

ALASKA LEGISLATURE

COMMITTEE FILES

1987-1988

8672

5477

SRES

SB

472

-

SB

482

(file 1)

89

ALASKA STATE SENATE

JOE P. JOSEPHSON
DISTRICT H ANCHORAGE
3111 C STREET, SUITE 550
ANCHORAGE, ALASKA 99503
(907)561-7611



WHILE IN JUNEAU
P.O. BOX V
JUNEAU, ALASKA 99811
(907)465-4925

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 99801-1796
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.

c The contract required by this bill includes no provisions for assuring that the creamery and feed mill are managed economically, and no mechanism for terminating a lease or denying its renewal because of mismanagement. Yet the bill requires the state to lease to a cooperative regardless of its ability to manage.

o The bill does not clearly state which Matanuska Maid, Inc. assets will be transferred to a cooperative; will the real property, facilities, equipment, accounts receivable, cash and inventory all be transferred to the lessee for \$1 per year? If so, how does one lease cash, accounts receivable and inventory?

o There is no existing cooperative eligible to lease the feed mill. This bill invites the hasty organization of groups that have no management experience but are eager to take advantage of the \$1 per year lease/purchase terms.

As you know, the state would like to sell the creamery and feed mill to a buyer who will continue the operations. But the terms of sale should be in the public's best interest as well as the purchaser's and protect the interests of all producers who may wish to have milk processed at the creamery.

Recommendation: If the Legislature determines that requiring the department to lease the creamery and feed mill (with a 20 year purchase option at 1988 prices) to one particular group is in the best interests of the people of Alaska, we recommend that additional conditions be placed in the lease agreement to ensure that the creamery and feed mill are economically managed and that public funds invested in the facilities and property are regularly returned to the ARLF.

We also recommend that if a purchase option is exercised by the lessee, the purchase price be the fair market value at the time of sale. Alternatively, the facility could be sold subject to the condition that it be used for processing dairy products. This would help protect the integrity of the ARLF and the dairy industry by ensuring that the purchaser is interested in continuing creamery operations and developing a viable business rather than speculating on downtown Anchorage and Palmer real estate.

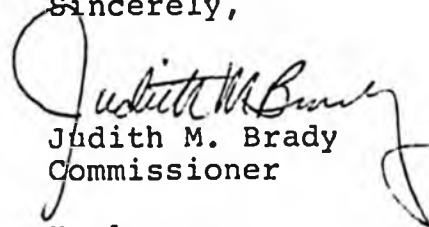
Senator Coghill

-3-

March 11, 1988

I have enclosed background information about the state's assumption of the former Matanuska Maid, Inc. business. Please let me know if I may provide additional information about this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Judith M. Brady". The signature is written in dark ink and is positioned to the right of the typed name.

Judith M. Brady
Commissioner

Enclosure

cc: Sponsors
Bob Evans
Rod Swope
Mark Weaver

Background Information

Matanuska Maid

Until December 1985, the Matanuska Maid business, including the creamery and feed mill, was owned by Matanuska Maid, Inc., an agricultural cooperative.

In 1979, the cooperative borrowed \$500,000 from the ARLF, secured by the Northern Lights Blvd. property on which the creamery is located. In 1980, the cooperative borrowed \$100,000 from the ARLF, secured by creamery inventory and accounts receivable, and \$300,000 from the ARLF secured by the real property on which the Palmer feed mill is located. Also in 1980, the cooperative borrowed \$2 million from the ARLF, secured by the creamery and feed mill real property.

In 1983, the cooperative filed for bankruptcy under chapter 11 (reorganization), and the ARLF advanced the business an additional \$450,000 to protect ARLF's considerable investment. The ARLF subsequently foreclosed on the creamery and feed mill and eventually purchased the real estate associated with the facilities at the foreclosure sale. The total ARLF investment in Matanuska Maid facilities is \$5.9 million.

The ARLF hired a manager to operate the creamery on a day-to-day basis and unsuccessfully attempted to sell the creamery in 1986. The department hopes to lease and eventually sell the creamery and feed mill in the future, and believes that it will be more attractive to investors as its sales record continues to improve.

Currently, the ARLF Board plans to contract with Alaska Dairy, Inc. (a group of dairy product producers) to help manage the creamery, but no transfer of property or vesting in a property right will take place. If this group demonstrates ability to manage the creamery effectively, a long term lease or lease/purchase of the facility could be appropriate.

FISCAL NOTE

REQUEST:

Revision Date: 3/11/88
Title: Transfer of Mat. Maid Assets

Agency Affected: Natural Resources
BRU: Agricultural Management

Sponsor: Sen. Josephson, Szymanski, et al
Requestor: Senate Resources Committee

Components: _____

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						
REVENUE	*	*	*	*	*	*

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

*Over thirteen million dollars of state assets and income could be lost as a result of this bill, as described on the attached page 2.

Prepared by: Hal Ward, Mark Weaver Phone: 465-2400
Division: Division of Agriculture Date: 3/11/88

Approved by Commissioner: [Signature] Date: _____
Agency: Natural Resources

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

Senate Bill 472

Analysis Continued

This legislation financially affects the Agricultural Revolving Loan Fund because the value of the assets held for sale by the loan fund include the Mataruska Maid Inc. property located in Anchorage and Palmer. The assets also include equipment, accounts receivable, cash and inventory. Because of the nature of the assets it is difficult to lease cash, accounts receivable or inventory.

The estimated fair market value of the business based on an income approach is approximately \$2,750,000. If the business is leased for \$1.00 per year the financial impact is estimated as follows:

* 1.	Opportunity Income if Asset Sold at Fair Market Value	\$ 5,524,200.00
2.	Working Capital Required as Co-op has 0 Assets	\$ 3,000,000.00
3.	Replacement of Equipment Over 20 Years Based on Depreciation	\$ 4,600,000.00
	Total	<hr/> \$13,124,200.00

* This sum represents the loss of revenue available if the assets were sold for current fair market value on a 20 year contract at 8% with the proceeds returning to the loan fund as partial recovery of the \$5,900,000 investment made by the loan fund in support of the dairy industry. In addition, the working capital and equipment replacement costs are based on industry standards and are included because the Co-op has no assets available to operate the business.

DECEMBER 31, 1987

ASSETS

Current assets

Cash

47,441.60

Receivables:

Trade

1,549,860.69

Notes receivable

382,376.89

Other Receivables

343,818.13

2,276,055.71

Less allowance for doubtful account (202,523.00)

Net receivables

2,073,532.71

Due from Matanuska Maid, Inc.

7,400.02

Inventories

592,182.24

Prepaid expenses

125,391.63

Total current assets

2,845,948.20

Property plant and equipment

Land

2,360,000.00

Buildings and improvements

316,388.45

Machinery and equipment

663,051.26

Office furniture and fixtures

2,000.00

Office equipment

7,793.40

Automotive equipment

236,319.93

Computer equipment

34,570.00

1,260,123.04

Less accumulated depreciation

(497,296.63)

762,826.41

Total property plant & equip

3,122,826.41

5,968,774.61

Note to current assets

The amount indicated in "Due from Matanuska Maid, Inc." consists of labor, supplies and other costs incurred in the administration of the bankrupt estate.

MATANUSKA MAID DAIRY
BALANCE SHEET

RUN D

DECEMBER 31, 1987.

LIABILITIES AND EQUITY

Current liabilities		
Producers payable		241,034.78
Accounts payable		338,071.89
Due to Matanuska Maid, Inc.		25.00
Current portion long term debt		196,680.58
Accrued liabilities		
Salaries and benefits	106,628.75	
Taxes other than income	(1,183.30)	
Insurance		
Interest		
Other expenses	755.23	
Total accrued liabilities		106,200.68
Income taxes		
Total current liabilities		882,012.93
Long term debt less current portion		127,520.62
Stockholders equity		
Common stock		
Paid in capital	5,837,565.00	
Retained earnings	(880,323.94)	
Total equity		4,957,241.06
Total liabilities and equity		5,968,774.61

S B

475



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 CLAPK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMAGIN ISLANDS

MEMORANDUM

TO: Larry Ostrosky
Special Assistant
Department of Natural Resources

FROM: Karl Ohls
Office of Senator Zharoff

DATE: April 12, 1988

RE: SB 475

I sent DNR's proposed language for amendments to SB 475 (Tugidak Island Critical Habitat Area) to Mr. Bruce Baker, deputy director of the Division of Habitat. Mr. Baker called me this morning and told me the division had no problems with the language regarding oil and gas exploration in the Tugidak Island Critical Habitat Area (copied from CSSB 426). As for the language regarding boundary alterations for the Tugidak Island Critical Habitat Area, Mr. Baker suggested the following alternative:

The Department of Fish and Game after completion of a management plan for the critical habitat area may recommend boundary adjustments to the legislature.

I note this language responds to Commissioner Brady's request to the chairman of the Senate Resources Committee. In her April 11 position paper, Commissioner Brady said that if the legislature passes critical habitat legislation the department recommends "language which would allow for boundary amendment as a result of (the) planning process...."

In suggesting the above language, the Division of Habitat wanted to address several concerns.

First, that the Department of Fish and Game, in terms of administrative responsibility is the proper agency to handle planning for critical habitat areas.

Second, that the critical habitat area management plan is a better vehicle to address boundary changes. If Tugidak Island's critical habitat area designation were postponed until after the area plan was completed, then the area plan would be the best means to address boundaries. However, the intent of SB 475 clearly is to recognize the extraordinary natural values of Tugidak Island and, at this time, to give them critical habitat status. In this case,

it may be better to use the critical habitat area plan -- which evaluates the island in much greater detail -- as the basis for boundary adjustments.

Third, that bad precedent is set when you allow state agencies, even with proper notice to the legislature, to change legislatively-designated boundaries. It may be more appropriate to allow the legislature to change the boundaries since the legislature created them.

At any rate, these are the concerns expressed to me by Habitat that we need to work out. Senator Zharoff just returned to Juneau today, and I have not yet had an opportunity to brief him on the status of SB 475. He may have some specific ideas. With this memo, I just wanted to inform you of Habitat's comments on DNR's language and request your response. Please feel free to call me at any time, 465-4922.

cc: Elizabeth Ziegler

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

400 WILLOUGHBY AVE.
JUNEAU, ALASKA 99801-1796
PHONE: (907) 465-2400

April 11, 1988

Senator Jack Coghill
Chairman Senate Resources Committee
Alaska State Senate
P.O. Box V
Juneau, Alaska

99811

Re: SB 475 Tugidak Island Critical Habitat Area

Dear Senator Coghill;

Position: The Department of Natural Resources is not opposed to the protection of critical habitat on Tugidak Island, and recognizes that critical habitat values exist there. However, the Department believes that legislative designation should follow from the planning process. Work on the Kodiak Island area plan is scheduled to begin this summer.

Background: The Kodiak Island Area plan will include Tugidak Island. Legislative designation at this time would preclude management prerogatives and boundary descriptions arrived at through the planning process. Planning team members will include representatives from the Department of Fish and Game. Additionally, other concerns such as archaeological and oil and gas and other resource values will be addressed at that time.

If the legislature should decide to pass critical habitat legislation at this time, the Department would recommend language which would allow for boundary amendment as a result of planning process, as well as language which will allow for oil and gas exploration activities.

I appreciate the opportunity to comment on this legislation and am happy to make my staff available to work with the committee as it moves through the legislature.

Sincerely,

Jennie Jones

Judith M. Brady

for Commissioner of Natural Resources

cc

Committee Members

Sponsor

Governor's office

FISCAL NOTE

REQUEST:

Revision Date: 2/16/88
Title: An Act establishing the Tugidak Island critical habitat area.
Sponsor: Zharoff
Requestor: Seante Resources

Agency Affected: DNR
BRU: Land & Water Management
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

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

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

The Department of Natural Resources anticipates no fiscal impact with respect to this legislation.

Prepared by: Lawrence Z. Ostrovsky Phone: 465-2400
Division: Commissioner Office Date: 4/11/88

Approved by Commissioner Judith M. Brady Date: 4/11/88
Agency: Department of Natrual Resources

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 99815 (907) 486-5259

DURING SESSION:

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DISTRICT N

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

TO: Richard Bradley
Division of Legal Services

FROM: Senator Fred F. Zharoff *by Karl Ohls*

DATE: April 12, 1988

RE: SB 475

On behalf of Senator Coghill and the Senate Resources Committee, I wish to request the preparation of a committee substitute for SB 475, "An Act establishing the Tugidak Island Critical Habitat Area; and providing for an effective date." The committee substitute should contain the changes outlined below.

On page 1, lines 19-20, change the description to read as follows:

- (2) Township 42 South, Range 33 West, Seward Meridian
 - Sections 1 - 11
 - Sections 14 - 23
 - Sections 25 - 36
- (3) Township 42 South, Ranges 34-35 West, Seward Meridian
- (4) Township 43 South, Ranges 34-35 West, Seward Meridian

The purpose of this amendment is to exclude the corner of Sitkinak Island that is included in the present description.

In addition, I wish to make clear that within this description, the boundary for the Tugidak Island Critical Habitat Area only extends to the high water mark. It should not go out any farther into the marine environment. The exception to this is the lagoon at the north end of the island. The lagoon should be included within the boundaries of the critical habitat area.

At an appropriate place in the bill, please insert the following language:

"The Department of Natural Resources, after completion of an area plan, may recommend boundary adjustments to the legislature."

At an appropriate place in the bill, please insert the following language:

"The department shall permit entry within the Tugidak Island Critical Habitat Area for the exploration and development of oil and gas resources when compatible with the purposes for which the critical habitat area was established. An oil and gas lease of state land within the critical habitat area is valid and continues in full force according to its terms."

Please give this request your priority attention. The CS is needed for the Wednesday, April 13 Resources Committee meeting, by 1:30 p.m.

cc: Elizabeth Ziegler



STATE OF ALASKA
OFFICE OF THE GOVERNOR
BILL ANALYSIS

DEPARTMENT Fish and Game	DIVISION Habitat	BILL NUMBER SB475	SPONSOR Zharoff
SHORT TITLE OF BILL Tugidak Island Critical Habitat Area			
DEPARTMENT POSITION Support			
PREPARED BY Bruce Baker, Hab. Actg. Dir.	DATE 2/26/88	COMMISSIONER'S SIGNATURE 	DATE

SUMMARY

OTHER AGENCIES AFFECTED BY BILL Department of Natural Resources	CONSTITUENT GROUPS AFFECTED BY BILL Hunting and fishing groups, recreationalists Kodiak area residents
ORGANIZATIONAL SUPPORT FOR BILL Commercial fishing interests Environmental organizations	ORGANIZATIONAL OPPOSITION TO BILL None known

FISCAL IMPACT: NONE FISCAL NOTE ATTACHED

BACKGROUND/LEGISLATIVE INTENT

The purpose of establishing Tugidak Island Critical Habitat Area is to provide:

1. Protection and enhancement for fish and wildlife habitat and populations.
2. Continued opportunity for hunting and fishing.
3. Public use and enjoyment of the area in a high quality environment.

ANALYSIS OF BILL/PROGRAM EFFECTS

1. Establishes Tugidak Island Critical Habitat Area.
2. Identifies the purpose for which the area is established.
3. Provides for the management of Tugidak Island Critical Habitat Area including development of a management plan.
4. Allows existing cabins to remain.
5. Allows present subsistence, recreational and commercial activities to continue in a manner compatible with the establishment of the critical habitat area.

AMENDMENTS PROPOSED

The purpose statement should appear in statute, therefore, it should have a statute number, probably AS 16.20.610(b).

AS 16.20.610(a) should be amended to exclude Sections 12, 13, and 24 of Township 42 South, Range 33 West, Seward Meridian. Portions of these sections include the southern tip of Sitkinak Island.

PLEASE ATTACH A SEPARATE SHEET FOR ADDITIONAL COMMENTS OR ANALYSIS.

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Tugidak Island Critical
Habitat Area
Sponsor: Zharoff
Requestor: _____

Agency Affected: Dept. of Fish and Game
BRU: Habitat

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES			62.8			
TRAVEL			2.0			
CONTRACTUAL			7.7			
SUPPLIES			2.0			
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING			74.5			

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

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND			74.5			
FEDERAL FUNDS						
OTHER						
TOTAL			74.5			

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Preparation of the Tugidak Island Critical Habitat Area Management Plan.

Prepared by: Bruce H. Baker, Acting Director Phone: 465-4105
Division: Habitat Date: 2/26/88

Approved by Commissioner: [Signature] Date: 3/23/88
Agency: Department of Fish and Game

Distribution (by preparer): *Amount required only if two plans are prepared con-
Legislative Finance currently. If the existing schedule of one plan per year
Legislative Sponsor is adhered to, the operating budget would be adequate
Requestor and this fiscal note would not be necessary.
Office of Management and Budget
Impacted Agency(ies)

Tugidak Island Critical Habitat Area

-Preparation of the Tugidak Island Critical Habitat Area Management Plan will take one year to complete and require the following expenses (in thousands):

Personnel

Habitat Biologist	(18c)	10 months	4.5/month	45.0
Game Biologist	(16c)	3 months	4.0/month	12.0
Drafting Tech.	(14d)	1 month	3.5/month	3.5
Clerk/Typist	(8a)	1 month	2.3/month	2.3
				<u>\$62.8</u>

Travel

staff travel to Kodiak				2.0
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Contractual

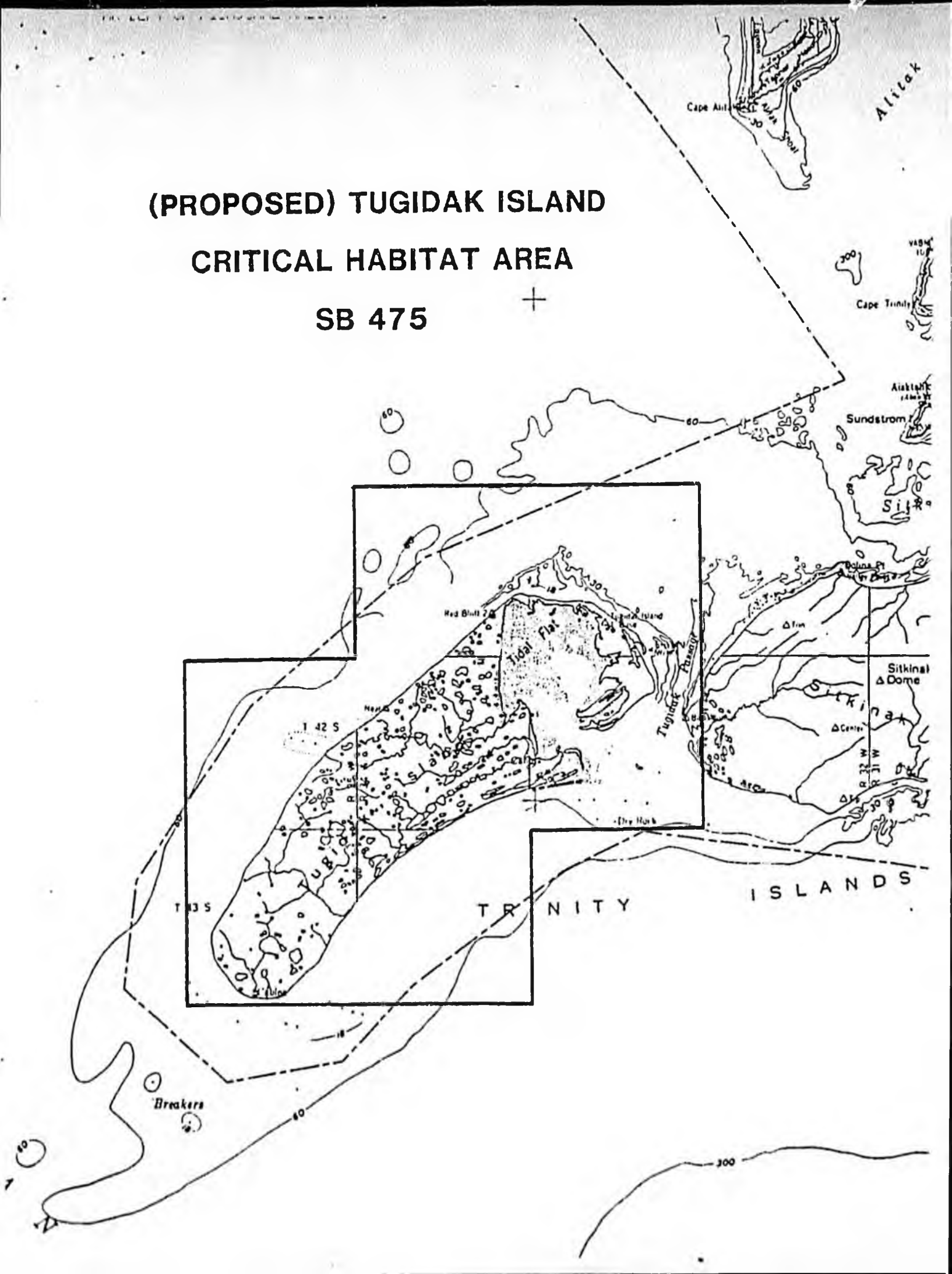
telephone		75/month x 12 months		0.9
photocopy		10/month x 12 months		0.1
advertising /public notices				1.0
aerial photography				0.7
printing/ photographic/ blueprinting				5.0
				<u>\$ 7.7</u>

Supplies

office supplies				2.0
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TOTAL				\$74.5
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**(PROPOSED) TUGIDAK ISLAND
CRITICAL HABITAT AREA
SB 475**



5-1996B

Bradley
4/13/88

Original sponsor: Zharoff

TuDeedick

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 C. FOR SENATE BILL NO. 475 (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 establishing the Tugidak Island Critical
7 Habitat Area; and providing for an effective date."

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

9 * Section 1. PURPOSE. The Tugidak Island Critical Habitat Area is
10 established to ensure the protection and enhancement of fish and wildlife
11 habitat and populations, especially marine mammals, birds, fish and shell-
12 fish; the continuation of fish and wildlife harvest; and public use and
13 enjoyment of the area in a high quality environment.

14 * Sec. 2. AS 16.20 is amended by adding a new section to read:

15 Sec. 16.20.610. TUGIDAK ISLAND CRITICAL HABITAT AREA. (a) The
16 state land above the mean high tide line within the following de-
17 scribed area is established as the Tugidak Island Critical Habitat
18 Area:

19 (1) Township 41 South, Ranges 33 - 34 West, Seward Meridian

20 (2) Township 42 South, Range 33 West, Seward Meridian

21 Sections 1 - 11

22 Sections 14 - 23

23 Sections 25 - 36

24 (3) Township 42 South, Ranges 34 - 35 West, Seward Meridian

25 (4) Township 43 South, Ranges 34 - 35 West, Seward Meridian

26 (b) In addition to the area described in (a) of this section,
27 the water and the land below the mean high tide line in the lagoon at
28 the northeast end of Tugidak Island are included within the Tugidak
29 Island Critical Habitat Area.

1 (c) The Tugidak Island Critical Habitat Area described in (a)
2 and (b) of this section shall be managed under a management plan
3 prepared by the department.

4 (d) The department shall permit existing cabins to remain,
5 ~~present~~ subsistence and recreational uses to continue, and ~~present~~
6 commercial uses such as seal hunting and placer mining to continue, if
7 appropriate under the management plan adopted under (c) of this sec-
8 tion to the extent that the activities are compatible with the estab-
9 lishment of the Tugidak Island Critical Habitat Area.

10 (e) The department shall permit entry within the Tugidak Island
11 Critical Habitat Area for the exploration and development of oil and
12 gas resources when compatible with the purposes for which the critical
13 habitat area was established. An oil and gas lease of state land
14 within the Tugidak Island Critical Habitat Area is valid and continues
15 in full force according to its terms.

16 * Sec. 3. After completion of an area plan for the area including the
17 Tugidak Island Critical Habitat Area as enacted in sec. 2 of this Act, the
18 commissioner of natural resources may recommend an adjustment in the bound-
19 aries of the critical habitat area to the legislature.

20 * Sec. 4. This Act takes effect immediately under AS 01.10.070(c).
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29



SENATOR FRED F. ZHAROFF
ALASKA STATE LEGISLATURE

P.O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5259

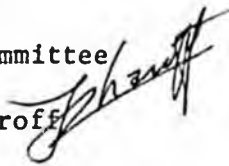
DURING SESSION:

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 2, 1988

RE: Senate Bill 475 - "An Act establishing the Tugidak Island Critical Habitat Area; and providing for an effective date."

I respectfully request that SB 475 be scheduled for a hearing before the Senate Resources Committee at your earliest convenience.

SB 475 creates the Tugidak Island Critical Island Critical Habitat Area. Tugidak Island is an 84,480 acre island approximately 16 miles southwest of Kodiak Island. It is state-owned land within the Kodiak Island Borough. The island features exceptional wildlife and habitat values. Under critical habitat area status, these values would be protected.

I have attached the following backup information for SB 475:

1. Description of the proposed Tugidak Island Critical Habitat Area and map, prepared by the Division of Habitat in the Department of Fish and Game.
2. Map showing location of state mining claims on Tugidak Island, prepared by the Division of Mining in the Department of Natural Resources.

DRAFT 2/88

PROPOSED TUGIDAK ISLAND CRITICAL HABITAT AREA
BACKGROUND INFORMATION

LOCATION: The proposed Tugidak Island Critical Habitat Area is located approximately 15 miles south of Kodiak Island and is part of the Trinity Islands group.

AREA DESCRIPTION: The proposed Tugidak Island Critical Habitat Area is a large treeless, low lying island. Among its unique features is a large shallow lagoon and barrier spit complex at its northern end.

LAND STATUS: The proposed critical habitat area encompasses approximately 84,480 acres and is entirely state-owned land and water. It is located within the Kodiak Island Borough.

JUSTIFICATION: Tugidak Island is unique in the Gulf of Alaska not only because of its unusual number of extremely productive and diverse fish and wildlife habitats but also because those habitats have remained in a relatively natural, undisturbed state. To date very little human disturbance has occurred on the island to threaten the vulnerable groundnesting birds, harbor seal pupping areas and rich lagoon environment.

Marine Mammals: Tugidak is most renowned for its harbor seal population. Tugidak Island has historically supported one of the largest harbor seal populations in the world, estimated at 15,000 to 20,000 animals with peak concentrations of hauled out seals reaching 14,000 at a time. Tugidak Island is also a major pupping area for harbor seals in the Gulf of Alaska with annual production once estimated at a high of 5,500 pups. That population is now substantially depressed but remains one of the largest known. Seals haul, pup, and molt on beaches found along the west and northeast side of the island and in the vicinity of the mouth of the lagoon.

Sea otters are common in the nearshore waters around Tugidak Island. Approximately 400 to 700 sea otters are found in the vicinity of Tugidak Island, with medium to high densities along the south side of the island.

Birds: The interspersed of many different habitat types on Tugidak Island associated with cliff and bluff shores; sand and rocky beaches; spits, bars and tideflats; freshwater streams and lakes; saltwater marshes and lagoons; vast eelgrass beds; freshwater wetlands; and uplands attracts some of the greatest diversity of bird life known to nest on and visit any one island in the Gulf of Alaska.

The island serves as a valuable spring and fall resting and feeding area and as a production area for birds migrating from the Pacific coast of North America. Because Tugidak Island is low, treeless, and free of introduced predators, all birds nest on the ground and are particularly susceptible to habitat destruction, predation, and trampling.

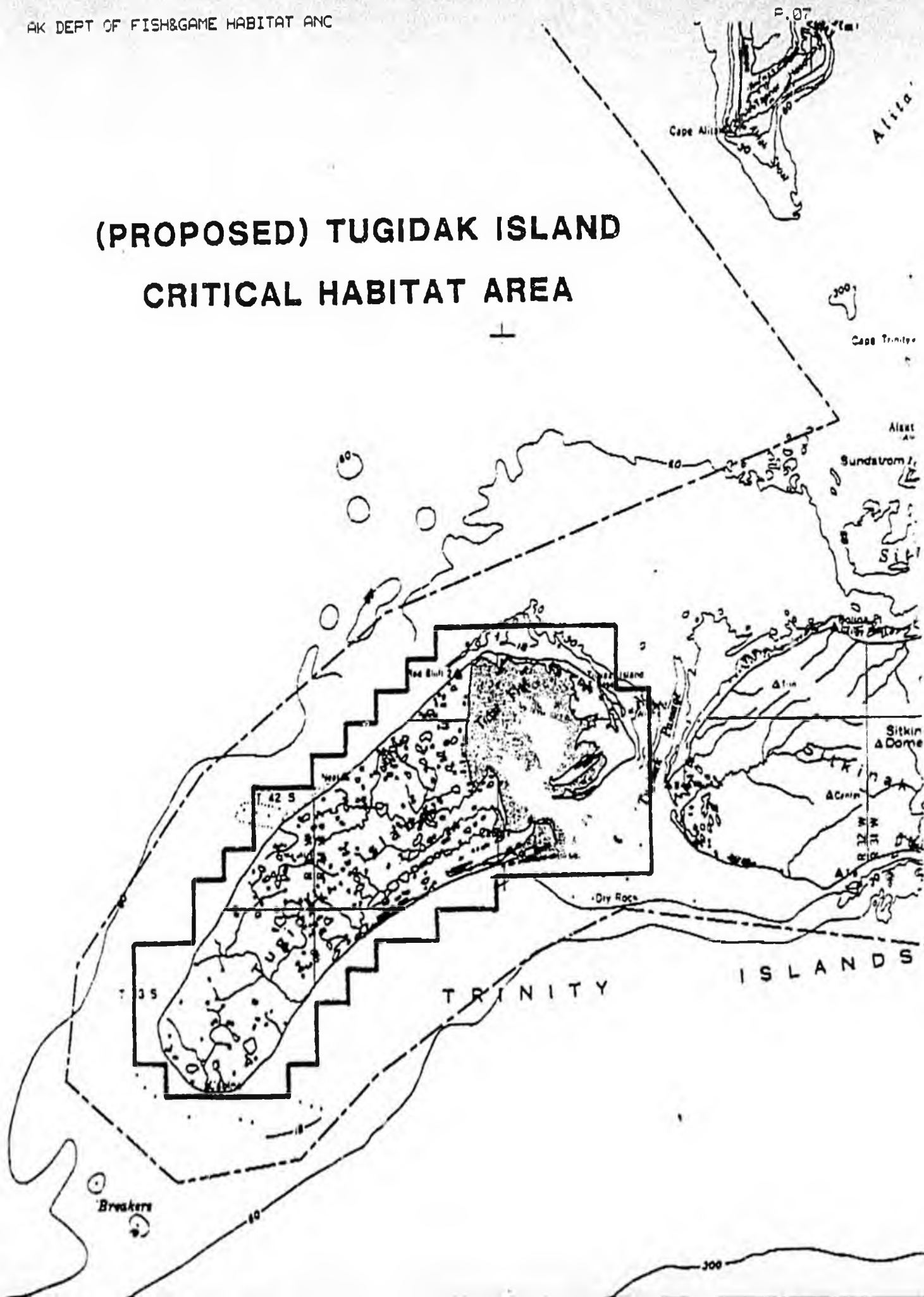
- ° At least 56 species of birds occur on Tugidak Island. Thirty eight species are known to nest there, and 26 of these species are considered common or abundant.
- ° Wetland habitats throughout the island provide nesting habitat for waterfowl, shorebirds, tundra swans and loons, with wetlands habitats along the south shore supporting nesting concentrations of mallards, pintails, gadwalls, green-winged teal and wigeon.
- ° Snow geese concentrate on the island during spring migration to rest and feed.
- ° The lagoon supports spring and fall concentrations of ducks and shorebirds. Black brant and white-fronted geese also concentrate in the lagoon in the fall to rest and feed. The lagoon area provides winter habitat for emperor geese, a species that has recently experienced a serious population decline.
- ° The coastal waters surrounding Tugidak Island are a major overwintering area for waterbirds, primarily sea ducks.
- ° Five seabird colonies are documented on Tugidak Island, totally nearly 4,000 nesting birds. Glaucous-winged gulls are the most abundant seabird, followed by arctic terns, mew gulls, and cormorants.
- ° Of particular significance are records of six ground nesting bald eagles. These bald eagle nests are located on bluffs or slight rises in the terrain throughout the island.
- ° Peregrine falcons are also reported to nest on the island's bluffs.
- ° Several thousand ptarmigan nest in upland areas of the island.

Fish and Shellfish: The lagoon and nearshore waters of Tugidak provide a productive marine environment for several species of fish and shellfish. The island's stream systems provide habitat for anadromous fish.

- ° There are three documented salmon stream systems on the island supporting chum and/or coho salmon.
- ° The lagoon is a productive rearing and feeding area for large numbers of Pacific herring.
- ° Known razor clam concentrations occur along the bars at the mouth of the lagoon.
- ° Based upon frequent observations of small Dungeness crab carapaces and exoskeletons washed up along the lagoon's shores and large commercial catches of Dungeness crab directly offshore of the lagoon, the shallow waters and large eelgrass beds found in the lagoon are thought to provide an important nursery rearing area for Dungeness crab.

Archaeological Sites: Eight archaeological sites have been documented on the island. Although largely unexplored, they appear to indicate abundant prehistoric use of the island, with a majority of the sites located along the lagoon.

(PROPOSED) TUGIDAK ISLAND CRITICAL HABITAT AREA



STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF MINING

STEVE COWPER, GOVERNOR

PO BOX 107016
ANCHORAGE, ALASKA 99510-7016

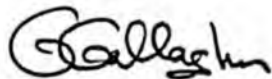
February 24, 1988

The Honorable Fred Zharoff
Alaska State Senate
P.O. Box V
Juneau, AK 99811

Dear Senator Zharoff:

As requested, enclosed is a map showing the location of state mining claims on Tugidak Island. Please do not hesitate to contact me if you need additional information.

Sincerely,



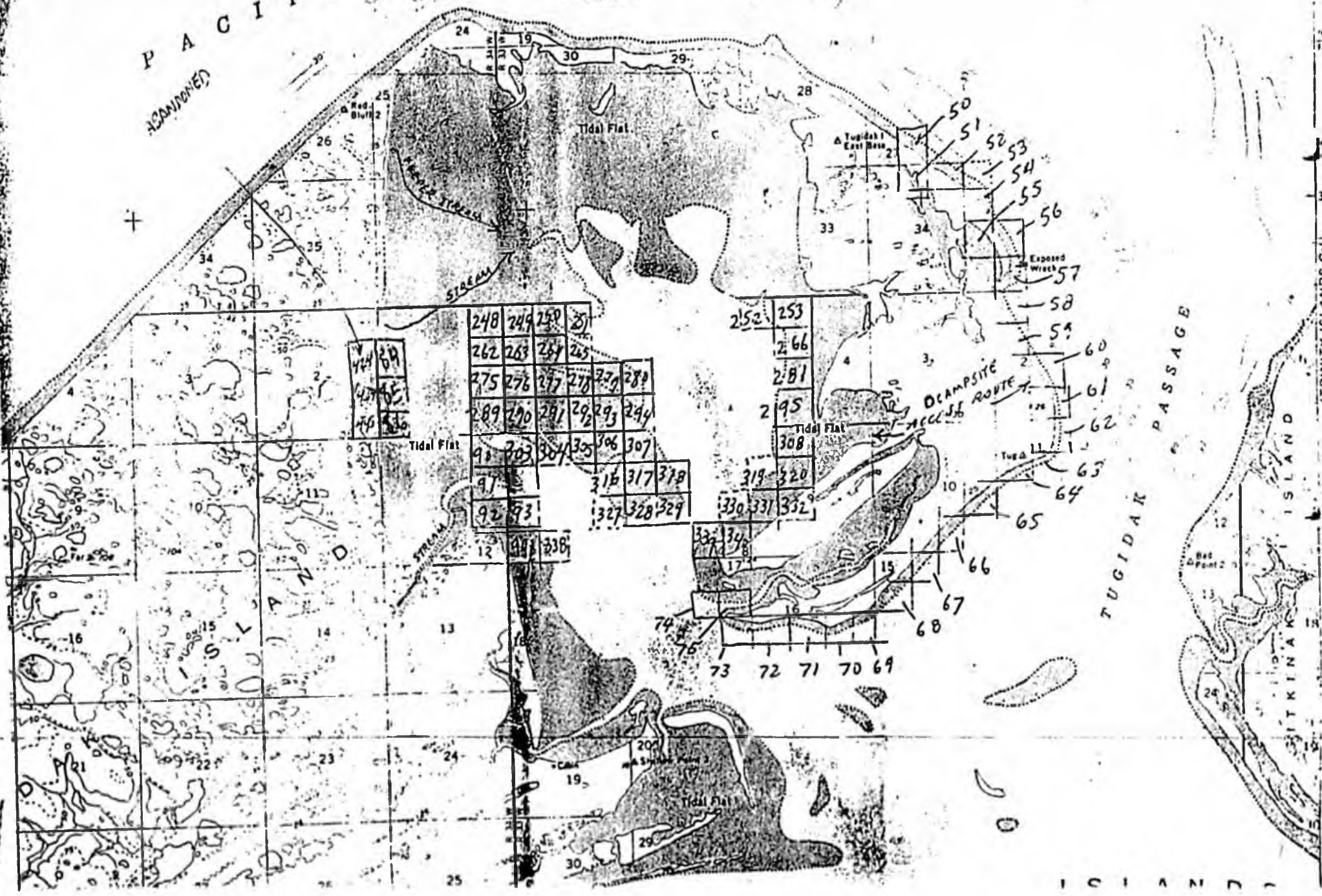
Gerald Gallagher
Director

Enclosure

OCEAN

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ABANDONED



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DEAMP SITE ROUTE

TUGIDAK PASSAGE

TRINITY ISLANDS (I)

TRINITY ISLANDS (I)

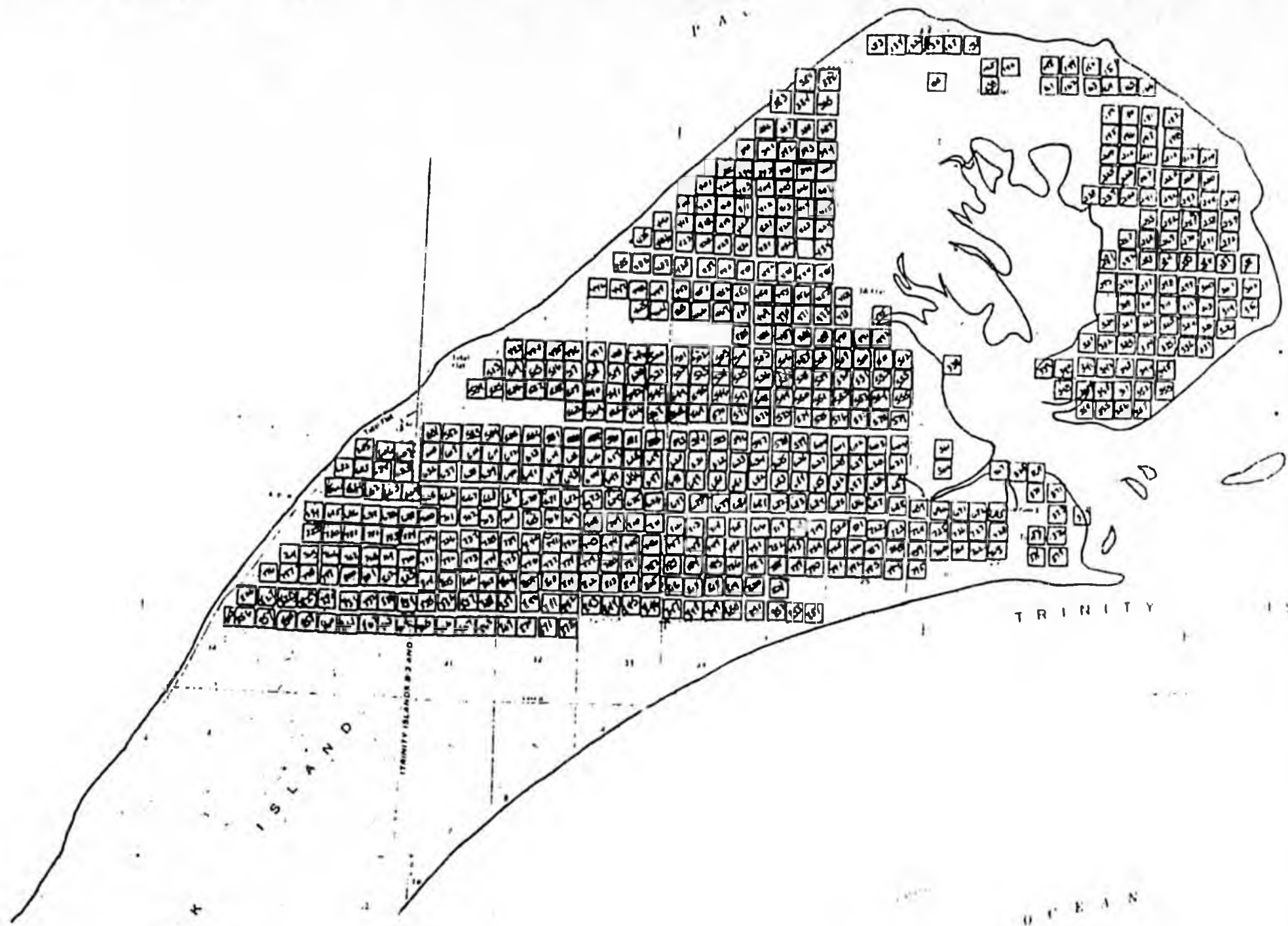
ISLANDS

TRUST 183-872

TUGIDAK ISLAND

USGS TRINITY IS. B-3 & C-3

NOT OFFICIAL COPY



KODIAK AUDUBON SOCIETY
BOX 1756
KODIAK, ALASKA 99615

February 29, 1988

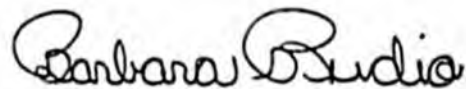
Fred F. Zharoff
P.O. Box V
Juneau AK 99811

Dear Senator Zharoff:

The Kodiak Chapter, National Audubon Society, would like reinforce our support for Senate Bill #475, "An Act establishing the Tugidak Island Critical Habitat Area."

Tugidak Island is a unique and special place. Ensuring the protection and enhancement of its fish and wildlife habitat and populations is extremely important to the nearly 100 members of the Audubon Society in Kodiak.

Thank you for introducing the bill. Your continued support of the Tugidak Island Critical Habitat Area will be greatly appreciated.



Barbara Rudio
Conservation Chairman
Kodiak Audubon Society

March 28, 1988

Dear Senator Jharoff,

Thank you for the introduction and support of SB 475 concerning critical habitat status for Jugidak Island.

Being such a lovely unspoiled area of the Kodiak Archipelago, I would be terribly disappointed to see it opened to mass mining or other destructive activities. With critical habitat status, I feel the general integrity of the land would be protected through careful monitoring. I appreciate being able to leave unspoiled land for future generations to enjoy too.

Sincerely,

Susan S. Blott

Susan S. Blott

P.O. Box 1244

Kodiak, AK 99615



United States Department of the Interior

Fish and Wildlife Service
Anchorage Fish and Wildlife Enhancement
Sunshine Plaza, Suite 2D
411 West 4th Avenue
Anchorage, Alaska 99501

COPY

IN REPLY REFER TO:
ANC-FWE

Colonel Wilbur T. Gregory, Jr.
District Engineer
Alaska District, Corps of Engineers
Pouch 898
Anchorage, Alaska 99506-0898

NOV 13 1987

Re: 1-870437
Tugidak Passage 1

Dear Colonel Gregory:

The U.S. Fish and Wildlife Service (Service) has reviewed Public Notice 1-870437, dated August 17, 1987. Mr. Gary J. Peterson has requested a Department of the Army permit to perform work in waters of the United States. The project is located on Tugidak Island, Trinity Islands Group, Alaska.

The applicant has modified the original proposal and now proposes to dredge approximately 500 cubic yards of beach sand per day, process the dredged material, and return it to its point of origin. All work would be performed landward of the mean low tide line. Beach material would be worked using front-end loaders, sand pump, or tractor-mounted bucket. A water trap intake pit would be constructed each day by dredging approximately three cubic yards. This material would be stockpiled alongside the pit and returned to the pit at the close of operation. Two work site locations involving five mining claims are currently proposed at the northeast end of Tugidak Island. Materials and personnel would be transported to the island via barge or aircraft. Four-wheeled all-terrain vehicles would be used for island travel. The camps would be located in upland areas near the work sites. The purpose of the proposed work is to extract metallic concentrates for commercial sale.

The Service has long been aware of the extraordinary fish and wildlife resources found on Tugidak Island, especially birds and marine mammals. Originally approved for inclusion into the Alaska Maritime National Wildlife Refuge (Alaska National Interest Lands Conservation Act, Public Law 96-487, December 2, 1980, 94 Stat. 2371, sec. 303), Tugidak Island did not become part of the refuge due to a previous State of Alaska land selection. The Alaska Department of Fish and Game also has a history of concern over protection of the islands's valuable wildlife resources, previously proposing "Critical Habitat" status for Tugidak Island (House Bill 656) and promoting closure of the island to minerals entry and cattle grazing.

Tugidak Island is unique in that it is apparently the largest island in Alaska to remain free of introduced fox. Fox have been released for fur farming on virtually all islands originally free of such predators, resulting in severe adverse impacts to nesting waterfowl and seabirds. Also, unlike most other

large islands with extensive marsh habitat, no cattle or other grazing mammals have been introduced to Tugidak. Cattle grazing has seriously damaged many islands through removal of vegetation and subsequent erosion. The lack of cattle grazing and fox predation are factors contributing to the island's importance to insular avifauna.

Tugidak Island has unusual physiographic features which attract many species of wildlife. Unlike most islands in the Aleutian Arc and Gulf of Alaska, which are mountainous, Tugidak is relatively flat with numerous lakes. The northeast end of the island, the location of this proposal, consists of a large lagoon containing extensive mudflats and eelgrass beds. The lagoon is enclosed by a circular spit with beaches composed of sands and gravel. Above the high tide line, the sand dunes are stabilized by salt-tolerant grasses and many drift logs. Further inland, tundra-like vegetation consisting of crowberry and lichens alternates with freshwater wetlands.

On August 26, 1987, biologists from the Service and the Alaska Department of Fish and Game conducted an aerial survey of Tugidak Island. While many species of wildlife were observed, the following were identified from the air: bald eagle, tundra swan, willow ptarmigan, parasitic jaeger, harbor seal, and Steller's sea lion. On October 15, 1987, biologists from the Service, National Marine Fisheries Service, Environmental Protection Agency, and Alaska Department of Fish and Game conducted aerial and ground surveys around the lagoon. The purposes of the surveys were to confirm the presence of eelgrass in the lagoon, assess anadromous fish usage of three undocumented streams which outlet into the lagoon, survey terrestrial vegetation at the project site, and assess seasonal fish and wildlife use of the area.

Since 1960, several accounts of wildlife observations on Tugidak Island have been written. In one account of bird observations on the island during June, 44 species of birds were noted using the island, with evidence of nesting by 34 species (MacIntosh 1978). Among these, six species of raptors use the island, five of which, including bald eagle and peregrine falcon, nest there. At least seven species of ducks nest on the island, including mallard and northern pintail, and the only record of nesting gadwalls in the Kodiak Archipelago. Nesting density of ducks is thought to be far greater here than anywhere else in the Kodiak region. As many as 30 or 40 tundra swans utilize the island's many lakes for nesting. Tugidak Island exhibits an unusual abundance and diversity of migratory and nesting shorebirds, including the easternmost breeding location of rock sandpipers in Alaska. Nesting colonies of arctic and Aleutian terns and mew gulls are found on the island. Other nesting species of note include a large number of parasitic jaegers and probably the only nesting population of long-tailed jaegers on an island outside the Bering Sea. To summarize, at least 56 species of birds occur on Tugidak Island, with 38 species known to nest there.

Tugidak lagoon is used extensively for staging by migrating waterfowl. Species include Canada goose, greater white-fronted goose, brant, mallard, northern pintail, and American wigeon. This staging area is important to fall migrants about to begin long-distance southward flights. Species staging on the lagoon during the October 1987 field survey of the project area included approximately 600 Canada geese, 1000 ducks of three species, and hundreds of unidentified shorebirds. The entire island is used by concentrations of snow geese during spring migration (Alaska Department of Fish and Game 1985).

The lagoon is especially important in that it provides winter habitat for the emperor goose, a species of special concern to the Service because of recent sharp population declines. The Alaska population of emperor geese has fallen from an estimated fall population of 150,000 in 1971 to 68,000 in 1986 and has declined annually from 1982 through 1986 (Service 1986). Past winter survey counts indicate that Tugidak lagoon provides habitat for approximately 50 percent of the wintering emperor geese in the Kodiak Archipelago. Biologists at the Kodiak National Wildlife Refuge, now charged with conducting winter goose population surveys in the Kodiak area, counted 877 emperor geese on the Tugidak Island lagoon during January, 1987 (Ryan, pers. comm.). An October 1987 survey counted 600 emperor geese on the lagoon. Emperor geese arrive at their winter habitat in September and depart in March. The Service is currently undertaking studies to obtain information on the wintering ecology of the emperor goose (Service 1986).

Tugidak Island supports one of the largest populations of harbor seals in the world, previously estimated at 15,000 to 20,000 animals with an annual production of 5,000 pups (Pitcher, pers. comm.). Alaska Department of Fish and Game survey data indicates that this population decreased by 77 percent between 1976 and 1982 (Calkins and Pitcher 1983). Beaches in the project area are used for haulout during pupping beginning in May and molting through September. Other marine mammals occurring at Tugidak Island include sea otter and occasionally Steller's sea lion.

During the October 1987 field survey, two streams which outlet at the southwest side of the lagoon were found to be used by anadromous fish, specifically coho salmon and Dolly Varden. These streams will be formally documented in the Alaska Department of Fish and Game's Catalog of Waters Important for the Spawning, Rearing, and Migration of Anadromous Fishes.

The extensive eelgrass beds which were observed in the lagoon are thought to be a major nursery area for dungeness crab. The largest commercial catches of dungeness crab in the Kodiak Archipelago occur just offshore of the mouth of Tugidak lagoon (Alaska Department of Fish and Game 1981-1985). The lagoon is also a known rearing and feeding area for Pacific herring (Alaska Department of Fish and Game 1985).

Of the species known to occur on Tugidak Island, the following are designated National and Regional Resource species (Department of the Interior 1983): Canada goose, greater white-fronted goose, snow goose, brant, tundra swan, mallard, bald eagle, sea otter, and coho salmon. Emperor goose and peregrine falcon (Falco peregrinus pealei) are considered Regional Resource species.

In accordance with the Service's Mitigation Policy (Department of the Interior 1981), we have selected emperor goose, harbor seal, northern pintail, rock sandpiper, and dungeness crab as our evaluation species. These species have been selected to represent the habitats for the diverse group of species which utilize the project area. The project area, defined as the area which will potentially be affected by the proposed work and associated activities, includes the lagoon and surrounding area.

The bald eagle, although potentially impacted, is not included as an evaluation species for mitigation purposes, because it is specifically protected by the federal Bald Eagle Protection Act (16 U.S.C. 668-668c).

Based on information about the fish and wildlife resources of Tugidak Island, we have preliminarily assigned the habitats for the evaluation species found in the project area to the following Resource Categories:

<u>Evaluation Species</u>	<u>Resource Category</u>
Emperor goose	1
Harbor seal	1
Northern pintail	2
Rock sandpiper	3
Dungeness crab	3

Resource Category 1 habitats are considered unique and irreplaceable on a national or ecoregion basis. Our mitigation goal for Resource Category 1 is no loss of existing habitat. Resource Category 2 habitats are high value habitats and are relatively scarce or becoming scarce on a national or ecoregion basis. Our mitigation goal for Resource Category 2 is no net loss of in-kind habitat value. Resource Category 3 habitats are high value for the evaluation species and are relatively abundant on a national basis. Our mitigation goal for Resource Category 3 is no net loss of habitat value while minimizing the loss of in-kind habitat value.

Factors influencing Tugidak Island's unique habitat quality include: the lack of introduced fox or cattle; its ability to support one of the world's largest populations of harbor seals; its use by thousands of birds during migration; its ability to support nesting populations of birds not normally found elsewhere in the Kodiak Archipelago; and its support of a declining population of emperor geese.

The potential adverse impacts of placer mining on intertidal beaches and mudflats include the long and short-term loss of habitat resulting from dredging, material stockpiling, road use, camp operations, and dewatering of ponds or creeks for industrial use. Travel through vegetated areas and camp use would not only result in the long-term loss of habitat through destruction of vegetation, but also in short-term disturbance to wildlife along travel routes. Ground-nesting species, such as northern pintail and rock sandpiper, are particularly vulnerable to avian predation following disturbance. To support mining operations on opposite sides of the lagoon, it is likely that travel around the entire lagoon would be necessary in order to obtain fresh water for camp use, or meet aircraft or barges. Unrestricted recreational use of all-terrain vehicles would further contribute to this disturbance. During spring and fall migration periods, low-level aircraft overflights, or barge operations within the lagoon, would cause a short-term disturbance to waterfowl concentrations already under stress from migration.

Short-term disturbance to wintering emperor geese would result from low-level aircraft overflights, barge operations, and beach travel during the September to March use period. Frequent disturbance to wintering emperor geese could result in the underutilization of the available goose habitat, resulting in local population declines.

Harbor seals are sensitive to disturbance while pupping during the spring and molting during late summer. According to Pitcher and Calkins (1979), seals on Tugidak Island seemed particularly sensitive to aircraft. Other forms of human-related disturbances include: all-terrain vehicles, hikers, domestic animals, and boats. During pupping, panic flights into the water may cause separation of females and newborn pups, resulting in the death of the pup. During molting, seals are in poor physical condition and entering the water at this time may have detrimental effects on their health. Because of the importance of all the beaches around and inside the mouth of the lagoon to harbor seals, disturbance would be difficult to avoid during mining operations.

According to project plans, processed material would be returned to its place of origin. We are concerned, however, with the effect that removal and replacement of large amounts of beach sand will have on the integrity of the spit. The physical forces affecting erosion and deposition of sediments on Tugidak Island are not fully understood. The applicant currently proposes to dredge 500 cubic yards of material per day; however, we are unable to ascertain the total amount of material that would be dredged over the life of the project or what impacts would occur to the stability of the spit.

Much additional information is needed before a thorough assessment of the potential impacts of placer mining on Tugidak Island can be made. Informational needs include a complete biological assessment of the fish and wildlife use of the island, and an assessment of the physical factors which influence the island.

The Service believes that there exists a potential for additional placer mining proposals in the future for Tugidak Island. This applicant has already indicated that additional work may be proposed in the future and has staked several hundred mining claims. Also, we are aware of other individuals who have staked claims or applied for local permits. Because of this potential for additional proposals, consideration must be given to assessment of potential cumulative impacts.

Based on the testimony given at recent local public hearings and coverage in the local news media, it is apparent that the potential for mining on Tugidak Island has become a highly controversial issue.

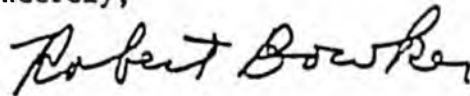
We believe that the potential adverse impacts of placer mining to the fish and wildlife resources of Tugidak Island are significant based on the following criteria: (1) Tugidak Island exhibits unique characteristics as demonstrated by the diverse and abundant wildlife which the island supports; (2) the proposed project has become highly controversial; (3) the potential project-related adverse impacts are uncertain and involve unknown risks; and (4) the action to permit this project may set a precedent for future actions with significant effects. We advise that these issues can best be addressed through preparation of an Environmental Impact Statement.

We recommend that a permit for this or similar projects not be issued pending further assessment of resource value, potential impacts of placer mining development, and opportunities for mitigation of adverse impacts. Once the above assessment has been completed, we will finalize our Resource Category designations and reevaluate opportunities to mitigate adverse impacts to fish and wildlife resources.

We are willing to meet with you and the applicant to explore practicable alternatives where mitigation of fish and wildlife habitat values can be achieved. If you propose not to accept this recommendation, please advise us in accordance with "local procedures" agreed to by our offices.

These comments are submitted in accordance with provisions of the Fish and Wildlife Coordination Act (48 Stat. 401, as amended: 16 U.S.C. 661 et seq.) and constitute the report of the Department of the Interior. These comments also are for use in your determination of 404(b)(1) guidelines compliance (40 CFR 230), and in your Public Interest Review (33 CFR 320.4) relating to protection of fish and wildlife resources.

Sincerely,

A handwritten signature in cursive script that reads "Robert Bowker".

Field Supervisor

cc: ADF&G, NMFS, DGC, EPA, ADEC - Anchorage

Literature Cited

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- _____. Western Region Shellfish Report to Board of Fisheries. 1981-1985. Division of Commercial Fisheries. Kodiak, Alaska.
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- Ryan, K. 1987. Personal Communication. U.S. Fish and Wildlife Service, Kodiak National Wildlife Refuge. Kodiak, Alaska.
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- _____. 1981. Mitigation Policy; Notice of Final Policy. Federal Register 46(15):7644-7663. January 23, 1981.
- _____. 1983. National Objectives for National Species of Special Emphasis. Washington D.C.

ACT. INF.

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MEMORANDUM

STATE OF ALASKA

TO: Lance Trasky
Regional Supervisor
Habitat Division
Anchorage

Date: July 31, 1987
Telephone: 486-4791

FM: Roger B. Smith *RBS*
Area Management Biologist
Game Division
Kodiak

Subject: Tugidak Mining Applications
A87-3283-Trinity Gold Inc.
and A87-3282-Gary Joseph
Peterson

The proposed placer mining operations on northern Tugidak pose some serious threats to both marine and terrestrial wildlife. The lagoon supports eel grass and marine invertebrates, including extensive razor clam beds and rearing crabs which are important to several species of waterfowl, seabirds and other bird species. It is an important feeding, resting and staging area for migrating waterfowl. The adjacent uplands contain the highest densities of nesting waterfowl in the Kodiak Archipelago. A major harbor seal haul out occurs within the area and some pupping occurs on the northern beaches. Major unexplored archeological sites occur in the lagoon.

This is a major mining operation with potential long-term effects on wildlife and habitat. The uplands, where equipment would be staged, are extremely sensitive to erosion (as evidenced by sand dunes). The effects on productivity of marine plants and invertebrates could be substantial from the proposed dredging activity. Direct loss of nesting habitat for many species of birds would occur in any areas with vegetation disturbance or removal (roads, spoil area, camps, pipelines, etc.). Much of the waterfowl nesting occurs in the narrow fringe of beach drift and ryegrass habitat which would be destroyed by the proposed mining of the dunes. Disturbance of seals in critical pupping and molting periods is a likely occurrence. The grapevine has it that an airstrip is also proposed for the near future which would have further impacts on seals, nesting bald eagles and waterfowl.

Before any permits are issued, I believe it is imperative that an on-site inspection of the proposed operation be conducted by DNR and ADF&G. A complete inventory of resource values should be made before an irreversible commitment of this area to placer mining. I believe the magnitude of this operation is such that a public hearing should be held in Kodiak to give the affected public an opportunity to review the proposal.

The Department supported legislation introduced by Representative Fred Zharoff in 1980 to make Tugidak Island a Critical Habitat area. We supported a proposal by Department of Natural Resources in 1982 to close Tugidak to minerals entry. The Critical Habitat bill failed to get out of the committee process and the minerals entry closure was never implemented. Neither bureaucratic nor legislative efforts have thus far been sufficient to protect the unique and irreplaceable wildlife values of Tugidak.

cc: Dan Timm	P. Murray	J. Fall
Greg Bos	R. Blackett	
L. Nicholson	<i>J.</i> Bellinger	

DEPARTMENT OF FISH AND GAME

Game Division

P.O. BOX 688
KODIAK, ALASKA 99615
PHONE: (907) 486-4791

September 4, 1987

Bob Pederson
Kodiak Island Borough
Associate Planner
Planning & Zoning
710 Mill Bay Road
Kodiak, AK 99615

	ACT.	
RM	_____	INFO
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Subject: Tugidak Island Mining Development

Dear Mr. Pederson:

This letter is in response to your telephoned request for an analysis of the potential impacts on wildlife of the proposed placer mining operations (Case No. 87-046 and 87-047) on Tugidak Island. My comments are addressed mainly to mammals and birds as another division will be addressing the fisheries issues.

Tugidak Island is one of only 2 large islands in the northern Gulf of Alaska which has neither introduced foxes nor a history of livestock grazing. The lack of fox predation and presence of unaltered native vegetation provides ideal habitat for many species of birds. During the 14 years I've been employed as an Area Game Biologist on Kodiak, I've done wildlife surveys on nearly every island from the Barrens to the Semidis. I have yet to discover anyplace that compares with Tugidak Island for birdlife in terms of either sheer numbers or in diversity of species. During a field trip to Tugidak from 9-16 June 1978, 44 species of birds were observed and 24 species were confirmed to be nesting there. Nesting waterfowl including mallards, pintails, green-winged teal, American wigeon and Greater scaup, were commonly found with nests spaced only a few feet apart in the narrow band of beach drift and ryegrass along the north lagoon and nearby freshwater ponds. I have previously seen waterfowl nesting in such high densities only on intensively managed waterfowl refuges in the lower 48 states. An estimated 30-40 whistling swans, including 2 pairs with recently fledged young were also seen there. The island also has high densities of nesting willow ptarmigan.

In January 1987 the U.S. Fish and Wildlife Service observed 1,673 emperor geese wintering on Tugidak, including 877 geese seen feeding and nesting on the lagoon. This species has recently experienced a serious decline in Alaska. Tugidak Island is an important feeding and resting area for migrating waterfowl, including at least 4 species of geese.

Over 12,000 harbor seals have been counted hauled out on Tugidak Island. As many as 4,000 seals have been counted on the northeastern barrier spits and lagoon included in the subject mining applications. Tugidak Island now has the 2nd or 3rd largest harbor seal population in the world although in the 1970's it was rated as the largest in the world. Commercial harvest of seal pups was conducted on Tugidak until passage of the Marine Mammals Protection Act of 1972 which put a moratorium on harvest. Seals are particularly vulnerable to disturbance during pupping activities in late May-June and during moulting which occurs from August through September.

The Department of Fish and Game has long supported greater protection for the truly unique wildlife resources of Tugidak Island. We have previously recommended to Department of Natural Resources that the area be deleted from an existing grazing lease and that minerals leasing be restricted. We supported legislation to designate Tugidak Island as a Critical Habitat area and urged Department of Natural Resources (DNR) to classify it as Wildlife Habitat in the interim. We have consistently requested that DNR incorporate specific provisions to protect wildlife as conditions for issuing previous permits for placer mining on southern Tugidak Island.

The 2 proposed mining applications now under consideration appear to have serious conflicts with wildlife. Dredging in the lagoon as proposed would seriously reduce the availability of marine organisms on which many species of shorebirds and waterfowl rely for food. Natural recovery of the lagoon could take many years and I am not aware of any previously proven artificial rehabilitation that would be either economically feasible or effective.

Mining the beach dunes around the lagoon as proposed would result in long-term and possibly permanent losses of high density waterfowl nesting areas. There are also several nesting colonies of gulls and terns within the proposed mining area north of the lagoon which could be destroyed. The dunes are susceptible to erosion and removal of the accumulated drift logs and beach rye currently stabilizing them could result in severe erosion, possibly resulting in a major alteration of the spit and lagoon.

Disturbance of the seal population is a long-standing concern which we have addressed in previous mining applications. During the pupping period any significant disturbance would cause abandonment of newborn pups resulting in increased mortality and reduced productivity. Seals would be severely stressed by disturbances during the molting period. Abandonment of traditional seal haulouts would likely occur if daily disturbances from heavy equipment, aircraft and off-road vehicles occurred. Previous studies of seals on Tugidak determined that low flying aircraft are a significant disturbance factor.

The Department of Fish and Game has not yet formally reviewed the 2 subject applications, but I expect that we will continue to maintain the position that Tugidak Island should be protected from major alterations of the valuable wildlife habitat there. We have recommended that several specific provisions to protect seals and nesting birds be included in previous mining permits issued for Tugidak. Those provisions included pre-designated travel routes and locations of major facilities; seasonal restrictions on operating;

B. Pederson

-3-

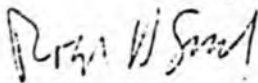
September 4, 1987

prohibition of domestic animals; on-site inspections; aircraft restrictions.

As a footnote, the U.S. Fish and Wildlife Service rates Tugidak as number 1 in their list of priorities among parcels of State lands desired for addition to the National Wildlife Refuge system through possible future land trades.

If you need further specific information let me know.

Sincerely,



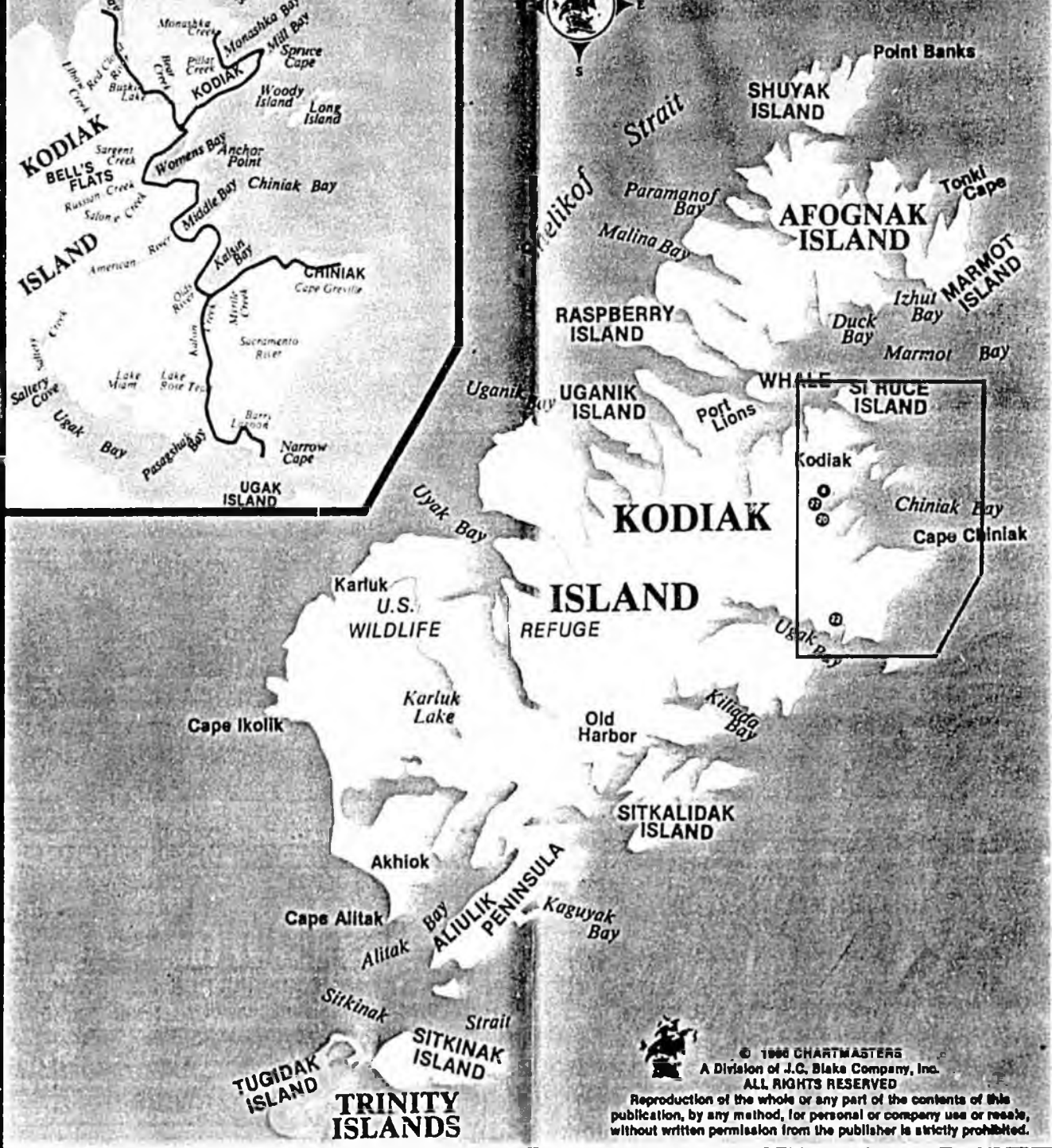
Roger B. Smith
Area Management Biologist
Game Division
Kodiak, AK 99615

cc: G. Bos - ADF&G
J. Westland - ADF&G
D. Timm - ADF&G
L. Trasky - ADF&G

Road System



Kodiak Island Area Map



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SB

482

~file 1~

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Econ. Dev.
 Title: Regarding farming of aquatic plants and animals; prohibiting farming/finfish/saltwater, e.d. BRU: Division of Business Development
 Sponsor: Senator Eliason Components: _____
 Requester: Senate Resources 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-
---------	-----	-----	-----	-----	-----	-----

REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULLTIME	-0-	-0-	-0-	-0-	-0-	-0-
PARTTIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Larry Mercurieff, Director Phone: 465-2017
 Division: Division of Business Development Date: March 9, 1988
 Approved by Commissioner: J. Anthony Smith, Commissioner Date: March 9, 1988
 Agency: Department of Commerce and Economic Development

Distribution (by preparer):

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

FISCAL NOTE

REQUEST:

Revision Date: _____

Title: _____

Sponsor: _____

Requestor: _____

Agency Affected: Fish and Game

BRU: FRED

Components: FRED DIVISION

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		145.3	180.3	241.4	242.3	242.3
TRAVEL		13.3	14.3	17.3	24.3	27.3
CONTRACTUAL		2.4	2.4	3.4	5.4	9.4
SUPPLIES		2.6	4.6	6.6	10.6	22.6
EQUIPMENT				1.0	2.0	5.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		163.6	201.6	269.7	284.6	306.6

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

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	0	1	2	3	3	3
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Brian J. Allee, Director  Phone: 465-4160

Division: FRED Date: March 9, 1988

Approved by Commissioner:  Date: March 9, 1988

Agency: Department of Fish and Game

Distribution (by preparer):

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

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: _____
Sponsor: _____
Requestor: _____

Agency Affected: Fish and Game
BRU: FRED
Components: FRED Pathology

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	-	28.0	62.0	106.0	106.0	106.0
TRAVEL		1.0	2.0	5.0	12.0	15.0
CONTRACTUAL		1.0	1.0	2.0	4.0	8.0
SUPPLIES			2.0	4.0	8.0	20.0
EQUIPMENT				1.0	2.0	5.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		30.0	67.0	118.0	132.0	154.0

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

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	0	1	2	3	3	3
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Adds Clerk IV in FY 89
Adds Microbiologist II in FY 90
Adds Fish Pathologist II in FY 91

Prepared by: _____ Phone: 465-4160
Division: _____ Date: _____

Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by preparer) :

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

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: _____
Sponsor: _____
Requestor: _____

Agency Affected: Fish and Game
BRU: FRED
Components: FRED Mariculture

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		51.6	51.6	61.4	69.6	69.6
TRAVEL		7.3	7.3	7.3	7.3	7.3
CONTRACTUAL		1.4	1.4	1.4	1.4	1.4
SUPPLIES		0.6	0.6	0.6	0.6	0.6
EQUIPMENT		0	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		70.9	60.9	70.7	78.9	78.9

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

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: _____ Phone: 465-4160
Division: _____ Date: _____

Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by preparer):

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

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: _____

Agency Affected: Fish and Game
BRU: FRED

Sponsor: _____
Requestor: _____

Components: PNP/FRED Permitting

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		55.7	66.7	74.0	66.7	66.7
TRAVEL		5.0	5.0	5.0	5.0	5.0
CONTRACTUAL						
SUPPLIES		2.0	2.0	2.0	2.0	2.0
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		62.7	73.7	81.0	73.7	73.7

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

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: _____ Phone: 465-4160
Division: _____ Date: _____

Approved by Commissioner: _____ Date: _____
Agency: _____

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

During the legislative interim, the Alaska Department of Fish and Game (ADF&G) Commissioner's Office has chaired a multi-agency work group, including the Departments of Natural Resources, Environmental Conservation, Commerce and Economic Development, and the Division of Governmental Coordination of the Governor's Office. Through work group interaction, ADF&G has more clearly defined technical and permitting responsibilities mandated by proposed mariculture legislation and in relation to those of other agencies. The ADF&G fiscal note reflects the most realistic and accurate analysis of the costs of these responsibilities that is possible at this time.

Establishing the shellfish mariculture permitting system has allowed for assessment of needs for permitting personnel. A range I6 research analyst position would perform the professional review function for permits. A Clerk V would provide system support, including computerized tracking, routine review closeout, letters of acknowledgement, accepting fees, and processing permits.

In the fiscal note for the previous mariculture legislation (87-88), the role of technical services was not clear. Lacking a clear sense of what tasks would be involved, no funding was identified. After a year of experience in dealing with farms and farmers and in studying the situation in other states and provinces, it is clear that the following are necessary:

1. A biologist/administrator in Juneau to serve as program leader. This position will deal with the public, other agencies, answer requests, and develop the program.
2. A biologist, under the program leader's direction, to assure biological and environmental suitability of proposed projects, and confirm that the potential farmer will be capable of operating the farm in a way that will realize benefit to the state while protecting natural stocks.
3. Technician time so that our local area biologists can be freed up to deal with projects out of the local offices. Area biologists will be the prime contact with real and potential farmers.

The pathology laboratory will need to add staff to handle the paperwork associated with stock transfers, disease screening of stocks involved with shellfish, plant, and freshwater fish farming, and site inspections and delivery of fish health services to the farmer. The additional staff would include a Clerk IV, a Microbiologist, and a Pathologist. These positions must be added quickly because passage of this law will precipitate additional work immediately.

	<u>FY 88</u>	<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>	<u>FY 92</u>	<u>FY 93</u>
Previous		168	202	269	385	--
New Pathology		30	67	118	132	154
Permitting		62.7	73.7	81	73.7	73.7
Technical		<u>70.9</u>	<u>60.9</u>	<u>70.7</u>	<u>78.9</u>	<u>78.9</u>
TOTAL		163.6	201.6	269.7	284.6	306.6

FISCAL NOTE

REQUEST:

Revision Date: 4/14/88
 Title: Act relating to the farming of aquatic plants and aquatic animals
 Sponsor: Senate Resources
 Requestor: _____

Agency Affected: Fish and Game
 BRU: FRED

Components: FRED Division
Permitting and Technical Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		145.3	194.3	267.4	268.3	268.3
TRAVEL		13.3	14.3	17.3	24.3	27.3
CONTRACTUAL		2.4	2.4	3.4	5.4	9.4
SUPPLIES		2.6	4.6	6.5	10.6	22.6
EQUIPMENT				1.0	2.0	5.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		163.6	215.6	295.7	310.6	332.6

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

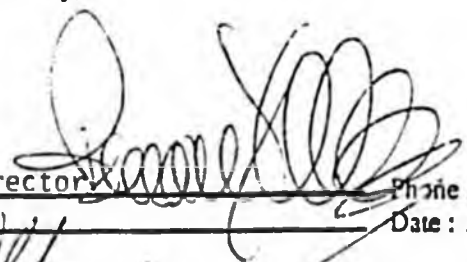
GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

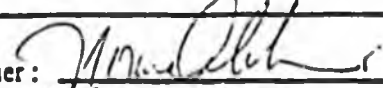
POSITIONS:

FULL-TIME	0	3	4	5	5	5
PART-TIME		2	2	2	2	2
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See attached.

Prepared by: Brian J. Allee, Director  Phone: 465-4160
 Division: FRED Date: April 27, 1988

Approved by Commissioner:  Date: April 27, 1988
 Agency: Department of Fish and Game

Distribution (by preparer):

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

During the legislative interim, the Alaska Department of Fish and Game (ADF&G) Commissioner's Office has chaired a multi-agency work group, including the Departments of Natural Resources, Environmental Conservation, Commerce and Economic Development, and the Division of Governmental Coordination of the Governor's Office. Through work group interaction, ADF&G has more clearly defined technical and permitting responsibilities mandated by proposed mariculture legislation and in relation to those of other agencies. The ADF&G fiscal note reflects the most realistic and accurate analysis of the costs of these responsibilities that is possible at this time.

Establishing the shellfish mariculture permitting system has allowed for assessment of needs for permitting personnel. A range I6 research analyst position would perform the professional review function for permits. A Clerk V would provide system support, including computerized tracking, routine review closeout, letters of acknowledgement, accepting fees, and processing permits.

In the fiscal note for the previous mariculture legislation (87-88), the role of technical services was not clear. Lacking a clear sense of what tasks would be involved, no funding was identified. After a year of experience in dealing with farms and farmers and in studying the situation in other states and provinces, it is clear that the following are necessary:

1. A biologist/administrator in Juneau to serve as program leader. This position will deal with the public, other agencies, answer requests, and develop the program.
2. A biologist, under the program leader's direction, to assure biological and environmental suitability of proposed projects, and confirm that the potential farmer will be capable of operating the farm in a way that will realize benefit to the state while protecting natural stocks.
3. Technician time so that our local area biologists can be freed up to deal with projects out of the local offices. Area biologists will be the prime contact with real and potential farmers.

The pathology laboratory will need to add staff to handle the paperwork associated with stock transfers, disease screening of stocks involved with shellfish, plant, and freshwater fish farming, and site inspections and delivery of fish health services to the farmers. The additional staff would include a Clerk IV, a Microbiologist, and a Pathologist. These positions must be added quickly because passage of this bill will precipitate additional work immediately.

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SB 482 (Resources)
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Aquatic Farming
Sponsor: Resource Committee
Requestor: Senator Eliason

Agency Affected: Natural Resources
BRU: Land and Water Management
Parks and Outdoor Recreation
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	-	144.0	270.0	385.0	385.0	429.0
TRAVEL	-	8.0	10.0	12.0	12.0	13.0
CONTRACTUAL	-	8.0	10.0	12.0	12.0	13.0
SUPPLIES	-	1.0	2.0	3.0	3.0	4.0
EQUIPMENT	-	-	-	-	-	-
LAND & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	161.0	292.0	412.0	412.0	459.0
CAPITAL	-	-	-	-	-	-
REVENUE	-	45.0	110.0	165.0	185.0	175.0

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	161.0	292.0	412.0	412.0	459.0
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	161.0	292.0	412.0	412.0	459.0

POSITIONS:

FULL-TIME	-	2	3	6	6	7
PART-TIME	-	2	5	4	4	4
TEMPORARY	-	-	-	-	-	-

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Paula Burgess Phone: 465-3400
Division: Land and Water Management Date: 3/7/88
Approved by Commissioner: [Signature] Date: 3/9/88
Agency: Natural Resources

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

Position Title Natural Resource Officer II		No. of Positions 1	Range/Step 16	Barg. Unit GGU
Time Status Fulltime	Staff Months 12	Location Juneau		Election District
Type of Expenditure		Justification		
1	2	3		
Salary	33.0	<p>The adjudicator would process all permit and lease applications that were received by the Southeast Regional Office in Juneau. We estimate some 25 to 30 applications may be received the first year. In order to complete site inspections and compliance reports, monies are included under Travel and Contractual. This source of funds would also be used to hold the public hearing. The Southeast Regional Office is responsible for the entire panhandle.</p>		
Benefits	11.0			
Premium Pay				
Other				
Total Personal Services	44.0			
Travel	2.0			
Contractual	2.0			
Commodities	1.0			
Equipment				
Other				
Total Cost	49.0			
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	49.0		
GF Program Receipts	1005			
Other				

**Request For
New Position**

Agency Natural Resources
 BRU Land and Water Management
 Component Land and Water Public Use

FY 89

Position Title		Natural Resource Officer II		No. of Positions	1	Range/Step	16	Barg. Unit	GGU
Time Status	Fulltime	Staff Months	12	Location	Anchorage		Election District		
				Justification					
				The adjudicator would process all permit and lease applications that were received by the Southcentral Regional Office in Anchorage. We estimate some 25 to 30 applications may be received the first year. In order to complete site inspections and compliance reports, monies are included under Travel and Contractual. This Regional Office includes all of Prince William Sound, the Kodiak Island area, and the Aleutian Chain, Applications might be expected in any of these areas. This individual and this source of funds would also be used to hold public hearings.					
Type of Expenditure		Amount							
1	2	3							
Salary		33.0							
Benefits		11.0							
Premium Pay									
Other									
Total Personal Services			44.0						
Travel			2.0						
Contractual			2.0						
Commodities			1.0						
Equipment									
Other									
Total Cost			49.0						
Funding Source for Total Cost									
Federal Receipts	1002								
G. F. Match	1003								
General Fund	1004		49.0						
GF Program Receipts	1005								
Other									

**Request For
New Position**

Agency Natural Resources
 BRU Land and Water Management
 Component Land and Water Public Use

FY 89

Page 3 of 8
 Revised Date 3/8/88

Position Title Appraiser		No. of Positions 1	Range/Step 18	Barg. Unit GGU
Time Status Halftime	Staff Months 6	Location Juneau		Election District
Type of Expenditure		Amount		
1	2	3		
Salary	25.0			
Benefits	8.0			
Premium Pay				
Other				
Total Personal Services		28.0		
Travel		2.0		
Contractual		2.0		
Commodities				
Equipment				
Other				
Total Cost		32.0		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	32.0		
GF Program Receipts	1005			
Other				
Justification SB 482 requires appraisal of all sites to be permitted (leases already require appraisal). State certified appraisers are, at a minimum, Range 18 employees. All application sites would require site inspection as well as inspection of comparables in order to complete the appraisal report. This half-time individual in the Southeast Regional Office would complete all appraisals for the 25 to 30 estimated applications that are expected.				

**Request For
New Position**

Agency Natural Resources
 BRU Land and Water Management
 Component Land and Water Public Use

Page 4 of 8
 Revised Date 3/8/88

FY 89

ANALYSIS
SB 482

The fiscal note for SB 482 is based on an estimate of the number of new applications for tideland leases and permits that we might expect to receive over the next five years. All state agencies have used the same base estimates for their fiscal notes. SB 482 does not allow farming of finfish, so we assume zero finfish applications. The estimates are an extrapolation of existing trends in shellfish applications, assuming continued progress in those industries, an assumption that progress will be made in the farming of scallops, and that some experimentation may begin in the farming of sea vegetables. The total number of new applications of all types we estimate to be:

1989	1990	1991	1992	1993
50	75	100	75	75

In addition to the processing of new applications, we must budget for monitoring the permits and leases that are granted. For this purpose, we are assuming an approximate 25 percent success rate of the new applications after the first two years. (For the first two years we assume that all of the applications require some form of monitoring.) Under these assumptions, we would expect to see some 55 "successful" mariculture farms at the end of five years. ("Success" is defined here as a farm that is actually growing something in the water. No assumption is made about marketing of the product.)

In order to process and monitor the permits and leases, the Division of Land and Water Management (DLWM) will need one adjudicator in the Southeast Region, and one adjudicator in the Southcentral Region in the first year. In the second year, DLWM will need one additional adjudicator to be located where the need is the greatest (depending upon which region receives most of the new applications). By the third year DLWM will need two adjudicators in each of the two regions. By the fifth year DLWM will need one additional adjudicator, again to be located where the need is the greatest. (For the purpose of preparing the fiscal note, one of the additional positions is assumed to be in the Southeast Region, and one in the Southcentral Region.)

SB 482 requires appraisal of all permit and lease sites (in order to charge fair market value for the sites), and a reappraisal of all sites every five years. In order to complete the appraisals, DLWM will need a half-time appraiser in each of the two regional offices in the first year. By 1991 DLWM will need a full-time appraiser for each office.

By the second year DLWM will need one half-time contract administrator to handle the accumulation of two years of lease contracts, and one half-time surveyor in each region to review survey plats. We do not anticipate the need for contract administrators and surveyors to increase beyond these levels during the five year period covered by the fiscal note.

In order to avoid land speculation, it would be desirable to inspect permit and lease sites once a year. Some inspections can be combined with other field investigations or with the appraisers' site visit, and some may be performed under cooperative agreements with other agencies. SB 482 also states that the Commissioner may hold a public hearing to take oral testimony. Given the controversial nature of many mariculture proposals, we can expect frequent requests for public hearings in nearby communities. A lean inspection program, plus the holding of public hearings, will cost the department \$8,000 for each adjudicator the first year (travel, contractual, and per diem). Each half-time appraiser will require an additional \$8,000 the first year to determine fair market value of the sites. (The cost of the appraiser could be reduced if evaluation statement were accepted in place of a full appraisal.)

The Division of Parks and Outdoor Recreation (DPOR) is responsible for adjudicating mariculture applications within park boundaries. DPOR anticipates receiving additional applications for mussel farming in Kachemak Bay over the next few years (11 permits have already been granted within the park on an experimental basis). By 1991 DPOR will need a seasonal position to process mariculture applications and to complete field inspections, as well as incidental marine supplies to operate the field equipment that currently exists.

Assuming the department receives fair market value for the number of permits and leases estimated above, some \$45,000 in revenue might be generated the first year. As the industries begin to flourish, and sites are reappraised, the return to the state would be expected to increase.

POSITION SUMMARY

Fiscal Year '89

Two (2) - Natural Resource Officers II (Range 16)
Two (2) - Half-time Appraisers (Range 18)

Fiscal Year '90

Three (3) - Natural Resource Officers II (Range 16)
Two (2) - Half-time Appraisers (Range 18)
One (1) - Half-time Contract Administrator (Range 14)
Two (2) - Half-time Surveyors (Range 20)

Fiscal Year '91

Four (4) - Natural Resource Officers II (Range 16)
Two (2) - Appraisers (Range 18)
One (1) - Half-time Contract Administrator (Range 14)
Two (2) - Half-time Surveyors (Range 20)
One (a) - Seasonal Park Ranger (Range 16)

Fiscal Year '92

Four (4) - Natural Resource Officers II (Range 16)
Two (2) - Appraisers (Range 18)
One (1) - Half-time Contract Administrator (Range 14)
Two (2) - Half-time Surveyors (Range 20)
One (a) - Seasonal Park Ranger (Range 16)

Fiscal Year '93

Five (5) - Natural Resource Officers II (Range 16)
Two (2) - Appraisers (Range 18)
One (1) - Half-time Contract Administrator (Range 14)
Two (2) - Half-time Surveyors (Range 20)
One (a) - Seasonal Park Ranger (Range 16)

FISCAL NOTE

REQUEST:

Revision Date: 4/22/88
Title: Aquatic Farming
Sponsor: Resource Committee
Requestor: Senator Eliason

Agency Affected: Natural Resources
BRU: Land and Water Management
Parks and Outdoor Recreation
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	-	88.0	214.0	273.0	273.0	317.0
TRAVEL	-	5.0	7.0	9.0	9.0	10.0
CONTRACTUAL	-	5.0	7.0	9.0	9.0	10.0
SUPPLIES	-	1.0	2.0	3.0	3.0	4.0
EQUIPMENT	-	-	-	-	-	-
LAND & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	99.0	230.0	294.0	273.0	341.0

CAPITAL	-	-	-	-	-	-
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REVENUE	-	27.5	40.0	59.5	57.0	70.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-	99.0	230.0	294.0	294.0	341.0
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	99.0	230.0	294.0	294.0	341.0

POSITIONS:

FULL-TIME	-	2	3	4	4	5
PART-TIME	-	-	2	2	2	2
TEMPORARY	-	-	-	-	-	-

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Paula Burgess
Division: Land and Water Management
Approved by Commissioner: Judith M. Burof
Agency: Natural Resources

Phone: 465-3400
Date: 4/22/88
Date: 4/25/88

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

Position Title		Natural Resource Officer VI		No. of Positions	1	Range/Step	:6	Barg. Unit	GGU
Time Status	Staff Months	Location			Election District				
Fulltime	12	Anchorage							
Type of Expenditure				Justification					
		Amount		<p>The adjudicator would process all permit and lease applications that were received by the Southcentral Regional Office in Anchorage. We estimate some 25 to 30 applications may be received the first year. In order to complete site inspections and compliance reports, monies are included under Travel and Contractual. This Regional Office includes all of Prince William Sound, the Kodiak Island area, and the Aleutian Chain. Applications might be expected in any of these areas. This individual and this source of funds would also be used to hold public hearings.</p>					
1	2	3							
Salary	33.0								
Benefits	11.0								
Premium Pay									
Other									
Total Personal Services		44.0							
Travel		2.0							
Contractual		3.0							
Commodities		1.0							
Total Cost		50.0							
Funding Source for Total Cost									
Federal Receipts	1002								
G. F. Match	1003								
General Fund	1004	50.0							
GF Program Receipts	1005								
Other									

**Request For
New Position**

Agency Natural Resources
 BRU Land and Water Management
 Component Land and Water Public Use

FY 89

Page 3 of 6
 Revised Date 4/22/88

FISCAL NOTE

REQUEST:

Revision Date: 4/22/88
Title: Aquatic Farming
Sponsor: Resource Committee
Requestor: Senator Eliason

Agency Affected: Natural Resources
BRU: Land and Water Management
Parks and Outdoor Recreation
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	-	88.0	214.0	273.0	273.0	317.0
TRAVEL	-	5.0	7.0	9.0	9.0	10.0
CONTRACTUAL	-	5.0	7.0	9.0	9.0	10.0
SUPPLIES	-	1.0	2.0	3.0	3.0	4.0
EQUIPMENT	-	-	-	-	-	-
LAND & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	99.0	230.0	294.0	273.0	341.0

CAPITAL	-	-	-	-	-	-
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REVENUE	-	27.5	40.0	59.5	57.0	70.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-	99.0	230.0	294.0	294.0	341.0
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	99.0	230.0	294.0	294.0	341.0

POSITIONS:

FULL-TIME	-	2	3	4	4	5
PART-TIME	-	-	3	4	4	4
TEMPORARY	-	-	-	-	-	-

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Paula Burgess
Division: Land and Water Management
Approved by Commissioner: Julia M. Bunnell
Agency: Natural Resources

Phone: 465-3400
Date: 4/22/88
Date: 4/25/88

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

CORRECTION

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

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: CCSB 482 (Resources)
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: 4/22/88
Title: Aquatic Farming
Sponsor: Resource Committee
Requestor: Senator Eliason

Agency Affected: Natural Resources
BRU: Land and Water Management
Parks and Outdoor Recreation
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	-	88.0	214.0	273.0	273.0	317.0
TRAVEL	-	5.0	7.0	9.0	9.0	10.0
CONTRACTUAL	-	5.0	7.0	9.0	9.0	10.0
SUPPLIES	-	1.0	2.0	3.0	3.0	4.0
EQUIPMENT	-	-	-	-	-	-
LAND & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	99.0	230.0	294.0	273.0	341.0

CAPITAL	-	-	-	-	-	-
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REVENUE	-	27.5	40.0	50.5	57.0	70.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-	99.0	230.0	294.0	273.0	341.0
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	99.0	230.0	294.0	273.0	341.0

POSITIONS:

FULL-TIME	-	2	3	4	4	5
PART-TIME	-	-	3	4	4	4
TEMPORARY	-	-	-	-	-	-

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Paula Burgess
Division: Land and Water Management

Phone: 465-3400
Date: 4/22/88

Approved by Commissioner: Judith M. B...
Agency: Natural Resources

Date: 4/25/88

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

Position Title Natural Resource Officer II		No. of Positions 1	Range/Step 16	Barg. Unit GGU
Time Status Fulltime	Staff Months 12	Location Juneau		Election District
Type of Expenditure		Justification		
		The adjudicator would process all permit and lease applications that were received by the Southeast Regional Office in Juneau. We estimate some 25 to 30 applications may be received the first year. In order to complete site inspections and compliance reports, monies are included under Travel and Contractual. This source of funds would also be used to hold the public hearing. The Southeast Regional Office is responsible for the entire panhandle.		
Amount				
1	2	3		
Salary	33.0			
Benefits	11.0			
Premium Pay				
Other				
Total Personal Services		44.0		
Travel		3.0		
Contractual		2.0		
Commodities				
Equipment				
Other				
Total Cost		49.0		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	49.0		
GF Program Receipts	1005			
Other				

**Request For
New Position**

Agency Natural Resources
 BRU Land and Water Management
 Component Land and Water Public Use

Page 2 of 6
 Revised Date 4/22/88

FY 89

Position Title Natural Resource Officer II		No. of Positions	Range/Step ;6	Barg. Unit GGU
Time Status Fulltime	Staff Months 12	Location Anchorage		Election District
Justification				
The adjudicator would process all permit and lease applications that were received by the Southcentral Regional Office in Anchorage. We estimate some 25 to 30 applications may be received the first year. In order to complete site inspections and compliance reports, monies are included under Travel and Contractual. This Regional Office includes all of Prince William Sound, the Kodiak Island area, and the Aleutian Chain. Applications might be expected in any of these areas. This individual and this source of funds would also be used to hold public hearings.				
Type of Expenditure		Amount		
1	2	3		
Salary	33.0			
Benefits	11.0			
Premium Pay				
Other				
Total Personal Services		44.0		
Travel		2.0		
Contractual		3.0		
Commodities		1.0		
Equipment				
Other				
Total Cost		50.0		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	50.0		
GF Program Receipts	1005			
Other				

**Request For
New Position**

Agency Natural Resources
 BRU Land and Water Management
 Component Land and Water Public Use

FY 89

Page 3 of 6
 Revised Date 4/22/88

ANALYSIS
CSSB 482

The fiscal note for CSSB 482 is based on an estimate of the number of new applications for tideland leases and permits that we might expect to receive over the next five years. All state agencies have used the same base estimates for their fiscal notes for shellfish and sea vegetables. The estimates are an extrapolation of existing trends in shellfish applications, assuming continued progress in those industries, an assumption that progress will be made in the farming of scallops, and that some experimentation may begin in the farming of sea vegetables. CSSB 482 does allow the farming of some types of finfish, so DNR has increased these estimates by five applications each year. The total number of new applications of all types we estimate to be:

1989	1990	1991	1992	1993
55	80	105	80	80

In addition to the processing of new applications, we must budget for monitoring the permits and leases that are granted. For this purpose, we are assuming an approximate 25 percent success rate of the new applications after the first two years. (For the first two years we assume that all of the applications require some form of monitoring.) Under these assumptions, we would expect to see some 60 "successful" mariculture farms at the end of five years. ("Success" is defined here as a farm that is actually growing something in the water. No assumption is made about marketing of the product.)

In order to process and monitor the permits and leases, the Division of Land and Water Management (DLWM) will need one adjudicator in the Southeast Region, and one adjudicator in the Southcentral Region in the first year. In the second year, DLWM will need one additional adjudicator to be located where the need is the greatest (depending upon which region receives most of the new applications). By the third year DLWM will need two adjudicators in each of the two regions. By the fifth year DLWM will need one additional adjudicator, again to be located where the need is the greatest. (For the purpose of preparing the fiscal note, one of the additional positions is assumed to be in the Southeast Region, and one in the Southcentral Region.)

By the second year DLWM will need one half-time contract administrator to handle the accumulation of two years of lease contracts, and one half-time surveyor in each region to review survey plats. We do not anticipate the need for contract administrators and surveyors to increase beyond these levels during the five year period covered by the fiscal note.

In order to avoid land speculation, it would be desirable to inspect permit and lease sites once a year. Some inspections can be combined with other field investigations, and some may be performed under cooperative agreements with other agencies. CSSB 482 also states that the Commissioner may hold a public hearing to take oral testimony. Given the controversial nature of many mariculture proposals, we can expect frequent requests for public hearings in nearby communities. A lean inspection program, plus the holding of public hearings, will cost the department \$5,000 for each adjudicator the first year (travel, contractual, and per diem).

The Division of Parks and Outdoor Recreation (DPOR) is responsible for adjudicating mariculture applications within park boundaries. DPOR anticipates receiving additional applications for mussel farming in Kachemak Bay over the next few years (11 permits have already been granted within the park on an experimental basis). By 1991 DPOR will need a seasonal position to process mariculture applications and to complete field inspections, as well as incidental marine supplies to operate the field equipment that currently exists.

Assuming a reasonable flat rate fee is set for the new permit, such as \$250 per acre per year (with a \$250 minimum), and assuming an average farm size of two acres, some \$27,500 in revenue might be generated the first year.

POSITION SUMMARY

Fiscal Year '89

Two (2) - Natural Resource Officers II (Range 16)

Fiscal Year '90

Three (3) - Natural Resource Officers II (Range 16)
One (1) - Half-time Contract Administrator (Range 14)
Two (2) - Half-time Surveyors (Range 20)

Fiscal Year '91

Four (4) - Natural Resource Officers II (Range 16)
One (1) - Half-time Contract Administrator (Range 14)
Two (2) - Half-time Surveyors (Range 20)
One (a) - Seasonal Park Ranger (Range 16)

Fiscal Year '92

Four (4) - Natural Resource Officers II (Range 16)
One (1) - Half-time Contract Administrator (Range 14)
Two (2) - Half-time Surveyors (Range 20)
One (a) - Seasonal Park Ranger (Range 16)

Fiscal Year '93

Five (5) - Natural Resource Officers II (Range 16)
One (1) - Half-time Contract Administrator (Range 14)
Two (2) - Half-time Surveyors (Range 20)
One (a) - Seasonal Park Ranger (Range 16)

FISCAL NOTE

REQUEST:

Revision Date: ---
Title: An Act relating to the farming of aquatic plants & aquatic animals:*
Sponsor: Resources Committee
Requestor: Resources Committee
prohibiting the aquatic farming of finfish in saltwater; and providing for an effective date.

Agency Affected: Environmental Conservation
BRU: Environmental Health
Components: Seafood Industry
Palmer Laboratory

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	-0-	67.2	88.1	88.1	88.1	88.1
TRAVEL	-0-	15.0	15.0	15.0	15.0	15.0
CONTRACTUAL	-0-	7.0	8.5	8.5	8.5	8.5
SUPPLIES	-0-	3.0	13.0	13.0	13.0	13.0
EQUIPMENT	-0-	18.0	-0-	-0-	-0-	-0-
LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	-0-	110.2	124.6	124.6	124.6	124.6

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	110.2	124.6	124.6	124.6	124.6
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	110.2	124.6	124.6	124.6	124.6

POSITIONS:

FULL-TIME	-0-	1.0	2.0	2.0	2.0	2.0
PART-TIME	-0-	1.0	1.0	1.0	1.0	1.0
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS : (Attach a separate page if necessary)

See Attachment.

Prepared by: Douglas C. Donegan, Director
Division: Environmental Health

Phone: 465-2609
Date: 3/11/88

Approved by Commissioner: Dennis D. Kelso *AD/Kelso*
Agency: Environmental Conservation

Date: 3/16

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

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An act relating to the farming of aquatic plants and aquatic animals.*
Sponsor: Resources Committee
Requestor: Resources Committee

Agency Affected: Environmental Conservation
BRU: Environmental Quality
Components: SERO, SCRO, WQM

*prohibiting the aquatic farming of finfish in saltwater; and providing for an effective date.

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	--	74.7	74.7	99.6	99.6	99.6
TRAVEL	--	12.0	12.0	20.0	20.0	20.0
CONTRACTUAL	--	12.0	12.0	16.0	16.0	16.0
SUPPLIES	--	3.5	3.5	2.7	2.7	2.7
EQUIPMENT	--	2.0	2.0	1.5	1.5	1.5
LAND & STRUCTURES	--	--	--	--	--	--
GRANTS, CLAIMS	--	--	--	--	--	--
MISCELLANEOUS	--	--	--	--	--	--
TOTAL OPERATING	--	104.2	104.2	139.8	139.8	139.8

CAPITAL	--	--	--	--	--	--
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REVENUE	--	--	--	--	--	--
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FUNDING: (Thousands of Dollars)

GENERAL FUND	--	104.2	104.2	139.8	139.8	139.8
FEDERAL FUNDS	--	--	--	--	--	--
OTHER	--	--	--	--	--	--
TOTAL	--	104.2	104.2	139.8	139.8	139.8

POSITIONS:

FULL-TIME	--	--	--	1.0	1.0	1.0
PART-TIME	--	3.0	3.0	2.0	2.0	2.0
TEMPORARY	--	--	--	--	--	--

ANALYSIS : (Attach a separate page if necessary)

See Attachment

Prepared by: _____ Phone: 465-2653
Division: Environmental Quality Date: 3/9/88

Approved by Commissioner: Dennis D. Kelso *ADK* Date: 3/16
Agency: Environmental Conservation

Distribution (by preparer):

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

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

SB 482 FISCAL NOTE ANALYSIS

The fiscal note includes funding for three functions at the Department of Environmental Conservation associated with development of mariculture projects. These are (1) regulation of sites and facilities to ensure that aquatic products are safe for human consumption; (2) testing of shellfish aquatic farm products for paralytic shellfish poisoning; (3) regulation of aquatic farm facilities to avoid unacceptable environmental impacts, particularly to water quality.

The two fiscal note forms break down costs by division. The first two functions identified above relate to the Division of Environmental Health. The third one is located within the Division of Environmental Quality.

This fiscal note relies upon the assumptions developed by the Interagency Working Group in aquatic farming for the numbers of facilities that would need to be permitted during the next several years. There are currently 50 permitted mariculture facilities in Alaska. The working group assumed that 75 new mariculture (non-salt water finfish) applications will be submitted within one year of passage of the legislation; 100 applications would be submitted the second year; 75 the third year; 75 the fourth year; and 60 the sixth year. It was further assumed that half of the applications would result in operating farms. These farms will need to be permitted and then monitored.

Division of Environmental Health

The Division of Environmental Health (DEH) will need one full time position in Sitka and one half time position in Juneau to develop regulations, monitor chemical use, provide technical assistance, collect samples for site certification, enforce labeling requirements and monitor levels of paralytic shellfish poison (PSP).

The Division will include examination for presence of heavy metals in its site certification process because of increasing concern over the propensity of shellfish to bioaccumulate heavy metals such as lead, mercury, cadmium, and arsenic. Several states, including Alaska, have initiated some testing of shellfish for heavy metals. The federal government may eventually require examination of sites for the presence of heavy metals as part of the National Shellfish Sanitation Program. DEH intends to incorporate this concern into its site certification process under the proposed legislation.

The Palmer laboratory will need 18.0 in non-recurring equipment funding to purchase a muffle furnace and a graphite furnace to conduct heavy metal analyses. Currently, the laboratory has limited ability to perform heavy metal analysis. The purchase of this equipment will allow the department to conduct heavy metals analysis without additional staff.

With the growth in the shellfish industry through the development of mariculture facilities comes a corresponding increase in the need for testing of shellfish for paralytic shellfish poisoning. Shellfish lots must be tested for PSP before they can be released into interstate commerce. The Department has a limited capacity to absorb additional testing. Beginning in FY 90, the fiscal note includes a part time environmental laboratory technician at the Palmer biological lab to handle the projected increase in the need for PSP testing. An additional \$10,000 would be necessary for the purchase of mice used in the analysis for PSP. These costs do not result solely from the passage of this bill, as the requirements for PSP testing are already in place, but funding is needed to accomplish the testing that is projected to be needed.

Division of Environmental Quality

The Division of Environmental Quality (DEQ) must review proposals for mariculture facilities to ensure that they comply with air, land, and water quality regulations. DEC is also required to certify whether projects will comply with water quality standards as part of the federal permitting process. These reviews are conducted in the DEQ's regional offices. Currently, one position in each region is largely responsible for reviewing more than 200 projects per year. (Current low staffing levels require that some projects not be reviewed.) The projected workload for mariculture facilities would require additional staff in these offices to handle the increased workload. Otherwise, these projects will not receive adequate review.

Mariculture facilities have the potential to cause water quality problems through the discharge of feces and chemicals. While the concern is much less than it would be for finfish facilities, an additional workload will be created. The Department requests one half-time position in the Southeast Region and one half-time position in the Southcentral Region to handle the permitting and monitoring of these facilities for the first two years after passage of the legislation. After the third year, the position in Southeast Alaska would become full time to accommodate the increasing workload.

In making this request, the Department assumes that the siting criteria to be developed by the Department of Natural Resources will provide for separation of mariculture facilities from sewage discharges and from sources of runoff that may contain high levels of fecal coliform bacteria. Consequently, we assume that it will not be necessary for DEC to determine the precise zone of

impact of large numbers of sewage discharges. If this is not the case, then additional resources will be needed.

The proposed new positions would review mariculture project applications, participate in the coordinated consistency review process, inspect sites as needed, propose conditions needed to prevent water pollution, and perform other needed duties. Travel funds are requested for visits to some of the projected sites.

The Water Quality Management component in Juneau coordinates the Department's involvement in programs such as mariculture from a policy perspective. Funding for a part-time position in this component is requested to participate in inter-agency discussions, particularly including the development of siting guidelines and planning to address use conflicts and to assist in drafting regulations and procedures. This position would also research the experiences of other states and provinces concerning mariculture.

sb482.fis

Position Title Environmental Sanitarian II		No. of Positions	Range/Step 16A	Barg. Unit G
Time Status F	Staff Months 12	Location Sitka		Election District 3
Type of Expenditure		Justification		
1	2	3		
Salary	33.6	This position will develop regulations, monitor chemical use, provide technical assistance, collect samples for site certification, enforce labeling requirements and monitor levels of paralytic shellfish poison. The support funding will provide for an acceptable level of on-site inspections to in-product quality and safety.		
Benefits	11.2			
Premium Pay	-0-			
Other	-0-			
Total Personal Services	44.8			
Travel		10.0		
Contractual		3.5		
Commodities		1.5		
Equipment				
Other				
Total Cost		59.8		
Funding Source for Total Cost		-0-		
Federal Receipts	1002	-0-		
G. F. Match	1003	-0-		
General Fund	1004	59.8		
GF Program Receipts	1005	-0-		
Other		-0-		

**Request For
New Position**

Agency Environmental Conservation
 BRU Environmental Health
 Component Seafood Industry

FY 89

Page 1 of 1
 Revised Date

Position Title Environmental Sanitarian II		No. of Positions 1	Range/Step 16A	Barg. Unit G
Time Status P	Staff Months 6	Location Juneau		Election District 4
Type of Expenditure		Amount		
1	2	3		
Salary	16.8			
Benefits	5.6			
Premium Pay	-0-			
Other	-0-			
Total Personal Services		22.4		
Travel		5.0		
Contractual		3.5		
Commodities		1.5		
Equipment		-0-		
Other		-0-		
Total Cost		32.4		
Funding Source for Total Cost		-0-		
Federal Receipts	1002	-0-		
G. F. Match	1003	-0-		
General Fund	1004	32.4		
GF Program Receipts	1005	-0-		
Other		-0-		
Justification				
This position will develop regulations, conduct plan reviews, provide technical assistance, conduct on-site inspections, and monitor product in transit for quality and wholesomeness. Support funding will provide for an acceptable level of on-site inspections and product quality monitoring.				

**Request For
New Position**

Agency Environmental Conservation
 BRU Environmental Health
 Component Seafood Industry

Page 1 of 1
 Revised Date

F ' 89

Position Title Environmental Laboratory Technician		No. of Positions 1	Range/Step 12A	Barg. Unit G
Time Status F	Staff Months 12	Location Palmer		Election District 16
		Justification		
Type of Expenditure		Amount		
1	2	3		
Salary	15.0			
Benefits	4.4			
Premium Pay	1.5			
Other	-0-			
Total Personal Services		20.9		
Travel		-0-		
Contractual		1.5		
Commodities		10.0		
Equipment		18.0		
Other		-0-		
Total Cost		50.4		
Funding Source for Total Cost		-0-		
Federal Receipts 1002		-0-		
G. F. Match 1003		-0-		
General Fund 1004		50.4		
GF Program Receipts 1005		-0-		
Other		-0-		

The increased workload for PSP testing will necessitate increasing PCN 7307 to permanent-full-time status in FY 90. This requested support funds will cover the increased cost for laboratory expendibles, and glassware involved in testing, communications and sample shipment and delivery. In FY 89, non-recurring equipment funds are needed to purchase a muffle furnace and a graphite furnace to conduct heavy metal analysis. At the present time, the Palmer Laboratory has limited ability to perform heavy metal analysis. The method in use is time-consuming and labor intensive. The purchase of this equipment will increase efficiency.

**Request For
New Position**

Agency Environmental Conservation
 BRU Environmental Health
 Component Palmer Laboratory

Page 1 of 1
 Revised Date

FY 89

Position Title Ecologist II			No. of Positions 1	Range/Step 8/8	Barg. Unit G
Time Status P	Staff Months 6		Location Juneau		Election District 4
			Justification		
Type of Expenditure			Amount		
1	2	3			
Salary	18.7		This position is responsible for coordinating Department involvement in new water-related programs such as mariculture. This position will serve as a single point-of-contact for federal permitting (i.e. general permits from EPA likely), interagency review of mariculture project permits under CZM procedures, assistance in planning and siting functions, and assistance in drafting regulations in conjunction with DNR and ADF&G. This position will also research the experiences of other states and provinces concerning mariculture and assist in developing siting guidelines and criteria.		
Benefits	6.2				
Premium Pay					
Other					
Total Personal Services		24.9			
Travel		2.0			
Contractual		5.0			
Commodities		.5			
Equipment		1.0			
Other		---			
Total Cost		33.4			
Funding Source for Total Cost					
Federal Receipts	1002	---			
G. F. Match	1003	---			
General Fund	1004	33.4			
GF Program Receipts	1005	---			
Other		---			

**Request For
New Position**

Agency Environmental Conservation
 BRU Environmental Quality
 Component Water Quality Management

FY 89

Page 3 of 3
 Revised Date