market demand. These market quotas need to be compared to the species and stocks available as well as the harvest capability and finally, defining the alternative means for bringing each of these four elements into reasonable balance.

As you can see item 5 requires a substantial interaction between stocks; harvesting; processing and marketing. Many alternatives are available and the goal should be to achieve a reasonable balance among these interacting elements. Once a reasonable balance is agreed upon by the affected parties the next step would be to prepare a plan to achieve the desired balance. (Technically, the stock assessment, harvest capability assessment, processing capability assessment and market capacity assessment are not plans but instead are facts upon which a solid plan can be based.

Assuming that sufficient alternative mixes of the four elements are examined and general agreement is achieved on a particular mix, the next step is to prepare a plan to carry out the desired mix. The elements of the plan are:

6. A Harvest Regulation and Development Plan - The objective of this plan is to either through regulation and/or economic incentives to bring the harvest capability into balance with the allowable harvest rates.

7. A Processing Regulation and Development Plan - The objective of this plan would be to establish quality control and grading standards as well as economic incentives to help match the various processing capabilities required to the geography of the harvest volumes. (The quality control and grading aspect could be made a separate plan if additional emphasis is desired.)

8. A Marketing Plan - Based upon the stocks, harvest and processing capability as well as current market demands, the objective of this plan would be to define those courses of action which would result in achieving a full harvest of available species and stocks, which are fully processed to high standards and which allows fishermen to make a good living and processors a fair profit.

9. A Transportation and Port Facilities Plan - The objective of this plan will be to identify the transportation modes (air, water, land) and equipment necessary to support the marketing plan. Port and such ancillary facilities as repair, fuel storage, etc. need to be included to ensure that the post processing delivery system functions smoothly.

Realistically, if Alaska is to fully enjoy the benefits of its Alaskan fishery, three additional elements to the Alaskan Fisheries Resource Development Plan need to be included. These are described as follows:

10. An Alaskan Fisheries Research Plan - Even a casual reading of Alaskan Fishermen or in discussions with fisheries biologists, fishermen and processors the topic of the need for more information about many different aspects of the fishery invariably arises. Without a scientific and research information foundation, management of the fishery will continue to be based upon "gut feel" and other equally arbitrary bases. A consolidated federal/state research center, as we recommended could provide great support to ensuring that the resource is protected and harvested at biologically justifiable rates.

11. An Alaskan Fisheries Financing Plan - If Alaska is going to increase its share of the rewards (as compared to Seattle or foreign based fishermen) it must be prepared to invest in vessels, research and technology, transportation and port facilities. The plan should identify the types of economic incentives required as well as a realistic budget level for the new Office or lead agency.

12. An Alaskan Fisheries Legislation Plan - The proposed legislation provides an excellent start and with some consideration given to the points raised in this analysis could provide the full direction required to achieve the stated goals.

#### D. Organization Analysis

In the preceding Section C, an attempt was made to briefly define the elements of an Alaskan Fisheries Resource Development Plan which addresses the fishery in a functional manner. The suggested planning framework recognizes the need to obtain facts through assessments as well as the need to study the alternative means of achieving the desired balance among species availability, harvest capability, processing capability and market capacity.

In addition Section C identifies some specific steps which the State of Alaska should be prepared to take if the State is to realistically realize some of the desired benefits from the fishery.

The definition of the elements of a plan, of and by itself, is no guarantee that the plan will be accomplished. Two additional requirements are necessary. The first is for an organization to be created which has the expertise and resources to develop a good plan; the second is for an organization which has sufficient authority to ensure the plan is implemented.

Leaving aside for a moment, the expertise and resources requirement, the authority requirement is of critical importance because it, in the final analysis, will determine whether a good plan gathers dust on a shelf or becomes the roadmap for management decision-making.

In examining the present organizational entities now involved in managing the Alaskan fishery, it is clear that presently no single organization has sufficient authority to carry-out a plan.

Regardless of whether a new Office of Fisheries Development or a lead agency is designated, careful consideration must be given to providing the selected organization with sufficient authority so that the organization can be held accountable for its success or failure in achieving planned results. Some of the types of authorities which could be assigned to the proposed new Office or lead agency are listed below. Again, the point is made that an organization can only be held accountable if it has the authority to act.

1. Place new Office Director on the Board of ADF & G.
2. Place International Fisheries Coordinator in the office.
3. Place Bottomfish Coordinator in the office.
4. Place Office Director on North Pacific Council.
5. Place Aquaculture Coordinator in the office and formalize organization of regional aquaculture association.
6. Give office "A-95" review and approval authority over all government financial fisheries research and development activities including projects approved by the Renewable Resources Corporation as they pertain to fisheries development.
7. Place aquaculture loan approval in office.
8. Place office staff members on regional aquaculture planning teams.
9. Create a state/federal fisheries development task force with new office director as chairman.
10. Negotiate agreements with Forest Service, National Marine Fisheries and the North Pacific Council which clearly establishes Alaska's right to ensure heavy consideration is given to Alaska's Fisheries Development Plan.
11. Create a permanent legislative oversight committee on fisheries and charge it with responsibility to perfect the statutory framework necessary for the office to accomplish its job in a business-like manner.
12. Require annual reports showing progress against the plan.

At first glance the 12 organizational steps may seem excessive, however, it is important to remember that results can only be demanded from those who have the authority to act. This is not to suggest that all 12 organizational actions are fully inclusive or that all 12 are necessary to achieve the desired results. Others will have to decide on the most appropriate level of authority which is capable of producing the desired results.

Assuming that a balance between organizational authority and desired results can be achieved, the next step is to define the expertise and resources required to perform. Given the wide range of possible organizational options it is difficult to estimate the numbers of staff required to perform the work. However, it is possible to define some of the types of skills which will be required to perform the assigned work. These include:

1. Fisheries Biologists (species generalists)
2. Economists
3. Data Processing System Designers and Programmers
4. Fisheries Scientists (species or particular area specialists)
5. Fisheries Marketing Experts
6. Processing and Quality Control Experts
7. Fishing Fleet (gear type) Experts
8. Transportation/Port Facilities Experts
9. Fisheries Research Scientists
10. Competent Management

HB

517

# COMMITTEE REPORT

## HOUSE

1/15/80

FURTHER: Finance

Date: 1/29/80

Mr. Speaker:

The Committee on RESOURCES has had HB 517

"An Act

"Making a special appropriation to the Department of Commerce and Economic Development for grants to the Alaska Fisheries Development Foundation; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for HB 517  same title  
 new title
- and recommends to pass
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

**MEMBERS SIGNING  
DO PASS**

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

**MEMBERS HAVING  
OTHER RECOMMENDATIONS:**

Guile - No Rec.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

[Signature]  
CHAIRMAN

# COMMITTEE REPORT

## HOUSE

1/15/80

FURTHER: Finance

Date: 1/15/80

Mr. Speaker:

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"An Act Making a special appropriation to the Department of Commerce and Economic Development for grants to the Alaska Fisheries Development Foundation; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for 517  same title  
 new title
- and recommends DO PASS
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

**MEMBERS SIGNING  
DO PASS**

**MEMBERS HAVING  
OTHER RECOMMENDATIONS:**

[Signature]

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*Niles signed later*

CHAIRMAN



# Alaska State Legislature

## House

HOUSE RESOURCES COMMITTEE

FISH & GAME ISSUES

Alvin Osterback, Chairman

Pouch V, State Capitol  
Juneau, Alaska 99811  
(907) 555-3715

### HEARING NOTIFICATIONS

BILL	DATE INFORMED	LETTER/PHONE	INFORMED <small>(Bettinae Jones) lined up testimony</small>	HEARING DATE
HB517	1/24/80	276-7315	Alaska Fisheries Development Foundation Al Burch, Member of Board of Directors, and 1 <sup>st</sup> Vice Pres. to testify	1/29/80
	1/25/80	4100	Dept. of Fish and Game	1/29
	1/28/80	2018	Dept. of Commerce; Fred Muller to provide fiscal note	1/29

Hearing held 1/29/80 - Reported out as CS HB517

AGU 127386

Memo to: Jack Fuller

HB517 "Special Appropriation (\$1,250,000)  
to Commerce Dept. for grants to  
Alaska Fisheries Development Foundation."

This Fdn. is a private fdn. originally  
funded by federal funds. Their office is in  
Anchorage - exec. director is  
Sara Hemphill. Al Burch, a member  
of the foundation's Board of Directors  
(who lives in Kodiak) is to testify.  
This foundation is one of the  
strongest factors in fisheries development  
in the private sector.

These yearly grants are to be used  
for projects consistent with the goals  
established by the legislature by  
resolution for bottomfish development or  
which would transfer bottomfish harvesting  
or processing from other states or  
countries to Alaska's bottomfish industry.

The foundation must receive specified  
amounts of matching funds from private  
Alaskan bottomfish industry. The  
yearly grants to the foundation diminish  
in size while the matching funds  
from private sector must increase  
in proportion each year. A means of  
encouraging and stimulating involvement  
of private industry in bottomfish  
development.

- Need to add wording in Sec. 2 to  
spell out what bottomfish "goals" of legislature  
are. Will have proposed committee substitute  
to add this done by lawyer before meeting.

*Full*  
~~\_\_\_\_\_~~

Original sponsors: Osterback and Fuller

Funding Information	
General Fund	\$1,250,000
Other Funds	\$ -0-
	<u>\$1,250,000</u>

*Alaska*

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR HOUSE BILL NO. 517

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a special appropriation to the Depart-  
7 ment of Commerce and Economic Development for grants to  
8 the Alaska Fisheries Development Foundation; and pro-  
9 viding for an effective date."

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

11 \* Section 1. The sum of \$1,250,000 is appropriated from the general fund  
12 to the Department of Commerce and Economic Development for distribution in  
13 the form of grants to the Alaska Fisheries Development Foundation in the  
14 following amounts in the fiscal years ending on June 30 of the following  
15 years, subject to sec. 2 of this Act:

16	1981	_____	\$500,000
17	1982	_____	375,000
18	1983	_____	250,000
19	1984	_____	125,000

*SK- Funds*

20 \* Sec. 2. The grants provided in sec. 1 of this Act may only be used for  
21 projects of the Alaska Fisheries Development Foundation which

22 (1) have as a primary purpose the transfer to the Alaska bottom-  
23 fish industry of bottomfish harvesting or processing technology from other  
24 states or countries; or

25 (2) are consistent with the following goals:

- 26 (A) to maximize economic benefits to Alaskans;
- 27 (B) to maximize private-sector participation and to minimize  
28 public-sector involvements;
- 29 (C) to avoid public-sector expenditure commitments which

1 exceed the dollar value of benefits created by the expenditure; and  
2 (D) to avoid undesirable environmental, cultural, and social  
3 effects.

4 \* Sec. 3. The grants for 1982, 1983 and 1984 in sec. 1 of this Act may  
5 not be distributed until the Alaska Fisheries Development Foundation receives  
6 the following amounts in the applicable year as matching funds from the  
7 private bottomfish industry in Alaska:

8	1982	\$125,000
9	1983	250,000
10	1984	375,000

11 \* Sec. 4. The unexpended and unobligated portion of the appropriation  
12 made by this Act lapses into the general fund June 30, 1984.

13 \* Sec. 5. This Act takes effect July 1, 1980.  
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H3517

## ALASKA'S FISHING INDUSTRY

Sara Hemphill

Executive Director

Alaska Fisheries Development Foundation, Inc.

Since the end of the gold rush era, the fishing industry has played a key role in the Alaskan economy. This industry, like so many others, has been noted for its boom or bust character with the demise of one fishery forcing the development of another.

The vagaries of harvesting a dynamic migratory resource which is sensitive to climatic changes and a part of a complex ecosystem which we have just begun to study are many. Aside from the natural biological problems which face the harvester/hunter vis a vis what, where and how much will be his catch, it is the man-made and perceived impediments which present industry with the majority of its hurdles. And yet this industry thrives despite increasingly shorter seasons for established fisheries.

While the development of the vast year-round groundfish fishery presents a partial solution to the boom/bust, short season problem, full domestic utilization of this fishery is still several years away and will require extensive coordination and cooperation on the part of all involved, not to mention substantial capital investments, both private and public.

In the interim, the high valued fisheries will continue to dominate the picture. Increased landings in established fisheries was the rule in 1979 with shrimp and troll salmon the notable exceptions. The predicted domestic harvest for 1980 promises even more of the same for Alaska as well as increased activity in the whitefish industry.

### STATUS OF THE FISHERIES

A brief recap of the 1979 fishing activity will serve as a general scenario of what Alaska can expect in the near future.

The salmon catch of 87.4 million was the largest since 1941 and is expected to increase next year. The 1979 Bristol Bay fishery significantly exceeded predictions and thus caught the industry by surprise. Plagued with regulations and limits

as a result of increased effort, the troll fishery is gradually waning. As a general rule, increased effort has resulted in a smaller per capita take.

The combination of the glut of salmon and market concentration in Japan has resulted in a love/hate situation which is proving troublesome. It affects prices in all fisheries.

To date, the shell fish catch promises to exceed last year's 334-million pounds. Again, tanner crab landings should surpass king crab. The alarmingly short twenty-two day king crab fishery is a matter of concern despite its estimated harvest of 118,000,000 pounds. Price cuts from \$1.01 to \$.86 after fishing had begun will provide topics for lively conversation at the very least. The shrimp harvest has again significantly dropped off from 1978 landings. The impending moratorium in foreign take of tanner in 1981 with a 50% cut-back in 1980 is hopefully a sample of the hardline the United States is going to follow from now on.

Significantly increased interest in the herring-sac-roe fishery has been demonstrated on all fronts. The domestic harvest has grown dramatically from 0 to 13,000 mt in five years. An early run this spring in Bristol Bay took many by surprise and especially hurt out-of-state fishermen who could not respond soon enough to the alert. This fishery is the last small vessel fishery which is available to the active fishermen living in the Bering Sea area and is one which they have identified as the prime target for their development efforts. One can look for possible legislation and regulations encouraging the small boat fleet.

The "very" managed halibut fishery maintained its 20 million pound harvest in spite of increased effort. As with tanner crab, this fishery will see a moratorium on foreign involvement within two years. The blackcod landings have increased dramatically this year and approach the 4000 mt domestic quota. Despite the fact that the Japanese have a two-year supply of pot caught sablefish from California and Oregon, the market is ever strong for Alaskan line caught blackcod - a situation about which the quality-conscious longline fishermen are very happy.

The limited entry question is becoming livelier and promises to dominate a sizeable portion of the management and decision-making sessions. The king crab fishermen are

"safe" at least for the immediate future; the impending moratorium on foreign take of tanner crab and the developing groundfish fishery pick up the slack harvesting capacity. The halibut fishery is in a somewhat different state. Overfished and with stocks still in a slight decline, the fishermen will face a moratorium on new licenses in 1980, leading to limited entry in this fishery in 1981. Many propose the same course of action for blackcod. Though there is talk among the biologists of decline in blackcod stocks, both in size of individual fish and total poundage, such statements are vehemently contradicted by the fishermen.

Interest in the whitefish fishery is burgeoning and ranges from jigging machines for 30 foot vessels to 250-300 foot factory freezers. Landings from the Gulf of Alaska are up over last year and promise to increase significantly in 1980. Tax breaks and loan guarantee programs have encouraged the construction of new large highly-efficient multi-species vessels; these costly boats will demand year-round fishing in order to stay afloat.

A promising trend generally toward the rebuilding of the stocks of many fisheries is attributed to the reduced foreign harvest and improved management under the 200 mile limit law. Stock availability and harvesting capacity, however, are only part of the picture in predicting the future of Alaskan fisheries.

While full systems are in place and functioning for the harvesting and processing of traditional, high-value fish, such is not the case with the lower value, high volume whitefish. Impediments to the domestic development abound and such issues as the availability of markets, both foreign and domestic; pending and contemplated federal and State legislation and regulation; the availability of private investment capital; degree of real and perceived foreign involvement and control in the industry; extent of infrastructure support facilities including steady affordable labor, ability of the industry to develop technical expertise, both on shore and off shore, the posture and attitude of industry members toward each other, and the degree of cooperation and coordination between the industry and the local, State and federal entities all will play key roles in the future development of the Alaskan fishing industry.

Though numerous and imposing, the impediments are ones about which something can be done; they are man-made. If properly managed, the resource is infinite. With the world food protein shortage on the rise and the annual yield of finfish from waters off Alaska holding steady at 15 million metric tons, the bottomline is: the fish are here! Alaska's future is promising though not promised.

Traditional fisheries are being stressed both from a steady decline in the resource as well as increased effort. Thus, management schemes will underscore natural incentives and encourage development of underutilized species to fill the ever-widening gap between supply and demand. Because the participants are, for the most part, small operations with sizeable cash flow problems and a myriad of roadblocks to circumvent, it will take organization and cooperation on the part of all to realize Alaska's potential.

Having occupied the seat at the bottom of the totem pole in the national scheme of priorities, both Alaska and the fishing industry historically have had an uphill battle. Rather than viewing all the impediments as problems, we can approach them positively as opportunities upon which to build in order to guide and expedite development to suit our needs.

Full domestic utilization of Alaskan whitefish is still at least ten years away and thus difficult to describe. Assuming the biomass of available fish remains constant, one industry forecaster predicted the following as a possible scenario for full utilization of whitefish total allowable catch (TAC)

#### SOUTHEASTERN ALASKA

Ten, less than 100 foot longline vessels, could realize on an annual basis a catch of 1.47 million pounds each and thus fully harvest the 6700 metric tons (mt) of Southeastern TAC for sablefish, Pacific cod and rockfish. The trawl fish TAC of 15,700 mt would require eight 60-80 foot trawlers to average 4.3 million pounds each annually.

#### WESTERN GULF OF ALASKA

TAC for sablefish, cod and rockfish of 14,300 mt would be harvested most cost effectively by eight 90-120 foot longline vessels averaging annually 3.9 million pounds apiece. The trawl fishery in this area has a TAC of 289,000 mt which

would most efficiently be harvested by a combination of twenty 80-100 foot trawlers and thirty-four 100-130 foot trawlers averaging annually six and fifteen million pounds apiece, respectively.

#### BERING SEA

In the Bering Sea, six 110-170 foot longline freezers could each average 5.5 million pounds annually to fill the sablefish and Pacific cod TAC of 15,000 mt or 33 million pounds. It is suggested that in order to encourage a local fishery that an additional cod quota of 20,000 mt could be harvested by seventy-three St. Pierre dories resulting in .6 million pounds per year per vessel. The remaining vast fishery amounting to a TAC of 1,406,500 mt would be harvested most efficiently by a combination of ten 120-130 foot trawlers averaging 20 million pounds per year, thirty-three 140-200 foot block freezers averaging 30 million pounds annually and thirty-two 250-300 foot filleting ships handling an average of 59 million pounds per year.

The hypothesis would involve 234 vessels with an investment of \$944,100,000 and \$197,500,000 investment in shore processing and maintenance facilities. It would employ 5,000 fishermen, 6,000 processing workers and plant support staff. The total private sector investment in Alaska would be \$1,141,600,000.

This scenario does not consider the public expenditures which must necessarily accompany and will exceed such private investment. Nor does it account for the upgrading and modification of vessels in the existing fleet, a situation we can count on. Thus, adjustments can and should be made accordingly in the scenario to account for such participation.

The above is only a single game plan which, with the exception of the Aleutian dories, assumes that the most efficient vessels for targeting the year-round fishery are large (over 80 foot) all-weather boats with substantial hold capacity and state of the art equipment. It assumes further a trend toward on-shore processing where facilities currently exist and off-shore processing where they do not. There are, of course, a myriad of combinations which might occur. One thing is certain: it is a fact that the fishing industry will continue to play a major and ever-expanding role in Alaska's future.



# Alaska Fisheries Development Foundation, Inc.

~~XXXXXXXXXXXXXXXXXXXX~~ 805 West Third Avenue  
Anchorage, Alaska 99501  
(907) 276 7315

February 9, 1980

Mary Levan, Administrative Assistant  
Committee on Natural Resources  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Mary:

Sorry for the delay sending the audit information - we moved our office this week. Please note new address, the phone number is the same.

Enclosed is a copy of the State of Alaska Special Review of December 18, 1978 (which you probably already have) and Financial Statements for the nine months ended June 30, 1979 and for the year ended September 30, 1979.

Thanks for the copy of CSHB517, sorry your secretary resigned, let me know if you need anything else. I tried to reach John Crandall (465-3706) on January 30th regarding the scheduling before the Finance Committee but he hasn't called me back yet. Presumably we will hear when it is set.

Sincerely,

*Bettynae Jones*  
Bettynae Jones  
Secretary

bj  
encs

*Copies to  
House Finance  
2/19/80*

ALASKA FISHERIES DEVELOPMENT FOUNDATION, INC.

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REPORT ON EXAMINATION OF FINANCIAL STATEMENTS  
for the year ended September 30, 1979

COOPERS & LYBRAND

ALASKA FISHERIES DEVELOPMENT FOUNDATION, INC.

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REPORT ON EXAMINATION OF FINANCIAL STATEMENTS  
for the year ended September 30, 1979

COOPERS & LYBRAND

CERTIFIED PUBLIC ACCOUNTANTS

IN PRINCIPAL AREAS  
OF THE WORLD

The Board of Directors  
Alaska Fisheries Development  
Foundation, Inc.  
Anchorage, Alaska

We have examined the balance sheet of Alaska Fisheries Development Foundation, Inc. as of September 30, 1979, and the related statements of revenues, expenses and transfers, changes in fund balances and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of Alaska Fisheries Development Foundation, Inc. at September 30, 1979, and the results of its operations and changes in financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change, with which we concur, in the method of accounting for grant revenues as described in Note 3 to the financial statements.



Anchorage, Alaska  
November 19, 1979

## ALASKA FISHERIES DEVELOPMENT FOUNDATION, INC.

BALANCE SHEET, September 30, 1979

ASSETS	Unrestricted Fund	Restricted Federal Grant Fund	Total All Funds
Cash	\$ 2,979		\$ 2,979
Due from Restricted Federal Grant Fund	20,543		20,543
Receivables:			
Reimbursable grant expenses		\$49,451	49,451
Other	963	377	1,340
Total current assets	<u>24,485</u>	<u>49,823</u>	<u>74,313</u>
Office furniture and equipment	1,333		1,333
Total assets	<u>\$25,818</u>	<u>\$49,828</u>	<u>\$75,646</u>
LIABILITIES AND FUND BALANCES			
Notes payable	\$17,000		\$17,000
Accounts payable		\$27,451	27,451
Accrued interest	148		148
Accrued payroll taxes		1,834	1,834
Due to Unrestricted Fund		20,543	20,543
Total liabilities	<u>17,148</u>	<u>49,828</u>	<u>66,976</u>
Contingencies (Note 5)			
Fund balances	8,670		8,670
Total liabilities and fund balances	<u>\$25,818</u>	<u>\$49,828</u>	<u>\$75,646</u>

The accompanying notes are a part  
of the financial statements.

STATEMENT OF REVENUES, EXPENSES AND TRANSFERS

for the year ended September 30, 1979

	Unrestricted Fund	Restricted Funds		Total All Funds
		State Grant	Federal Grant	
<b>Revenues:</b>				
Grants		\$38,012	\$88,774	\$126,786
Donations	\$7,096			7,096
Dues	1,201			1,201
<b>Total revenues</b>	<b>8,297</b>	<b>38,012</b>	<b>88,774</b>	<b>135,083</b>
<b>Expenses:</b>				
Consulting services		3,847	32,124	35,971
Salaries and payroll taxes		12,391	20,476	32,867
Travel - executive director		4,778	4,601	9,379
Travel - board of directors	7,096	1,722	3,510	12,328
Secretarial services		644	7,727	8,371
Accounting fees		4,304	1,796	6,100
Telephone		1,583	4,503	6,086
Employee relocation		5,751		5,751
Office supplies and expenses		16	8,302	8,318
Rent		300	3,838	4,138
Newsletter		2,509		2,509
Postage		167	564	731
Interest	148			148
<b>Total expenses</b>	<b>7,244</b>	<b>38,012</b>	<b>87,441</b>	<b>132,697</b>
<b>Excess of revenues</b>	<b>1,053</b>		<b>1,332</b>	<b>2,386</b>
Transfer for purchases of furniture and equip- ment financed by grantor and capital- ized in Unrestricted Fund	1,333		(1,333)	
<b>Net increase in fund balances</b>	<b>\$2,386</b>	<b>\$</b>	<b>\$</b>	<b>\$ 2,386</b>

The accompanying notes are a part  
of the financial statements.

STATEMENT OF CHANGES IN FUND BALANCES  
for the year ended September 30, 1979

	Unrestricted Fund	Restricted Funds State Grant	Federal Grant	Total All Funds
Fund balances, October 1, 1978:				
As previously reported	\$44,296			\$ 44,296
Adjustments (Note 3):				
To segregate				
Restricted State Grant Fund	(38,012)	\$38,012		
Reclassification of unexpended grant funds as deferred revenue		(38,012)		(38,012)
As restated	6,284			6,284
Fiscal 1979 activity:				
Revenues	8,297	38,012	\$88,774	135,083
Expenses	(7,244)	(38,012)	(87,441)	(132,697)
Transfer to (from)	1,333		(1,333)	
Fund balances, September 30, 1979	\$ 8,670	\$	\$	\$ 8,670

The accompanying notes are a part  
of the financial statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION

for the year ended September 30, 1979

	Unrestricted Fund	Restricted Funds		Total All Funds
		State Grant	Federal Grant	
Working capital provided (used):				
From operations:				
Excess of revenues over expenses	\$ 1,053		\$ 1,333	\$ 2,386
From (to) other:				
Purchase of office equipment and furniture			(1,333)	(1,333)
Increase in working capital	\$ 1,053		\$	\$ 1,053
Changes in components which increased (decreased) working capital:				
Cash	\$ (3,305)	\$ (75,424)		\$ (78,729)
Due from (to) other funds	20,543		\$ (20,543)	
Receivables	963		49,828	50,791
Notes payable	(17,000)			(17,000)
Accounts payable		12,412	(27,451)	4,961
Accrued interest	(148)			(148)
Accrued payroll taxes			(1,834)	(1,834)
Accrued Director's fee		5,000		5,000
Deferred revenue		12,012		12,012
Increase in working capital	\$ 1,053	\$	\$	\$ 1,053

The accompanying notes are a part  
of the financial statements.

## NOTES TO FINANCIAL STATEMENTS

---

### 1. Organization and Summary of Significant Accounting Policies:

#### Organization

The Alaska Fisheries Development Foundation, Inc. (incorporated March 6, 1978 as Alaska Fisheries Development Corporation) was organized for the purpose of identifying the research and development needs of the Alaskan fishing industry, and soliciting funding for projects and studies which address those needs.

The Foundation is an Alaska nonprofit corporation exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

#### Significant Accounting Policies

The financial statements of the Foundation have been prepared on the accrual basis of accounting. To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes.

Revenues received that are restricted to program use in periods subsequent to the end of the accounting period are recorded as deferred revenues and will be recognized as earned when the services are performed. Expenses are recognized when incurred.

Contributions are considered unrestricted funds unless the contribution has been restricted to a specific program or purpose by the donor. Noncash contributions are valued at their fair market value at the date received.

Office furniture and equipment acquired by purchase are recorded at cost. Those acquired by contributions are recorded at their estimated fair value at the time of donation. All fixed assets are accounted for in the Unrestricted Fund. Purchases of furniture and equipment and related debt service payments financed by transfers in the Restricted Funds are accounted for as transfers from such funds to the Unrestricted Fund. Depreciation will be computed on the straight-line method over the estimated useful lives of the related assets.

NOTES TO FINANCIAL STATEMENTS, Continued

---

2. Description of Funds:

Unrestricted Fund - This fund accounts for all sources of revenue or expenditures not related to grants or contracts and all transactions not required to be accounted for in another fund.

Restricted Fund

State Grant Fund - This fund accounts for all grants received from the State of Alaska and for which the donor has restricted usage to a specific purpose or program. This fund has accounted for grant proceeds totaling \$ 0,000 awarded in 1978 by Acts of the State Legislature for the purpose of establishing an office in Alaska and hiring an executive director (\$100,000) and to establish bottom fish research (\$10,000).

Federal Grant Fund - This fund accounts for all grants and contracts received from the Federal government and the use of which are restricted to a specific purpose or program. This fund currently accounts for a grant from the National Oceanic and Atmospheric Administration, National Marine Fisheries Service for an implementation plan of a groundfish fishery off Alaska.

3. Restatement of Financial Statements:

The beginning fund balance of the Unrestricted Fund has been restated to reflect accounting practices recommended in Statement of Position 78-10 Accounting Principles and Reporting Practices for Certain Nonprofit Organizations issued in December 1978 by the American Institute of Certified Public Accountants and to segregate the Restricted State Grant Fund.

This statement recommends that grants should be accounted for in the statement of revenues and expenses to the extent that expenses have been incurred for the purpose specified by the grantor during the period. Amounts received but not yet expended should be accounted for as deferred revenue until grant restrictions are met.

The effects of the required retroactive accounting change upon beginning fund balances of the Unrestricted Fund and Restricted State Grant Fund are detailed in the adjustments reflected in the accompanying statement of changes in fund balances.

NOTES TO FINANCIAL STATEMENTS, Continued

---

4. Notes Payable:

Note payable to bank on  
February 1, 1980, bearing  
13½% interest; without  
collateral \$10,000

Note payable to bank on demand,  
bearing 13½% interest; without  
collateral 7,000

\$17,000

5. Contingencies:

Reimbursement claims under Federal and State grants are subject to audit and adjustment by grantor agencies. In the opinion of management, no material liability exists with respect to such contingencies.

PRELIMINARY

STATE OF ALASKA

A SPECIAL REVIEW  
OF THE  
ALASKA FISHERIES DEVELOPMENT  
CORPORATION

January 25, 1978 - September 30, 1978



DIVISION OF LEGISLATIVE AUDIT

Juneau, Alaska

A SPECIAL REVIEW  
OF THE  
ALASKA FISHERIES DEVELOPMENT  
CORPORATION

January 25, 1978 - September 30, 1978

Commissioner, Department of  
Commerce and Economic Development  
Deputy Commissioner, Department  
of Commerce and Economic Development  
President, Alaska Fisheries  
Development Corporation

H. Phillip Hubbard

Bertram L. Wagon

Ronald Jensen

AUDIT DIVISION  
POUCH W—ALASKA OFFICE BUILDING

**THE LEGISLATURE**

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION  
POUCH W—STATE CAPITOL

JUNEAU, ALASKA 99811

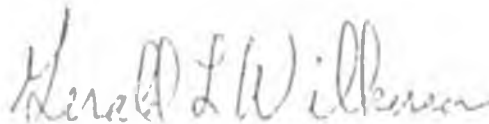
December 18, 1978

Members of the  
Legislative Budget and Audit Committee:

In accordance with the provisions of Title 24 of the Alaska Statutes, the attached report is submitted for your review.

A SPECIAL REVIEW  
OF THE  
ALASKA FISHERIES DEVELOPMENT  
CORPORATION

January 25, 1978 - September 30, 1978



Gerald L. Wilkerson, CPA  
Legislative Auditor  
Division of Legislative Audit

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PURPOSE OF THE REVIEW

In accordance with the provisions of Title 24 of the Alaska Statutes, a special review of the Alaska Fisheries Development Corporation (AFDC) was conducted to determine:

1. The extent and nature of financial transactions relating to \$110,000 in funding received from the State.
2. The progress AFDC has made towards meeting the stated goals and objectives relating to the above funding.
3. Progress made by AFDC towards obtaining other sources of funding to ensure AFDC's continued existence.

## ORGANIZATION AND FUNCTION

The Alaska Fisheries Development Corporation (AFDC) is a private, not-for-profit corporation, chartered on March 6, 1978. The purpose of the Corporation as defined by its Articles of Incorporation is "to provide a non-political, non-partisan, industry-wide organization interested in the commercial development of fisheries and aquatic products"; and "to conduct business and plan industry research and development needs, secure financing, administer projects and disseminate results and conclusions".

As of November 10, 1978, the voting membership of AFDC included ten harvester groups and thirteen processing companies. In addition, there are fifteen non-voting associate members, including interested businesses and associations.

The corporate powers of the Corporation are vested in the Board of Directors, which is made up of ten directors. Five Board members are harvesters who are elected from each of five geographic regions designated by the Articles of Incorporation; the other five members are processors who are elected without regional consideration. Nominations for the directors are submitted by the Corporation's membership; nominees are elected by the voting members of the Corporation at the Corporation's annual meeting.

In addition to the ten voting Board members, the Board also includes eight ex officio members.

The Corporation received \$110,000 in 1978 from the State of Alaska, through the Department of Commerce and Economic Development in two separate grants. A \$10,000 grant was to be used to establish a bottomfish research association. The purposes of the \$100,000 grant was to allow AFDC to establish an office in Alaska and hire an executive director.

AFDC publishes a newsletter to keep its members up-to-date on the Corporation's activities and new developments in the bottomfish industry. Four newsletters have been published since March, 1978.

## BACKGROUND AND CONCLUSIONS

### Compliance

The following is an analysis of the requirements the Alaska Fisheries Development Corporation (AFDC) must meet in order to be in compliance with the two grants given it by the State of Alaska:

1. \$10,000 grant awarded to AFDC to establish a bottomfish research association.

Alaska Fisheries Development Corporation was formed as of March 6, 1978. Per its Articles of Incorporation, one of the purposes of the Corporation is to plan research for the commercial development of fisheries and aquatic products. The Corporation is specifically interested in bottomfishing.

2. \$100,000 grant awarded to AFDC to establish an office in Alaska and hire an executive director.

Sara Hemphill was hired as executive director of AFDC as of October 15, 1978. Ms. Hemphill had worked with the Corporation as a consultant since its inception. She had also served on the Board of Directors as a harvester representative from the Yakutat-and-South-to-Sitka region.

To select an executive director, the Board of Directors of AFDC appointed five of its members to a Search Committee to make a recommendation for the executive director position. The Search Committee, after studying the resumes received from nineteen applicants, interviewed five of the applicants, determined to be best qualified. The Search Committee recommended to the Board that Ms. Hemphill be offered the position after determining that she was most qualified for the job. The full Board of Directors then voted to offer Ms. Hemphill the job.

Ms. Hemphill accepted the job and has moved from Seattle to Anchorage to assume the duties as executive director. Her salary as executive director is \$45,000 annually. Office space was rented by the Corporation at Alaska Pacific University in mid November, 1978.

The \$100,000 grant also stipulates that the Corporation shall submit a financial report to account for all State and Federal funds received by the Corporation. These reports are to be submitted to the Department of Commerce and Economic Development by June 30 of each year. The first report will be due June 30, 1979.

## Financial

As of September 30, 1978, Alaska Fisheries Development Corporation incurred expenses of \$71,988 compared with revenues of \$116,284, per the Corporation's financial statements on pages 10 through 15. This leaves a fund balance of \$44,296.

Of the \$71,988 in expenses, actual expenditures as of September 30, 1978, amounted to \$34,576; accounts payable and accrued executive director's fees amounted to \$32,412 and \$5,000 respectively.

During our review, we noted that the \$110,000 received from the State was put directly into a checking account. In the future, excess funds should be invested in order to take advantage of any interest income that accrues. The funds can then be transferred to a checking account as needed.

## Program Evaluation

In February of 1978, AFDC applied to the National Marine Fisheries Service (NMFS), under the U. S. Department of Commerce, for \$1.45 million in Saltonstall-Kennedy (S-K) funds. It was intended by the drafters of the S-K Act that S-K funds be used for fisheries research; AFDC's proposal involved research in the bottomfish industry.

At the time AFDC submitted its proposal and up until December, NMFS and the U. S. Department of Commerce promised AFDC that it would receive the funds applied for.

However, as of late December, no Federal funds have been awarded to AFDC. The decision to award the S-K funds to AFDC has been forestalled in the Federal budgeting process. Therefore, the status of S-K funding is uncertain until a decision is made during the 1979 Congressional session.

Alaska Fisheries Development Corporation is presently looking into a possible alternative source of funding from the Economic Development Administration, U. S. Department of Commerce, in the form of grants-in-aid. These grants would probably be limited to approximately \$100,000 for administration purposes.

SUPPLEMENTAL INFORMATION

RECEIVED

DEC 26 1978

LEGISLATIVE  
AUDIT

ALASKA FISHERIES DEVELOPMENT CORPORATION

Cordova, Alaska

FINANCIAL STATEMENTS

SEPTEMBER 30, 1978  
(Unaudited)

CONTENTS

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Accountants' Report	2
Balance Sheet	3
Statement of Revenues, Expenditures and Changes in Fund Balance	4
Notes to Financial Statements	5

JOHNSON AND MORGAN  
CERTIFIED PUBLIC ACCOUNTANTS  
ANCHORAGE ALASKA

Board of Directors  
Alaska Fisheries Development Corporation  
Cordova, Alaska

The accompanying balance sheet of Alaska Fisheries Development Corporation (a nonprofit corporation) as of September 30, 1978, and the related statement of revenues, expenditures and changes in fund balance for the seven-month period then ended were not audited by us and accordingly we do not express an opinion on them.

*Johnson + Morgan*  
Certified Public Accountants

December 1, 1978

ALASKA FISHERIES DEVELOPMENT CORPORATION

BALANCE SHEET

SEPTEMBER 30, 1978  
(Unaudited)

Assets

(Restated)

Cash	<u>\$81,708</u>
Total	<u>\$81,708</u>

Liabilities and Fund Balance

Accounts payable	\$32,412
Accrued acting executive director's fees	<u>5,000</u>
Total liabilities	<u>37,412</u>
Fund balance	<u>44,296</u>
Total	<u>\$81,708</u>

The accompanying notes are an integral part  
of these financial statements.

ALASKA FISHERIES DEVELOPMENT CORPORATION

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE

FOR THE SEVEN-MONTH PERIOD ENDED SEPTEMBER 30, 1978  
(Unaudited)

	<u>(Restated)</u>
Revenues:	
State of Alaska	\$110,000
Membership fees	6,000
Donations	<u>284</u>
Total revenues	<u>116,284</u>
Expenditures:	
Professional services	39,676
Acting executive director's fees	5,000
Travel and lodging--board of directors	8,433
Travel and lodging--acting executive director	6,947
Printing and Xeroxing	3,977
Newsletter	2,500
Advertising	600
Postage	1,107
Secretarial services	118
Telephone	2,680
Heating expenses	<u>870</u>
Total expenditures	<u>71,988</u>
Excess of revenues over expenditures	<u>\$ 44,296</u>
Fund balance, beginning of period	<u>\$ -</u>
Fund balance, end of period	<u>\$ 44,296</u>

The accompanying notes are an integral part  
of these financial statements.

ALASKA FISHERIES DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1978  
(Unaudited)

Note 1      Summary of Significant Accounting Policies

- a) The corporation maintains its books and records on the cash basis of accounting and adjusts to the accrual basis for financial statement purposes.
- b) The Alaska Fisheries Development Corporation intends to apply for tax exempt status under Sec. 501 of the Internal Revenue Code. As of September 30, 1978, no application had been filed.

Note 2      Accounts Payable

The accounts payable at September 30, 1978, are as follows:

<u>Payable To</u>	<u>For</u>	<u>Amount</u>
Stafne & Hemphill	Professional services	\$29,580
Members of the board of directors:	Travel and lodging	2,816
	Other expenditures	16
		<u>\$32,412</u>

Note 3      Professional Services

The amount expended for professional services (\$44,676) was for services performed by Stafne & Hemphill, for the period from January through August of 1978, in preparing proposals for Alaska Fisheries Development Corporation and in negotiations with various agencies on behalf of the corporation.

Note 4      General

Alaska Fisheries Development Corporation was formed in March, 1978, as a nonprofit educational and scientific research and development organization with the purpose of providing a nonpolitical, nonpartisan, industry-wide organization interested in the commercial development of fisheries and aquatic products in Alaska.

Note 5      Restatement

These financial statements have been restated to correct an overreporting of expenditures for professional fees and travel and lodging and a corresponding overreporting of accounts payable.



# LAWS OF ALASKA

1978

Source

Chapter No.

PCSS HCSSB 118

21

## AN ACT

Making miscellaneous appropriations to the Municipality of Anchorage, the Department of Revenue, the Legislative Affairs Agency, the Steering Council for Alaska Lands, and the Department of Commerce and Economic Development, and providing for an effective date.

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

\* Section 1 The sum of \$60,000 is appropriated from the general fund to the Municipality of Anchorage to fund the youth employment services program.

\* Sec. 2 The sum of \$35,000 is appropriated from the general fund to the Department of Revenue to fund participation by that department in a study which will analyze the extent of investment in tanker vessels, costs of the use of those vessels and rates charged for the use of those vessels in the transport of Alaskan crude oil.

\* Sec. 3 The sum of \$35,000 is appropriated from the general fund to the Legislative Affairs Agency to offset the costs of the Legislative Council's investigation of the extent of investment in tanker vessels, costs of the use of those vessels, and rates charged for the use of those vessels in the transport of Alaskan crude oil.

\* Sec. 4 The sum of \$18,000 is appropriated from the general fund to the Steering Council for Alaska Lands to provide for funds for public television and radio that provide information with a balanced presentation of the national public interest lands issues under Sec. 17(d)(2) of the Alaska National Lands Settlement Act (P.L. 92-703).

\* Sec. 5 The sum of \$10,000 is appropriated from the general fund to the Department of Commerce and Economic Development for the purpose of a grant to establish a business research association.



# LAWS OF ALASKA

1978

Source

Chapter No.

CSHB 878 am

97

## AN ACT

Making a special appropriation to the Department of Commerce and Economic Development for allocation to the Alaska Fisheries Development Corporation; and providing for an effective date.

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

\* Section 1. The sum of \$100,000 is appropriated from the general fund to the Department of Commerce and Economic Development to be allocated to the Alaska Fisheries Development Corporation for the purpose of establishing an office in Alaska and hiring an executive director. The Alaska Fisheries Development Corporation shall, as a condition to the receipt of the money appropriated in this section, promise to provide to the Department of Commerce and Economic Development on June 30 of each year an accounting of all expenditures of state and federal funds received by the corporation.

\* Sec. 2. The unexpended and unobligated portion of this appropriation lapses into the general fund June 30, 1979.

\* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.070(c).

Approved by the Governor July 5, 1978  
Actual Effective Date July 6, 1978

LISTING OF CONTACTS

The following persons were contacted by our auditors for information used in preparing this report:

Sara S. Hemphill  
Executive Director  
Alaska Fisheries Development Corporation

Constance Taylor  
Secretary-Treasurer  
Alaska Fisheries Development Corporation

Terry Leitzell  
Assistant Administrator for Fisheries  
National Marine Fisheries Service  
U. S. Department of Commerce

Steve Perles  
Legislative Assistant  
Senator Ted Stevens' Washington, D. C. Office

Tom Roach  
Legislative Aide  
Senator Mike Gravel's Washington, D. C. Office

Jim Edenso  
Bottomfish Coordinator  
Office of the Governor  
State of Alaska

Richard Eakins  
Director  
Department of Commerce and Economic Development, Division  
of Economic Enterprise, State of Alaska

Richard Reynolds  
Development Specialist - Fisheries  
Department of Commerce and Economic Development, Division  
of Economic Enterprise

HB

529

Hearing 3/25/80 -

Reported out as CS  
with DO PASS

(9)

# COMMITTEE REPORT

## HOUSE

1/14/80

FURTHER: Judiciary

Date: 1/13

Mr. Speaker:

The Committee on Resources has had HB 529

"An Act relating to fish disease control."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

[Signature]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

[Signature]  
CHAIRMAN



# Alaska State Legislature

## House

### HOUSE RESOURCES COMMITTEE

#### FISH & GAME ISSUES

Alvin Osterback, Chairman

Pouch V, State Capitol  
Juneau, Alaska 99811  
(907) 465-3715

### HEARING NOTIFICATIONS

Re: Fish Disease Control

BILL	DATE INFORMED	LETTER/PHONE	INFORMED	HEARING DATE
HB 529	3/21	4100	Dept of Fish & Game	3/25
	3/21	3720	Rep. Gardiner	3/25
	3/21	3500	Governor Hammond's Office	3/25
	3/21	586-2820	United Fishermen of Alaska	3/25
	3/24	4100	American Fisheries Society, Stan Meberly	3/25

Introduced: 1/14/80  
Referred: Resources and  
Judiciary

1 IN THE HOUSE

LY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 529

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 ELEVENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to fish disease control."

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

8 \* Section 1. AS 16.05.251(a)(9) is amended to read:

9 (8) investigating and determining the extent and effect of  
10 fish disease, predation, and competition among fish in the state,  
11 exercising control measures considered necessary to the resources of  
12 the state;

13 \* Sec. 2. AS 16.05.251(a)(10) is amended to read:

14 (10) prohibiting and regulating the live capture, posses-  
15 sion, transport, or release of native or exotic fish or their eggs;

16 \* Sec. 3. AS 16.05 is amended by adding a new section to read:

17 Sec. 16.05.868. FISH HEALTH INSPECTIONS. For any fish health  
18 inspection the department determines is necessary the department may  
19 substitute for its own inspection the inspection of a professional  
20 fish health specialist who is certified by the American Fisheries  
21 Society, Fish Health Section.

22 \* Sec. 4. AS 16.10.460 is amended by adding a new subsection to read.

23 (b) The cost of any inspection performed by the department under  
24 AS 16.10.400 -- 16.10.470 will be borne by the department.

25 \* Sec. 5. AS 16.10.420(9) is repealed.

26  
27  
28  
29

*Replace w/  
Grandiose  
Amendment*

HB529



# Alaska State Legislature House of Representatives

POUCH V  
JUNEAU, ALASKA 99811  
OFFICIAL BUSINESS

## MEMORANDUM

To: Representative Alvin Osterback  
Chairman, House Resources Committee

From: Representative Terry Gardiner T.D.

Date: February 27, 1980

Re: Amendment to HB 529

Attached is a proposed amendment to HB 529. The purpose of the amendment is to clarify in the proposed legislation the standards of people who are qualified to do fish health inspections in the state. It is my concern that all fish health inspections be held to the same standard and that there not be two standards imposed in the state, (1) the Department of Fish and Game and, (2) all other people involved in the fisheries.

The language I have proposed as an amendment to the bill will clarify the issue that all fish health inspections that the department determines necessary are performed by a competently certified person. It leaves the discretion of whether to have a fish health inspection or not with the department, but that once the department decides to form an inspection or require one that the qualifications of the person doing this inspection is set out in statute.

AMENDMENT TO HB 529

The following language is proposed as an amendment to Section 3 of HB 529.

Sec. 16.05.86E. FISH HEALTH INSPECTIONS. All fish health inspections the department determines necessary shall be performed by a professional fish health specialist certified by the American Fisheries Society, Fish Health Section.

Justification: The proposed amendment makes it clear that all fish health inspections will be based on the same standards and performed by a competently certified person.

CS HB 529

as reported  
out of house  
Resources

THE LEGISLATURE OF THE STATE OF ALASKA  
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 529  
 Title An Act relating to fish disease control  
 Requested by Rules Committee by request of Gov. Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Department of Fish and Game  
 Program Category Affected Natural Resources  
 BRU, Program, or Subprogram(s) Affected Division of F.R.E.D.  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		57.8	62.4	67.4	72.8	78.6
200 TRAVEL		19.0	20.5	22.2	23.9	25.8
300 CONTRACTUAL		5.0	5.4	5.8	6.3	6.8
400 COMMODITIES		18.2	19.7	21.2	22.9	24.8
500 EQUIPMENT		5.0	5.4	5.8	6.3	6.8
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
<b>TOTAL</b>		<b>105.0</b>	<b>113.4</b>	<b>122.4</b>	<b>132.2</b>	<b>142.8</b>

FUNDING (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
GENERAL FUND		105.0	113.4	122.4	132.2	142.8
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
FULL TIME		2.0	2.0	2.0	2.0	2.0
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

To implement comprehensive fish disease control program which will provide diagnostic screening and prevention programs for twenty (20) scientific/educational Aquaculture permits and fifteen (15) Private Non-Profit (PNP) Aquaculture permits.

<u>100</u>	2 Microbiologists, range 16 @ 28.9 each.	57.8
<u>200</u>	Travel and per diem for 35 annual on-site diagnostic screening visits and additional visits/prevention and control programs.	19.0
<u>300</u>	Private laboratory testing.	5.0
<u>400</u>	Scientific supplies.	18.2
<u>500</u>	Laboratory equipment.	5.0
	Inflation at 8% per year for following years.	
	<b>TOTAL:</b>	<b>\$105.0</b>

IV. DATE 1/10/80 PREPARED BY Russell H. Clark  
 AGENCY Department of Fish and Game  
 PHONE 0465-4120

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)  
 Keith Specking, Office of the Governor

HB

544

CSHB5 HB 544 Categories H. Resumes  
Fishing ~~Effective Date~~

7/80

AGO 125370

Hearings held — Jan. 22 — held over for legal opinion  
" " Jan. 24 — Reported out as CSHB544