

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672  
6421 SENATE LABOR & COMMERCE

accomplished. In addition, neither would the contractual provision be vulnerable to constitutional challenge.

Let me explain. Although bitterly challenged, the union hiring hall system of referring applicants for employment was ultimately upheld in Teamsters Local 357 v. NLRB, 365 U.S. 667 (1961). In fact, for the construction industry, Congress has even provided a partial listing of factors which may lawfully be relied upon in granting referral preferences. Section 8(f)(4) of the NLRA expressly recognizes training, seniority with an employer in the industry, and residency as legally permissible standards for the union to utilize in dispatching applicants for work:

It shall not be an unfair labor practice under subsections (a) and (b) of this section for an employer . . . to make an agreement . . . [which] specifies minimum training or experience, qualifications for employment or provides for priority in opportunities for employment based upon length of service with such employer, in the industry or in the particular geographical area . . . (emphasis supplied) Id.

Indeed, even in cases involving the construction industry courts routinely measure the legality of union hiring hall systems without specific reference to Section 8(f). Analytically, this is warranted because the Section 8(f)(4) exemption only comes into play after a Section 8(a) or 8(b) violation has been found. Since under Teamsters Local 357, residency requirements are per se legal and thus not a violation of 8(a) or 8(b), reference to 8(b)(4) becomes superfluous. Residency standards contained in a union's hiring hall procedures are per se non-discriminatory under Section

8(a) and (b).

Arrangements designed to accord job preference to workers living within the local labor market and who have worked there for some designated minimum period of time are explicitly sanctioned by Section 8(f)(4) of the NLRA, 29 U.S.C.A. 158(f)94). Only preferences which discriminate on the basis of union membership are prohibited. See Romanoff Electric Corp., 91 LRRM 1001 (1975), where the NLRB upheld a hiring hall provision in a CBA that required signatory contractors to give preference in the assignment of unscheduled overtime to local area employees. Neither did the employer violate the NLRA when it gave the requested preference to such employees. In upholding the actions both of the union and the employer, the Board accepted as justification for the parties' policy of residency preference the "employer's need to assure a loyal, ready pool of local residents who will remain on the job until completion." Id. at 1002. And, while residency preferences are lawful by statute in the construction industry, the same holds true, generally for other industry employers. Id.

In fact, since AS 45.50.572(b) does not prohibit arrangements, regulated or authorized, under federal law, there is no reason why such hiring hall residency standards would not pass muster under the scrutiny of PERA. In addition, like subcontracting language, hiring hall provisions are not permissive but rather mandatory subjects of bargaining. See e.g., Assoc. Gen. Contractors (Houston Chpt.), 53 LRRM 1299 (1963), enforced, 349 F.2d 449; 59 LRRM 3013 (CA 5, 1965); cert. den., 382 U.S. 1026; 61 LRRm 2244 (1966).

Accord, NLRB v. Tom Joyce Floors, Inc., 353 F.2d 768, 60 LRRM 2334 (CA 9, 1965). As long as AEA is acting within the parameters of the collective bargaining process, if it obtains the union's agreement to limit its hiring hall to only local or even area residents,<sup>8</sup> the area preference provision of their agreement will easily be upheld.

Finally, it is also important to note that while the local preference provision would be contained with a collective bargaining agreement covering union-represented workers, it would be illegal for the union to deny non-members the right to seek work through its hiring hall. All qualified Alaskan resident workers would be able to seek work on AEA's state funded construction projects under its CBA with the affected union. And, all Alaskans, whether union members or not, would have secured a legally defensible priority status vis-a-vis non-Alaskans in competing for the same state funded construction jobs.

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<sup>8</sup> It may also be of some limited interest to note the existence of other valid residency preferences in federal law. For example, Section 307 of the Federal Communications Act provides that in considering applications for radio licenses, the commission must consider: ". . . (3) service of local origin . . ." (emphasis supplied).

### SUMMARY

The Alaska Energy Authority has the statutory power to enter into agreements for the construction of power generation and transmission facilities. Under PERA, the AEA is also both authorized to, and under appropriate circumstances, compelled to engage in collective bargaining with a labor organization with respect to the terms and conditions of its employees' employment in the construction of such facilities. AEA thus has the statutory authority to enter into a CBA. Under federal law, which has been incorporated by reference into the jurisprudence of the State Labor Relations Agency, the question of the employer's right and ability to subcontract to non-union contractors is a mandatory subject of bargaining. AEA would thus be required to bargain with the union in good faith over the question of its right to subcontract work to non-union employers or subcontractors. Being obligated to bargain about subcontracting, AEA would thus be statutorily empowered to enter into an agreement restraining its ability to subcontract work to non-union employers, contractors or companies. That such an agreement would have an anti-competitive effect has minimal significance; the statutory goals and underlying purposes of both PERA and the NIRA to foster the rights of labor organizations to utilize anti-competitive means to pursue improvement to the wages, benefits and other working conditions of their members would predominate.

The same analysis prevails with respect to residency preferences. Since the state would be obligated to bargain about

a referral system based upon the labor union's local hire preference, it would likewise be authorized to agree to such in the body of the CBA. Area preference provisions contained in a union's administrative rules for the dispatch of job applicants have long been upheld by the NLRB, the federal judiciary and are expressly authorized by Section 8(f) of the NLRA.

Both the federal and state anti-trust laws expressly exempt labor organizations from their prohibitions. Accordingly, as long as any agreement between AEA and a labor organization has as its intent the lawful pursuit by the union of matters of concern to its members' employment and so long as the agreement is reached through the collective bargaining process, AEA is fully authorized to enter into it. That it might also contain residency restrictions would not render the agreement illegal. The residency restrictions would be a lawful function of the union's internal rules governing the use of its employment services.

AEA and a labor union would also be able to accomplish their goals by mutual consent and voluntary recognition. Voluntary recognition with proof of the union's majority status is expressly authorized by PERA. The CBA which results can either be for a set term or executed on a project-by-project basis. The only grey area is whether a pre-hire agreement would be authorized under state law. PERA's acceptance of the notion of voluntary recognition as an option still requires the state to confirm the majority status of the union before the parties can engage in lawful collective bargaining. This is true unless AS 45.55.572(b) can be viewed as

authorizing any contractual relationship in the collective bargaining context that would be lawful under the NLRA. In that case, pre-hire agreements would likewise be permitted under state law.

The provisions of the state and Federal Procurement Codes are not inconsistent with this analysis; Although the reference is not explicit, AS 36.30.100(a) clearly exempts the collective bargaining process from its provisions as a matter of logic and statutory construction. Both Congress and our state legislature have exempted collective bargaining from the anti-trust laws precisely as an accommodation between one statutory policy favoring vigorous competition and another of equal significance favoring collective bargaining's inherent restraint of trade within the labor market.<sup>9</sup> The agreement you seek is more than reasonably available under both federal and state law. And, even better, it would not be vulnerable to constitutional scrutiny.<sup>10</sup>

\* \* \*

Please let me know if you have additional questions. There

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<sup>9</sup> This notion of policy accommodation is found throughout the federal law on point. See e.g., Sun-Land Nurseries, Inc. v. So. Calif. Distr. Council of Laborers, 793 F.2d 1110 (9th Cir., CA 9, 1986).

<sup>10</sup> It may be of interest to note that the Municipality of Anchorage has long exempted its collective bargaining agreements from Title 7 of the Anchorage Municipal Code on Purchasing and Contracts. Competitive bidding does not apply to collective bargaining. AMC 7.10.011 defines "contract" for the purposes of Title 7 to exclude collective bargaining agreements. And, as you know, there are both subcontracting and hiring hall provisions in our CBA's with Municipal Light & Power and the Anchorage Telephone Utility.

is a volume of material available on each of the matters discussed. In the interest of your time constraints -- the length of this memorandum, I have edited my research severely.

HMA/cfd

# International Brotherhood of Electrical Workers

Local 1547

2702 DENALI STREET  
ANCHORAGE, ALASKA 99503-2779

TELEPHONE      DISPATCH      FAX  
(907) 272-6571    (907) 276-1547    (907) 276-1963

GARY BROOKS                      JOSEPH HODGE  
BUSINESS MANAGER • FINANCIAL SECRETARY      PRESIDENT



May 1, 1990

Senator Dick Eliason  
P.O. Box V  
Juneau, Alaska 99811

Dear Senator Eliason:

I am writing in an effort to solicit ~~your support~~ for the expeditious consideration and passage of ~~Senate Bill 529~~ which would enable a State entity to enter into a project agreement with a labor organization for energy projects. Of significant benefit to all Alaskans would be the legally defensible local hire aspect of the legislation. While the passage of this legislation would merely give the applicable State entity -- probably the Alaska Energy Authority -- an option to use in their construction practices, it would be one way in which to insure Alaskans the first employment opportunity on such projects.

I recognize that, being so late in the legislative session, SB 529 has an uphill battle to become law but, with your help, the Alaskan worker and the Alaskan contractor could enjoy their rightful places in Alaska's work place. The membership of the International Brotherhood of Electrical Workers, Local Union 1547 needs your help now. Please support SB 529.

Very truly yours,

Gary Brooks  
Business Manager

GB:csd

**S B**

**531**

SENATE COMMITTEE REPORT  
FIRST COMMITTEE OF REFERRAL

DATE: 3/21/90

FURTHER:

Date of 5-Day Notice: 3/22/90  
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 3/27/90

Labor and Commerce Committee considered SB 531

Labeling and identification requirements for food products containing farmed finfish.

and recommended:

- replace with \_\_\_\_\_ CS SB 531  same title
- attached amendment(s)  new title
- \_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to Finance

ATTACHES NEW FISCAL NOTE(S):

Department(s)/Date:

Department(s)/Date:

fiscal note(s) Dept of Env Conservation 3/23/90  
(for SB 531 & SSSB 531)

zero fiscal note(s) \_\_\_\_\_

appropriation-no fiscal note

Governor's bill w/fiscal note

SIGNING DO PASS:

Patch Rodery  
[Signature]  
[Signature]

OTHER RECOMMENDATIONS:

Jan Feb No Rec  
\_\_\_\_\_  
\_\_\_\_\_

[Signature]  
Chair: Signature and Recommendation

STATE OF ALASKA  
1990 LEGISLATIVE SESSION

BILL VERSION: SB 531  
PUBLISH DATE: 3/22/90

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Environ. Conservation  
 Title: An act establishing certain BRU: Environmental Health  
labeling for food containing farmed finfish  
 Sponsor: Labor & Commerce Committee Components: Sanitation and Seafood  
 Requestor: Senator Eliason

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	2.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.5	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND&STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS,CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	2.5	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING: (Thousands of Dollars)

GENERAL FUND	2.5	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	2.5	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

ANALYSIS: (Attach a separate page if necessary)

One time costs associated with development and distribution of notification to restaurants, retail grocery stores, wholesalers, food and seafood processors of labeling and identification requirements.

Prepared by: Douglas C. Donegan  
 Division: Environmental Health

Phone: 465-2609  
 Date: 3/23/90

Approved by Commissioner: ADH  
 Agency: Environmental Conservation

Date: 3/23/90

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

SB 531, REQUIRING THE LABELING OF FARMED FISH

What the bill does:

Adds to the food, drug and cosmetics statutes regarding "mis-branding," the requirement that any farmed fish sold or being prepared for sale in Alaska be labeled to reveal that it is farmed fish farmed outside of the state.

Issues involved, and purpose of bill:

Consumers' Right to Know

In keeping with increasing consumer awareness of food safety issues, there are growing health concerns about the use of antibiotics and chemicals in farmed fish which are not found in wild fish. The consumer has the right to know which product they are buying.

Truth in Advertising

Without a farmed fish labeling requirement, when fish is sold out of state as a "product of Alaska," and when fish is sold in Alaskan stores or restaurants, the consumer is likely to believe that it is wild fish, and that it is Alaskan fish.

Besides that assumption being unfair to the consumer for the health reason explained above, it is unfair advertising to have the farmed product from out of state, riding on the reputation of Alaska's wild fish which is a different product. Alaska has spent years and millions of dollars promoting its fish as wild, natural fish grown in cold clean Alaskan waters.

This truth in advertising requirement will help preserve Alaska's ability to assure consumers worldwide that if you buy ALASKAN fish, it is natural and wild. It is important to avoid jeopardizing consumer confidence in Alaska's fish.

Examples of application:

If someone buys salmon in a store or orders salmon in a restaurant in Alaska, he or she is very likely to assume that it is pure wild Alaskan salmon. If they are really buying farm-grown Chilean salmon, they have a right to know that.

If an Alaskan seafood processing company buys farmed fish from British Columbia, smokes it, and ships it out of state for sale, should they be allowed to simply label it as a "product of Alaska?" They can now. If we add only a requirement to label it as "farmed fish," it implies that it was "farmed in Alaska." SB 531 requires that the labeling be fully truthful by letting the consumer know that the raw product was actually non-Alaskan farmed fish. This also prevents the public perception that some Alaskan fish is actually farmed.

STATE OF ALASKA  
THE LEGISLATURE

FOUCHY STATE CAPITOL  
BUREAU ALASKA 99511  
907 465 1801

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 26, 1990

SUBJECT: Application of SB 531 to restaurants  
(Work Order No. 6-2366A)

TO: Senator Dick Eliason  
Chair, Senate Labor & Commerce Committee

FROM: Theresa L. Bannister *TB*  
Legislative Counsel

You have requested an opinion from this office as to whether SB 531 prohibits the sale of certain farmed finfish products in restaurants.

SB 531 establishes a new category of misbranded foods under AS 17.20, specifically farmed finfish products that don't comply with certain labelling or disclosure requirements. AS 17.20.290(a)(1) contains an unqualified prohibition against the sale of misbranded foods. AS 17.20.340 indicates what a "sale" covers. AS 17.20.340 reads as follows:

Sec. 17.20.340. SCOPE OF PROVISIONS DEALING WITH SALE. The provisions of this chapter regarding the sale of food, drugs, devices, or cosmetics include the manufacture, production, processing, packing, exposure, offer, possession, and holding of them for sale; the sale, dispensing, and giving of them, and the supplying or applying of them in the conduct of a food, drug, or cosmetic establishment.

It is not clear whether all of the aspects of sale described in AS 17.20.340 are tied to the phrase "in the conduct of a food . . . establishment". If not, the section would clearly cover restaurants, since there would be no place limitation.

On the other hand, if sale is tied to food, drug, or cosmetic establishments, the coverage appears to include restaurants.

Senator Dick Eliason  
Page 2  
March 26, 1990

The term "food establishment" is not defined in the chapter. Although "establishment" is used in other sections, "food establishment" is not, and there do not appear to be any provisions expressly limiting the scope of "food establishment". In 18 AAC 34, the regulations that address misbranded food and that have been adopted under the authority of AS 17.20 are not particularly helpful on this issue. They do not state explicitly that they apply to restaurants but their definition of "establishment" (and its accompanying definition of "prepare" and "processing") appears to be broad enough to include restaurants. See 18 AAC 34.010, 18 AAC 34.140, and 18 AAC 34.910.

A reasonable interpretation of the broad term "food establishment" would include a place where food is prepared and sold, to-wit, a restaurant. If the legislature had intended to limit the term, such as to grocery stores, it could have done so easily by using a more limited term. The use of such a broad, inclusive term suggests that a broad coverage was intended.

Therefore, in light of the above it is my opinion that AS 17.20 covers the sale of misbranded products in restaurants, and that the sale of SB 531's new category of misbranded food in a restaurant is prohibited under AS 17.20.-290.

If I may be of further assistance, please advise.

TLB:pl:mi  
WKP3/077

Statutes re:  
Scope of  
applicability of  
"mis-branded"  
17.20.290  
17.20.340

§ 17.20.03v

§ 17.20.040

FOOD AND DRUGS

§ 17.20.040



**Sec. 17.20.040. Misbranded foods.** Food is misbranded if

- (1) its labeling is false or misleading in any particular;
- (2) it is offered for sale under the name of another food;
- (3) it is an imitation of another food, unless its label bears, in type of uniform size and prominence, the word "imitation" and, immediately thereafter, the name of the food imitated;
- (4) its container is made, formed, or filled so as to be misleading;
- (5) it is in package form unless it bears a label containing (A) the name and place of business of the manufacturer, packer, or distributor and (B) an accurate statement of the quantity of the contents in terms of weight, measure, or numerical count; however, under (B) of this paragraph reasonable variations are permitted, and exemptions for small packages shall be established by regulations prescribed by the department;
- (6) a word, statement, or other information required by or under authority of this chapter to appear on the label or labeling is not prominently placed with the conspicuousness (as compared with other words, statements, designs or devices, in the labeling) and in terms which make it likely to be read and understood by the ordinary individual under customary conditions of purchase and use;
- (7) it purports to be or is represented as a food for which a definition and standard of identity has been prescribed by regulations as provided by AS 17.20.010, unless (A) it conforms to the definition and standard, and (B) its label bears the name of the food specified in the definition and standard and the common names of optional ingredients other than spices, flavoring, and coloring present in the food as required by regulation;
- (8) it purports to be or is represented as (A) a food for which a standard of quality has been prescribed by regulations, and its quality falls below that standard, unless its label bears, in the manner and form the regulations specify, a statement that it falls below that standard; or (B) a food for which a standard of fill of container has been prescribed by regulation as provided by AS 17.20.010 and it falls below the applicable standard of fill of container, unless its label bears, in the manner and form as the regulations specify, a statement that it falls below that standard;
- (9) it is not subject to the provisions of (7) of this section, unless it bears labeling clearly giving (A) the common or usual name of the food, if any, and (B) in case it is fabricated from two or more ingredients, the common or usual name of each ingredient; except that however spices, flavorings, and colorings, other than those sold as such, may be designated as spices, flavorings, and colorings, without naming each; however, to the extent that compliance with the requirements of (B) of this paragraph is impracticable, or results in deception or unfair competition, exemptions shall be established by regulations promulgated by the department, but the requirements of (B) of this paragraph do not

SB  
531

apply to food products which are packaged at the direction of purchasers at retail at the time of sale, the ingredients of which are disclosed to the purchasers by other means in accordance with regulations adopted by the department;

(10) it purports to be or is represented for special dietary uses, unless its label bears information concerning its vitamin, mineral, and other dietary properties the commissioner determines to be, and by regulations prescribes as, necessary in order fully to inform purchasers as to its value for those uses;

(11) it bears or contains artificial flavoring, artificial coloring, or chemical preservative, unless it bears labeling stating that fact; however, to the extent that compliance with the requirements of this paragraph is impracticable, exemption shall be established by regulations adopted by the department. (§ 11 ch 129 SLA 1949)

**Collateral references.** — Validity and construction of regulations dealing with misrepresentation in the sale of Kosher food, 52 ALR3d 959.

**Sec. 17.20.045. Misbranding halibut.** No person may label or offer for sale any food fish product designated as halibut, with or without additional descriptive words, unless the food fish product is *Hippoglossus* or *Hippoglossus Stenolepis*. A person who violates this section is guilty of misbranding food under provisions of this chapter. (§ 1 ch 59 SLA 1968)

**Sec. 17.20.050. Emergency permit control.** When the department finds after investigation that the distribution in the state of a class of food may, by reason of contamination with microorganisms during the manufacture, processing, or packing, be injurious to health, and that the injurious nature cannot be adequately determined after the articles have entered commerce, it, in that case only, shall adopt regulations providing for the issuance of permits to manufacturers, processors, or packers of that class of food, to which shall be attached the conditions governing the manufacture, processing, or packing of that class of food, for a temporary period of time as may be necessary to protect the public health. After the effective date of the regulations, and during the temporary period, no person may introduce or deliver for introduction into commerce the food so manufactured, processed or packed by any manufacturer, processor, or packer unless the manufacturer, processor, or packer of it holds a permit issued by the commissioner. (§ 12(a) ch 129 SLA 1949)

**Sec. 17.20.060. Suspension and reinstatement of emergency permit.** The commissioner may suspend immediately upon notice a permit issued under AS 17.20.050 if it is found that the conditions of the permit have been violated. The holder of a suspended permit may apply for the reinstatement of the permit, and the commissioner, immediately after prompt hearing and an inspection of the estab-

adulterated or on the superior 1 that commis- adulterated or other marking. § 25 (1981))

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any room, building, vehicle of transportation or other structure which is unsound, or contains filthy, decomposed, or putrid substance, or a substance that may be poisonous or deleterious to health or otherwise unsafe, is a nuisance. Whenever the commissioner of environmental conservation finds such an article, the commissioner shall immediately condemn or destroy it or in any other manner render it unsalable as human food. (§ 6(d) ch 129 SLA 1949; am Executive Order No. 51, § 28 (1981))

Effect of amendments. — The 1981 amendment added "of environmental con- servation" following "the commissioner" in the second sentence.

Sec. 17.20.280. Injunction proceedings. The commissioner of environmental conservation and the commissioner of health and social services may apply to the superior court for, and the court has jurisdiction to grant, a temporary or permanent injunction restraining a person from violating their respective portions of AS 17.20.290. (§ 4 ch 129 SLA 1949; am Executive Order No. 51, § 29 (1981))

Effect of amendments. — The 1981 amendment added "of environmental con- servation and the commissioner of health and social services" following "commis- sioner" and added "their respective portions of" following "person from violating."

Article 6. Prohibited Acts and Penalties.

Section	Section
290. Prohibited acts	320. Effect of written guaranty
300. Determination of misleading labeling or advertisement	330. Liability for dissemination of false advertising
310. Penalties	

Collateral references. — 25 Am. Jur. 2d, Drugs, Narcotics, and Poisons, § 40 et seq; 35 Am. Jur. 2d, Food, §§ 63 et seq., 74 et seq.

Sec. 17.20.290. Prohibited acts. (a) The following acts and the causing thereof are prohibited:

- (1) the manufacture, or sale, or delivery, holding, or offering of sale of food, drug, device, or cosmetic that is adulterated or misbranded;
- (2) the adulteration or misbranding of food, drug, device or cosmetic;
- (3) the receipt in commerce of food, drug, device, or cosmetic that is adulterated or misbranded, and the delivery or proffered delivery of them for pay or otherwise;
- (4) the sale, delivery for sale, holding for sale, or offering for sale of an article in violation of AS 17.20.050 — 17.20.070 and 17.20.100;

- (5) the dissemination of a false advertisement;
- (6) the refusal to permit entry or inspection, or to permit the taking of a sample, as authorized by AS 17.20.200;
- (7) the giving of a guaranty or undertaking which is false, except by a person who relied on a guaranty or undertaking to the same effect signed by and containing the name and address of the person residing in the state from whom the person who relied on the guarantee or undertaking received the food, drug, device, or cosmetic in good faith;
- (8) the removal or disposal of a detained or embargoed article in violation of AS 17.20.230 — 17.20.270;
- (9) the alteration, mutilation, destruction, obliteration, or removal of the whole or part of the labeling of, or the doing of any other act with respect to, a food, drug, device, or cosmetic, if the act is done while the article is held for sale and results in the article being misbranded;
- (10) forging, counterfeiting, simulating, or falsely representing, or without proper authority using a mark, stamp, tag, label or other identification device authorized or required by regulations adopted under AS 17.20.230 — 17.20.270;
- (11) the using, on the labeling of a drug or in an advertisement relating to a drug, of a representation or suggestion that an application with respect to the drug is effective under AS 17.20.110 or that the drug complies with the provisions of that section;
- (12) the sale or offering for sale of frozen fish as fresh fish;
- (13) the improper labeling and drug substitution by pharmacists under AS 17.20.105.

(b) The commissioner of environmental conservation or a designee of the commissioner is responsible for enforcing the provisions of paragraphs (a)(1), (2), (3), (4), (6), (7), (8), (9), and (10) of this section, if the subject of the prohibited act involves food or cosmetics, and the provisions of paragraph (a)(12) of this section. This subsection does not limit the authority of peace officers.

(c) The commissioner of health and social services or a designee of the commissioner is responsible for enforcing the provisions of paragraphs (a)(1), (2), (3), (4), (6), (7), (8), (9), and (10) of this section, if the subject of the prohibited act involves drugs or devices, and the provisions of paragraphs (a)(5), (11), and (13) of this section. This subsection does not limit the authority of peace officers. (§ 3 ch 129 SLA 1949; am § 1 ch 119 SLA 1967; am § 2 ch 17 SLA 1971; am Executive Order No. 51, § 30 (1981))

**Cross references.** — For adulteration of food and its sale, see AS 17.05.020.

**Effect of amendments.** — The 1981 amendment added subsections (b) and (c).

**Sec. 17.20.300. Determination of misleading labeling or advertisement.** If an article is alleged to be misbranded because the labeling is misleading, or if an advertisement is alleged to be false

**Effect of amendments.** — The 1981 amendment deleted "on" preceding "the request of," added "of health and social services" following "the request of the commissioner" and deleted "the commissioner" preceding "the name and

post office address."

**Collateral references.** — What constitutes "false advertising" of food products or cosmetics within §§ 5 and 12 of the Federal Trade Commission Act (15 USCS §§ 45, 52), 50 ALR Fed. 16

**Article 7. General Provisions.**

**Section**

- 340. Scope of provisions dealing with sale
- 350. Report of minor violations
- 360. Hearing before report of criminal violation

**Section**

- 370. Definitions
- 380. Short title

**Sec. 17.20.340. Scope of provisions dealing with sale.** The provisions of this chapter regarding the sale of food, drugs, devices, or cosmetics include the manufacture, production, processing, packing, exposure, offer, possession, and holding of them for sale; the sale, dispensing, and giving of them, and the supplying or applying of them in the conduct of a food, drug, or cosmetic establishment. (§ 2(q) ch 129 SLA 1949)

**Sec. 17.20.350. Report of minor violations.** Nothing in this chapter requires either the commissioner of environmental conservation or the commissioner of health and social services, as the case may be, to report minor violations of their respective portions of this chapter for prosecution, or for the institution of libel or injunction proceedings, when that commissioner believes that the public interest will be adequately served by a suitable written notice or warning. (§ 8 ch 129 SLA 1949; am Executive Order No. 51, § 32 (1981))

**Effect of amendments.** — The 1981 amendment added "either" following "chapter requires," added "of environmental conservation or the commissioner of health and social services, as the case may

be" following "the commissioner," added "of their respective portions" following "report minor violations" and substituted "that" for "the" preceding "commissioner believes that."

**Sec. 17.20.360. Hearing before report of criminal violation.** The attorney general, to whom the commissioner of environmental conservation or the commissioner of health and social services, as the case may be, reports a violation of this chapter, shall institute appropriate proceedings in the superior court without delay and prosecutes them in the manner required by law. Before a violation of this chapter is reported to the attorney general, the person against whom the proceeding is contemplated shall be given appropriate notice and an opportunity to respond to the appropriate commissioner, orally or in writing, in person or by attorney, with regard to the contemplated proceeding. (§ 7 ch 129 SLA 1949; am Executive Order No. 51, § 3 (1981))

(2) "food bank" means an organization recognized by the state or federal government as a nonprofit organization and that operates principally to collect, inspect, and salvage donated food for free distribution to needy persons. (§ 1 ch 75 SLA 1984)

**Sec. 17.20.370. Definitions.** In this chapter

(1) "advertisement" means a representation disseminated, other than by labeling, for the purpose of inducing, or which is likely to induce directly or indirectly the purchase of food, drugs, devices or cosmetics;

(2) "antiseptic", in the labeling or advertisement of a drug, is a representation that it is a germicide, except in the case of a drug purporting to be, or represented as, an antiseptic for inhibitory use as a wet dressing, ointment, dusting powder, or other use involving prolonged contact with the body;

(3) "contaminated with filth" means food, drug, device, or cosmetic not securely protected from dust, dirt, and as far as necessary by all reasonable means, from foreign or injurious contamination;

(4) "cosmetic" means an article intended to be rubbed, poured, sprinkled, or sprayed on, introduced into, or otherwise applied to the human body for cleansing, beautifying, promoting attractiveness, or altering the appearance, and an article intended for use as a component of an article enumerated in this paragraph; except that the term does not include soap intended for cleansing purposes only;

(5) "device" except when used in AS 17.20.040(6), 17.20.090(3), 17.20.150(3), 17.20.290(a)(10) and 17.20.300 means an instrument, apparatus, and contrivance, including its components, parts, and accessories, intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man or animal; or to affect the structure or function of the body of man or animal;

(6) "drug" means an article recognized in the official United States Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States, or official National Formulary; an article intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man or animal; an article other than food, intended to affect the structure or function of the body of man or animal; and an article intended for use as component of an article specified in this paragraph but does not include devices or their components, parts, or accessories;

(7) "federal act" means the Federal Food, Drug, and Cosmetic Act, 21 U.S.C. 301 — 392; 52 Stat. 1040 — 1059;

(8) "food" means an article used for food or drink for man or animal, chewing gum, and articles used for components of either of them;

(9) "immediate container" does not include a package liner;

(10) "label" means a display of written, printed or graphic matter upon the immediate container of an article; however, a requirement made by or under authority of this chapter that a word, statement, or

y the state or that operates for free distri-

minated, other which is likely to be, devices or

f a drug, is a use of a drug inhibitory use as involving pro-

re, or cosmetic necessary by all ration;

bbled, poured, applied to the activeness, or e as a compo- that the term s only;

17.20.090(3), instrument, parts, and ac- gation, treat- to affect the

United States of the United led for use in of disease in fect the struc- ticle intended raph but does essories; Cosmetic Act,

an or animal, her of them; ge liner; aphic matter requirement statement, or

otl... information appear on the label is not complied with unless the word, statement, or other information also appears on the outside container or wrapper of the retail package, if there is one, or is easily legible through the outside container or wrapper;

(11) "labeling" means the label and other written, printed or graphic matter upon an article or its container or wrapper accompany- ing the article;

(12) "new drug" means a drug the composition of which is such that it is not generally recognized among experts qualified by scientific training and experience to evaluate the safety of drugs as safe for use under the conditions prescribed, recommended, or suggested in the labeling of it; or a drug the composition of which is such that the drug, as a result of investigations to determine its safety for use under such conditions, has become so recognized, but which has not, otherwise than in these investigations, been used to a material extent or for a material time under those conditions;

(13) "official compendium" means the official United States Phar- macopoeia, official Homeopathic Pharmacopoeia of the United States, official National Formulary, or supplements to them. (§ 2(a) — (k) (m) — (p) (r) ch 129 SLA 1949; am § 6 ch 104 SLA 1971; am § 14 ch 208 SLA 1975; am E.O. No. 51, § 41 (1981))

Editor's notes. — This section is set out above to correct a minor error in the main pamphlet.

NOTES TO DECISIONS

The terms "food" and "drug" are not mutually exclusive. — A food may be a drug so long as it is intended for use in the diagnosis, cure, mitigation, treat- ment, or prevention of disease. Ross Labs v. Thies, 725 P.2d 1076 (Alaska 1986).

"Polycose" held "drug". — "Poly-

cose," a glucose and water solution in- tended to be used for the treatment and mitigation of numerous diseases, is a drug within the meaning of this section. Ross Labs v. Thies, 725 P.2d 1076 (Alaska 1986).

Chapter 30. Controlled Substances.

Article

- 1. Regulation of Manufacture, Distribution, Prescription, and Dispensing of Con- trolled Substances (§§ 17.30.010 — 17.30.080)
- 2. Enforcement Forfeiture and Review Provisions (§§ 17.30.100, 17.30.126, 17.30.130)
- 4. General Provisions (§§ 17.30.150 — 17.30.900)

Article 1. Regulation of Manufacture, Distribution, Prescription, and Dispensing of Controlled Substances.

Section

- 10. [Repealed]
- 20. Registration requirements
- 30 — 50. [Repealed]
- 60. Records of registrants

Section

- 70. Order forms; prescriptions
- 80. Unlawful administration, prescrip- tion and dispensation of controlled substances

**S B**

**533**

6-2338A  
Cramer  
3/13/90

BY THE LABOR & COMMERCE COMMITTEE

1 IN THE SENATE

2 SENATE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to food and housing for construction  
7 workers at remote construction sites on public con-  
8 struction projects; and providing for an effective  
9 date."

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

11 \* Section 1. AS 36.90 is amended by adding a new section to read:

12 Sec. 36.90.110. FOOD AND HOUSING AT REMOTE CONSTRUCTION SITES.

13 (a) Except as provided in (b) of this section, an employer or con-  
14 tractor shall provide food and housing to an employee of the employer  
15 or contractor working on a public construction project at a remote  
16 construction site. The housing must meet safety and health standards  
17 for housing set out in the Standards for Occupational and Industrial  
18 Structures adopted by the department. The employer or contractor may  
19 not consider the cost of the food and housing in setting wages for the  
20 employee or in meeting wage requirements under AS 23.10.065 or  
21 AS 36.05.

22 (b) An employer or contractor who provides adequate transporta-  
23 tion to employees is exempt from the requirement to provide food and  
24 housing under (a) of this section. Transportation is adequate under  
25 this section if it

26 (1) is available daily at reasonable hours to and from the  
27 remote construction site to a location that provides access to ade-  
28 quate commercially-available housing;

29 (2) takes no more than 30 minutes to transport the employee

1 from the departure point to the worksite; and

2 (3) meets applicable transportation safety standards.

3 (c) The requirements of this section are considered a part of  
4 every contract for hire for a public construction project in the  
5 state. The advertised specifications for a public construction con-  
6 tract that is partly or wholly funded by state money must contain a  
7 provision stating the requirement for providing food and housing at  
8 remote construction sites.

9 (d) The department shall implement this section by regulation.

10 (e) In this section "remote" means a work site that is either  
11 more than 50 road miles or inaccessible by two-wheel-drive vehicles  
12 from a place that has adequate, commercially-available food and hous-  
13 ing that meet the standards set out in (a) of this section.

14 \* Sec. 2. This Act takes effect immediately under AS 01.10.070(c).  
15  
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BY THE LABOR & COMMERCE COMMITTEE

IN THE SENATE

SENATE BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to food and housing for construction workers at remote construction sites; and providing for an effective date."

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

\* Section 1. AS 23.10 is amended by adding a new section to read:

Sec. 23.10.440. FOOD AND HOUSING AT REMOTE CONSTRUCTION SITES.

(a) Except as provided in (b) of this section, an employer or contractor shall provide food and housing to an employee working at a remote <sup>public</sup> construction site. The housing must meet safety and health standards for housing set out in the Standards for Occupational and Industrial Structures adopted by the department. The employer or contractor may not consider the cost of the food and housing in setting wages for the employee or in meeting wage requirements under AS 23.10.065 or AS 36.05.

(b) An employer or contractor who provides adequate transportation to employees is exempt from the requirement to provide food and housing under (a) of this section. Transportation is adequate under this section if it

(1) is available daily at reasonable hours to and from the remote construction site to a location that provides access to adequate commercially-available housing;

(2) takes no more than 30 minutes to transport the employee from the departure point to the worksite; and

(3) meets applicable transportation safety standards.

1 (c) The requirements of this section are considered a part of  
2 every contract for hire for a construction project in the state. The  
3 advertised specifications for a construction contract that is partly  
4 or wholly funded by state money shall contain a provision stating the  
5 requirement for providing food and housing at remote construction  
6 sites.

7 (d) The department shall implement this section by regulation.

8 (e) In this section

9 (1) "construction" means the on-site field surveying,  
10 erection, rehabilitation, alteration, extension, or repair, including  
11 painting or redecorating, of buildings, highways, or other improve-  
12 ments to real propertyz, ↗

13 (2) "remote" means a work site that is either more than 50  
14 road miles or inaccessible by two-wheel-drive vehicles from a place  
15 that has adequate, commercially-available food and housing that meet  
16 the standards set out in (a) of this section.

17 \* Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

18  
19 under contract for the state, a political  
20 subdivision of the state, or a regional  
21 school bd;  
22  
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29



# Alaska State Legislature

Please enter into the record my testimony to the LABOR AND COMMERCE committee name

committee on S B 533, dated 4/  
bill/subject

I HAVE WORKED ON STATE ROAD JOBS IN ALASKA FOR SOME TIME, AND IN THE LAST FIVE YEARS, THE LIVING CONDITIONS ON REMOTE JOB SITES HAS DROP DOWN BELOW, WHAT MOST PEOPLE ARE WILBING TO PUT UP WITH.

THE CONDITIONS IN WHICH SOME PEOPLE HAVE TO LIVE ON THESE PROJECT IS BAD, SOME HAVE TO LIVE IN TENTS, LIVE IN THE BACK OF PICKUP TRUCK. A LOT OF PEOPLE CAN NOT AFFORD A CAMPER OR MOTOR HOME, OR TRAILER.

ON THESE REMOTE JOBS IN ALASKA, THE STATE PAYS SO MUCH A DAY FOR STATE INSPECTORS AND THE CONSTRUCTION WORKER GETS NOTHING. IT IS TIME FOR THE STATE TO PASS IN TO LAW, A BILL THAT WOULD FURNISH FOOD AND HOUSING ON ALL REMOTE JOBS IN ALASKA.

I SUPPORT S. B 533, THE CONSTRUCTION TRADE, THE PEOPLE LIVING IN ALASKA, AND THE STATE WILL BENEFIT FROM THIS LEGISLATION.

Signed: Frank R Darnell  
Testifier

Representing (Optional)  
3213 HOMER DRIVE  
Address  
NORTH POLE ALASKA 99705  
Phone No. 488-2662



# POSITION PAPER

Bill No: HB 430

*Comments  
for 2/8  
Hearing*

Approved: Mark S. Hickey *M.S.H.*  
Commissioner

Title: An Act requiring that overtime wages at twice the regular rate of pay be paid for certain work days and work ... and relating to food and housing for construction workers at remote construction sites."

Date: 2/6/90

The department is concerned that the cost of complying with this proposed legislation will significantly increase the cost of constructing highway, aviation and other public facilities in remote areas of the state.

Section 2 of the bill provides that contractors shall furnish food and housing to an employee working at sites inaccessible by two-wheel drive vehicles or 50 road miles or more from commercially available food and housing. The department is concerned that all construction workers, be they employed by the state or the contractors, have reasonable and adequate living circumstances while working on department construction projects. Toward this end, we have prepared a new standard for remote projects (though accessible by road). It requires that the contractor provide, at no cost to employees, full-service campgrounds including water, power, showers, laundry and waste disposal. We believe this new standard would save a substantial amount of money compared to "camps" and result in other benefits when compared to the standard proposed in the bill.

The campground standard contemplated by the department was one of four possible solutions to correct the problems associated with workers living in unsanctioned campgrounds (see "Policy Proposal for Accommodations on Remote Projects, October 1989," attached). Notably, the selected standard solves all health and sanitary conditions raised as a concern, and was well received by the Department of Environmental Conservation. It has three additional attributes worth mentioning when compared to the solution proposed in this bill.

- It requires that a worker provide a vehicle or trailer for his/her housing. This serves to hinder out-of-state workers from flying into the state with only their luggage and working for extended periods. Notably, this bill would largely affect federally funded projects to which no in-state hiring preferences can be applied.
- By coordinating with other agencies, the campgrounds created by the department's new standard could become permanent facilities adding to the state's tourism and recreational base.

- The department's standard results in significant savings when compared to the requirements of the bill. For DOT&PF highway and aviation projects the requirements set forth in this bill are estimated to cost 5 times the cost of the campground standard (2.4% vs. 12% of the aggregate construction cost). The consequences of the higher standard would be to raise the overhead cost of capital projects and subtract from the buying power of capital funds.

The department intends to implement the campground policy discussed. It is contemplated to be in force on the following projects in the coming year.

Glenn Highway, MP 135 North (Nelchina Slide)  
Richardson Highway, MP 79 North

As substitute language we would encourage the following language for consideration to be inserted at line (10), page 5.:

*(c) An employer or contractor, at sites accessible by two-wheel drive vehicle, but more than 50 road miles from a place that has adequate, commercially-available food and housing, shall be considered as satisfying the requirements to provide food and housing under (a) of this section by providing a full-service campground. A full-service campground is adequate under this section if it*

- (1) has gravel, well drained surfacing at each camp space;*
- (2) provides power and potable water connections at each camp space;*
- (3) has common toilets, lavatories, showers, laundry with hot and cold water; and*
- (4) trash containers and holding tank discharge system is provided.*

Proposed paragraphs (c) thru (f) to be re-lettered to (d) thru (g).

We would also comment that the bill as written would all but eliminate the ability to use small contracts on remote locations without very large transportation or camp costs. This would impact trail and wilderness recreational facilities, hatchery renovation projects and similar smaller undertakings. We would propose that a dollar threshold be included below which projects would be exempt.

**DRAFT**

Policy Statement for Full Service Campground

Full service campgrounds as outlined in section 644-2.07 of the specifications shall be required if all of the following criteria are met.

1. The project is located more than 50 road miles or 15 nautical miles from an established community. A community is assumed to have a post office, a restaurant, and hotel, motel or lodge services.
2. The project is scheduled to last a minimum duration of 60 days.
3. The contractor's construction staff (excluding clerical) is comprised of 15 or more employees.
4. The value of the contract exceeds \$750,000.

SECTION 644  
SERVICES TO BE FURNISHED BY THE CONTRACTOR

ADD THE FOLLOWING:

**DRAFT**

644-2.07 Full Service Campground

When Item 644(7) appears in the bid schedule, the Contractor shall furnish and maintain a full service campground for use by the Contractor's employees. A full service campground is interpreted to include the campsite or trailer parking area as well as:

1. Electrical power
2. Water
3. Dumping station
4. Trash disposal
5. Central shower/laundry/lavatory facility

If a designated site for the campground is not shown on the plans, it is the Contractor's responsibility to locate a suitable site for the campground.

The Contractor must establish a campground within five miles of the project. The campground shall conform to all applicable federal, state, and local regulations. No campground development shall begin until a plan for development, occupation, and cleanup is submitted and approved by the Department. This plan should contain the following information:

1. Location and size of the proposed site (map).
2. Sewage disposal system approved by the Alaska Department of Environmental Conservation.
3. Number of people who will use the site and proposed dates of occupancy.
4. Power supply system conforming to the National Electrical Code.
5. Potable water supply system approved by the Alaska Department of Environmental Conservation.
6. Road and trail site layout.
7. Clearing limits and slash disposal locations.
8. Sanitary landfill site approved by the Alaska Department of Environmental Conservation.
9. Equipment and fuel storage area.

The Department shall review the plan as submitted for completeness and applicability. Proposed modifications to the Contractor's plans shall be discussed with the Contractor prior to approval. Any modifications agreed upon shall be incorporated in a revised set of plans.

Campground facilities shall be provided for the Contractor's work force and other authorized personnel during the time that the Contractor is actively engaged in work at the project site. State employees may be provided for in the same installation and shall be permitted to use any and all facilities for a reasonable daily rate. The Contractor's employees shall not be charged. The campground shall be a private facility not open for public use.

644-4.01 Basis of Payment

Full Service Campground. Payment for furnishing and maintaining the full service campground will be made at the lump sum price.

<u>Pay Item No.</u>	<u>Pay Item</u>	<u>Pay Unit</u>
644(7)	Full Service Campground	Lump Sum

**Policy Proposal for Accommodations on Remote  
State-Sponsored Construction Projects  
Department of Transportation and Public Facilities  
Draft - November 1989**

In the Spring of 1989 the department was asked by a number of parties to investigate the allegation of unsanitary living conditions on remote construction projects being performed for the department. The general nature of the allegations was that in remote areas, where commercial lodging or private campgrounds were unavailable or otherwise fully occupied, workers were forced into make-shift camping arrangements without the benefit of potable water, sanitation facilities or trash disposal and with possible trespass implications. In other cases, concerns were expressed that the work force would occupy public campgrounds displacing the recreational visitors for which those facilities were intended.

In reviewing remote construction projects, we found that while many general contractors were providing sanitary campgrounds for their employees, others were marginally so, and some provided no facilities. Consequently, on some rural projects, there were circumstances warranting contract provisions requiring sanitary living accommodations for the work force.

We reviewed the type and nature of projects which this department has scheduled over the next six years to see which projects might warrant the requirement for housing provisions. We then described the threshold criteria which should trigger these special contract provisions.

Our proposed policy is that the following criteria must all exist before the requirement for mandatory accommodations would be invoked:

1. The project is located more than 50 road miles or 15 nautical miles from an established community. A community would have to have a restaurant, and hotel, motel or lodge services with sufficient capacity to provide services to the contract work force.
2. The construction project is estimated to last a minimum duration of 60 continuous calendar days.
3. The construction staff consists of 15 or more workers who would likely require accommodations, including any sub-contractor's work forces.
4. The estimated amount of the contract exceeds \$500,000.
5. The project is accessible to the highway network, including segments connected by the Alaska Marine Highway System.

The form and nature of the accommodations to be required was also evaluated. In reviewing options we considered four alternatives:

1. Provide basic campground services (gravel-surfaced space, potable water, portable toilets, and trash disposal).
2. Provide full-service campgrounds (gravel-surfaced space, potable water, toilets, lavatories, showers, laundry, power, trash disposal, and septic system).
3. Provide self-service camps including rooms and kitchen facilities (no housekeeping or cooking services; employees do own cooking and housekeeping).
4. Provide full-service camps (complete housekeeping and cooking services provided).

A review was made of the department's six year plan to determine how many projects scheduled for construction would meet the threshold criteria and their collective dollar amount. During the next six years \$160 million of construction is expected to occur in remote locations likely to invoke the proposed accommodations policy.

From discussions with a number of construction estimators in the state we estimate the following surcharge costs for the four alternatives:

<u>Alternative</u>	<u>Surcharge</u>	<u>Six-year Cost</u>
1. Basic campground:	1.0%	\$1,600,000
2. Full-service campground:	2.4%	\$3,840,000
3. Self-service camps:	4.4%	\$7,040,000
4. Full-service camps:	12%	\$19,200,000

The additional cost for any of the above alternatives would come from existing capital budgets. It would, therefore, subtract from the highway and aviation facilities that could be built. Accordingly, cost is an important criterion, for the accommodations policy becomes another overhead cost subtracting from the purchasing power of state capital budgets.

The department believes that option #2 would best address the problems, while minimizing the cost. Construction employees would be responsible for their own lodging, whether that is as simple as a tent or pick-up truck canopy,

or as elaborate as a recreational vehicle or camping trailer. They would also be responsible for their own meals. The contractor would provide a clean, sanitary campground, complete with central showers, lavatories, and laundry, as well as flush toilets, potable water connections and power connections, or an equivalent alternative approved by the department.

The selected policy would address all the fundamental concerns that have been raised. Workers would have sanitary, non-polluting facilities. They would further be provided the practical necessities of hot showers, laundry facilities and the benefits of electricity for lights and small appliances (refrigerators, cooking appliances) which would make long-term stays much more comfortable. Equally important, the policy is not extravagant, it would raise cost of those individual construction projects by about 2.4% but the cost as a percentage of all capital project costs would be much less than 1%.

Participation of federal-aid would be required before the department could invoke the requirement for a camp on federally funded projects. Our discussions with federal agencies has been encouraging, but in instances where they would not participate in these costs, there is no general fund source to cover the cost of this policy.

Finally, the policy would not rule out the use of full-service camps on truly remote (off-road system) projects such as the Bradley Lake power project or airport projects located off the connected highway system.

# STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

ENGINEERING & OPERATIONS STANDARDS

PO. BOX 2  
JUNEAU, ALASKA 99811-2500  
PHONE: (907) 488-2951  
FAX: (907) 688-8388


March 16, 1990

*Rec'd via Fax  
3/21/90*

Henry Springer  
Associated General Contractors  
Alaska Chapter  
P. O. Box 240609, 99524  
Anchorage, AK 99503

Dear Mr. Springer:

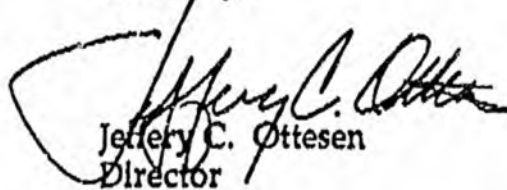
The Department of Transportation and Public Facilities (DOT & PF) has received input from a number of sources concerning unhealthy living conditions of workers on state highway construction projects. Over the past year, the DOT&PF has consulted with various interested groups including government agencies, labor organizations and contractor associations to develop a state policy and a special contract provision which addresses these concerns.

We are in the process of implementing the policy but since it may have unforeseen effects we are still soliciting comments on the policy and special provision. We are striving to complete the review very quickly so that the special provision can be included in projects meeting the criteria which are to be advertised after April 15, 1990. The policy and special provision would not rule out the use of full-service camps on truly remote (off-road system) projects. 

Thank you of for taking the time to review the material. We appreciate your

comments and welcome any suggestions. Please address your comments to Loren Rasmussen, Chief, Design and Construction Standards, DOT & PR, P. O. Box Z, Juneau, AK 99811.

Sincerely,



Jeffery C. Ottesen  
Director

cc: Resa Jerral, AGC, Juneau Chapter



AMENDMENTS TO SB 533

RESA JERREL  
DIRECTOR OF GOVERNMENT RELATIONS

Page 1, line 14:

After the word "shall" insert  
"use previously constructed"

ALASKA CHAPTER  
ASSOCIATED GENERAL CONTRACTORS

134 N. FRANKLIN ST., STE. A  
JUNEAU, ALASKA 99801  
586-1740

Page 1, line 14:

Delete the word "provide"

Page 1, line 14 after the word "housing"

Insert "facilities for"

Page 1, line 14:

Delete "an"

Page 1 line 14:

Change "employee" to "employees"

The sentence starting on page 1, line 13 would read:

(a) Except as provided in (b) of this section, an employer or contractor shall use previously constructed food and housing facilities for employees of the employer or contractor working on public construction project at remote construction site.

Page 2, line 7, after the word "requirement"

Insert "to use previously constructed"

Page 2, line 7:

Delete "for providing"

Page 2, line 7, after the word "housing"

Insert "facilities"

The Sentence starting on page 2, line 5 would read:

The advertised specifications for a public construction contract that is partly or wholly funded by state money must contain a provision stating the requirement to use previously constructed food and housing facilities at remote construction sites.

Page 2, line 9 new subsections:

"(d) The requirements of this section are a separate project and shall be bid independent of any other construction project.

(e) Upon completion the camp shall be made available to an employer or contractor otherwise required to provide food and housing to employees of the employer or contractor working on public construction project at a remote construction site."

Renumber the following section accordingly.

Page 1, line 29 and page 2, line 1:

Delete:

[ (2) TAKES NO MORE THAN 30 MINUTES TO TRANSPORT THE EMPLOYEE FROM THE DEPARTURE POINT TO THE WORKSITE: ]

BY THE LABOR & COMMERCE COMMITTEE

1 IN THE SENATE

2 SENATE BILL NO. 533

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to food and housing for construction  
7 workers at remote construction sites on public construction projects; and providing for an effective  
8 date."  
9

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

11 \* Section 1. AS 36.90 is amended by adding a new section to read:

12 Sec. 36.90.110. FOOD AND HOUSING AT REMOTE CONSTRUCTION SITES.

13 (a) Except as provided in (b) of this section, an employer or contractor shall <sup>use previously constructed</sup> ~~provide~~ food and housing <sup>facilities for</sup> ~~to an~~ employee of the employer  
14 or contractor working on a public construction project at a remote  
15 construction site. The housing must meet safety and health standards  
16 for housing set out in the Standards for Occupational and Industrial  
17 Structures adopted by the department. The employer or contractor may  
18 not consider the cost of the food and housing in setting wages for the  
19 employee or in meeting wage requirements under AS 23.10.065 or  
20 AS 36.05.  
21

22 (b) An employer or contractor who provides adequate transportation to employees is exempt from the requirement to provide food and  
23 housing under (a) of this section. Transportation is adequate under  
24 this section if it  
25

26 (1) is available daily at reasonable hours to and from the  
27 remote construction site to a location that provides access to adequate commercially-available housing;  
28

29 (2) takes no more than 30 minutes to transport the employee

1

from the departure point to the worksite; and

2

(3) meets applicable transportation safety standards.

3

(c) The requirements of this section are considered a part of every contract for hire for a public construction project in the state. The advertised specifications for a public construction contract that is partly or wholly funded by state money must contain a provision stating the requirement <sup>to use previously constructed</sup> for providing food and housing <sup>facilities</sup> at remote construction sites.

9

<sup>New (d) & (e)</sup> (f) (d) The department shall implement this section by regulation.

10

(g) (e) In this section "remote" means a work site that is either more than 50 road miles or inaccessible by two-wheel-drive vehicles from a place that has adequate, commercially-available food and housing that meet the standards set out in (a) of this section.

11

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13

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

SENATE COMMITTEE REPORT  
FIRST COMMITTEE OF REFERRAL

DATE: 3/22/90

FURTHER: Finance

Date of 5-Day Notice: 4/12/90  
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 4/24/90

Labor and Commerce Committee considered SB 533  
Food and housing for construction workers at remote construction sites on public construction projects; efd.

and recommended:

- replace with \_\_\_\_\_ CS \_\_\_\_\_  same title
- attached amendment(s)  new title
- \_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

ATTACHES NEW FISCAL NOTE(S):

Department(s)/Date:

Department(s)/Date:

fiscal note(s) DOT/PF 4/4/90

zero fiscal note(s) Dept of Labor 3/30/90

appropriation-no fiscal note

Governor's bill w/fiscal note

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

*Robert Koder*

*Jim Smith No Rec*

*Robert Koder*  
Chair: Signature and Recommendation

**REQUEST: FISCAL NOTE**

Revision Date: \_\_\_\_\_ Agency Affected: DOT&PF  
 Title: An Act relating to food and housing workers of remote construction sites on public construction projects; and providing for and effective date. BRU: Design & Construction  
 Sponsor: Labor and Commerce Committee Components:  
 Requestor: Labor and Commerce Committee

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTURAL	60	60	60	60	60	60
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	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
<b>TOTAL OPERATING</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>	<b>60</b>
<b>CAPITAL</b>	<b>240</b>	<b>240</b>	<b>240</b>	<b>240</b>	<b>240</b>	<b>240</b>
<b>REVENUE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**FUNDING:** (Thousands of Dollars)

GENERAL FUND	300	300	300	300	300	300
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
<b>TOTAL</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>300</b>

**POSITIONS:**

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

**ANALYSIS:** The fiscal note is based on assuming an average of \$0.5 million per year of general fund dollars are spent on maintenance projects which would be affected and another \$2.0 million in general fund capital projects. To these amounts an average camp cost of 12% was applied. In addition, on federal-aid highway and aviation work, based upon the proposed program for the next six years a cost of \$4.0 million per year is anticipated. This would subtract from the buying power of our capital budget, but would not add new costs.

Prepared by: Jeffery C. Ottesen  
 Division: Engineering and Operations Standards  
 Phone: 465-2960  
 Date: April 4, 1990  
 Approved by Commissioner: Mark S. Hill  
 Agency: Department of Transportation and Public Facilities  
 Date: 4/4/90

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

**STATE OF ALASKA**  
**1990 LEGISLATIVE SESSION**

BILL VERSION : SB 533  
 PUBLISH DATE : \_\_\_\_\_

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_  
 Title: "An Act relating to food and housing for construction workers..."  
 Sponsor: Senate Labor & Commerce  
 Requestor: Senate Labor & Commerce

Agency Affected: Labor  
 BRU: Labor Standards & Safety  
 Components: \_\_\_\_\_  
Occupational Safety & Health

**EXPENDITURES/REVENUES:** (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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

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

**FUNDING:** (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS:** (Attach a separate page if necessary)

Note: There is no fiscal impact in FY'90.

Prepared by: Tom Stuart, Director Phone: 465-4855  
 Division: Labor Standards & Safety Date: 3/30/90  
 Approved by Commissioner: Jim Sampson Date: 3/30/90  
 Agency: Department of Labor

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

Thomas D. Armstrong  
6430 East 9th Avenue  
Anchorage, Alaska 99504

TESTIMONY SB 533 4/23/90

Mr. Chairman members of the committee - For the Record  
my name is Thomas Armstrong, I am a resident of Anchorage and  
have been a resident of Alaska since 1947. I am a member of the  
International Brotherhood of Operating Engineers, Local 302. I  
have been a member of 302 for over 2 years.

During the committee hearings in House Labor and Commerce  
committee members said that they wished that they could hear from  
rank and file construction workers.

I support SB 533 and I am sure that all the men I work with  
support SB533.

It has only been in the last 6 years that members of our union  
have been without contractor provided camps. We were encouraged  
to delete this requirement for requiring camps from our labor  
agreements so that the union contractors we work for could be  
competitive with the non-union contractors who do not and have  
never provided camp living for their construction crews.

I guess the requirement for contractor provided camps is just a form of per diem for construction crews very similar to what most other employees receive when they must work away from home to earn a living.

It seems to me that the primary concern ought to be for the health and welfare of the men and women who must work at remote sites. There are currently a wide range of conditions that construction workers away from home are experiencing.

Some contractors provide nothing and workers pitch tents in old gravel pits. Some contractors provide a place to park a pickup and camper and nothing else, some contractors provide a generator for electricity and hoses with water. Very few of the contractors provide dump sites for human waste and grey water.

I think it is unfair for those of us who work out of town to have buy a camper, motorhome or trailer as a condition of employment. Some of us cannot afford to buy a temporary shelter.

This bill treats non-union and union construction workers alike. Contractors would be required to provide a camp which would be another item included in their bid documents. My understanding is the Federal Highway Administration does not have a problem with contractor provided camps as part of bid document.

I have a memo from DOT that Representative Hanley requested for me last summer about per diem costs for DOT. I would like submit this memo for the record.

Thank you for the opportunity to testify on this bill and I urge your support of this bill.

Enclosure

STEVE COWPER, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

DIVISION OF MANAGEMENT AND FINANCE  
(COMPTROLLER)

P.O. BOX Z  
JUNEAU, ALASKA 99811-2500  
PHONE: (907) 465-3911

August 11, 1989

The Honorable Alyce Hanley  
3111 "C" Street, Suite 410  
Anchorage, AK 99503

ATTN: Ms. Shirley Armstrong

Dear Representative Hanley:

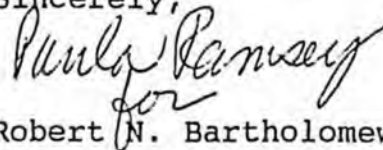
You recently inquired as to the total amount of per diem paid, during fiscal year 1989, by the Department of Transportation and Public Facilities. The amounts shown below cover the operations of International Airport System, Alaska Marine Highways, maintenance and operations of highways, airports and certain state buildings, and the capital construction program.

Per Diem Costs FY 1989

<u>Classified</u> <u>Employees</u>	<u>Exempt/PX</u> <u>Employees</u>	<u>Total Cost</u>
\$2,775,798	\$ 57,897	\$2,833,695

Please call if you have questions or need additional information.

Sincerely,



Robert N. Bartholomew  
Director

cc: Margene DeSmet, Finance Officer, Management and Finance  
Catherine McHugh, Legislative Liaison, Commissioner's Office

**S B**

**536**

SENATE COMMITTEE REPORT  
FIRST COMMITTEE OF REFERRAL

DATE: 3/28/90

Resources  
FURTHER: Finance

Date of 5-Day Notice: 3/29/90  
(in accordance with Uniform Rule 23)

DATE TURNED  
INTO OFFICE: 4/26/90

Labor and Commerce

Committee considered

SB 536

Special appropriation to the Dept. of Natural Resources for the purchase of the inholdings of the Seldovia Native Association, and the timber rights of the Timber Trading Company, within the Kachemak Bay State Park; ef

and recommended:

- replace with \_\_\_\_\_ cs SB 536 (L+C)  same title
- attached amendment(s)  new title
- \_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

ATTACHES NEW FISCAL NOTE(S):

Department(s)/Date:

Department(s)/Date:

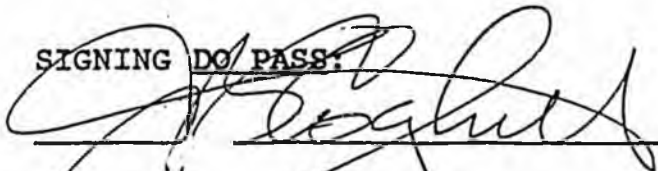
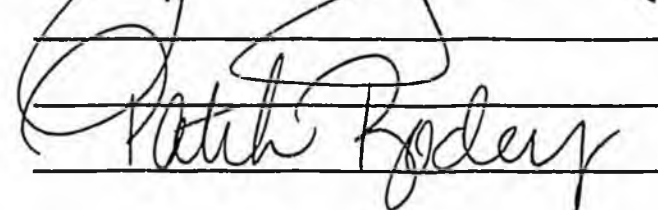
fiscal note(s) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

appropriation-no fiscal note

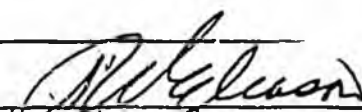
Governor's bill w/fiscal note

SIGNING DO PASS:

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

OTHER RECOMMENDATIONS:

*No Rec*  
*Jan file concerned about*  
*expensive but better*  
*good - Better to the*  
*NORTH.*  
*Wanted No Rec,*  
*should be done at critical*  
*Time, probably within 20 yrs.*

  
Chair: Signature and Recommendation

STEVE COWPER  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

The Honorable Tim Kelly  
President of the Senate  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that enables the state to acquire 37 square miles of inholdings within Kachemak Bay State Park. The bill appropriates \$17,820,000 to the Department of Natural Resources (DNR) to purchase all of Seldovia Native Association's land and Timber Trading Company's timber on this land in the park.

For 15 years the state has been working on various land exchange proposals to acquire Seldovia Native Association's (SNA) 24,000 acres of inholdings that are within Kachemak Bay State Park. The land was state-owned when the park was established in 1970, but then it was subsequently acquired by SNA under the Alaska Native Claims Settlement Act of 1971. In 1987, the timber on a portion of SNA's land was sold to Timber Trading Company (TTC), a subsidiary of Koncor Forest Products.

This 24,000-acre parcel lies south and east of China Poot Bay, extending south to Sadie Cove. This land is in the center of Kachemak Bay State Park. China Poot Bay has high fish and wildlife habitat values. The land owned by SNA has high recreation and scenic values and lies directly across Kachemak Bay from Homer.

Commercial recreation development and timber harvest have been proposed on this land. Acquisition of SNA's land is crucial to protect the public recreation, wildlife, and scenic values of the park. Since October 1988, LNR, SNA and TTC have been actively involved in developing a land exchange. DNR was working towards separate exchanges with SNA for the land and TTC for the timber rights. Consistent with Alaska Statutes 38.50, we had intended to submit a final exchange agreement to the Legislature for approval this session. Efforts to develop a final exchange agreement were slowed because of significant disagreements over the appraised value of the land.

An appraiser hired by SNA arrived at two different values of SNA's land in the park -- \$22.7 million and \$25.6 million. We disagreed with both appraisals because the appraiser used only parkland as comparable properties to set the value of SNA land. The appraiser made few adjustments to comparables to address differences in size, location, and date of sale. DNR contracted for an independent appraisal that valued the land at \$12 million, which SNA disagreed with.

In February, DNR established an appraisal review panel to render their opinion of the value of SNA's land. The panel concluded the value of SNA's land, with the timber still in place, is \$17,820,000. Assuming that the timber was cut on a portion of the land, the panel arrived at values for SNA's land that ranged from \$11.62 to \$15.49 million.

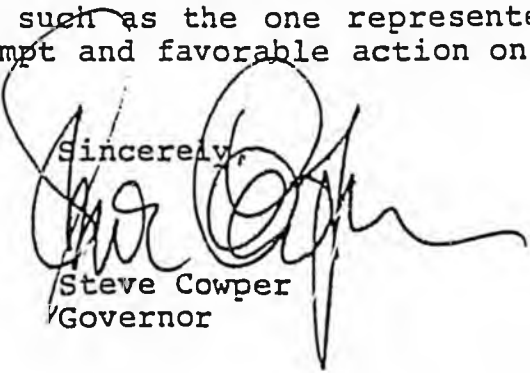
On February 28, after an exchange of offers, DNR offered SNA \$15.49 million, the highest value the panel arrived at assuming the timber was harvested on a portion of the land. SNA rejected this value unless the state was willing to pay the full value in cash. SNA would agree to a land exchange only if the state agreed to pay a higher value for SNA's land. DNR refused to consider an exchange that valued SNA's land higher than \$15.49 million because appraisals have not substantiated a higher value.

We agree that \$17.82 million is an acceptable value for SNA's land. This is at the high end of the appraised values, but this is a difficult parcel to appraise. This value should be the same whether SNA's land is acquired by exchange or through a cash purchase.

I support a cash purchase recognizing that past land trade efforts failed, in part, due to differing opinions of the value of SNA's land. SNA will not negotiate an exchange that is based on fair market value, but is willing to sell its land for cash at fair market value.

I request that the legislature appropriate the funds to purchase SNA's land and TTC's timber. The amount of time, effort, and money spent by the state, SNA, and the people of Alaska over fifteen years demonstrates that there is public support for making Kachemak Bay State Park whole. The length of time further demonstrates how difficult it has been to reach an agreement such as the one represented by this bill. I urge your prompt and favorable action on this measure.

Sincerely,



Steve Cowper  
Governor

STEVE COWPER, GOVERNOR

**DEPARTMENT OF NATURAL RESOURCES**

**DIVISION OF LAND AND WATER MANAGEMENT**

3601 C STREET  
PO BOX 107005  
ANCHORAGE, ALASKA 99510-7005  
PHONE: (907) 561-2020

June 6, 1990

The Honorable Dick Eliason  
Chairman, Senate Labor and Commerce Committee  
P.O. Box 143  
Sitka, Alaska 99835

Dear Senator Eliason:

This letter is in response to certain statements made in Carl Marrs' letter to you that is dated April 24, 1990 regarding the value of Cook Inlet Region, Inc.'s (CIRI) subsurface estate within Kachemak Bay State Park.

Two specific points were raised in Mr. Marrs' letter that require a response. First, CIRI's letter state's that DNR was selective in providing information to you. We were selective because we were trying to summarize information from a variety of reports. There is, however, no appraisal of either the subsurface resources or sand and gravel owned by CIRI within the state park. The \$10 million figure that Mr. Marrs refers to was only an estimate of sand and gravel resources in place with no analysis of transportation costs or market, it is not an appraisal. Furthermore, CIRI is in the process of conveying to the State of Alaska about one third of the area shown in the map that is attached to the 1981 memo.

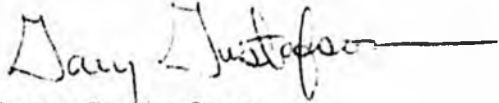
Contrary to the conclusion in the one page 1981 memo, two comprehensive appraisals prepared for DNR that specifically looked at markets concluded that similar gravel resources on the south side of Kachemak Bay have no market value. I referred to these two appraisals in my April 13 letter to you.

The second point in Mr. Marrs letter is that DNR brought CIRI into the purchase at the last minute. However, DNR was not concerned about including CIRI's subsurface in the purchase. Rather, CIRI was brought into the trade at the request of various senators. We felt that acquisition of CIRI's subsurface could occur subsequent to the purchase of the land and timber. The state already owns the most developable subsurface under Seldovia Native Association's (SNA) land in the park. We envisioned acquiring CIRI's subsurface under much of the remainder of SNA's land through a subsequent land exchange with CIRI. Because there are no known developable resources, there is less urgency to acquiring CIRI's subsurface

than in acquiring SNA's surface and the timber.

I hope this clarifies our position regarding CIRI's subsurface estate. It is unfortunate that the Kachemak Bay State Park purchase legislation did not pass. I hope the legislature will reconsider acquisition of this land next session.

Cordially,

A handwritten signature in cursive script that reads "Gary Gustafson". The signature is written in dark ink and is positioned above the typed name.

Gary Gustafson  
Director

CC: Carl H. Marrs, Cook Inlet Region, Inc.  
Senator Paul Fischer  
Representative Mike Navarre  
Representative C.E. Swackhammer  
Fred Elvsaaas, President, Seldovia Native Association  
John Sturgeon, President, Koncor Forest Products  
Lennie Gorsuch, Commissioner, DNR

April 24, 1990

The Honorable Dick Eliason  
Chairman, Senate Labor and Commerce Committee  
P.O. Box V  
Juneau, AK 99811

Dear Senator Eliason:

I just recently received from Fred Elvsaas a copy of a letter sent to you from Gary Gustafson, the Director of the Division of Land and Water in the Department of Natural Resources (DNR), concerning the Kachemak Bay State Park and more specifically concerning the value of Cook Inlet Region, Inc.'s (CIRI) subsurface within the Park.

Although CIRI has recently been made aware of the specifics of the Seldovia sale, we have not been directly involved in any negotiations concerning the sale until two weeks ago when Mr. Fred Elvsaas of Seldovia requested our participation and cooperation. On Wednesday, April 18, 1990, I met with DNR in Juneau to present what CIRI believed was a fair offer. At the time of the meeting, DNR informed me that it was providing your office with an estimate of what DNR felt the subsurface was worth. I was told the estimate was between \$180,000 and \$1,600,000. I told DNR that CIRI felt it was worth considerably more than the higher figure.

Since that meeting, the above described letter to you stated that DNR "has not previously addressed CIRI's subsurface," though DNR also contradicts this statement by citing a Division of Geological and Geophysical Surveys (DGGs) 1979 report that concluded the potential of sand and gravel deposit was of "relatively modest size." However, DNR appears to have overlooked the conclusion of a later, more complete DGGs 1981 report (enclosed) that stated that the in-pit value of a portion of CIRI's subsurface gravel resource was approximately \$10,000,000.

I have two very basic concerns:

1. The DNR has been very selective in its choice of information available in providing its estimate of CIRI subsurface value to you. The statement that "it is reasonable to conclude that this gravel has zero harvest value" is simply not true.
2. More importantly, it appears that CIRI is being unfairly painted as the culprit that is being so unreasonable as to kill the sale. You should know that it was at the request of Seldovia Native Association and DNR that CIRI agreed to attempt to accommodate the

State by way of sale of our subsurface resources under those surface lands the State is purchasing from Seldovia in order that the State may receive fee title to Kachemak Bay State Park. However, we feel at a disadvantage by being brought in at the last minute by DNR, without being apprised of DNR correspondence and positions.

We have been and will continue to work with the State and Seldovia, but we also have a duty to our shareholders and those shareholders of all the other 11 Regional Corporations as any sale of subsurface assets is shareable with all Alaska Natives. We cannot and will not "give away" our subsurface rights for these reasons.

In the interest of bringing certainty and closure to all the parties, CIRI offers all of its subsurface interests in the subject lands at a cash price of \$2,500,000, subject to the caveat that the State of Alaska, Department of Natural Resources and the administration must positively support legislative approval of such a sale. We do not believe this to be an unreasonable price since there is information available that establishes a much greater value and given the apparent need to consummate the transaction quickly.

I look forward to your response.

Sincerely,

COOK INLET REGION, INC.



Carl H. Marrs  
Senior Vice President

CHM/pkd/3/91

Enclosure

cc: Lennie Gorsuch, Commissioner, DNR  
Gary Gustafson, Director, Land and Water, DNR  
Senator Paul Fisher  
Representative Mike Navarre  
Representative C. E. Swackhammer  
Fred Elvsaa, President, Seldovia Native Association  
John Sturgeon, President, Koncor Forest Products

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF GEOLOGICAL & GEOPHYSICAL  
SURVEYS  
July 31, 1981

Reed Stoops  
Div. Research & Development

Thru: Ross G. Schaff  
State Geologist

(907) 274-9681

Randall Updike  
Geological Engineer

Evaluation of Sand and Gravel  
Resources - Kachemak Bay State  
Park

On Monday, 27 July, I received a copy of a memorandum that you sent to Ross requesting that DCGS play a role in evaluating sand and gravel resources for that part of Kachemak Bay State Park that Cook Inlet Region, Inc., presently owns. This is apparently part of an intended land exchange program between the State and CIRI.

Yesterday, 28 July, I contacted Marge Sagerser of CIRI who filled me in on the interests involved in the exchange. This morning I met with Kirt McGee of CIRI and discussed at some length the potential aggregate resources of the area. We agreed that there was one prime source, that being a large glacial floodplain draining west-northwest from Doroshin Glacier to McKeon Flats. The area of the floodplain of concern includes parts of sections 33 and 34, T.7S., R.12W., and parts of sections 1, 2, 3, 4, 11, and 12, T.8S., R.12W. The floodplain is approximately 0.5 miles wide and 4.0 miles long within this area. Resource potential concurs with mapping by J.R. Riehle, 1977, DCGS AOF-110.

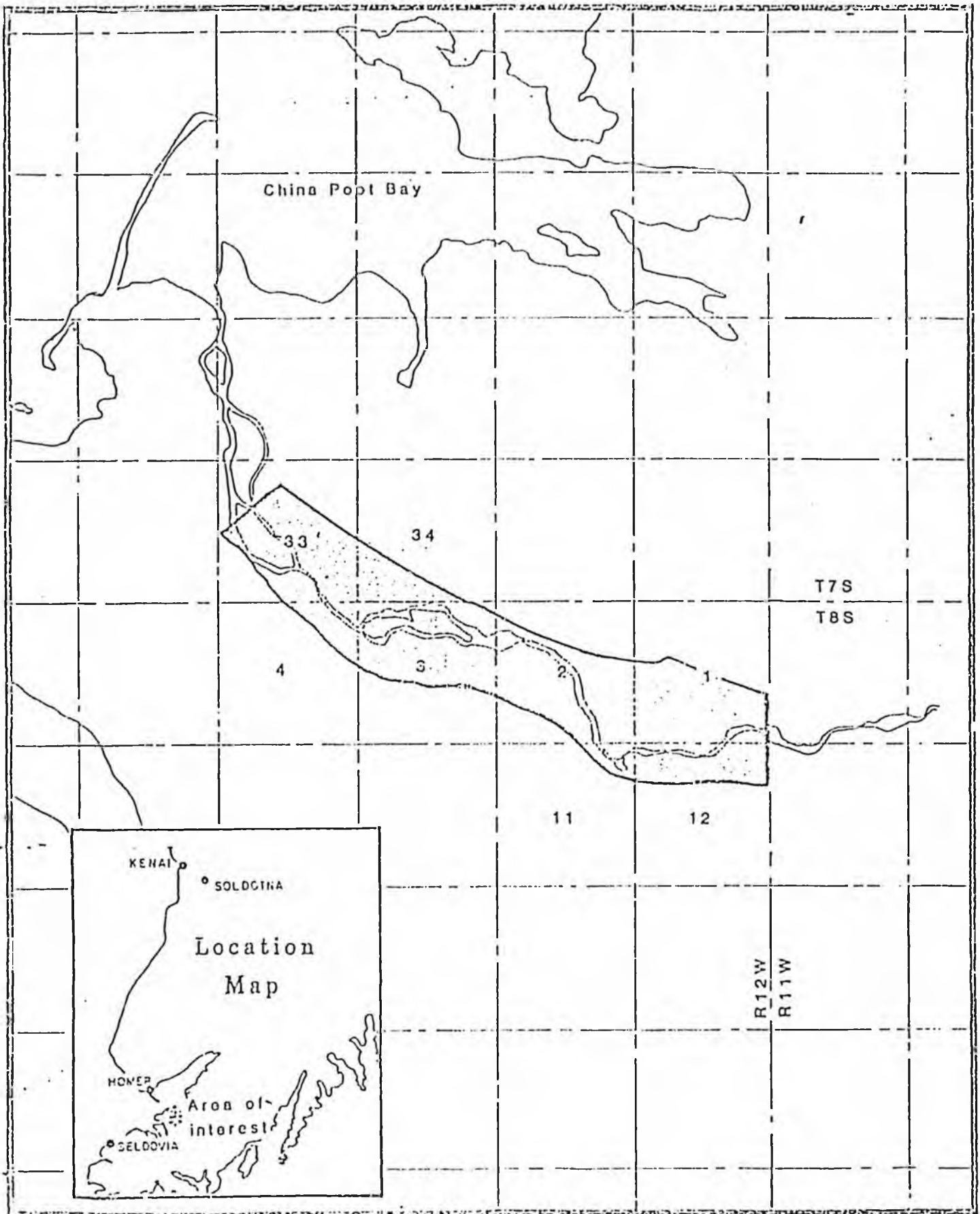
I feel it is quite feasible that along this four mile stretch ( 7000 yard distance) that an average of 300 yards width can be worked without affecting the river hydraulic geometry. This gives an estimated 2,100,000 square yards of area. If one assumes an mean depth of excavation of 5 yards, a conservative estimate of in-place sand and gravel which could be removed is about 10.5 million cubic yards. If we assume 10% loss for slope maintenance, floodplain protection berms, and low yield horizons, approximately 9.45 million cubic yards should be available. This would be a very conservative estimate of volumes that could reasonably be extracted and maintain good environmental protection. If one values the aggregate, in the pit, at \$1.00 per yard we are looking at about \$10 million worth of resource. Delivered cost could be as much as \$50.00 per yard. Further, there is excellent access to the area down the floodplain and, from there, reasonably good barge-loading sites. High demand will continue to exist directly across the inlet at Homer and its surrounding region, resulting in modest transportation costs. Use would obviously extend over several years.

I hope this will be of some assistance to you and if I can be of any further assistance please feel free to contact me.

RGU/plc

cc:

Dick Reger, DCGS



CIRI Aggregate Resource Area, Kachemak Bay State Park

# STATE OF ALASKA

STEVE COWPER, GOVERNOR

## DEPARTMENT OF NATURAL RESOURCES

### DIVISION OF LAND AND WATER MANAGEMENT

3601 C STREET  
PO BOX 107005  
ANCHORAGE, ALASKA 99510-7005  
PHONE: (907) 561-2020

April 13, 1990

The Honorable Dick Eliason  
Chairman, Senate Labor and Commerce Committee  
P.O. Box V  
Juneau, Alaska 99811

Dear Senator Eliason:

You recently inquired as to the value of the 19,268 acres of subsurface estate owned by Cook Inlet Region, Inc. (CIRI) within Kachemak Bay State Park. In response, we have completed a cursory analysis of CIRI's subsurface estate and offer a range of values for use as possible parameters for acquisition purposes. Please be advised that the lack of definitive geologic or appraisal data for this area necessitates that our figures be regarded as approximate only.

Although the department has spent a great deal of time and energy to determine the value of the surface estate owned by Seldovia Native Association (SNA), we have not previously addressed CIRI's subsurface. There are several reasons for this. First, under provisions of a 1979 Memorandum of Understanding with CIRI, SNA and the Kenai Peninsula Borough, we have already, or soon will, acquire the subsurface estate to 8,334 acres that surrounds China Poot Bay. This subsurface is adjacent to tidewater and contains the most developable sand and gravel resources. Second, we envisioned acquiring CIRI's subsurface under much of the remainder of SNA's land through a subsequent land exchange with CIRI. Under terms of the 1979 MOU, CIRI was to accept the subsurface estate under the land we conveyed to SNA. If the state could not acquire CIRI's full subsurface entitlement in this manner, we would complete a land exchange with CIRI for the subsurface estate of other state land. Third, because there are no known developable resources on the CIRI subsurface, there is less urgency to acquiring CIRI's subsurface than in acquiring SNA's surface and the timber.

Because we had not envisioned trading with CIRI at this time, we do not have an appraisal of the subsurface estate. However, various sources confirm that the land does not have any known commercially developable subsurface resources.

Two reports specifically looked at subsurface values of this area. In 1987, DNR's Division of Geological and Geophysical Surveys (DGGs) evaluated this land and adjacent Mental Health trust lands in its report Mineral Potential - Mental Health Trust and Replacement Pool Lands. The DGGs found that there is no known data indicating mineral potential on this land, based on what they called fair geologic and mineral data. The state's evaluation of this land and adjacent Mental Health trust land concluded the mineral resources had no (\$0) value. DGGs has also evaluated CIRI's subsurface during previous land trade discussions. A 1978 DGGs report that looked at a larger area than CIRI's subsurface, concluded that metallic occurrences are few and have not warranted much expenditure for mineral exploration. The report was unable to place a monetary value on any mineral resources on this tract.

April 13, 1990

A 1979 DGGs report concluded that potential sand and gravel deposits of "relatively modest size" occur locally throughout the exchange area, and that a very large potential deposit occurs along the Doroshin River south of China Poot Bay. Subsequent appraisals of gravel resources on the south side of the bay have concluded that they are not economical to extract for shipment across the bay. In 1983, an appraisal of a tract along a road near Jackolof Bay, a few miles southwest of CIRI's land, concluded that it was not feasible to ship gravel across the bay to Homer and therefore, these gravel resources had "no contributory value" to the appraised value of the parcel. A 1989 appraisal of land near Bradley Lake, also on the south side of Kachemak Bay, that includes an active gravel pit (developed for construction of the Bradley Lake hydro project) also concluded that there was little potential for a commercial gravel development, considering the transportation required. Considering that the Doroshin River gravel is at least three miles from tidewater and there is no developed access or docking facilities, it is reasonable to conclude that this gravel also has zero market value.

The subsurface owned by CIRI does not coincide entirely with SNA's surface ownership (see map). Previous trades between CIRI and the state gave the state ownership of 3,921 acres, and another 4,413 acres is to be conveyed to the state as part of the current CIRI settlement agreement. This 8,334 acres of subsurface surrounds China Poot Bay and would contain the most accessible mineral or material resources. The state has not yet acquired CIRI's subsurface under land previously acquired from SNA in the vicinity of Tutka Bay and Sadie Cove. CIRI's current subsurface ownership in the park totals about 19,268 acres. However, we feel CIRI is obligated to take the subsurface under the 2,648 acres of surface estate previously conveyed to SNA in prior trades. Therefore, the state needs to acquire about 16,620 acres.

Despite the lack of any known economic values of CIRI's subsurface, we conclude that a case could be made to assign a speculative value to CIRI and a nuisance value to the state (assuming we own the surface). A reasonable value for this subsurface could be between \$10 and \$100 per acre, which would lead to a total purchase value of between \$ 166,200 and \$ 1,662,000. If you need additional information regarding the specifics of this estimate, please contact Dick Mylius of my staff at 762-2660.

Cordially,






Gary Gustafson  
Director

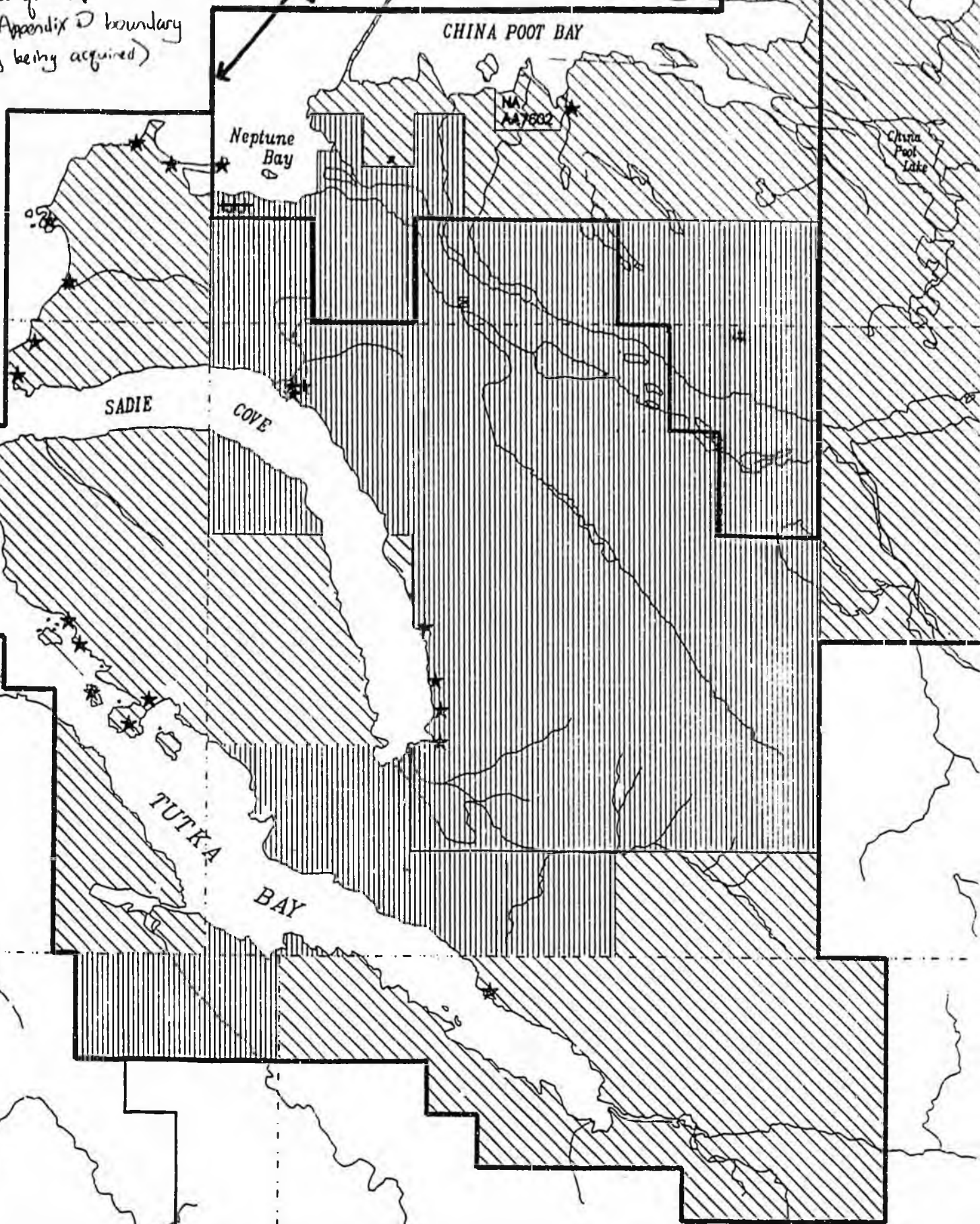
Attachment: Map depicting CIRI subsurface

CC: Senator Paul Fischer  
Representative Mike Navarre  
Representative C.E. Swackhammer  
Fred Elvsaa, President, Seldovia Native Association  
John Sturgeon, President, Koncor Forest Products  
Lennie Gorsuch, Commissioner, DNR

# Key.

- State-owned subsurface 
- CIRI owned subsurface 
- CIRI owned subsurface to be acquired (subsurface within Appendix D boundary currently being acquired) 

**APPENDIX D  
BOUNDARY**  
**MAY 7, 1979 MOU**



# STATE OF ALASKA

STEVE COWPER, GOVERNOR

## DEPARTMENT OF NATURAL RESOURCES

### DIVISION OF LAND AND WATER MANAGEMENT

3601 C STREET  
P.O. BOX 107005  
ANCHORAGE, ALASKA 99510-7005  
PHONE: (907) 561-2020

April 4, 1990

Dear Alaskan:

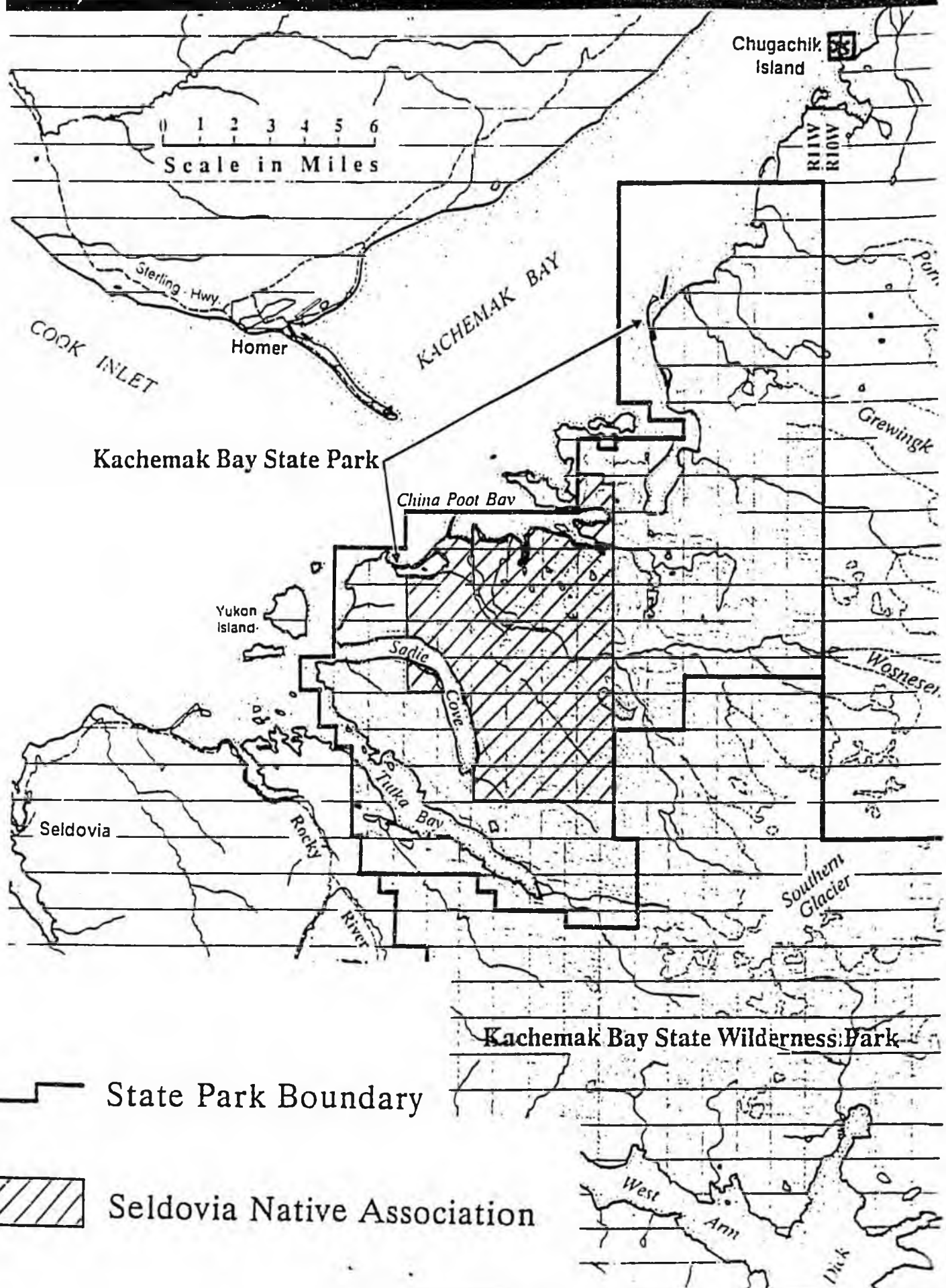
On March 28, Governor Cowper introduced legislation to appropriate \$ 17.82 million to acquire 24,000 acres of inholdings within Kachemak Bay State Park. The bills (House Bill 590 and Senate Bill 536) would authorize the Department of Natural Resources to purchase all of Seldovia Native Association's land and Timber Trading Company's timber on this land in the park.


For fifteen years the state has been working on various land exchange proposals to acquire Seldovia Native Association's (SNA) 24,000 acres of inholdings within Kachemak Bay State Park. The land was state owned when the park was established in 1970, but then it was acquired by SNA under the Alaska Native Claims Settlement Act of 1971. In 1987, the timber on a portion of SNA's land was sold to Timber Trading Company (TTC), a subsidiary of Koncor Forest Products.

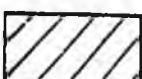
The SNA inholdings lie south and east of China Poot Bay, extending south to Sadie Cove. This land is in the center of Kachemak Bay State Park. China Poot Bay has high fish and wildlife habitat values. The land owned by SNA has high recreation and scenic values, and lies directly across Kachemak Bay from Homer.

Commercial recreation development and timber harvest have been proposed on this land. Acquisition of SNA's land is crucial to protect the public recreation, wildlife and scenic values of the park. Since October 1988, DNR, SNA, and TTC have been actively involved in developing a land exchange. DNR was working towards separate exchanges with SNA for the land and TTC for the timber rights. Consistent with Alaska Statutes 38.50, we had intended to submit a final exchange agreement to the legislature for approval this session. Efforts to develop a final exchange agreement were slowed because of significant disagreements over the appraised value of the land.

An appraiser hired by SNA arrived at two different values of SNA's land in the park - \$ 22.7 million and \$25.6 million. DNR disagreed with both appraisals because the appraiser used only parklands as comparable properties to set the value of SNA land and made few adjustments to the comparables used in the appraisals. DNR



 State Park Boundary

 Seldovia Native Association



SENATOR FRED F. ZHAROFF  
ALASKA STATE LEGISLATURE

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

DURING SESSION:

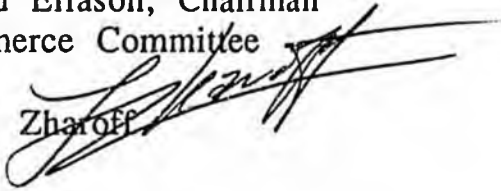
P. O. BOX V, JUNEAU, ALASKA 99811 • (907) 485-3473 • 485-3474

DISTRICT N

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

MEMORANDUM

TO: Senator Richard Eliason, Chairman  
Labor & Commerce Committee

FROM: Senator Fred F. Zharoff 

DATE: April 6, 1990

SUBJ: SB 536, Approp. for Kachemak Bay Park Inholdings

---

SB 536, which would make an appropriation to DNR for the purchase of inholdings of the Seldovia Native Association and the timber rights of the Timber Trading Company within the Kachemak Bay State Park, was introduced on March 28 under the sponsorship of the governor and referred initially to the Labor & Commerce Committee.

The appropriation amount in the bill is \$17.82 million. My understanding of this figure is that \$15.5 million of this amount is to purchase the land from Seldovia Native Association and the remainder, approximately 2.3 million is to purchase the timber rights from the Timber Trading Company. I agree with the principle of this bill, but disagree with the amount allocated to purchase the timber rights. From discussions I have had and the information presented to me, it appears that a more appropriate amount for the timber rights would be approximately \$4.5 million. If this amount were included in the bill, it would take the total figure from \$17.82 million to \$20 million.

I would appreciate your expeditious scheduling of this bill. This bill is the culmination of several years of negotiations and is the final step in removing the threat of logging in Kachemak Bay State Park. The bill still has two other committees to move through in the Senate

# **CORRECTION**

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

STATE OF ALASKA

STEVE COWPER, GOVERNOR

**DEPARTMENT OF NATURAL RESOURCES**

**DIVISION OF LAND AND WATER MANAGEMENT**

3601 C STREET  
PO BOX 107005  
ANCHORAGE ALASKA 99510-7005  
PHONE (907) 561-2020

April 4, 1990

Dear Alaskan:

On March 28, Governor Cowper introduced legislation to appropriate \$ 17.82 million to acquire 24,000 acres of inholdings within Kachemak Bay State Park. The bills (House Bill 590 and Senate Bill 536) would authorize the Department of Natural Resources to purchase all of Seldovia Native Association's land and Timber Trading Company's timber on this land in the park.

For fifteen years the state has been working on various land exchange proposals to acquire Seldovia Native Association's (SNA) 24,000 acres of inholdings within Kachemak Bay State Park. The land was state owned when the park was established in 1970, but then it was acquired by SNA under the Alaska Native Claims Settlement Act of 1971. In 1987, the timber on a portion of SNA's land was sold to Timber Trading Company (TTC), a subsidiary of Koncor Forest Products.

The SNA inholdings lie south and east of China Poot Bay, extending south to Sadie Cove. This land is in the center of Kachemak Bay State Park. China Poot Bay has high fish and wildlife habitat values. The land owned by SNA has high recreation and scenic values, and lies directly across Kachemak Bay from Homer.

Commercial recreation development and timber harvest have been proposed on this land. Acquisition of SNA's land is crucial to protect the public recreation, wildlife and scenic values of the park. Since October 1988, DNR, SNA, and TTC have been actively involved in developing a land exchange. DNR was working towards separate exchanges with SNA for the land and TTC for the timber rights. Consistent with Alaska Statutes 38.50, we had intended to submit a final exchange agreement to the legislature for approval this session. Efforts to develop a final exchange agreement were slowed because of significant disagreements over the appraised value of the land.

An appraiser hired by SNA arrived at two different values of SNA's land in the park - \$ 22.7 million and \$25.6 million. DNR disagreed with both appraisals because the appraiser used only parklands as comparable properties to set the value of SNA land and made few adjustments to the comparables used in the appraisals. DNR

contracted for an independent appraisal that valued the land at \$12 million, which SNA disagreed with.

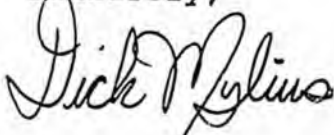
In February, DNR established an appraisal review panel to render their opinion of the value of SNA's land. The panel concluded that the value of SNA's land, with the timber still in place, is \$17.82 million. Assuming that the timber was cut on a portion of the land, the panel arrived at values for SNA's land that ranged from \$11.6 to \$15.49 million. A separate re-appraisal of the timber, agreed to by DNR and TTC, valued the timber at \$ 6.4 million.

On February 28, after an exchange of offers, DNR offered SNA \$15.49 million, the highest value the panel arrived at assuming the timber was harvested on a portion of the land. SNA rejected this value unless the state was willing to pay the full value in cash. SNA would agree to a land exchange only if the state agreed to pay a higher value for SNA's land.

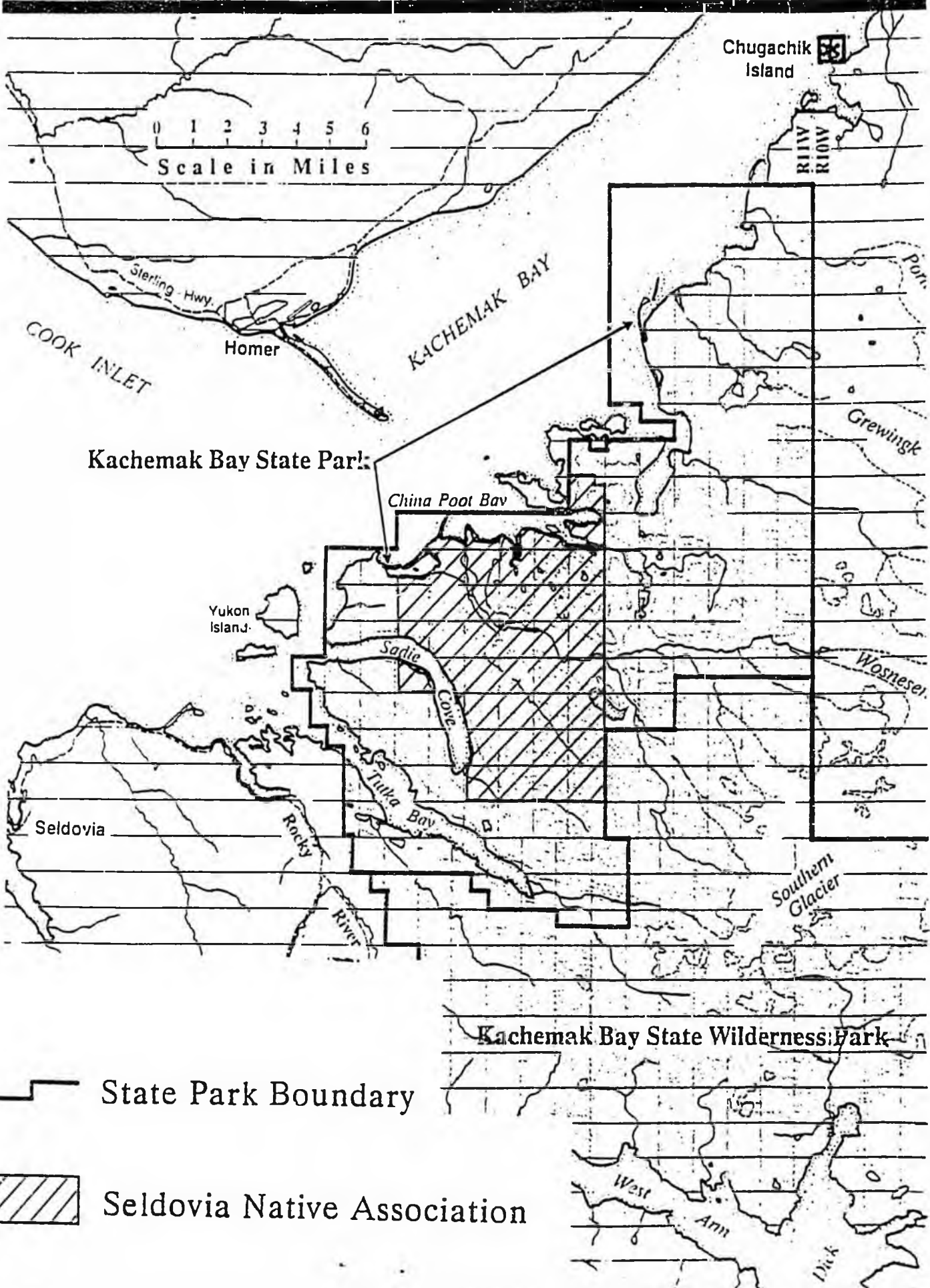
We had intended to acquire timber rights separately through an equal value exchange of timber cutting rights. DNR identified and appraised two tracts of timber for trade to TTC. These were located near Petersburg and Thorne Bay. There is significant public opposition to timber harvest on the parcel near Petersburg. There is also public opposition to trading the Thorne Bay tract to prevent logging in Kachemak Bay State Park. TTC is only marginally interested in timber on the Thorne Bay tract because of its high red cedar content. A cash purchase that includes the timber rights along with the land is the most feasible solution to the protect the park.

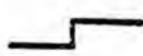
The Department of Natural Resources believes that \$17.82 million is an acceptable value for SNA's land. If you would like more information on this legislation, please call me at 762-2660.


Sincerely,



Dick Mylius  
Natural Resource Manager



 State Park Boundary

 Seldovia Native Association

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF LAND & WATER MANAGEMENT  
LAND & RESOURCES  
P.O. BOX 107005  
ANCHORAGE, ALASKA 99510-7005

OFFICIAL BUSINESS  
STATE OF ALASKA  
STATE PENALTY FOR  
PRIVATE USE



Senator Richard I. Eliason  
The State Senate  
P.O. Box V  
Juneau, AK 99811



## SENATOR FRED F. ZHAROFF

### ALASKA STATE LEGISLATURE

P. O. BOX 405, KODIAK, ALASKA 99815 (907) 488-5259

DURING SESSION:

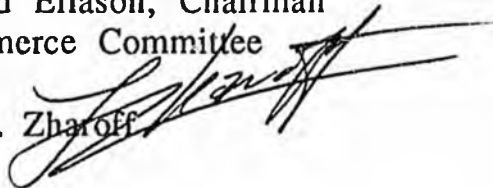
P. O. BOX V, JUNEAU, ALASKA 99811 • (907) 485-3473 • 485-3474

DISTRICT N

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

## MEMORANDUM

TO: Senator Richard Eliason, Chairman  
Labor & Commerce Committee

FROM: Senator Fred F. Zharoff 

DATE: April 6, 1990

SUBJ: SB 536, Approp. for Kachemak Bay Park Inholdings

---

SB 536, which would make an appropriation to DNR for the purchase of inholdings of the Seldovia Native Association and the timber rights of the Timber Trading Company within the Kachemak Bay State Park, was introduced on March 28 under the sponsorship of the governor and referred initially to the Labor & Commerce Committee.

The appropriation amount in the bill is \$17.82 million. My understanding of this figure is that \$15.5 million of this amount is to purchase the land from Seldovia Native Association and the remainder, approximately 2.3 million is to purchase the timber rights from the Timber Trading Company. I agree with the principle of this bill, but disagree with the amount allocated to purchase the timber rights. From discussions I have had and the information presented to me, it appears that a more appropriate amount for the timber rights would be approximately \$4.5 million. If this amount were included in the bill, it would take the total figure from \$17.82 million to \$20 million.

I would appreciate your expeditious scheduling of this bill. This bill is the culmination of several years of negotiations and is the final step in removing the threat of logging in Kachemak Bay State Park. The bill still has two other committees to move through in the Senate

as well as action in the House if it is to pass in the final month of this legislature. I realize that the L&C Committee may want to look at the figure closely, but in the interests of time it may be appropriate to move the bill with a letter of intent expressing the committee's concern that the other committees of referral (Resources & Finance) may want to make an adjustment to the appropriation amount.

I would be happy to discuss this bill with you at your convenience. Thank you for your consideration of this request.

go0550sE ✓  
Cramer  
4/4/90

Funding Information: General Fund \$20,000,000  
Other Funds -0-  
\$20,000,000

*Sen. Eliason*

Original sponsor(s): Rules/Governor

1 IN THE SENATE

BY THE LABOR & COMMERCE COMMITTEE

2 CS FOR SENATE BILL NO. 536 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations to the Depart-  
7 ment of Natural Resources for the purchase of the  
8 inholdings of the Seldovia Native Association, and  
9 the timber rights of the Timber Trading Company,  
10 within the Kachemak Bay State Park; and providing for  
11 an effective date."

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

13 \* Section 1. LEGISLATIVE FINDINGS. (a) The legislature finds that the  
14 Kachemak Bay State Park is an important scenic and recreational area and  
15 that the inholdings within the park, if developed, would seriously compro-  
16 mise the integrity of the existing park land. The legislature finds,  
17 therefore, that it is in the interest of the state to acquire the inhold-  
18 ings of the Seldovia Native Association, and the timber rights of the  
19 Timber Trading Company, within the Kachemak Bay State Park.

20 (b) The legislature further finds that the value, to the state, of  
21 the Seldovia Native Association's inholdings, and the timber rights of the  
22 Timber Trading Company, within Kachemak Bay State Park is \$20,000,000.

23 \* Sec. 2. The sum of \$15,490,000 is appropriated from the general fund  
24 to the Department of Natural Resources for the purchase of the inholdings  
25 of the Seldovia Native Association within the Kachemak Bay State Park, and  
26 the sum of \$4,510,000 is appropriated from the general fund to the  
27 Department of Natural Resources for the purchase of the timber rights of  
28 the Timber Trading Company within the Kachemak Bay State Park, for the in-  
29 holdings and timber rights as identified in the Preliminary Exchange

1 Agreement dated June 30, 1989, as amended as of the effective date of this  
2 Act, between the state, the Seldovia Native Association, and the Timber  
3 Trading Company.

4 \* Sec. 3. The unexpended and unobligated balances of the appropriations  
5 made by this Act lapse into the general fund December 31, 1990.

6 \* Sec. 4. This Act takes effect July 1, 1990.  
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go0550sH  
Cramer  
4/25/90

<u>Funding Information:</u>	General Fund	\$20,000,000
	Other Funds	-0-
		<u>\$20,000,000</u>

Original sponsor(s): Rules/Governor

1 IN THE SENATE BY THE LABOR & COMMERCE COMMITTEE

2 CS FOR SENATE BILL NO. 536 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making special appropriations to the Depart-  
7 ment of Natural Resources for the purchase of the  
8 inholdings of the Seldovia Native Association, and  
9 the timber rights of the Timber Trading Company,  
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11 an effective date."

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15 that the inholdings within the park, if developed, would seriously compro-  
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17 therefore, that it is in the interest of the state to acquire the inhold-  
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24 Department of Natural Resources for the purchase of the timber rights of  
25 the Timber Trading Company within the Kachemak Bay State Park, for the in-  
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27 Agreement dated June 30, 1989, as amended as of the effective date of this  
28 Act, between the state, the Seldovia Native Association, and the Timber  
29 Trading Company.

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\* Sec. 3. The unexpended and unobligated balances of the appropriations made by this Act lapse into the general fund December 31, 1990.

\* Sec. 4. This Act takes effect July 1, 1990.



# Alaska State Legislature

Attention: Senator Eliason

Please enter into the record my testimony to the Senate Labor & Commerce  
committee name

committee on Senate Bill 536, dated April 2, 1990  
bill/subject

I am unable to attend the teleconference meeting however want to testify in favor of the State of ALASKA purchasing the timber in the Fredrick Point Area with cash, instead of trading the timber there for lands in the Katchemak State Park.

I feel I speak for a majority of citizens of this area and urge you to support passage of a policy consistent with the above.

Most Sincerely

Signed:

Rebecca J Knight

Testifier

Representing (Optional)

P.O. Box 1331 Petersburg, AK. 99833

Address

772-9391

Phone No.

April 2, 1990

New Bowen - Petersburg Alaska

As an individual who has extensively  
sailed the Pt. Frederick area each weekend  
through fall and summer for 15 years I  
support the Governor's proposed "buy out" for  
Kachemak Bay. The Governor's proposal  
will solve the problem that has gone on  
for years. Trading Pt. Frederick will only  
cause division among Alaskans.

Noel P. P. P.

907-772-4574

Box 68

Petersburg Alaska  
99833

4/2/90

Paul Bowen - Petersburg

Reference: Ft. Frederick Timber Sale

"As a resident of Petersburg since 1962,

user of that area for recreation and

Le Conte Glacier research, I support

the governor's "Buy-out Program", and, on

the transfer of that sale back to

the state park.

Thank you,

Paul Bowen  
Box 68

Petersburg, AL 37135

ph. 202-772-4574

Charles E. Nash  
General Manager  
Timber Trading Company  
3501 Denali, Suite 202  
Anchorage, Alaska 99503

March 21, 1990

Mr. Joseph F. Wehrman III  
Chief Resource Management  
State of Alaska  
Department of Natural Resources  
Division of Forestry  
3601 C Street, Suite 1008  
Anchorage, Alaska 99503

Re: Kachemak Bay Timber Appraisal

Dear Messrs. Nash and Wehrman:

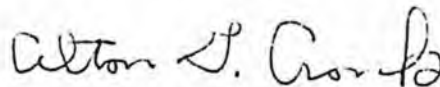
At your request we have estimated the fair market value of the Kachemak Bay timber tract owned by Timber Trading Company. The date of valuation is March 12, 1990. The subject timber consists of Sitka spruce and cottonwood on lands near Homer on the Kenai Peninsula. The timber is appraised as an unencumbered fee simple interest. The total estimated fair market value is:

Six Million Four Hundred Thousand Dollars  
( \$6,400,000 )

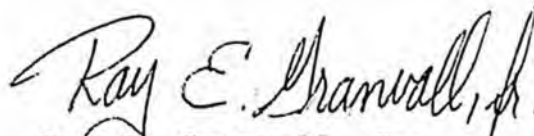
In developing our opinion, we have made a personal inspection of the subject property. We have reviewed the operating costs, log and timber sale information, and timber marketing conditions as they pertain to the subject property market area.

We thank you for this opportunity to serve you.

Sincerely,



Alton G. Cronk  
Cronk and Holmes Consulting Foresters



Ray E. Granvall, Jr.  
Cascade Appraisal Services, Inc.

**CRONK & HOLMES**

*Consulting Foresters*

1215 N. ADAMS STREET

P.O. BOX 978

McMINNVILLE, OREGON 97128

TELEPHONE (503) 434-7240

FAX (503) 434-7272

ALTON G. CRONK  
RICHARD W. HOLMES

April 2, 1990

Mr. Charles E. Nash  
General Manager  
Timber Trading Company  
3501 Denali, Suite 202  
Anchorage, AK 99503

Re: Kachemak Bay Timber Appraisal

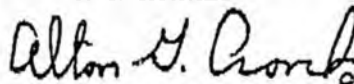
Dear Mr. Nash:

It is the opinion of the appraisers, Alton G. Cronk of Cronk & Holmes Consulting Foresters, and Ray E. Granvall, Jr. of Cascade Appraisal Services, Inc. that the fair market value of the Kachemak Bay timber is \$6,400,000 on March 12, 1990.

It is our opinion that this is the price that a willing buyer would pay for this timber if it was placed in the market place as an unencumbered fee simple interest.

Sincerely,

CRONK & HOLMES



Alton G. Cronk

AGC:j11

CRONK & HOLMES  
Consulting Foresters

Alton G. Cronk  
Richard W. Holmes

6936 N.E. Halsey Street  
Portland, Oregon 97213  
Telephone (503) 256-3840

August 22, 1989

Mr. Charlie Nash  
Timber Trading Company  
3501 Denali, Suite 202  
Anchorage, Alaska 99503

Dear Mr. Nash:

You have requested my opinion of the fair market value of timber owned by Timber Trading Company in the Kachemak Bay area as of June 30, 1989.

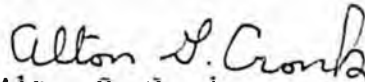
The fair market value is described as the price that would be paid for the subject timber that is exposed to the market for a reasonable length of time, and that price which would be agreed upon by a seller and buyer, both of whom are equally informed and have reasonable knowledge of the facts concerning the subject timber and both of whom are willing, but under no compulsion, to buy or sell.

You have furnished me with certain records concerning the subject timber including indications of quality and type as well as logging conditions. In arriving at the opinion of fair market value, I have personally inspected the area. My general knowledge of the area, timber types, terrain, local conditions and markets was also of value in arriving at this opinion of value.

After taking into account all of the timber valuation factors herein mentioned, as well as other factors not specifically mentioned, it is my opinion that the fair market value of the Timber Trading Company timber in the Kachemak Bay area at June 30, 1989 is:

<u>Species</u>	<u>Volume MBF</u>	<u>\$/MBF</u>	<u>Total Value</u>
Spruce	44,987	\$165	\$7,422,855

Sincerely;  
CRONK & HOLMES

  
Alton G. Cronk



Forest Consultants • Industrial Appraisers

March 21, 1990

Mr. Charles Nash  
Timber Trading Company  
3501 Denali, Suite 202  
Anchorage, Alaska 99503

Re: Kachemak Bay Timber Appraisal

Dear Mr. Nash:

At your request we have appraised the subject timber in the Kachemak Bay Tract owned by Timber Trading Company as to its fair market value. The date of valuation is March 12, 1990. The subject timber consists of sitka spruce and cottonwood on lands near Homer on the Kenai Peninsula. The timber is appraised as an unencumbered fee simple interest. The total estimated fair market value is

FIVE MILLION EIGHT HUNDRED SEVENTY-FIVE  
THOUSAND DOLLARS  
(\$5,875,000)

This appraisal utilized information and data provided by you and the State of Alaska in regards to timber volume within the tract. Log sales data, logging cost, and road construction cost data are based on information from Alaska timber industry sources. Information was also utilized which was provided by persons and/or firms listed in the Addenda. The information provided is believed to be reliable, but no responsibility is assumed for its accuracy.

In developing our opinion, we have made a personal inspection of the subject property. We have reviewed the operating costs, log and timber sale information, and timber marketing conditions as they pertain to the subject property market area.

503/682-3766

PARK PLACE BUILDING SUITE A • 30470 S.W. PARKWAY AVENUE  
P.O. BOX 423 • WILSONVILLE OREGON 97070

Mr. Charles Nash  
March 21, 1990  
Page Two --

This appraisal and its use are subject to the contingent and limiting conditions and the certification listed in the Addenda. This letter serves to introduce the appraisal report which follows. The appraisal procedures are described in that report.

Sincerely,

CASCADE APPRAISAL SERVICES, INC.

*Ray E. Granvall, Jr.*

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HISTORY OF KACHEMAK BAY STATE PARK  
LAND AND TIMBER ACQUISITION

- 1970 Alaska State Legislature establishes Kachemak Bay State Park.
- 1971 Alaska Native Claims Settlement Act is passed, entitling Seldovia Native Association (SNA) to select 69,000 acres in the Seldovia area.
- 1974 SNA attempts to select lands in the Jackalof Bay area. State protests those selections, and SNA is forced to select 30,000 acres within the boundaries of the Kachemak Bay State Park.
- 1975 Governor Hammond agrees that the State should work with SNA to accomplish a land trade for SNA's park inholdings.
- 1976 The State Department of Fish and Game begins using SNA's park inholdings for a sport fishery project. Pursuant to this project, there is extensive public use of SNA's property, despite the fact that SNA has never authorized such use by the State or the public.
- 1979 A Memorandum of Understanding is signed between the State, SNA, and other parties which contemplates that the State and SNA will formulate a land trade for SNA's park inholdings.
- 1979-1985 Two small trades encompassing about 5,000 acres of SNA's park inholdings are accomplished. Further trades are not accomplished because of (1) disagreements on the value SNA's park inholdings; and (2) a rapidly shrinking pool of State lands which would be available for trade. Some attractive State lands are diverted to local governments, some are removed from consideration by the CIRI land trade, and some are removed from consideration by in-house decisions at the State Department of Natural Resources.
- Spring 1987 Negotiations for a land trade again break down. Senator Paul Fischer introduces a bill to purchase SNA's park inholdings. This bill does not pass.
- 1987 Due to lack of interest by the State in purchasing SNA's inholdings, SNA makes plans to utilize the property to produce corporate benefits for its shareholders. SNA sells the commercial timber on portions of its inholdings to Timber Trading