

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

5476 SRES SB 465 - SB 472

1048

the decision to convey the three parcels for logging does not meet ACMP standards.

First of all, DNR has not assured that logging of these parcels as proposed will be consistent with protection of estuarine and wetland habitat, or rivers, streams and lakes, as required by 6 AAC 80.130. Nor has DNR assured protection of water quality, required by 6 AAC 80.140, which is actually a responsibility of the Department of Environmental Conservation (DEC). DEC should be consulted here for its own determination. Nor has DNR adequately assessed subsistence use of the areas between Icy Bay and Cape Suckling, or specific use of the logging areas to make a meaningful determination under 6 AAC 80.120. We believe DNR cannot assure, as required, continued subsistence opportunities in this area if the logging is allowed. Finally, we find no indication that DNR has complied with 6 AAC 80.150 and identified important cultural and historical sites along this coast, despite the fact that the entire Gulf of Alaska coast from Prince William Sound to Dixon Entrance is rich in cultural and historic resources.

E. DNR's Decision is Arbitrary and Capricious

From the foregoing, it is obvious that DNR's action in conveying state timber interests to the University as part of the decision appealed herein, is arbitrary and capricious, in excess of statutory authority, outside of legal procedures, and violative of the Alaska Constitution. Therefore, DNR's determination that this action is in the "best interest" of the state cannot be sustained.

Moreover, DNR's decision was not subject to sufficient public notice given the gravity of the actions proposed. We believe most of the interested public remains uninformed about this proposal, as a direct result of DNR's failure to provide more than the bare statutory minimum public involvement in this decision. This amount of public notice was insufficient under the circumstances, meeting only the letter but not the purpose of the various public involvement laws.

We therefore respectfully request, as stated above, that the decision be withdrawn and corrected. Thank you for your prompt consideration of this petition. We look forward to a decision.

Sincerely,



Steven E. Kallick  
Staff Attorney  
Southeast Alaska Conservation Council  
Attorney for Petitioners

cc: Governor Steve Cowper  
Commissioner Don Collinsworth  
Commissioner Denny Kelso  
Senator Dick Eliason  
Representative Peter Goll  
The Honorable Larry Powell,  
Mayor of Yakutat  
Ms. Ann Parish, President,  
University of Alaska Board of Regents



*Sen. Fanning*

Brian Rogers  
Vice President for Finance  
(907) 474-1449

University of Alaska  
Fairbanks, Alaska 99775-6260  
January 15, 1988

JAN 25 1988

Editor  
The Cordova Times  
P. O. Box 200  
Cordova, AK 99574

Dear Editor:

The State of Alaska, through its Department of Natural Resources, recently settled a longstanding land dispute with the University of Alaska. Some 20,000 acres of land and land-related assets are being conveyed to the university in lieu of university lands in Anchorage which were selected by the municipality in 1978 through a provision of the Municipal Entitlement Act. This settlement was the product of many months of analyses and appraisals of lands throughout the State. As a land grant university, the University of Alaska owns and manages a land portfolio for the benefit of university programs. The Anchorage lands were by far the most valuable lands in this portfolio and had the greatest income potential. Replacing these lands on a value basis, which was the essence of the settlement, required the university and the Department of Natural Resources to look throughout the State for income opportunities.

Three of the selections in the University/State of Alaska Land Settlement are timber cutting rights in the Gulf Coast region. Two of the selections are located in the vicinity of Cape Yakataga, adjacent to the active Icy Cape II timber sale. One selection is located near Cape Suckling. In all three cases, the university is receiving title to the standing volume of timber in these units and the right to harvest this timber. The State is retaining ownership of the land. In the case of the timber at Cape Yakataga, the university contemplates a logging program which would take place over the next 10-12 years beginning in 1988, utilizing the road system already in place from the Icy Cape I and II sale. At Cape Suckling, because no existing infrastructure is in place, harvest planning and design of a log transfer facility as well as acquisition of all requisite permits are necessary before any harvest activities will begin. We expect this to take at least three years, with ample opportunities for public involvement in the permitting process.

Throughout the settlement negotiations, the university and the Department of Natural Resources worked with other agencies and the public to mitigate possible land use conflicts. In the case of the timber selection, the Alaska Department of Fish and Game (ADF&G) was involved throughout the negotiation process, insuring that the proposed timber harvesting program would be compatible with the interests of commercial, sport fishing and big

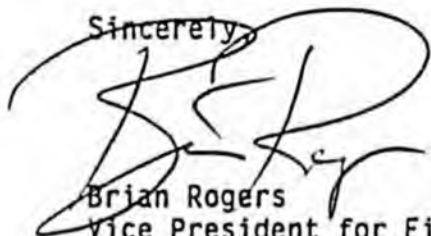
## University of Alaska

game management. All streams, both anadromous and non-anadromous, are protected by streamside management corridors, in some cases as wide as a quarter mile. ADF&G will be involved in all harvest planning, and additional funds for travel for ADF&G and Division of Forestry sale administration personnel have been allocated as a part of the settlement.

The University of Alaska is the center of higher education, research and extension service in Alaska. Revenue generated from the sale of logs from a timber harvesting program on the Gulf Coast will go directly to support university programs. The timber harvesting program will also be an opportunity for university faculty and students to conduct research on the many aspects of management of coastal spruce and hemlock. It is a program which is similar to timber harvesting programs conducted by the University of Washington, the University of Idaho and Oregon State University. We believe that it is in the university's interest, as well as the public interest, that these forest lands be managed by the university using the highest standards of care consistent with the ability to derive revenues from our timber properties.

We expect that many people in the Cordova area may have questions about the program I have just described, as well as about other lands in the Cordova area that the university has acquired through this land settlement. In December, we participated in a community meeting in Yakutat where the university's land settlement and Gulf Coast timber program were discussed. We plan to hold a similar meeting in Cordova in late February to solicit public comment and share in more detailed information about the land settlement and our long-term resource development plans. We hope that this letter and the public meeting will help Alaskans in the Cordova area to understand the university's intentions regarding the management of its trust land portfolio. We look forward to meeting with you in February.

Sincerely,



Brian Rogers  
Vice President for Finance

BR/mab

cc: Governor Cowper  
Senator Kerttula  
Representative Cato  
Senator Fanning  
Representative Goll  
Rick Steiner, Cordova Marine Advisory Program  
Bruce Baker, Habitat Division, ADF&G  
Jim McAlister, Regional Manager, DNR Division of Forestry  
Larry Powell, Mayor, Yakutat

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**SENATOR FRED F ZHAROFF**  
**ALASKA STATE LEGISLATURE**

P.O. BOX 405, KODIAK, ALASKA 99815 (907) 486-5259

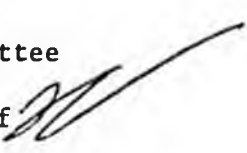
DURING SESSION:

P.O. BOX V, JUNEAU, ALASKA 99811 • (907) 465-3473 • 465-3474

**DISTRICT N**

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMAGIN ISLANDS

TO: Senator Jack Coghill  
Chairman  
Senate Resources Committee

FROM: Senator Fred F. Zharoff 

DATE: March 15, 1988

RE: Senate Bill 466 - "An Act relating to forgiveness and repayment of A. W. (Winn) Brindle memorial scholarship loans; and providing for an effective date."

The A. W. (Winn) Brindle memorial scholarship loan program was created by the Alaska legislature in 1986. The fund provides loans to Alaskan residents who wish to pursue undergraduate and graduate degrees or certificates in fisheries, fishery science, fishery management, seafood processing, food technology, and other closely related fields.

The Brindle scholarship loan fund was different from the other memorial scholarship loan funds in two aspects. First, along with direct donations, it can be funded by seafood processors with a five percent fisheries tax credit. Second, loan repayments were made to the regular student loan program.

Last year, the statutes governing the Alaska student loan program were substantially rewritten. In the process, the repayment provision and the forgiveness provision for Brindle loans were dropped.

SB 466 restores those provisions.

Backup information for SB 466 is attached, as follows:

1. Sectional analysis.
2. News release about the Brindle Scholarship Loan Program.
3. Brindle Scholarship Loan Program application instructions and application.
4. List of contributions to the Brindle loan fund.
5. Information about donations to the Brindle Scholarship Loan Program.
6. Senate Bill 453, which created the Brindle Scholarship Loan Program during the 1986 legislative session.

76. Attorney General's analysis of Senate Bill 453, dated May 27, 1986.

87. Current Memorial Scholarship Revolving Loan Fund statutes.

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Education  
 Title: RE: Forgiveness and Repayment of BRU: Postsecondary Education  
A.W. "Winn" Brindle Memorial Scholarship Loans  
 Sponsor: Zharoff Components: Memorial Scholarship  
 Requestor: Senate Resources Loans

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	n/a	-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	n/a	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	n/a	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

No fiscal impact within the time of this note, since all funds are contributions, and repayments begin after schooling. Additionally, there are no General Funds involved.

Prepared by: Kerry D. Romesburg, Executive Director Phone: 465-2854  
 Division: Alaska Commission on Postsecondary Education Date: March 15, 1988

Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
 Agency: \_\_\_\_\_

Distribution (by preparer):

Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)



**SENATOR FRED F. ZHAROFF**  
**ALASKA STATE LEGISLATURE**

P.O. BOX 405, KODIAK, ALASKA 99615 (907) 488-6259

DURING SESSION:

P.O. BOX V, JUNEAU, ALASKA 99811 • (907) 485-3473 • 485-3474

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**DISTRICT N**

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ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMAGIN ISLANDS

**SECTIONAL ANALYSIS**

Senate Bill 466 - "An Act relating to forgiveness and repayment of A. W. (Winn) Brindle memorial scholarship loans; and providing for an effective date."

- SECTION 1** Allows the student financial aid committee to determine whether Brindle memorial scholarship loans should be repaid into either the regular student loan program or to the memorial scholarship revolving loan fund, depending on the anticipated demand for the loans.
- SECTION 2** Provides for the repayment of the Brindle loan if the recipient terminates their studies.
- SECTION 3** Allows a Brindle loan to be forgiven for up to fifty percent of the amount of the loan.
- SECTION 4** Immediate effective date.



ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
BOX FP - JUNEAU, ALASKA 99811  
907/465-2854

NEWS RELEASE  
January 1988

The 1986 Alaska Legislature established the A.W. "Winn" Brindle Memorial Scholarship Loan Program. This scholarship is in memory of A.W. Winn Brindle who was president of the Wards Cove Packing Company and Columbia Wards Fisheries. It is funded by private donations and contributions from fisheries businesses in exchange for tax credits. The Alaska Commission on Postsecondary Education to date has received \$180,700 in donations to the fund and is inviting interested students to apply for loans.

The loan funds will be used to provide educational scholarships for full-time undergraduate or graduate study at accredited schools in the following degree or certificate programs: fisheries, fishery science, fishery management, seafood processing, food technology, and other closely related fields. Loans may be used for tuition and fees, books and supplies, room and board, and transportation costs. Interest charged on the loans is eight percent.

A.W. "Winn" Brindle Memorial Scholarship Loan Program applications are available from the Alaska Commission on Postsecondary Education, Box FP, Juneau, Alaska 99811 (907) 465-2854. The application deadline is May 1, 1988 for the 1988-89 academic year.

1988-89

A.W. "WINN" BRINDLE MEMORIAL SCHOLARSHIP LOAN PROGRAM

Application Instructions

For attendance from September 1, 1988 through August 31, 1989

The 1986 Alaska Legislature established the A.W. "Winn" Brindle Memorial Scholarship Loan Program. This scholarship loan is in memory of A.W. "Winn" Brindle who was president of the Wards Cove Packing Company and Columbia Wards Fisheries. It is funded by private donations and contributions from fisheries businesses in exchange for tax credits. Scholarship loan applicants who have been nominated by donors will be given preference for receipt of the funds. The loan funds provide educational scholarships for full-time undergraduate or graduate study at accredited schools in the degree or certificate programs listed below.

FISHERIES  
FISHERY SCIENCE  
FISHERY MANAGEMENT

SEAFOOD PROCESSING  
FOOD TECHNOLOGY  
Other Related Fields

The scholarship loans are awarded in these fields to cover the cost of tuition and fees, books and supplies, room and board, and transportation costs for up to two round trips between the recipient's home and school each year. A loan may be made for up to five years of undergraduate study, five years of graduate study, or a combined maximum of eight years of study. Interest charged on the loans is eight percent. Recipients have up to ten years to repay.

To be eligible a student must:

1. be an Alaska resident for at least twenty-four consecutive months immediately prior to filing;
2. be, or plan to be, a full-time student in good standing during the period for which funds are requested. Good standing means (on a 4.0 scale) a cumulative GPA of at least 2.0 for undergraduate and 3.0 for graduate students, calculated for two or more terms, with no individual term GPA, for which the loan was received, falling below 1.5 for undergraduate and 2.5 for graduate students;
3. attend a school which is approved or accredited by a national or regional accrediting association or the Alaska Commission on Postsecondary Education;
4. be, or plan to be, enrolled in a career vocational-technical program or an associate, baccalaureate, or graduate degree program in one of the following fields: Fisheries; Fishery Science; Fishery Management; Seafood Processing; Food Technology; or other closely related fields as determined eligible by the Alaska Commission on Postsecondary Education;
5. not have had loans under this program for more than eight full school years, of which not more than five academic years were either undergraduate or graduate;
6. not be delinquent or in default on prior State loans or past due in child support obligations; and
7. reapply for each year a loan is desired.

**APPLICATION DEADLINE:** This application consists of two parts: Part A is the Application Information Sheet and Part B is the Student Essay. Parts A and B must be received complete and correct by the Alaska Commission on Postsecondary Education by a postmark date of no later than May 1, 1988. Mail completed applications to:

A.W. "Winn" Brindle  
Memorial Scholarship Loan Program  
Alaska Commission on Postsecondary Education  
400 Willoughby Avenue  
P.O. Box FP  
Juneau, Alaska 99811  
(907)465-2854



**LOAN REPAYMENT OBLIGATIONS.** We urge students not to borrow any more than is absolutely necessary. Your student loan should be used to supplement other available sources of assistance such as scholarships, grants, work-study programs, parental and family aid, etc. So that you will be aware of your future financial obligation regarding your Alaska student loan(s), the table outlines what your monthly payment would be over a ten (10) year repayment cycle for various total loan amounts borrowed. In addition to the principal which must be repaid, interest accrues during the repayment period at a rate of eight percent (8%) per year.

**NOTICE**

The status of this loan may be reported to a credit bureau. Therefore, in order to maintain a good credit rating, it is to your advantage to comply with all the terms of the loan agreement and to meet your responsibilities as a borrower under this program.

IF YOUR STUDENT LOANS TOTAL:	YOUR MONTHLY PAYMENTS FOR 120 MONTHS (10 YRS) WOULD BE:	TOTAL TO BE REPAYED:		
		8% Interest	Principal	Total
\$ 1,000.00	\$ 12.80	\$ 535.60	\$ 1,000.00	\$ 1,535.60
2,000.00	25.60	1,072.40	2,000.00	3,072.40
3,000.00	38.40	1,608.00	3,000.00	4,608.00
4,000.00	51.20	2,143.60	4,000.00	6,143.60
5,000.00	63.99	2,679.20	5,000.00	7,679.20
6,000.00	76.80	3,215.00	6,000.00	9,215.00
7,000.00	89.60	3,751.60	7,000.00	10,751.60
8,000.00	102.39	4,287.20	8,000.00	12,287.20
9,000.00	115.19	4,822.80	9,000.00	13,822.80
10,000.00	128.00	5,358.60	10,000.00	15,358.60
15,000.00	191.99	8,036.80	15,000.00	23,036.80
20,000.00	255.99	10,719.20	20,000.00	30,719.20
25,000.00	319.99	13,398.40	25,000.00	38,398.40
30,000.00	383.98	16,077.60	30,000.00	46,077.60
35,000.00	447.98	18,756.00	35,000.00	53,756.00
40,000.00	511.98	21,437.20	40,000.00	61,437.20
45,000.00	575.97	24,116.40	45,000.00	69,116.40
50,000.00	639.97	26,796.80	50,000.00	76,796.80

**PRIVACY ACT NOTICE**

The Privacy Act of 1974 (5 U.S.C.552a) requires that an agency provide the following notice to each individual whom it asks to supply information:

1. The authority for collecting the requested information is section 7(a)(2) of the Privacy Act.
2. The principal purposes of this information are as follows: to verify the identity of the applicant; to determine program eligibility; to permit servicing of the loan; and in the event it is necessary, to locate missing borrowers and collect on delinquent or defaulted loans.
3. The routine uses include the following: the information may be furnished during the life of the loan to holders of this and other loans made to the borrower; to educational institutions in which the borrower is enrolled or is accepted for enrollment; to guarantee agencies; to Federal or State agencies or private parties who may be able to provide information necessary for the collection of the loan, or to assist in the servicing or collection of the loan.

Section 7(b) of the Privacy Act of 1974 (5 U.S.C.522a) requires that when any Federal, State, or local government agency requests an individual to disclose his/her social security number (SSN) that individual must also be advised whether that disclosure is mandatory or voluntary, by what statutory or other authority the number is solicited, and what uses will be made of it.

Section 7(a)(2) of the Privacy Act provides that an agency may continue to require disclosure of an individual's SSN as a condition for the granting of a right, benefit, or privilege provided by law where the agency required the disclosure under statute of regulation prior to January 1, 1975, in order to verify the identity of an individual.

Disclosure of the applicant's SSN is required as a condition for participation in the loan program. The SSN will be used to verify the identity of the applicant, and as an account number (identifier) throughout the life of the loan in order to record necessary data accurately. As an identifier, the SSN is used in such program activities as: determining program eligibility; certifying school attendance and student status; determining eligibility for deferment or repayments; determining eligibility for disability or death claims; and for tracing and collecting in cases of defaulted loans.

**APPEAL**

Any decisions made by staff may be appealed by writing the Executive Director, Box FP, 400 Willoughby Avenue, Juneau, AK 99811 within 30 days of the date the recipient was notified of the decision.

Decisions made by the Executive Director may be appealed to the Commission by writing the Chairman of the Commission, Box FP, 400 Willoughby Avenue, Juneau, AK 99811. The appeal will be placed on the agenda for the next meeting and the recipient will be notified of the time and location of the meeting.

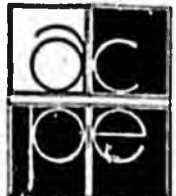
1988-89

A.W. "WINN" BRINDLE MEMORIAL SCHOLARSHIP LOAN PROGRAM  
 For attendance from September 1, 1988 through August 31, 1989

<b>PART A - TO BE COMPLETED BY APPLICANT.</b>					
1. Last Name		First Name		Middle Name	2. Social Security Number
3. Permanent Mailing Address			City or Town	State	Zip Code
4. Current Mailing Address			City or Town	State	Zip Code
5. Date of Birth Mo. ___ Day ___ Yr. ___	6. State of Permanent Residence _____	Since: Mo. ___ Yr. ___	7. Area Code/Home Telephone Permanent ( )	Area Code/Home Telephone Current ( )	
8. Enter the total number and ages of your dependents: (Do not count yourself) No. ___ Ages: _____		9. Name, City, State of Last High School Attended:		10. Date of High School Graduation or GED Diploma Awarded: Mo. ___ Yr. ___	
11. Name of Educational Institution for Loan Period				12. Commission Use Only School Code: _____	
Address of Educational Institution		City or Town		State	Zip Code
13. Check each term you will attend during year for which loan applies: (Loans will be made for attendance from September 1, 1988 through August 31, 1989.)					
Quarters: ___ Fall, 88 ___ Winter, 89 ___ Summer, 89 ___ Spring, 89		Semesters: ___ Fall, 88 ___ Spring, 89 ___ Summer, 89		Trimesters: ___ Fall, 88 ___ Spring, 89 ___ Summer, 89	
14. Type of tuition you will pay for loan period: ___ Resident ___ Non-Resident ___ No Differential			15. Date of attendance for which loan is requested: FROM: Mo. ___ Day ___ Yr. ___ TO: Mo. ___ Day ___ Yr. ___		
16. Academic year of study for which loan applies (check one):					
UNDERGRADUATE: Fresh ___ Soph ___ Junior ___ Senior ___ 5th Year ___ GRADUATE: 1st ___ 2nd ___ 3rd ___ 4th ___ 5th ___					
17. Degree or Certificate being sought (Associate, B.S., M.A., Ph.D., Diploma, Etc.):				18. Estimated date of Graduation: Mo. ___ Yr. ___	
19. Major course of study:			20. Have you applied for an additional loan under the Alaska Student Loan Program (ASL) for 1987-88? Yes ___ Date: _____ No ___		

Complete the back of this page and attach Part B - Student Essay, and mail by May 1, 1988 to:

A.W. "Winn" Brindle Memorial Scholarship Loan Program  
 Alaska Commission on Postsecondary Education  
 Box 99, 100 Willoughby Avenue  
 Juneau, AK 99811  
 (907) 465-2854



21. Estimated cost of education for the loan period:		22. Financial aid & other sources for period:	
		Com. Use	
Tuition Fees	\$	ASL	\$
Room & Board	\$	SEIG, SEOG, PELL Grant	\$
Books & Supplies	\$	Parents	\$
Transportation	\$	BIA	\$
		Native Corp. Grant	\$
SUBTOTAL	\$	AK Native Scholarship	\$
		YA Benefits	\$
Personal	\$	AFDC	\$
		Other	\$
TOTAL	\$	TOTAL	\$

23. While in school, will you live (check one): <input type="checkbox"/> With Relatives <input type="checkbox"/> On Campus <input type="checkbox"/> Off Campus	24. Do you have previous loans under this program? <input type="checkbox"/> Yes <input type="checkbox"/> No	25. Are you (check one): <input type="checkbox"/> Dependent <input type="checkbox"/> Independent
--	--	--

26. Student status during loan period: <input type="checkbox"/> Full-time <input type="checkbox"/> Part-time	27. Have you/will you apply during the loan period for State Educational Incentive Grant (SEIG): Yes <input type="checkbox"/> Date Applied: _____ No <input type="checkbox"/>
---	--

28. YOU MUST FURNISH THE NAMES AND ADDRESSES OF TWO RELATIVES LIVING AT DIFFERENT ADDRESSES AND NOT LIVING AT YOUR PERMANENT MAILING ADDRESS WHO WILL ALWAYS KNOW YOUR CURRENT ADDRESS.

Name	Relationship		
Mailing Address: P.O. Box or Street	City	State	Zip Code
Name	Relationship		
Mailing Address: P.O. Box or Street	City	State	Zip Code

**WARNING:** Under AS 09.63.020(b), any person who knowingly makes a false or misleading statement on this form under penalty of perjury, is guilty of perjury.

29. I hereby certify under penalty of perjury, that each of the foregoing statements is true and complete to the best of my knowledge and belief. I certify that any funds received under the A.W. "Winn" Brindle Memorial Scholarship Program will be used solely for expenses related to my attendance at the educational institution listed on this application.

I authorize the educational institution to release that information contained in my educational records that may be required by the Alaska Commission on Postsecondary Education in determining my eligibility for an A.W. "Winn" Brindle Memorial Scholarship Loan.

Date \_\_\_\_\_ Applicant's Signature \_\_\_\_\_

**Part B - Student Essay to be Completed by Applicant - Use a separate piece of paper.**

Please write a one-page summary of your intent to enter the fisheries or seafood processing profession. Include: 1) the reasons for your choice of profession; 2) the geographic area of the state or country in which you would most like to seek employment; and 3) pertinent school activities, community involvement, and volunteer or employment experiences which will prove beneficial in your career.

A.W. "WINN" BRINDLE MEMORIAL SCHOLARSHIP LOAN PROGRAM  
CONTRIBUTIONS

July 1987	Starboard, Inc. (Ronald Wrenn)	\$ 200.00
August 1987	Red Salmon Cannery/Wards Cove (Alec Brindle)	100,000.00
November 1987	Yor Seafoods (Jean Tisdall)	10.00
December 1987	Peter Pan Seafoods, Inc. (Ray Puddicombe)	80,000.00
December 1987	Wards Cove Packing Co. (Alec Brindle)	500.00
February 1988	Schenk Seafood Sales, Inc. (Marjorie Hansen)	<u>2,500.00</u>
	TOTAL:	\$183,210.00

# STATE OF ALASKA

ALASKA COMMISSION ON POSTSECONDARY EDUCATION

STEVE COWPER, GOVERNOR

PO BOX 111  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-2854

## M E M O R A N D U M

TO: Alaska Fisheries Businesses

FROM: Jane Byers Maynard, Assistant Director for Programs  
Alaska Commission on Postsecondary Education *JBM*

SUBJECT: Fisheries Business Tax Credits for Donations to the A.W. "Winn"  
Brindle Memorial Scholarship Loan Program

DATE: May 13, 1987

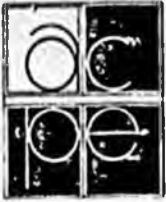
The 1986 Alaska Legislature established the A.W. "Winn" Brindle Memorial Scholarship Loan Program. This scholarship is in memory of A.W. "Winn" Brindle who was president of the Wards Cove Packing Company and Columbia Wards Fisheries. It is funded by private donations and contributions from fisheries businesses in exchange for tax credits.

The loan funds will be used to provide educational scholarships for full-time undergraduate or graduate study at accredited schools in the following degree or certificate programs: fisheries, fishery science, fishery management, seafood processing, food technology, and other closely related fields. Loans may be used for tuition and fees, books and supplies, room and board, and transportation costs. Interest charged is eight percent.

A fisheries business is entitled to a credit of up to five percent of its business tax liability for contributions made during the tax year to the A.W. "Winn" Brindle Memorial Scholarship loan account. A fisheries business may claim a credit under this program for the 1987 tax year and subsequent tax years.

If your business would like to make a donation to the "Winn" Brindle Scholarship fund for a tax credit and/or nominate an individual for receipt of this scholarship, please refer to the enclosed instructions for donations and nominations. Please note that scholarship loan applicants who have been nominated by donors will be given preference for receipt of these funds.

Enclosure



ALASKA COMMISSION ON POSTSECONDARY EDUCATION  
BOX FP - JUNEAU, ALASKA 99811  
907/465-2854

A.W. "WINN" BRINDLE MEMORIAL SCHOLARSHIP

INSTRUCTIONS FOR  
DONATIONS AND NOMINATIONS

Donations

Beginning with the 1987 tax year, a fisheries business is entitled to a tax credit of not more than five percent of its business tax liability for contributions made during the tax year to the A.W. "Winn" Brindle Memorial Scholarship loan fund. A tax credit may not be approved for more than 100 percent of a scholarship contribution. Total tax credits claimed for a tax year for capital expenditures and scholarship contributions may not exceed 50 percent of the tax payer's business tax liability for that tax year.

To make a contribution to the scholarship fund:

1. Mail or deliver your contribution in the form of a check payable to the Winn Brindle Memorial Scholarship Loan Fund to the Alaska Commission on Postsecondary Education, 400 Willoughby Avenue, Box FP, Juneau, Alaska, 99811. The check will be deposited in the Memorial Scholarship fund account at the Commission.
2. File an Alaska Fisheries Business Tax Credit Application with the Alaska Department of Revenue for the current tax year. Applications will be available after July 1, 1987 from the Division of Audit, Department of Revenue, P.O. Box SA, Juneau, AK 99811-0400. The Department of Revenue will verify all contributions with the Alaska Commission on Postsecondary Education. Tax credit information will also be requested on tax return forms.
3. The Department of Revenue will approve or disapprove an application for a credit not later than 60 days after receipt of the application. The Department may not approve a tax credit if the fisheries business claiming the credit is in arrears in the payment of a fisheries business tax under AS 43.75.015. A tax payer is not considered in arrears if the payment is under administrative or judicial appeal.

A.W. "Winn" Brindle Memorial Scholarship Loan Program  
Nomination Form

I would like to nominate the following individual to be considered for a scholarship loan under the A.W. "Winn" Brindle Memorial Scholarship Loan Program.

I believe this person would benefit from a scholarship loan to assist in the pursuit of a degree or certificate in a seafood industry or fisheries-related field of study.

Nominee's Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Phone #: \_\_\_\_\_

Please write a brief statement about your relationship to the above individual and how long you have known him or her. Include the nominee's current or proposed educational plans and field of study if known.

Please circle one:

I will/will not contribute to the A.W. "Winn" Brindle Memorial Scholarship Fund for the 1987 tax year.

I understand that if I contribute, I may be eligible for a tax credit through the Alaska Department of Revenue by submitting a Tax Credit Application Form. Applications may be obtained from the Division of Audit, Department of Revenue, P.O. Box SA, Juneau, AK 99811-0400.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Business Name

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Business Address

\_\_\_\_\_  
Title

\_\_\_\_\_  
City and State

\_\_\_\_\_  
Date

\_\_\_\_\_  
Business Phone

Return to: Alaska Commission on Postsecondary Education, Box FP, Juneau, AK 99811 (907)465-2854

The 1987 Nomination Deadline is July 1, 1987. Nominations received after that date will be considered for the 1988-89 academic year.

Introduced: 2/18/86  
Referred: Health, Education and  
Social Services and Finance

IN THE SENATE

BY ZHAROFF

2

SENATE BILL NO. 453

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to memorial scholarship revolving  
7 loans, creating the A. W. (Winn) Brindle memorial  
8 scholarship loan; and providing for an effective  
9 date."

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

11 \* Section 1. AS 14.43.250(b) is amended by adding a new paragraph to  
12 read:

13 (5) the A. W. (Winn) Brindle memorial scholarship loan  
14 perpetuates the memory of A. W. (Winn) Brindle, who was the president  
15 of the Wards Cove Packing Company and Columbia-Wards Fisheries and  
16 whose death July 4, 1977, terminated a distinguished career dedicated  
17 to the development of the Alaska seafood industry.

18 \* Sec. 2. AS 14.43.255(a) is amended to read:

19 (a) There is created a memorial scholarship revolving loan fund.  
20 The fund shall be used to provide educational scholarship loans to  
21 students selected under AS 14.43.250 - 14.43.325. Repayments [ALL  
22 REPAYMENTS] of loans made under AS 14.43.250(b)(1) - (4) [PRINCIPAL]  
23 shall be deposited [PAID] into the memorial scholarship revolving loan  
24 fund and repayments of loans made under AS 14.43.250(b)(5) shall be  
25 deposited into the scholarship revolving loan fund created under  
26 AS 14.43.090. Repayments shall be used to make new [SCHOLARSHIP]  
27 loans.

28 \* Sec. 3. AS 14.43.300(a) is amended to read:

29 (a) A scholarship loan to a recipient under AS 14.43.250(b)(1) -

1       (4) [AS 14.43.250 - 14.43.325] may not exceed \$2,500 a school year for  
2       an undergraduate student or \$5,000 a school year for a graduate stu-  
3       dent, and [. LOANS] may not be made to a student for more than six  
4       years. A scholarship loan to a recipient under AS 14.43.250(b)(5) may  
5       not exceed the cost of tuition and required fees, books and education-  
6       al supplies, room and board, and transportation for two round trips  
7       between the recipient's home and school each year. A loan under  
8       AS 14.43.250(b)(5) may not be made for more than five years of under-  
9       graduate study, five years of graduate study, or a combined maximum of  
10       eight years of study.

11       \* Sec. 4. AS 14.43.300(b) is amended by adding a new paragraph to read:

12               (5) a A. W. (Winn) Brindle memorial scholarship loan may be  
13       used only to pursue a certificate or degree program in an accredited  
14       school, college, or university in fisheries, fishery science, fishery  
15       management, seafood processing, food technology, or other closely  
16       related field.

17       \* Sec. 5. AS 14.43.300(c) is amended to read:

18               (c) The recipient of a memorial scholarship loan shall be a  
19       resident of Alaska and [EITHER

20                       (1)] enrolled or eligible for enrollment as a full-time  
21       [UNDERGRADUATE OR GRADUATE] student in a certificate or [LEADING TO AN  
22       ASSOCIATE, BACCALAUREATE OR GRADUATE] degree program in a field listed  
23       in (b) of this section that is appropriate to the memorial scholarship  
24       loan received [;

25                       (2) A GRADUATE OF A HIGH SCHOOL, OR SCHEDULED FOR GRADUA-  
26       TION FROM A HIGH SCHOOL WITHIN SIX MONTHS, WITH SUFFICIENT ACADEMIC  
27       CREDITS TO BE ADMITTED TO A COLLEGE OR UNIVERSITY INTENDING TO PURSUE  
28       A COURSE OF STUDY LEADING TO A DEGREE IN ONE OF THE FIELDS LISTED IN  
29       (b) OF THIS SECTION THAT IS APPROPRIATE TO THE MEMORIAL SCHOLARSHIP

1 LOAN RECEIVED; OR

2 (3) AN OFFICER OR EMPLOYEE OF A DEPARTMENT, AGENCY OR  
3 MUNICIPALITY IN THE STATE WHO INTENDS TO PURSUE A COURSE OF STUDY IN  
4 THE OFFICER'S OR EMPLOYEE'S PROFESSIONAL FIELD LEADING TO A DEGREE IN  
5 ONE OF THE FIELDS LISTED IN (b) OF THIS SECTION APPROPRIATE TO THE  
6 MEMORIAL SCHOLARSHIP LOAN RECEIVED].

7 \* Sec. 6. AS 14.43.305(a) is amended to read:

8 (a) Memorial scholarship loans under AS 14.43.250(b)(1) - (4)  
9 shall be noninterest-bearing and security for the loan may not be  
10 required. However, the note signed by the recipient shall provide for  
11 the payment of attorney fees, costs of court and skip-tracing fees if  
12 any are incurred in collection of the unpaid amount owed on the loan.

13 \* Sec. 7. AS 14.43.305(e) is amended to read:

14 (e) A recipient of a memorial scholarship loan under AS 14.43.-  
15 250(b)(1) - (4) [AS 14.43.250 - 14.43.325] who graduates from a degree  
16 program shall receive forgiveness of one-fifth of loan indebtedness  
17 for each one-year period the recipient is employed full time in Alaska  
18 in

19 (1) law-enforcement or related fields, if a recipient of a  
20 Michael Murphy memorial scholarship loan;

21 (2) criminal law, criminal justice or other closely related  
22 fields, if a recipient of a Carroll L. "Butch" Swartz memorial schol-  
23 arship loan;

24 (3) a recognized branch of the engineering profession or  
25 other closely related fields, if a recipient of a Harvey Golub mem-  
26 orial scholarship loan; or

27 (4) education or public administration, or other closely  
28 related field, if a recipient of a Robert L. Thomas memorial scholar-  
29 ship loan.

1 \* Sec. 8. AS 14.43.305(g) is amended to read:

2 (g) A recipient who does not qualify for forgiveness of all or a  
3 part of the loan made under AS 14.43.250(b)(1) - (4) [AS 14.43.250 -  
4 14.43.325] shall begin repayment of the unforgiven portion within six  
5 months after leaving employment, or terminating studies, in

6 (1) law enforcement or related fields, if a recipient of a  
7 Michael Murphy memorial scholarship loan;

8 (2) criminal law, criminal justice or other closely related  
9 fields, if a recipient of a Carroll L. "Butch" Swartz memorial schol-  
10 arship loan;

11 (3) a recognized branch of the engineering profession or  
12 other closely related fields, if a recipient of a Harvey Golub memori-  
13 al scholarship loan; or

14 (4) education or public administration, or other closely  
15 related field, if a recipient of a Robert L. Thomas memorial scholar-  
16 ship loan.

17 \* Sec. 9. AS 14.43.305 is amended by adding a new subsection to read:

18 (i) To the extent they are not in conflict with terms and con-  
19 ditions under AS 14.43.250 - 14.43.325, the terms and conditions of a  
20 memorial scholarship loan made under AS 14.43.250(b)(5) are the same  
21 as the terms and conditions for a scholarship loan under AS 14.43.-  
22 090 - 14.43.160.

23 \* Sec. 10. AS 14.43.310 is amended by adding a new subsection to read:

24 (c) In selecting from among eligible applicants for award of a  
25 memorial scholarship loan under AS 14.43.250(b)(5), the administering  
26 authority shall give preference to applicants nominated by private  
27 donors to the A. W. (Winn) Brindle memorial scholarship loan account  
28 in the memorial scholarship revolving loan fund.

29 \* Sec. 11. This Act takes effect July 1, 1986.

DEPARTMENT OF LAW

POUCH K - STATE CAPITOL  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3600

OFFICE OF THE ATTORNEY GENERAL

May 27, 1986

Honorable Bill Sheffield  
Governor  
State of Alaska  
P.O. Box A  
Juneau, AK 99811

Re: SB 453 -- relating to memorial scholarship revolving loans, and creating the A.W. (Winn) Brindle memorial scholarship loan  
Our file no.: 88-3-86-0077

Dear Governor Sheffield:

At Jim Ayers' request on your behalf, we have reviewed SB 453, which creates the A.W. (Winn) Brindle memorial scholarship loan and makes some incidental changes to the memorial scholarship revolving loan fund. The fund is currently made up of four separate memorial scholarships, each of which has a different purpose, different conditions relevant to its purpose, and a separate account in the fund.

The bill amends AS 14.43.250 to create a fifth memorial scholarship loan, paying tribute to A.W. (Winn) Brindle, whose distinguished career was dedicated to the development of the Alaska seafood industry. The loan may be used to pursue a degree in fisheries or a related field.

The Brindle memorial scholarship loan differs from the others in several respects. Repayments are deposited into an account in the AS 14.43.090 scholarship revolving loan fund (i.e., the "regular" student loan fund), rather than the memorial fund. While the other memorial loans have a set of conditions that differ from those of the "regular" student loan program (e.g., the amount that may be borrowed is lower, and loans may be made to a student for a total of only six, rather than eight years; however, unlike regular student loans, these are interest-free, and up to 100 percent, rather than only 50 percent, may be forgiven), the Brindle memorial loan is largely subject to the same conditions as regular student loans. Finally, in awarding the Brindle memorial loans, the commission is to give a preference to applicants nominated by private donors to the Brindle memorial scholarship loan account. Under a proposed amendment to

Hon. Bill Sheffield, Governor  
File No. 88-3-86-0097

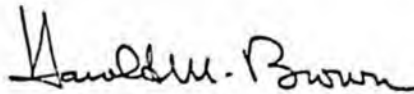
May 27, 1986  
Page 2

AS 43.75.032, just passed by the legislature in SCS CSHB 58 (Fin)  
am S, a fisheries business may receive a credit of up to five  
percent of its business tax liability for contributions made to  
the Brindle memorial scholarship loan account.

Because the program is a revolving loan fund in which  
all repayments are put back into the fund and used to make new  
loans, the use of interest paid on those loans may contravene the  
constitutional prohibition against dedicated funds, Alaska  
Const., art. IX, sec. 7. However, we have indicated that we will  
defend such legislation until this issue has been definitively  
resolved by the court. 1982 Op. Att'y Gen. No. 13 (Nov. 30).

We perceive no other constitutional or legal problems.

Sincerely,



Harold M. Brown  
Attorney General

HMB:LS:bap

S B

4 6 8

SENATE COMMITTEE REPORT

FURTHER FINANCE

2/29/88

DATE TURNED INTO OFFICE \_\_\_\_\_

Mr. President:

Resources \_\_\_\_\_ Committee considered SB 468

Ernie Haugen Public Use Area; efd

and recommended

[  ] replace with \_\_\_\_\_ CS SB 468 (res.) ) [  ] same title  
[ ] or adopt \_\_\_\_\_ CS \_\_\_\_\_ ) [ ] new title

[ ] attached amendment(s) and

[  ] do pass

[ ] do not pass

[ ] no recommendation

[ ] individual recommendations

[ ] further referral to \_\_\_\_\_

[ ] letter of intent adopted \_\_\_\_\_

Committee [ ] attached or [  ] adopted fiscal note(s)

[ ] new [ ] updated or [ ] previous

[ ] zero [  ] fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]  
[Signature]  
[Signature]  
[Signature]  
[Signature]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Signature] Do Pass

Chairman signature and recommendation

[ ] Committee Backup attached

Original sponsors: Jones, Kelly,  
Halford, et al.

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 468 ( )

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Ernie Haugen Public Use  
7 Area; and providing for an effective date."

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

9 \* Section 1. AS 41.23 is amended by adding new sections to read:

10 Sec. 41.23.150. PURPOSE. The purpose of AS 41.23.150 - 41.23.-  
11 180 is to establish the area described in AS 41.23.180 as the Ernie  
12 Haugen Public Use Area. The Ernie Haugen Public Use Area is estab-  
13 lished to

14 (1) protect and maintain fish and wildlife habitat so that  
15 traditional public uses may continue;

16 (2) perpetuate and enhance public enjoyment of fishing,  
17 hunting, trapping, viewing, and photography;

18 (3) perpetuate and enhance general public recreation in a  
19 quality environment; and

20 (4) allow additional public uses of the area, including  
21 personal use wood cutting, when determined compatible with the pur-  
22 poses specified in (1) - (3) of this section.

23 Sec. 41.23.160. MANAGEMENT. (a) Management of the surface and  
24 subsurface estate of the Ernie Haugen Public Use Area is the respon-  
25 sibility of the Department of Natural Resources. After adequate  
26 public hearings the commissioner may designate incompatible uses and  
27 shall adopt and may revise a management plan for the Ernie Haugen  
28 Public Use Area. With regard to the management of land within the  
29 public use area described in AS 41.23.180(a), the commissioner shall

1 consult with the Department of Fish and Game in the adoption and  
2 revision of the management plan.

3 (b) The state may not acquire by eminent domain privately owned  
4 land within or abutting state-owned land described in AS 41.23.180 but  
5 may acquire privately owned land by purchase, exchange, or otherwise  
6 for inclusion in the Ernie Haugen Public Use Area.

7 (c) The commissioner may not manage the Ernie Haugen Public Use  
8 Area as a unit of the state park system.

9 Sec. 41.23.170. COMPATIBILITY OF USES. (a) Except as provided  
10 in this section, the commissioner may prohibit or restrict incom-  
11 patible uses under the management plan adopted under AS 41.23.160  
12 within the state-owned land described in AS 41.23.180.

13 (b) The commissioner shall allow traditional access to the Ernie  
14 Haugen Public Use Area by motorized or nonmotorized means of transpor-  
15 tation to private land, interests in private land, and for lawful  
16 sport and subsistence hunting, fishing, trapping, and recreational  
17 purposes in a manner that is compatible with purposes specified in  
18 AS 41.23.150(1) - (3).

19 (c) If the commissioner determines that a use is incompatible  
20 with one or more other uses in a portion of the Ernie Haugen Public  
21 Use Area, the commissioner shall state in the management plan adopted  
22 or revised under AS 41.23.160

23 (1) each determination of incompatibility;

24 (2) the specific area where the incompatibility is de-  
25 termined to exist;

26 (3) the time within which the incompatibility is determined  
27 to exist; and

28 (4) the reasons for each determination of incompatibility.

29 Sec. 41.23.180. ERNIE HAUGEN PUBLIC USE AREA. (a) The state-

X  
1 owned land above the mean low water line and land above the mean low  
2 water line acquired by the state in the future, lying within the par-  
3 cels described in this subsection are designated as the Ernie Haugen  
4 Public Use Area:

5 Township 61 South, Range 82 East, Copper River Meridian

6 Section 28: that portion in the W1/2 that is south  
7 of the right-of-way of the Mitkof Highway, excluding  
8 the portion of the E1/2NE1/4SW1/4 that is south of  
9 the Mitkof Highway

10 Section 29: that portion south of the right-of-way  
11 of the Mitkof Highway

12 Section 30: that portion south of the right-of-way  
13 of the Mitkof Highway

14 Section 31: that portion south of the right-of-way  
15 of the Mitkof Highway

16 Section 32: N1/2NW1/4

17 (b) Subject to valid existing rights, the land described in (a)  
18 of this section is designated as a special purpose area under  
19 art. VIII, sec. 7, of the Alaska Constitution.

20 (c) Subject to a finding of public need by the Department of  
21 Natural Resources, the development of transportation facilities in-  
22 cluding roads, highways, and ferry terminals by the Department of  
23 Transportation and Public Facilities and electric power transmission  
24 facilities within the land described in (a) of this section is consis-  
25 tent with the purposes of AS 41.23.150 - 41.23.180.

26 \* Sec. 2. This Act takes effect immediately under AS 01.10.070(c).  
27  
28  
29

5-1364X

Bradley  
2/25/88

Original sponsors: Jones, Kelly,  
Halford, et al.

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 468 ( )

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Ernie Haugen Public Use  
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27 shall adopt and may revise a management plan for the Ernie Haugen  
28 Public Use Area. With regard to the management of land within the  
29 public use area described in AS 41.23.180(a), the commissioner shall

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6 for inclusion in the Ernie Haugen Public Use Area.

7 (c) The commissioner may not manage the Ernie Haugen Public Use  
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16 sport and subsistence hunting, fishing, trapping, and recreational  
17 purposes in a manner that is compatible with purposes specified in  
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21 Use Area, the commissioner shall state in the management plan adopted  
22 or revised under AS 41.23.160

23 (1) each determination of incompatibility;

24 (2) the specific area where the incompatibility is de-  
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26 (3) the time within which the incompatibility is determined  
27 to exist; and

28 (4) the reasons for each determination of incompatibility.

29 Sec. 41.23.180. ERNIE HAUGEN PUBLIC USE AREA. (a) The state-

1 owned land above the mean low water line and land above the mean low  
2 water line acquired by the state in the future, lying within the par-  
3 cels described in this subsection are designated as the Ernie Haugen  
4 Public Use Area:

5 Township 61 South, Range 82 East, Copper River Meridian

6 Section 28: that portion in the <sup>W1/2</sup> that is south  
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10 Section 29: that portion south of the right-of-way  
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13 of the Mitkof Highway

14 Section 31: that portion south of the right-of-way  
15 of the Mitkof Highway

16 Section 32: N1/2NW1/4

17 (b) Subject to valid existing rights, the land described in (a)  
18 of this section is designated as a special purpose area under  
19 art. VIII, sec. 7, of the Alaska Constitution.

20 (c) Subject to a finding of public need by the Department of  
21 Natural Resources, the development of transportation facilities in-  
22 cluding roads, highways, and ferry terminals by the Department of  
23 Transportation and Public Facilities and electric power transmission  
24 facilities within the land described in (a) of this section is consis-  
25 tent with the purposes of AS 41.23.150 - 41.23.180.

26 \* Sec. 2. This Act takes effect immediately under AS 01.10.070(c).  
27  
28  
29

# STATE OF ALASKA

## DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

400 WILLOUGHBY AVE.  
JUNEAU, ALASKA 99801-1798  
PHONE: (907) 465-2400

February 23, 1988

The Honorable Arliss Sturgulewski  
Senate Community & Regional Affairs  
Alaska State Legislature  
P.O. Box V  
Juneau, Alaska 99811

Dear Senator Sturgulewski:

Subject: SB 468 establishing the Ernie Haugen Public Use Area.

Position: The Department supports this bill. However, there is a concern regarding the implementation of the plan and the operation and maintenance of the site as a public use area.

Fiscal note provides for immediate contract with a private design firm to develop a land use/development plan for the area. The second year the fiscal note provides for plan implementation - signs, trails, facilities, and maintenance. The third year and beyond provides for site operation and maintenance.

Background: This area was identified as important to the local community during the University Settlement proceedings and was therefore left out of the transfer.

Recommendation: The Department recommends the following language changes:

Page 2, line 5 insert the word "donation" after exchange;

Page 2, line 13 insert the words "or through" after access to;

Page 3, line 22 insert the words "and other public utilities" after facilities.

Page 3, line 20 insert after roads "expansion of the existing boat launching ramp and related parking"

Page 3, line 6 delete "W1/2" and replace with "W1/2W1/2, SW1/4SE1/4NW1/4, W1/2/SW1/4". This will delete the overlap with the University Settlement.

Senator Sturgulewski

- 2 -

February 23, 1988

Page 3, line 14, add "containing 940 acres more or less"

Please let me know if you need further information.

Sincerely,

*Tom Hawkins*  
for Judith M. Brady  
Commissioner

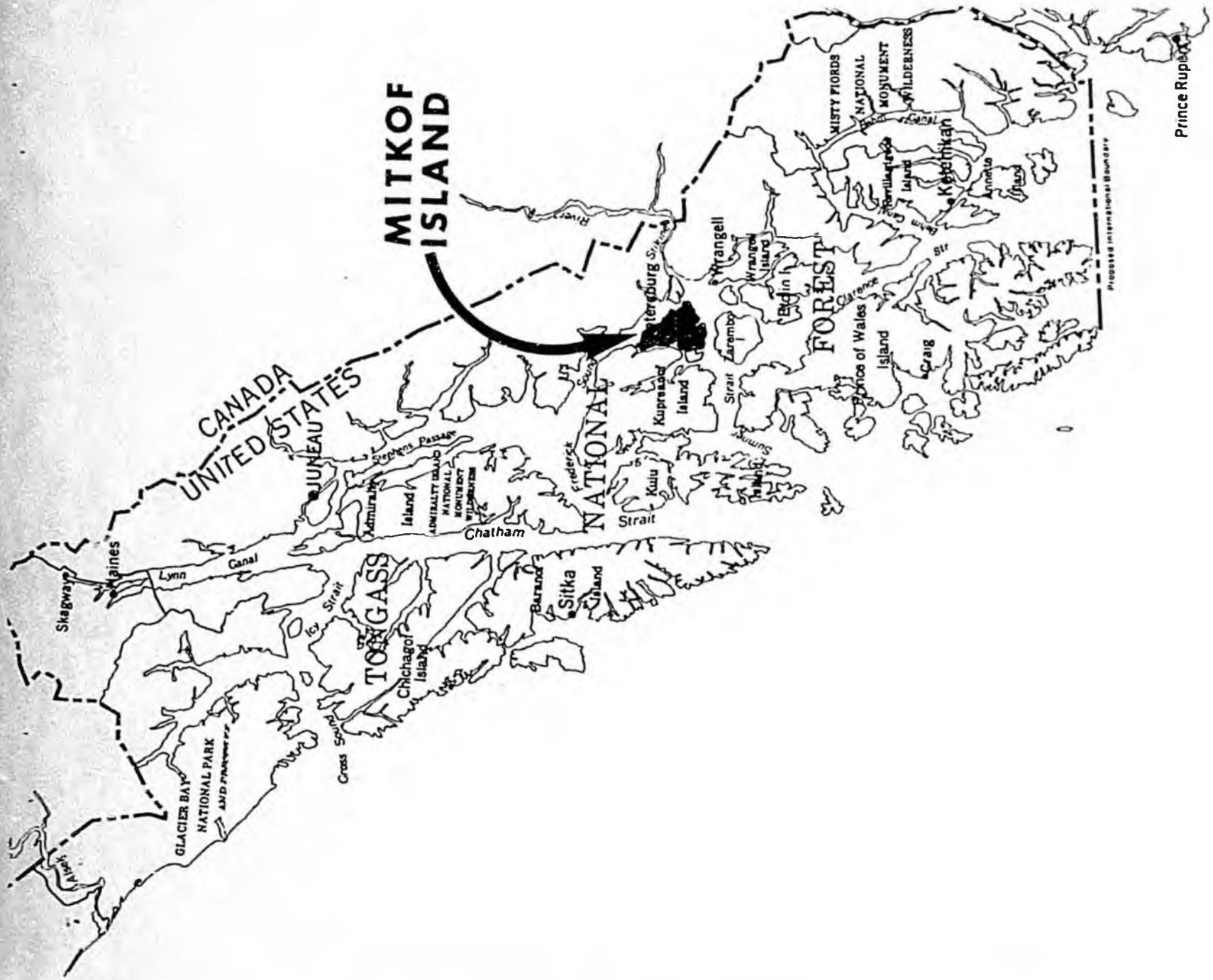
cc: Committee members





NFIG # 110 . S. MITKOF ISLAND  
 QUAD PSEB C-2, C-3 .  
 TA: 03/07/84 / / /  
 PAT:  
 ACRES SELECTED: 4015.0  
 TA: 0835.00 PAT:

SUMNER



**MITKOF  
ISLAND**

CANADA  
UNITED STATES

JUNEAU

**TONGASS**

GLACIER BAY  
NATIONAL PARK  
AND PRESERVE

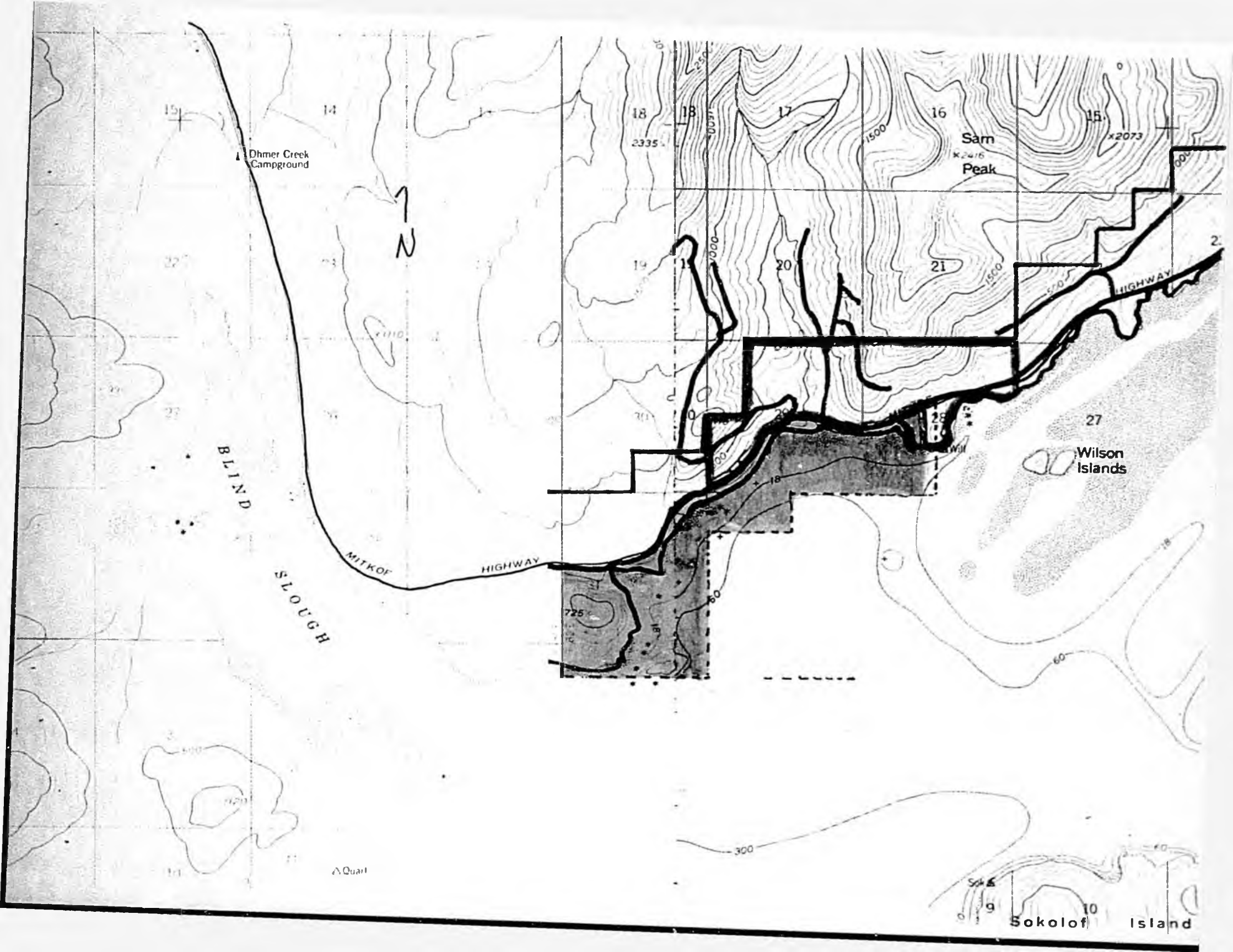
NATIONAL  
MONUMENT

**FOREST**

MISTY FJORDS  
NATIONAL  
MONUMENT

Prince Rupert

Proposed International Boundary



# Alaska State Legislature

ARLISS STURGULEWSKI, Chairman  
TIM KELLY, Vice Chairman  
RICK HALFORD  
MIKE SZYMANSKI  
FRED ZHAROFF



P. O. BOX V  
JUNEAU, ALASKA 99811  
(907) 485-4989

## Senate Community and Regional Affairs Committee

TO: Senate C&RA Committee

February 23, 1988

FROM: Senate C&RA Staff *NEJ*

RE: SB 468 - Establishing the Ernie Haugen Public Use Area.

The south end of Mitkof Island is a popular area for the residents of Petersburg and Wrangell for picnicking, camping, woodcutting, and other recreational activities. The land has been considered by DNR for sale. SB 468 would establish this area as the Ernie Haugen Public Use area.

A memo from Senator Jones explaining the issue is in this packet as are two maps of the area. A position paper and fiscal note from DNR will be available at the meeting. Also in the packet are several letters with underlined portions relevant to the use of the area. Senator Jones will be at the meeting to explain the bill.

# ALASKA STATE LEGISLATURE

Home Address  
3813 Denali Street  
Ketchikan, AK 99901  
907-225-9082



While in Juneau  
P.O. Box V  
Juneau, AK 99811  
907-465-3743

Senator Lloyd Jones

## MEMORANDUM

TO: Senator Arliss Sturgulewski, Chairman  
Community and Regional Affairs Committee

FROM: Senator Lloyd Jones *LJ*

DATE: February 19, 1988

SUBJECT: SB 468, establishing the Ernie Haugen Public Use Area

This legislation has a two fold purpose; to honor a great public servant of Alaska and to ensure a traditional public recreation area continue to serve the residents of Petersburg and Wrangell as well as other Alaskans.

The intent for the public use area is to ensure historic and traditional activities are not impeded and to remove any discretionary authority from DNR to sell or transfer this area. It is also the intent that the area be managed under the existing funds within DNR's budget.

I can think of no greater honor to bestow upon Ernie Haugen. Ernie served Petersburg and Wrangell in the legislature for a period of twenty-two years; he is an individual who has been unwaivering in his support for the development of Alaska's natural resources.

The public use area has been used by the people of Petersburg and Wrangell for the past two decades as a picnicking, camping, and woodcutting area. It has also served as a staging area for loading and unloading boats and barges for pleasure and commercial uses. The Ernie Haugen Public Use Area would include only areas which have been traditionally used for the pleasure of the two communities. The description of the area is as follows; from the west, the area known as Green's Camp along the south side of the Mitkof Highway, including the Crescent Beach/Banana Point along the highway to Wilson Cove.

Also in the measure is language which provides for power and transportation easements should they be some necessary. The purpose of this language is to allow for a potential ferry

Page 2,  
Ernie Haugen  
February 22, 1988

terminal and necessary roads as well as for compatible utility development should it become advisable.

I have included for your information letters that were exchanged between DNR and area residents from Petersburg expressing the desire for a traditional public use classification for the area. The underlined portions are the most applicable. Given past and existing use, I think the public use classification best fits the area being considered.

Attached are maps showing the location of the proposed public use area.

# ALASKA STATE LEGISLATURE


Home Address  
3813 Denali Street  
Ketchikan, AK 99901  
907-225-9082

While in Juneau  
P.O. Box V  
Juneau, AK 99811  
907-465-3743

Senator Lloyd Jones

## MEMORANDUM

TO: Senator Jack Coghill, Chairman  
Members, Senate Resources Committee

FROM: Senator Lloyd Jones 

DATE: March 14, 1988

SUBJECT: Proposed Committee Substitute for SB 468,  
establishing the Ernie Haugen Public Use Area

This legislation has a two fold purpose; to honor a great public servant of Alaska and to ensure a traditional public recreation area continues to serve the residents of Petersburg and Wrangell as well as other Alaskans. The proposed Ernie Haugen public use area can be reached by driving south twenty-seven miles from Petersburg on the Mitkof Highway. (See attached map.)

The proposed committee substitute, with which I concur, substantially reduces the acreage from the original measure. Concerns were expressed by members of the Senate C&RA Committee that the areas below mean low water, in the original bill, should be excluded to ensure traditional fishing and navigation activities are not impeded.

The intent for the public use area is to ensure historic and traditional activities are not impeded, and to remove any discretionary authority from DNR to sell, transfer, or reclassify the land lying within its boundaries. It is also intended the area be managed under the existing funds within DNR's budget.

I can think of no greater honor to bestow upon Ernie Haugen. Ernie served Petersburg and Wrangell in the legislature for a period of twenty-two years. He is an individual who has been unwaivering in his support for the development of Alaska's natural resources, as such, it is appropriate that we honor his service.

Page 2,  
Ernie Haugen  
February 22, 1988

The lands included in the proposed public use area have been used by the people of Petersburg and Wrangell for the past two decades as a picnicking, camping, and woodcutting area. It has also served as a staging area for loading and unloading boats and barges for pleasure and commercial uses. The Ernie Haugen Public Use Area would encompass those areas which have been traditionally used for the pleasure of the two communities.

The description of the area is as follows; from the west, the area known as Green's Camp along the south side of the Mitkof Highway, including Crescent Beach/Banana Point along the highway to Wilson Cove. The total acreage would be 420, with approximately 330 in uplands and 90 in tidelands more or less.

Also in the measure is language which provides for power and transportation easements should they become necessary. The purpose of this language is to allow for a potential ferry terminal and necessary roads as well as for compatible utility development should it become advisable.

I have included for your information letters that were addressed to the Department of Natural Resources by area residents expressing the desire for a protective classification for the area. The underlined portions of the letters express the residents concerns. Given past and existing use, I think the public use classification best fits the area being considered.

Attached are maps showing the location of the proposed public use area.

# ALASKA STATE LEGISLATURE

Home Address  
3813 Denali Street  
Ketchikan, AK 99901  
907-225-9082



While in Juneau  
P.O. Box V  
Juneau, AK 99811  
907-465-3743

Senator Lloyd Jones

June 24, 1987

Judy Brady, Commissioner  
Department of Natural Resources  
Box  
Juneau, Alaska 99811

Dear Commissioner Brady:

I am writing regarding the proposed state land transfers to the the University of Alaska near Petersburg. I want to know the department's response to the legislative intent for Thomas Bay which I and Senator Duncan was placed into your budget. I am also concerned about the sale of parcels on south Mitkof Island near Petersburg. You are now probably aware of the strong public sentiment in Petersburg to the proposed land transfers.

The areas on south Mitkof Island proposed for transfer to the University of Alaska have been historically used as recreation areas by the residents of Petersburg and to some degree the residents of Wrangell. In fact this is often a meeting area for the relatives and friends of the communities of Petersburg and Wrangell.

As a former Petersburg resident who has utilized that area with my friends and family I am concerned that the Department is making a bad public policy decision. I understand that the Department needs land to settle with the University of Alaska. However, I am concerned that the Department is proceeding without considering other options.

To my knowledge the Department did not determine if there was a possible legislative solution. It seems that this land trade is being rushed. It also appears that southeast Alaska is being asked to pay for some bad decisions made in southcentral Alaska. It appears that some hasty and uninformed decisions are being made which unfairly affect my constituents.

I encourage the Department to consider other options such as making future state land grants from the federal government in all parts of Alaska available to the University.

Page 2,  
DNR-Petersburg

June 24, 1987

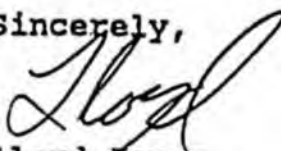
To take away state land which has been historically used as prime recreation land by generations of Alaskans seems unwise. Has DNR considered that these areas have had this historic recreational use? I wonder if DNR would take similar action against popular and prime state recreation near the major population areas of the state, or would some form of compromise be worked out?

The Senate and the House placed two separate intent language statements in the DNR budget which makes clear that the Thomas Bay lands were not to be considered in land exchange between the University and DNR. Had there been sufficient information and the opportunity there would be similar intent for south Mitkof Island.

I urge you to reconsider the Departments proposed actions on state land near Petersburg. I would also suggest that the Department consider other options such as future land selections that may be forthcoming from the federal government. I will be happy to assist DNR in finding a possible solution to this problem.

I look forward to hearing a response from the department regarding this letter.

Sincerely,



Lloyd Jones

May 5, 1987

Department of Natural Resources  
400 Willoughby Avenue, #400  
Juneau, Alaska 99801

Attn: Judith Brady

Dear Ms. Brady:

Today I was shown a petition which requests that the land you propose to sell to the University of Alaska, 2,649 acres on the south end of Mitkof Island, be withdrawn from the list of lands made available for selection by the University of Alaska.

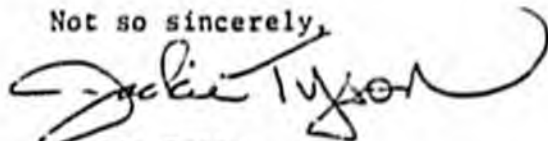
How can you so blatantly allow the sale of the best recreational area the citizens of this town have? In the summer, whenever we're fortunate enough to have a sunny day, those who have cars make the long drive to Banana Point, Crescent Beach or Green's Camp to roast hot dogs and marshmallows, to beachcomb, and to swim and waterski. You are giving away one of the few places for public sale, an area which we all use and love.

Why in the world when you set out these land sales don't you take things into better consideration? If you want to sell land out there, at least you should reserve the land the public uses and save it for the good of all. If it's yours to dispose of... What is the sales price anyway? Why do you have to sell it all? If you must make a sale there, why not limit the land sold to only that on the upland side of the road?

You selected this for a recreational area around 4 years ago. What has happened???? I'm furious and so are a lot of people down here.

I would like you to respond to these questions and let me know just how it was determined to sell this prime piece of property. What are the trade-offs? This is absolute bull.

Not so sincerely,



Jackie Tyson  
Box 587  
Petersburg, Ak 99833

P.S. Petitions are being circulated throughout the town.

May 11, 1987

Judith Brady, Commissioner  
Department of Natural Resources  
Pouch M  
Juneau, AK 99811

Dear Commissioner:

The citizens of Petersburg are very concerned over the inclusion of 2,649 acres on the south end of Mitkof Island in the list of lands available for selection by the University. We would like to see this area withdrawn and preserved for public use. There are only five places available to this community, and tourists, for recreational purposes. Three of the five recreation areas we enjoy are included in that 2,649 acres. It seems rather ironic that these parcels which were originally selected from the Tongass National Forest for inclusion in the State park system would then be turned around and sold for private use. Somehow it just doesn't add up.

The south end of this island is highly used by sport fishermen, commercial fishermen, hunters, boy scouts, girl scouts, families, different organizations have picnics at the recreation areas, and some people collect logs for firewood that have drifted up on the beaches. The impacts would be tremendous on the people of this community as well as on the land itself and the beaches when landowners try to get their various fill and construction permits. Of course, we can't forget the deer population which is now coming alive again. There have been numerous deer spotted along the roadside out there. There was also a moose spotted, which unfortunately was hit by a car. I understand Fish and Game anticipates reopening deer hunting on this island after being closed for almost 20 years. Disposing of the upper portions of this area will mean permanent closure to hunting for Petersburg residents which would have been open for hunting purposes.

I think it is a real shame that people were so uninformed about all this. There was not enough publicity to make people aware of what is being proposed. The vague description of the areas selected was very poor. There were no maps sent to show people the impact of the selection. After the informal hearing that was held here in town (which was poorly publicized) we decided to start a petition to inform people about what is going on and to let you know we oppose the selection of South Mitkof Island for the land settlement. After getting the enclosed petition typed up, and starting to spread the word, I was amazed how many people had no idea what it was even about. They were outraged that with something this major, which would impact

the whole community, was not made more public, besides the idea of taking away our recreation areas. People were also upset at the idea of decisions being made by the University to sell our recreation area for private use to generate revenue which will in turn not benefit the majority of our community. We will be the ones deprived of recreational areas on a small island which does not have an over abundance of them. The land selected in the Anchorage area doesn't even amount to a drop in the bucket compared to the over 4,600 acres to be taken from the Petersburg area. We were not even involved in the original transfer of the land between the University and the Municipality valued at approximately \$25,000,000. It seems rather unfair that the Anchorage area has approximately 1 acre and the Wasilla area approximately 2 acres compared to the 4,670 acres the Petersburg area is supposed to give up. Somehow I think the deck was loaded when this hand was dealt out.

We live on a small island and there are only two beaches that you can drive to on our highway system. One is just about 2 miles or so from town called Sandy Beach. It's a small beach but pretty nice if you don't mind not having much sun and getting the cold wind off the glacier when you are there trying to picnic. The only other beach you can drive to is Crescent Beach which has the unfortunate location of being in the middle of the proposed land settlement pool. It is the nicest beach to picnic at as it is on the southern end of the island which gets more sunshine and which the temperatures are always warmer than in town. It is also small and farther away from town, but is well worth the drive.

The enclosed petition was started the afternoon of Thursday, May 7th and collected Monday morning, May 11th. In that short amount of time we collected 391 signatures. Petersburg has a population of about 3,000 people and at least 1,500 adults. In just 3 days we collected signatures from over one-fourth of the adults in our community. If given more time for the petition we could have easily gathered signatures from practically every adult in town. Of all the many many people I showed the petition to, not one of them said they would not sign. I am sending a copy of the petition to you to show you that we are very much against the inclusion of this land in the proposed land selection.

I am also enclosing copies of three public opinion messages and a letter from a 9 year old girl written in regards to this land selection. You should also have received a letter from a concerned citizen of our community. The boy scouts in our community were also going to send a telegram(s) to

Judith Brady, Commissioner

Page 3

voice their concern in this matter. Please take time to read these letters and messages as this is something we want you to know that we do not take lightly.

Sincerely yours,

*Teresa Stolpe*

Teresa Stolpe  
Concerned Petersburg Citizen

cc: Governor Cowper  
Senator Jones  
Representatives: Sund  
Taylor  
D. Daigger, DNR  
C. Nash, University of Anchorage

July-7, 1987

Richard LeFebvre  
Department of Natural Resources  
Division of WLM  
P.O. Box 107005  
Anchorage, Alaska 99510-7005

Dear Mr. LeFebvre:

Enclosed you will find the copy of the petition that was circulated in Petersburg and sent to your Juneau office via DHL to Judy Brady, Commissioner and signed for by Lori Notestine, and also sent to your Anchorage office via Alaska Airlines Goldstreak to Denny Daigyer on May 12. I'm really glad that I called to inquire about the statement made in your letter to me saying that you'd received a petition with 51 signatures as it seemed you hadn't received our petition which had 391 signatures. Now as it has turned out, no one in your offices has any record of this petition at all. It just makes me wonder that if you lost a document of this nature, what else has been misplaced.

In my letter when it was stated that the Commissioner would not accept our petition, we were told that sending it to Juneau wouldn't meet the deadline requirements and that it had to go to Anchorage. Since we'd only heard about South Mitkof Island the week before the deadline, we were operating under a lot of pressure to have this in before it was too late. We had already sent one DHL to Juneau. This means we had to send the packet to Ketchikan via Wrangell Air Service which cost \$10 and then it went from Ketchikan to Juneau via DHL which cost another \$14. Then we had to turn around and make another copy and Goldstreak that one to Anchorage which cost \$15. It doesn't make things easy having the jet go through to the north once a day and to the south once a day. I never realized how far away Anchorage and Juneau were till we went through this operation. You can imagine how shocked we are to find that neither of your offices has a copy of this document.

As I mentioned in a phone conversation with you day before yesterday, a map of S.E. Alaska, and the rest of the State, with the areas affected in a highlighted color with instructions to contact a specific local office written somewhere on the map would be a simple way that people would know what areas of the State were being considered in this land transfer. This is the sort of thing that would stand out at the post office or at the city office window or a place of like nature. The maps sent to me are pathetic to say the least. A sample is enclosed. At least with a broader, more general map, a person would be able to target the areas of concern and investigate more deeply using your maps as a second step going on from there to something like a topographic map.

The 'emergency' hearing in Petersburg was called to address the concerns of the moose hunters. The Mitkof Island lands were barely mentioned. The subject of that meeting was Thomas Bay basically, and hardly anyone was aware of the proposed transfer at the end of Mitkof Island. The emergency meeting, being called on short order, was not well advertised, and wasn't

on your agenda at all until the moose hunters raised such a stink that someone had to come down.

I have been informed that written statements by individuals holds more weight than a petition, and that is quite understandable. I just want you to know that I personally pounded the streets of this town and got 100 signatures on my own, and I'd be more than happy to go through the list of names and give you their comments. I had considered taking a tape recorder around to get some of the comments. Of course there were some that weren't fit for many people to hear. I'm sure everyone would be glad to say it again. The kids' comments were quite special.

Andy Pekovich asked me whether there were any areas we'd be willing to give up out there. His suggestion that the State keep from Banana Pt. to Wilson Creek Recreation Area is such a ridiculously small concession. The Sumner Strait Recreation Area known as Green's Camp is used all the time and is on the other end of the proposed land transfer from Banana Point. I didn't have the map in front of me at the time, so I just want to let you know that from the Banana Point Boat Launching Ramp to the Sumner Strait Recreation Area is the land we all use and dearly enjoy. We are adamantly against any of it being sold into private ownership. If people are allowed to build there, the result would be the destruction of the natural beauty of the area. We already have enough poaching in this area, and we don't want to see the bears, deer, eagles, and other creatures killed or frightened away. It is one of the pleasures to drive there and see bears and marton and other critters running along the road. We don't want to see it littered with abandoned vehicles and tacky residences. We want it to stay like it is.

Sincerely,

*C. A. U. 1980?*  
Jackie Tyson

cc: Governor Cowper  
Rep. John Sund  
Rep. Robin Taylor

W

S

W  
S



FISCAL NOTE

REQUEST:

Revision Date: 3/31/88  
Title: Transfer Matanuska Maid Assets  
Sponsor: Sen. Resources Committee  
Requestor: Senate Finance Committee

Agency Affected: Natural Resources  
BRU: Agricultural Management

Components: ARLF

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	(3222.2)	(222.2)	(222.2)	(222.2)	(222.2)

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

This fiscal note adjusts the revenue loss to the state related to transfer of the creamery to a dairy cooperative because the cash, accounts receivable, inventory and prepaid expenses will not be included in the transfer. (See attached explanation).

Prepared by: Hal Ward Phone: 745-7200  
Division: Division of Agriculture Date: 3/31/88

Approved by Commissioner: *L. Gorman* Date: 3/31/88  
Agency: Natural Resources

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

5-1589X  
Bradley  
3/16/88

Original sponsors: Josephson, Szymanski,  
Halford, et al.

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 472 ( )

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing the commissioner of natural  
7 resources to transfer the creamery formerly owned by  
8 Matanuska Maid, Inc."

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

10 \* Section 1. LEGISLATIVE INTENT. It is the intent of the legislature  
11 that the authority granted by sec. 2 of this Act be exercised to

12 (1) promote development of a stable, profitable, and unsubsidized  
13 Alaskan dairy industry;

14 (2) encourage innovative and efficient management of dairy farms and  
15 processing facilities by the private sector;

16 (3) encourage production and marketing of competitively-priced  
17 Alaskan dairy products in lieu of imported products; and

18 (4) use past investments of public money in the dairy industry to  
19 further the objectives described in (1) - (3) of this section without  
20 depleting the agricultural revolving loan fund.

21 \* Sec. 2. LEASE-PURCHASE AUTHORIZED. The commissioner of natural  
22 resources may enter into a one-year lease with a cooperative composed of  
23 Alaska dairy product producers for the management and operation of the  
24 former Matanuska Maid Creamery at 814 Northern Lights Boulevard, in  
25 Anchorage. The commissioner and the cooperative shall agree on the compo-  
26 sition and membership of the board of directors that manages the Matanuska  
27 Maid Creamery. The lease is renewable annually for 14 years if the lessee  
28 has complied with health, product quality, ~~and other relevant conditions~~  
29 ~~and~~ and has managed the former Matanuska Maid Creamery

1 economically, profitably, and efficiently under the terms of the lease.  
 2 The lease shall require the lessee to treat each producer of dairy products  
 3 equally. The lease ~~may~~ be negotiated by the commissioner of natural re-  
 4 sources at any time before July 1, 1989, but ~~it is the intent of the legis-~~  
 5 ~~lature that~~ the lease <sup>shall</sup> be in effect on July 1, 1989. The lease payment due  
 6 from the lessee is an amount equal to \$.50 per hundredweight of milk pro-  
 7 cessed per month at the creamery ~~or \$13,000 per month, whichever is~~  
 8 ~~greater,~~ and the lease payment shall be applied to the purchase price. If  
 9 the cooperative composed of dairy product producers has continuously op-  
 10 erated the former Matanuska Maid Creamery under a lease granted under this  
 11 section through June 30, 1999, the commissioner of natural resources shall,  
 12 at the request of the lessee at any time after June 30, 1999, but before  
 13 June 30, 2004, [ transfer the creamery to the lessee for its fair market  
 14 value on the effective date of this Act. ]

16 intent day  
 17 - letter  
 18 balance sheet

17 after the intent of the leg  
 18 must report be completed  
 19 by July 1, 1989.

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

FISCAL NOTE

REQUEST:

Revision Date: 3/31/88  
Title: Transfer Matanuska Maid Assets

Agency Affected: Natural Resources  
BRU: Agricultural Management

Sponsor: Sen. Resources Committee  
Requestor: Senate Finance Committee

Components: ARLF

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TRAVEL						
CONTRACTUAL						
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GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	(3222.2)	(222.2)	(222.2)	(222.2)	(222.2)

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GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

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FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

This fiscal note adjusts the revenue loss to the state related to transfer of the creamery to a dairy cooperative because the cash, accounts receivable, inventory and prepaid expenses will not be included in the transfer. (See attached explanation).

Prepared by: Hal Ward Phone: 745-7200  
Division: Division of Agriculture Date: 3/31/88

Approved by Commissioner: *L. Gorman* Date: 3/31/88  
Agency: Natural Resources

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

Explanation for Revised Fiscal Note

CSSB 472 (Resources)

<u>FY 89</u>		<u>FY 90-93</u>
156.0	Lease Income	156.0 Lease Income
(148.2)	Loss of Opportunity for Sale	(148.2) Loss of Opportunity
(230.0)	Depreciation	(230.0) Depreciation
(3000.0)	Loss of Capital Improvements	
<hr/>		
(3222.2)	Loss for FY 89	(222.2) Loss per year FY 90-93

Lease payment income is projected to be \$156,000 per year (\$13,000 per month). The loss in income from immediate sale of the land and buildings in Anchorage over 20 years at 8% for the current tax value (March, 1988) is \$1,475,500 (\$148,200 per year). The loan fund would receive no repayment for the contribution of over \$3,000,000 in operating capital and plant improvements during the last three years.

The recently incorporated cooperative that is seeking to lease/purchase the creamery has no assets and no financial capacity to provide operating capital or plant maintenance. The exposure to the State of Alaska as owner of the facility would include working capital of 3,000,000 and replacement of equipment based on depreciation of \$230,000 per year for 15 years to offset obsolescence and provide for future expansion.

5-1589X  
Bradley  
3/16/88

Original sponsors: Josephson, Szymanski,  
Halford, et al.

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18 (4) use past investments of public money in the dairy industry to  
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 18 *- letter*  
 19 *balance sheet*

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It is the intent of the legislature that the lease be in effect on July 1, 1989.

5-1589L

Bradley  
3/16/88

Original sponsors: Josephson, Szymanski,  
Halford, et al.

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 472 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act authorizing the commissioner of natural  
7 resources to transfer the creamery formerly owned by  
8 Matanuska Maid, Inc."

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

10 \* Section 1. LEGISLATIVE INTENT. It is the intent of the legislature  
11 that the authority granted by sec. 2 of this Act be exercised to

12 (1) promote development of a stable, profitable, and unsubsidized  
13 Alaskan dairy industry;

14 (2) encourage innovative and efficient management of dairy farms and  
15 processing facilities by the private sector;

16 (3) encourage production and marketing of competitively-priced  
17 Alaskan dairy products in lieu of imported products; and

18 (4) use past investments of public money in the dairy industry to  
19 further the objectives described in (1) - (3) of this section without  
20 depleting the agricultural revolving loan fund.

21 \* Sec. 2. LEASE-PURCHASE AUTHORIZED. The commissioner of natural  
22 resources may enter into a one-year lease with a cooperative composed of  
23 Alaska dairy product producers for the management and operation of the  
24 former Matanuska Maid Creamery at 814 Northern Lights Boulevard, in  
25 Anchorage. ~~The commissioner and the cooperative shall agree on the compo-~~  
26 ~~sition and membership of the board of directors that manages the Matanuska~~  
27 ~~Maid Creamery. The lease is renewable annually for 14 years if the lessee~~  
28 ~~has complied with health and product quality provisions of the lease and~~  
29 ~~has managed the former Matanuska Maid Creamery economically, profitably,~~

1 and efficiently under the terms of the lease. The lease shall require the  
2 lessee to treat each producer of dairy products equally. The lease may be  
3 negotiated by the commissioner of natural resources at any time before  
4 July 1, 1989, but it is the intent of the legislature that the lease be in  
5 effect on July 1, 1989. The lease payment due from the lessee is an amount  
6 equal to \$.50 per hundredweight of milk processed per month at the  
7 creamery, and the lease payment shall be applied to the purchase price. If  
8 the cooperative composed of dairy product producers has continuously op-  
9 erated the former Matanuska Maid Creamery under a lease granted under this  
10 section through June 30, 1999, the commissioner of natural resources shall,  
11 at the request of the lessee at any time after June 30, 1999, but before  
12 June 30, 2004, transfer the creamery to the lessee. ( In valuing the assets  
13 of the former Matanuska Maid Creamery for the purposes of a transfer under  
14 this section, the building shall be valued at its fair market value at the  
15 initiation of the lease and the land shall be valued at its fair market  
16 value on the date of the request by the lessee for a transfer under this  
17 section.

# Don Chemical Co., Inc.

# Alaska Mill & Feed Co.

114 North Orca · P.O. Box 1246 · Anchorage, Alaska 99510 · Telephone (907) 279-4519

March 9, 1988

*AB 472  
Sen Res  
Sen 7*

Alaska State Legislature  
Senate Resource Committee  
P.O. Box V  
Juneau, Alaska 99811

Re: Senate Bill No. 472, Section 2

Dear Committee Members:

We are opposed to the passage of Senate Bill No. 472. Specifically, we are opposed to Section 2 of Senate Bill No. 472.

There is no justifiable reason to lease the Matanuska Maid Feed Mill to a farmer's cooperative when there are existing facilities in the private sector to handle the feed needs of the McKenzie Point farmers. If the State of Alaska is intent on leasing or selling the feed mill, why charge only \$1.00 per year? Such a low lease rate represents an unfair advantage for the cooperative.

Why does the State of Alaska want to give back the feed mill to a cooperative in the first place? Wasn't the original Matanuska Maid a failing cooperative when the State was forced to take it over? Historically, cooperatives seem to have difficulty surviving.

What specific group mentioned in Senate Bill No. 472 is going to run the feed mill? Although the lease rate is only \$1.00 per year, it still takes a great deal of money to operate such a facility. Where is the cooperative going to get the needed money? Has a cash flow analysis been done? Hopefully, financial statements have been secured from the members of the proposed cooperative. If the cooperative members are not financially sound, the operation is doomed from the start.

We would assume that the State of Alaska would not take existing loan monies that are already in tight supply and loan them to the cooperative. If the State's true intent in Senate Bill No. 472 is to get out of the feed business and minimize their investment (loss), surely the State of Alaska wouldn't want to loan more money to a new cooperative! Realistically, it is going to take a substantial amount of money to operate the feed mill. The building and equipment are old. The production capabilities of the plant are limited. Should the facilities even be kept open?

# Don Chemical Co., Inc.

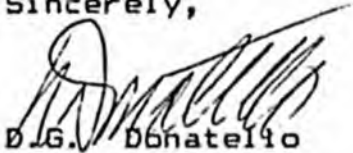
# Alaska Mill & Feed Co.

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The agricultural community in Alaska is struggling. The State of Alaska has put millions of dollars in agriculture to stimulate jobs and development in the State. Throwing dollars at problems doesn't seem to be the answer. Maybe the dairy farmers should pay closer attention to their specific operations. Farms are businesses. They have to be run efficiently and competitively. If they are not competitive, they will not survive. In the long run, more State subsidies won't make them competitive. A temporary bail out for a small group is not in the best interests of Alaskan agriculture.

We are opposed to Senate Bill No. 492. It doesn't make good economic sense, it does nothing to support existing private business, and it caters unfairly to a small group of people. We urge you not to pass this bill.

Sincerely,



D.G. Donatello  
President

DD/cj

cc: Rick Halford  
Jan Faiks  
Joe Josephson  
Mike Szymanski  
Tim Kelly  
Arliss Sturgulewski

March 23, 1988

The title of Senate Bill 472, "An Act Authorizing the Department of Natural Resources to Transfer the Creamery Formerly Owned by Matanuska Maid, Inc.", is a lot more than that.

1. IT IS A JOBS BILL because 125 Alaskans are directly employed by the dairy industry. When you add the multiplier effect, approximately 375 Alaskan jobs are dependent on the Alaska dairy industry.

2. IT IS THE LINCHPIN OF THE DAIRY FARMERS because the dairy farmer cannot survive long-term under state management and ownership. No business in fact could survive under state management on a sustained basis.

3. IT IS SUPPORTIVE OF AN ALASKAN CO-OP Alaska Quality Dairy, Inc. is a farmer owned co-op, with equal vote for each member, large or small producer, poor or rich. It is the phoenix of the old Mat Maid co-op which was serving Alaskans since the 1930's. A co-op by its very structure is designed to serve all its members equally, both those of today and those of future generations. The farmers' co-op is no different than Chugach Electric, Matanuska Electric, or Homer Electric and the things that you do today as legislators benefit all co-op members both today and generations to come.

4. IT IS A CONSUMER BILL because it will contribute to lower milk prices and also help guarantee a reliable supply of milk for Alaskan consumers in the Railbelt. On two occasions this year container ship delays left the Railbelt with only Matanuska Maid to rely on for fresh milk.

5. IT IS PROTECTION FOR ARLF ASSETS because the only way the ARLF can ever realize a return of the \$9,000,000 it has invested at Point Mackenzie, or a return on the \$6,000,000 it has invested in the creamery and the feedmill, is for the creamery to be competitive and viable. The assets secured by ARLF loans are worthless except as operating businesses.

6. IT IS AN INVESTMENT IN ALASKA'S FUTURE because the potential for growth of Mat Maid under aggressive management is at least double the current 27% market share.

7. IT IS A BILL THAT GETS GOVERNMENT OUT OF BUSINESS and places the farmers in business, providing them with an ability to control their own destiny. Government lost \$844,135 in 1987.

8. IT IS A BILL THAT STOPS THE CONTINUED DRAIN ON ARLF ASSETS so that future farmers will have a source of capital. During 1987 the ARLF advanced \$1,043,990 to the creamery.

9. IT IS A BILL THAT REMOVES THE UNCERTAINTY OF THE CREAMERY'S CONTINUED OPERATION because it set forth a plan for 15 years. The current uncertainty reduces the farmers ability to plan his future and also restrict the retailers ability to rely upon Mat Maid for a guaranteed long-term source of milk.

10. IT IS A BILL THAT REMOVES POLITICS FROM THE CREAMERY because it eliminates the absolute control of the creamery by the whims of a politically appointed ARLF Board, Director of Agriculture and Commissioner of Natural Resources.

I think to understand the importance of this bill one should compare the lost interest income to the ARLF versus the benefits to the ARLF, both current and future, the benefits to Alaskans, both current and future, and the benefits to the dairy industry, both current and future.

The estimated fair market value of the creamery based upon an ongoing income approach is \$2,750,000 according to DNR figures, therefore, the lost interest to the ARLF under the current bill would be:

1989	\$220,000
1990	207,520
1991	195,040
1992	182,560
1993	<u>170,080</u>
TOTAL	\$975,200

\$975,200 divided by 5 = \$195,040 average interest loss per year

The net loss to the ARLF if the sale were at fair market value and interest at 8% is an average of \$195,040 per year over 5 years. To put this in perspective, that is about 10% of the Division of Agriculture's budget. One should ask the question which creates the greatest benefit for Alaska and for Alaska agriculture?

The benefits to the ARLF and Alaska are approximately as follows:

Elimination of losses \$844,135 x 5 x ½ =	\$ 2,110,000
Loans to ARLF to Point MacKenzie farmers which would be uncollected \$9,000,000 x ½ =	4,500,000
Loss in Alaska jobs direct and indirect 5 x \$25,000 x 375 =	46,875,000
Elimination of replacement costs of equipment per DNR figures ½ x 4,600,000 =	1,150,000
<b>TOTAL</b>	<u>\$54,635,000</u>

\$54,635,000 divided by 5 years = \$10,927,000 per year benefit.

\$10,927,000	Benefit
<u>195,040</u>	Cost
\$10,731,960	Net gain per year

\$10,731,960 is my estimate of the minimal net gain because it takes into account no growth in market share. A normal state expenditure such as your jobs bill of \$75,000,000 will create less benefit to Alaskans than the \$195,040 that this bill costs the ARLF per year. The cost per job of the 195,040 is about 500.00 per job per year. To put it another way, the \$195,040 is about 25% of the ARLF's administrative costs per year. One should ask which creates the greatest benefit for Alaskans and for Alaska agriculture?

I would also tell you that I believe that dairy farming can work in Alaska and that I believe that long-term agriculture can play an important role in Alaska's future. I would like to end by asking your support for Senate Bill 472 and remind you that the spirit of assisting agriculture which I am asking you for today traces its ideology back to our country's formation when Washington said on December 6, 1796 in his final annual address to Congress:

"... with reference either to individual or national welfare, agriculture is of primary importance. In proportion, as nations advance in population and other circumstances of maturity, this truth becomes more apparent, and renders the cultivation of the soil more and more an object of public patronage."

5-1589L  
Bradley  
3/14/88

Original sponsors: Josephson, Szymanski,  
Halford, et al.

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 472 ( )

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

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 7 creamery, and the lease payment shall be applied to the purchase price. If  
 8 the cooperative composed of dairy product producers has continuously op-  
 9 erated the former Matanuska Maid Creamery under a lease granted under this  
 10 section through June 30, 1999, the commissioner of natural resources shall,  
 11 at the request of the lessee at any time after June 30, 1999, but before  
 12 June 30, 2004, transfer the creamery to the lessee for its fair market  
 13 value on the effective date of this Act.

14 present value of buildy  
 15 form of land at date of sale  
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FISCAL NOTE

REQUEST:

Revision Date: 3/22/88  
Title: Transfer Mat-Maid Assets  
Sponsor: Resources Committee  
Requestor: Senate Finance Committee

Agency Affected: Natural Resources  
BRU: Agricultural Management  
Components: ARLF

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	(5,757.4)	(222.2)	(222.2)	(222.2)	(222.2)

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

This bill affects the financial condition of the Agricultural Revolving Loan Fund (ARLF) because it affects property held for sale by the loan fund as well as cash, accounts receivable, and inventory for the creamery. The changes in the bill have resulted in changes in the fiscal note. The current (contd.)

Prepared by: Hal Ward, D. of Ag., Janet Burseson, D. of L&W Phone: 465-2400  
Division: Agriculture, Land & Water Management Date: 3/22/88

Approved by Commissioner Ky Tom Hawkins Date: 3/22/88  
Agency: Natural Resources

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

# ALASKA STATE SENATE

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JUNEAU, ALASKA 99811  
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Senate Resources  
March 14, 1988

## SPONSOR STATEMENT ON SB 472

### What would SB 472 do?

1. Directs DNR to enter into a one-year lease with a dairy producers' cooperative for management and operation of the Matanuska Maid Creamery.
2. Legislative intent is that lease be in effect by January 1, 1989.
3. Lease is renewable annually for 19 years, if lessee complies with health and quality standards.
4. Annual lease payment is \$1.
5. If Creamery is successfully operated for ten years, DNR shall offer to sell it to the lessee.
6. Sale price is set at 1988 fair market value.
7. Section 2 creates same, but separate process for the Feed Mill in Palmer, with date changed to have lease in effect by January 1, 1990 rather than a year earlier as with the Creamery.

A Preliminary Audit has been conducted by Legislative Budget & Audit. After reviewing this confidential audit, I believe SB 472 is in concert with the audit recommendations. The Final Audit should be made public near the end of March.

### Why is this bill necessary?

1. Many have asked why the State is in the dairy business. This bill develops a rational process to transfer it to private industry.
2. Since the State's purchase of the Creamery in 1984, the Agricultural Revolving Loan Fund in DNR has pumped \$2,914,788 into the Creamery. The purpose of this bill is to remove that continuing financial drain.
3. DNR is currently working with Alaska Dairy Inc. (a subsidiary of the milk producers coop) to fashion a trial lease to manage the Creamery for one year. This trial, under DNR's watch, provides a smooth transition into the process set in motion by SB 472. This bill provides the needed incentive and stability for the private sector to enter into this enterprise.

# STATE OF ALASKA

## DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

400 WILLOUGHBY AVE.  
JUNEAU, ALASKA 99801-1798  
PHONE: (907) 465-2400

March 11, 1988

The Honorable Jack Coghill  
Chairman, Senate Resource Committee  
P.O. Box V  
Juneau, Alaska 99811

Dear Senator Coghill:

Subject: Senate Bill 472, which would authorize the commissioner of natural resources to transfer certain assets formerly owned by Matanuska Maid, Inc.

Position: The Department of Natural Resources supports the concept of returning the Matanuska Maid creamery and feed mill to the private sector, but is unable to support this bill for a number of reasons:

- o This bill requires the department to enter a lease/purchase contract with a cooperative of dairy producers but makes no provision for protecting state, ARLF, or non-dairy farm public interests, or the interests of dairy producers who are not in control of the cooperative. The department and the Agricultural Revolving Loan Fund (ARLF) Board currently have the authority and the responsibility to sell or lease the Matanuska Maid Creamery and feed mill under terms and conditions that are in the best interests of the state, the ARLF and the agricultural community.
- o The \$1 per year lease/purchase option established by this bill makes no provision for a share of any revenue from the creamery or feed mill to be returned to the ARLF.
- o The contract required by this bill would prevent other interested parties from purchasing the creamery for a period of twenty years, with no guarantee that the dairy cooperative would purchase the facilities during that time.

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: CSSB 472 (Resources)  
PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: 3/22/88

Agency Affected: Natural Resources

Title: Transfer Mat-Maid Assets

BRU: Agricultural Management

Sponsor: Resources Committee

Components: ARLF

Requestor: Senate Finance Committee

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	(5,757.4)	(222.2)	(222.2)	(222.2)	(222.2)
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

This bill affects the financial condition of the Agricultural Revolving Loan Fund (ARLF) because it affects property held for sale by the loan fund as well as cash, accounts receivable, and inventory for the creamery. The changes in the bill have resulted in changes in the fiscal note. The current (contd.)

Prepared by: Hal Ward, D. of Ag., Janet Burleson, D. of I.&W. Phone: 465-2400  
Division: Agriculture, Land & Water Management Date: 3/22/88

Approved by Commissioner by Tom Haukuiz Date: 3/22/88  
Agency: Natural Resources

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Analysis for CSSB 472(Resources) Fiscal Note contd.

impacts of this bill are as follows:

Lease payment income is projected to be \$156,000/year (\$13,000/month). The loss in income from immediate sale of the land and buildings in Anchorage over 20 years at 8% for the current tax value (March, 1988) is \$1,475,500 (\$148,200 /year). The combined value of cash (\$48,000), accounts receivable from milk sales (\$1,770,000), inventory (\$592,200), and prepaid expenses (\$125,000) equals \$2,535,600. The loan fund would receive no payment for this amount after contributing over \$3,000,000 in operating capital and plant improvements over the last three years.

In addition, the recently incorporated cooperative that is seeking the creamery lease purchase has no assets and no financial capacity to provide operating capital or plant maintenance. The exposure to the State of Alaska as owner of the facility would include working capital of \$3,000,000 and replacement of equipment based on depreciation of \$230,000 per year for 15 years to offset obsolescence and provide for future expansion. The projected cost for lease/ sale to a cooperative without the financial capacity to provide capital for operations and expansion totals \$8,868,600.

<u>FY 89</u>		<u>FY 90-93 Per Year Loss</u>
156.0	lease income	156.0 lease income
(148.2)	loss of opportunity for sale	(148.2) loss of opportun.
(48.0)	loss of cash	(230.0) depreciation
(1770.0)	loss of accounts receivable	
(592.2)	loss of inventory	
(125.0)	loss of prepaid expenses	
(230.0)	depreciation	
(3000.0)	loss of capital improvements	
<hr/>		<hr/>
(5757.4)	Loss for FY 89	(222.2) Loss per year