

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672
6437 SENATE LABOR & COMMERCE

84

Mr. Randy S. Welker

- 2 -

December 20, 1988

more comfortable with the establishment in administrative regulation of some higher standard of technician practice.

It is our understanding the Board does not oppose such a recommendation and will undertake the process of developing a set of regulations for public review and comment in 1989.

If we can be of further assistance, please do not hesitate to contact this office.

Sincerely,

A handwritten signature in cursive script that reads "Larry Mercurieff for".

Larry Mercurieff
Commissioner

LM/RPB/pal/0.061
122088b

Vet. Bd. (6)

note

Regs
"Telephone" (1987)
Practice

NOT ADOPTED

DUE TO NEGATIVE
RESPONSES.

BD CONTINUES TO
PURSUE.

MAR. 16, 1987

0

REGULATIONS
NOTICE OF PROPOSED CHANGES TO THE REGULATIONS OF THE
BOARD OF VETERINARY EXAMINERS

Notice is hereby given that the Board of Veterinary Examiners, Department of Commerce and Economic Development, under authority vested by AS 08.98.050, proposes to amend, repeal, and adopt regulations in Title 12 of the Alaska Administrative Code which address fees, correct gender references, correct the name of the department, address veterinary consultation without a personal examination, and other housekeeping changes which serve to implement and clarify AS 08.98.050 as follows:

1. 12 AAC 68.010(a) is rewritten to refer to new fee regulations;
2. 12 AAC 68.020 is rewritten to remove reference to exam space;
3. 12 AAC 68.030(a) and (b) are amended to make housekeeping changes and to delete a 60-day notice deadline;
4. 12 AAC 68.070, .090, .100, .150 and .160 are amended or rewritten to correct gender references;
5. 12 AAC 68.205 is added to establish standards of practice for consultation without a personal examination, including consultation by telephone; and
6. 12 AAC 68.990 is added to establish a definition section, including definitions of "department," "client," and "patient."

←
telephone
practice

Notice is also given that any person interested may present written statements or arguments relevant to the proposed action by mailing them to Kevin Henderson, Regulations Specialist, Division of Occupational Licensing, P.O. Box D-LIC, Juneau, Alaska 99811, so that they are received no later than Friday, April 24, 1987.

Copies of the proposed regulations may be obtained by writing to the above address or by telephoning (907) 465-2535.

This action is not expected to require an increased appropriation.

The Department of Commerce and Economic Development, upon its own motion or at the request of any interested person, may, after the deadline stated above, adopt proposals within the scope of this notice without further notice or may decide to take no action on them.

Kathy Marshall
Kathy Marshall, Director
Division of Occupational Licensing

DATE: 3/3/87

March 87 not adopted
due to negative response received

veterinary medicine. (Eff. 4/22/83, Reg. 06; am / / , received
Reg.)

Authority: AS 08.9B.0501(a)(4)
and (b)(2)

12 AAC 6B is amended by adding a new section to read:

"telephone practice"

X →

12.AAC 6B.205. CONSULTATION WITHOUT A PERSONAL EXAMINATION. (a) In those cases where a veterinarian provides consultation or prescribes treatment without a personal examination of the animal, including services provided by telephone or any other communication device the veterinarian shall maintain a written record which includes

(1) the client's name, mailing address and telephone number;

(2) the animal's complete history and physical symptoms;

(3) the tentative diagnosis; and

(4) the prescribed treatment.

(b) The veterinarian shall advise the client to arrange for a personal follow-up examination. Only conditions that have a reasonable probability of accurate diagnosis, improvement or cure should be prescribed for without a personal examination by a veterinarian.

mail order or mailed drugs

(c) A veterinarian shall not prescribe or dispense a treatment or medication that, when administered by the client, could place the client in jeopardy of being harmed. A controlled substance or general anesthetic agent must not be sent to the client.

(d) A veterinarian shall advise the client to monitor the animal's progress, and if the animal does not make the anticipated progress to consult with the prescribing veterinarian or an alternative veterinarian.

(e) A veterinarian is entitled to collect a fee for services provided and should advise the client of the anticipated fee, if any, during the initial consultation. (Eff. / / , Reg.)

Authority: AS 08.98.050

12 AAC 68 is amended by adding a new section to read:

12 AAC 68.990. DEFINITIONS. In this chapter

(1) "department" means the Department of Commerce and Economic Development;

(2) "client" means the person who owns or is responsible for the care of an animal.

(3) "patient" means the animal or animals under the care of a veterinarian. (Eff. / / , Reg.)

Authority: AS 08.98.050

vet can charge for "consultation" without telling client they will be charged

HB

106

SENATE COMMITTEE REPORT

FURTHER

RES
FIN

3/28/89

DATE TURNED INTO OFFICE _____

Mr. President:

L&C

CSHB 106 (2d (FIN)
(title am)

Committee considered

establishing a hazardous waste reduction and recycling program; providing for hazardous waste reduction matching grants; establishing priorities for the promotion of hazardous waste management practices; efd

and recommended

- replace with _____ CS _____) same title
- or adopt _____ CS HB 106 (2d Fin)(title am)) new title
- attached amendment(s) and technical title change (HB only)
- _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

FISCAL NOTE(S) zero fiscal impact appropriation no FN
 new updated previous
 same as previous fiscal note(s) published 3/15/89

MEMBERS SIGNING DO PASS

Robert Fodery

OTHER RECOMMENDATIONS

J. H. ... No Pass

[Signature]
 Chairman signature and recommendation

Committee Backup attached

Kay Brown

Alaska State Legislature House of Representatives

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

FROM: Representative Kay Brown

DATE: April 4, 1989

SUBJ: CS HB 106 (2nd Finance)(title amended)

Thank you for scheduling CS HB 106 (2nd Fin)(title amended), legislation that would establish a state hazardous waste reduction program.

CS HB 106 (2nd Finance)(title amended) would establish a non-regulatory, technical assistance and matching grants program to help hazardous waste generators reduce their generation of hazardous wastes. More than 30 states have established, or are in the process of establishing, a waste reduction program.

In contrast to conventional strategies that rely on regulation of hazardous waste after it has been generated, waste reduction efforts focus on the reduction and elimination of hazardous waste streams before they are created. Reducing or eliminating hazardous waste at the source offers the most effective response to the costs and liabilities associated with hazardous waste. In Alaska, small businesses that lack extensive resources have a particular need for information and technical assistance regarding opportunities to reduce the generation of hazardous waste. Enactment of CS HB 106 (2nd Fin)(title amended) would enable the Department of Environmental Conservation to help these businesses using independent contractors to provide the needed technical assistance.

As indicated by the attached material, this legislation is supported by a broad spectrum of public and private interests including representatives of industry, small business, labor, local governments and conservationists.

Again, thank you for hearing CS HB 106 (2nd Fin)(title amended). I would appreciate your favorable consideration of this non-regulatory, incentive-based legislation.

attachments

4/4/89
Rep. Kay Brown

INFORMATION REGARDING WASTE REDUCTION

CS HB 106 (2nd Finance)(title amended)

ATTACHMENTS:

1. Summary of the Legislation
2. 2nd CS HB 106 (2nd Finance)(title amended)
3. Sectional Analysis
4. Fiscal Note
5. Position Paper - Department of Environmental Conservation
6. Letters and statements in support of the legislation:
 - Tom Painter, CONOCO
 - Mayor Don Gilman - Kenai Peninsula Borough
 - Fairbanks North Star Borough Assembly
 - David Wigglesworth - Alaska Health Project
 - Glenn Akins - America North Inc.
 - Alaska Center for the Environment
 - Anchorage Health and Human Services Commission
 - Pat Smutz - Alaska State AFL/CIO
 - Dennis Steffy - UAA/Mining and Petroleum Training Service
 - Alaska Environmental Lobby
 - Dalee Sambo - Inuit Circumpolar Conference
7. Summary Report - Office of Technology Assessment (OTA)
8. Resolution - Pacific Northwest Hazardous Waste Advisory Council

4/3/89
Rep. Kay Brown

HAZARDOUS WASTE REDUCTION
CS HB 106 (2nd Finance)(title amended)

The issue:

- several thousand pounds of hazardous waste is added to the environment for every person in the United States each year
- in Alaska there are several hundred sites where hazardous substances have been improperly disposed, including 40 contaminated public water supply systems and more sites are discovered each year
- reducing or eliminating hazardous waste at the source, prior to generation, offers the most economically and environmentally effective response to the costs and liabilities resulting from hazardous waste generation
- small businesses (eg, printing, auto repair, aviation maintenance, electroplating, fur tanning, commercial labs, dry cleaners, photo finishers, etc) are in need of information and technical assistance regarding opportunities to reduce the generation of hazardous wastes
- over 30 states have established, or are in the process of establishing, a waste reduction program

CS HB 106 (2nd Finance)(title amended) would:

- establish a Hazardous Waste Reduction and Recycling program within the Department of Environmental Conservation
- enable the department to provide non-regulatory hazardous waste source reduction and recycling technical assistance upon the request of hazardous waste generators
- direct the Department of Environmental Conservation to promote hazardous waste management practices according to a hierarchy that recognizes waste reduction as a priority

- establish a hazardous waste reduction 50-50 matching grants program (\$10,000 maximum) for businesses, local governments, industry trade associations, labor organizations and non-profits to help finance the feasibility analysis and evaluation of hazardous waste reduction opportunities

Fiscal note:

- the fiscal note for the bill would authorize \$75,000 in contractual funding to provide hazardous waste reduction and recycling technical assistance and information services
- no new positions would be authorized by the fiscal note

Support for the legislation:

- the legislation is supported by a broad spectrum of public and private interests including representatives of industry, small business, labor, local governments and conservationists.
- testimony and statements in support for the legislation have been provided by the following individuals and organizations:

Tom Painter, CONOCO
Mayor Don Gilman, Kenai Peninsula Borough
Fairbanks North Star Borough Assembly
David Wigglesworth, Alaska Health Project
Glenn Akins, America North Inc.
Alaska Center for the Environment
Anchorage Health and Human Services Commission
Pat Smutz, Alaska State AFL-CIO
Dennis Steffy, UAA/Mining and Petroleum Training Service
Alaska Environmental Lobby
Dalee Sambo, Inuit Circumpolar Conference

4/3/89 Rep. Kay Brown

HAZARDOUS WASTE REDUCTION
CS HB 106 (2nd Finance)(title amended)
Sectional Analysis

Section 1

A statement of findings by the legislature.

Section 2

Directs the Department of Environmental Conservation to promote hazardous waste management practices according to a hierarchy that recognizes waste reduction as a priority.

Section 3

Creates a Hazardous Waste Reduction and Recycling program within the Department of Environmental Conservation and prescribes responsibilities of the department. Within the limits of funds available, the department shall:

- providing for non-regulatory hazardous waste source reduction and recycling technical assistance upon request;
- developing and providing information concerning hazardous waste reduction opportunities; and
- administration of hazardous waste reduction matching grants.

Section 3 also establishes a hazardous waste reduction matching grants program (\$10,000 maximum) for the purpose of feasibility analysis and evaluation of ways to implement hazardous waste reduction. An advisory committee is also established.

Section 4

Provides a definition of "hazardous waste reduction."

Section 5

Effective date.

FISCAL NOTE

REQUEST:

Revision Date: 03/08/89
 Title: "An Act relating to hazardous waste; and providing for an effective date."
 Sponsor: Brown, Davis, et. al.
 Revisor: House Finance Committee
 Agency Affected: Environmental Conservation
 BRU: Environmental Quality
 Components: Environmental Quality

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	75.0	75.0	75.0	75.0	75.0
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
TOTAL OPERATING	0	75.0	75.0	75.0	75.0	75.0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	75.0	75.0	75.0	75.0	75.0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	75.0	75.0	75.0	75.0	75.0

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 : (Attach a separate page if necessary)

See attached page.

Prepared by: Rep. Ron Larson, Co-Chair/H. Finance Phone: 465-3727
Rep. Lyman Hoffman, Co-Chair/H. Finance Phone: 465-4453
 Division: _____ Date: 03/08/89
 Approved by Commissioner: _____ Date: _____
 Agency: _____

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

03/08/89

Revised Fiscal Note - CS HB 106 (Finance)

FISCAL NOTE ANALYSIS

The proposed legislation directs the DEC to establish a hazardous waste reduction and recycling program to coordinate, promote, and assist efforts to reduce the generation of hazardous waste in Alaska. In Alaska there are more than 300 facilities that have notified EPA as hazardous waste generators and there are several hundred more small businesses that could benefit from these services.

The bill directs the department, subject to available funds, to undertake several activities. These include: providing for technical assistance to businesses upon request; information and referral assistance; organizing workshops and seminars; development of a technical reference center and data base; development of curricula; and administration of a hazardous waste reduction and recycling matching grants program.

The fiscal note includes 75.0 in contractual funds. These funds would be used for non-regulatory, on-site technical assistance to businesses upon request (assumes approximately 8 to 10 on-site waste reduction audits at \$5,000 each plus administrative overhead); contractual services to provide waste reduction technical workshops and seminars; and acquisition of technical reference materials.

No new positions are authorized by the fiscal note.

STATE OF ALASKA

DEPT. OF ENVIRONMENTAL CONSERVATION

STEVE COOPER, GOVERNOR

POSITION PAPER FOR CSHB 106 (2d Fin)

Title

An Act relating to hazardous waste; and providing for an effective date.

Effect of the Bill

The bill would establish a hazardous waste reduction and recycling program within the Department of Environmental Conservation. Within the limits of funds provided by the Legislature, the Department would conduct the following activities under the proposed legislation:

- Coordinate the Department's efforts to reduce the production of hazardous wastes, including air and water emissions, and promote hazardous waste source reduction and recovery of resources from wastes through recycling;
- Provide for source reduction and recycling technical assistance information and consultation to hazardous waste generators at their request;
- Sponsor or co-sponsor technical workshops and seminars on hazardous waste reduction;
- Develop and maintain a hazardous waste reduction reference center, data base, and information referral service;
- Identify and evaluate hazardous waste reduction research needs for Alaskan businesses and industry, local governments, and state agencies;
- Work with institutions of higher learning to develop hazardous waste reduction courses and curricula; and
- Administer a hazardous waste reduction grants program, including the establishment of an advisory committee to assist the Department with the evaluation of grant applications.

Department Position

Traditionally, federal and state environmental laws have regulated the management and disposal of wastes after they have been produced. While these regulatory programs serve a valuable function to protect public health and the environment, there are limits to the protection that these programs can achieve. Many people now recognize that

further gains in protection can be achieved by reducing the production of hazardous wastes.

Waste reduction is increasingly recognized as an important component in a hazardous waste management plan. Reducing the amount of wastes produced often is a cost-effective waste management technique that a businesses, industries, and government agencies can institute. Once hazardous wastes are produced, the potential for their reuse or recycling should be explored prior to waste treatment and disposal. This is especially true for hazardous wastes, because of the higher risks and liabilities associated with waste handling and disposal. It also is especially true in Alaska, where both new product and hazardous waste management costs are high. Hazardous waste reduction efforts can result in reduced product costs, employee training and protective equipment costs, and regulatory compliance costs.

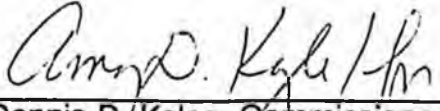
The Department strongly supports waste reduction and recycling as part of Alaska's hazardous waste management efforts. DEC has undertaken several individual hazardous waste reduction and recycling projects in the past when funding from federal grants and legislative appropriations have been provided. This bill establishes a continuing waste reduction and recycling emphasis within the Department.

In order for businesses and institutions to begin waste reduction and recycling efforts, information on hazardous waste reduction and recycling methods must be provided. This is appropriately done through provision of technical assistance and consultation with waste generators and through workshops, seminars, or courses on waste reduction and recycling. This availability of information is particularly important to small businesses that do not have an independent capacity to research appropriate waste reduction and recycling techniques. This bill provides mechanisms to meet those needs. The Department intends to use independent contractors to provide technical assistance and consultation to waste generators and thereby avoid potential conflicts that may occur with the Department's responsibilities to enforce Alaska's pollution laws.

The Department believes the bill should provide the authority to adopt regulations necessary to administer and disburse funds from the hazardous waste reduction grants account.

Fiscal Effect

The fiscal note for HB 106 includes \$ 75,000 in contractual funds to provide approximately 8 on-site technical assistance and consultation visits to hazardous waste generators, the sponsorship or co-sponsorship of one or more waste reduction technical workshops or seminars, and the establishment of a hazardous waste reduction reference library.



Dennis D. Kelso, Commissioner



Tom Painter
Division Manager

Conoco Inc.
3201 C Street
Suite 200
Anchorage, AK 99503

February 22, 1989

The Honorable Kay Brown
P. O. Box V
Juneau AK 99811

Dear Representative Brown:

I am pleased that you are attempting to implement some of the items that we have discussed in the Pacific Northwest Hazardous Waste Advisory Council with the introduction of HB 106 and HB 107. I would like to have the following statement in support of HB 106 and HB 107 submitted as part of the hearing records for these bills:

I am Tom Painter, Division Manager for Conoco's Anchorage Exploration & Production Division, and a member of the Pacific Northwest Hazardous Waste Advisory Council, appointed by Governor Cowper to represent Alaska along with Representative Kay Brown, Mayor Don Gillman, and Tony Knowles. The Council has members from the four Pacific Northwest states of Alaska, Idaho, Oregon, and Washington, the Province of British Columbia, and the Departments of Defense and Energy. The Council is comprised of a diverse cross-section of public interests including energy, manufacturing, environmental, and municipal, State and Indian tribal government concerns.

The Council is committed to facilitating and supporting greater reliance on waste reduction and waste minimization in the Pacific Northwest. These goals are consistent with the goals of both Conoco and our parent company, Du Pont worldwide. Within Du Pont, a Corporate Waste Minimization Committee has been established to provide leadership and recommend policy and program direction for the company. An annual budget of \$500,000 has been established to provide plant training, support research and development, and carry out a company-wide communication program. Waste minimization offers Du Pont potential savings of \$50 to \$100MM in direct disposal costs, plus several times this amount in conserved resources. We have established a goal within the company of a 35% reduction in wastes generated by yearend 1990.

A company with large resources, such as Du Pont, is able to implement a waste minimization program internally without significant external technical assistance. However, smaller companies do not have these resources internally available, and their ability to devise and implement effective waste minimization programs are limited by the simple lack of technical expertise. It should be noted that the aggregate

volume of wastes generated by small quantity generators, currently exempt from regulation, exceeds the volume generated by larger generators. Thus assistance in aiding small quantity generators to reduce their wastes will be a significant factor in reducing the total waste stream.

HB 106 would both establish legislative intent and provide a method for Alaska's smaller waste generators to obtain technical assistance in devising and implementing waste reduction practices. There are also several key features in this proposed legislation which are consistent with the goals and work of the Advisory Council.

Specifically, these items are:

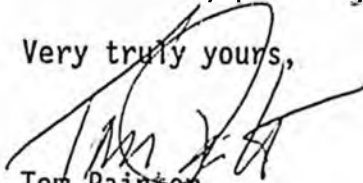
- Public education. The proposed legislation provides for technical workshops, a referral service, public seminars, and college courses on waste reduction. For the program to be successful, public awareness of the problems and resources available for potential solutions are necessary. Our society must come to recognize that the proper handling and disposition of all our wastes is a growing problem to which we all contribute and must work together to solve.
- Public involvement. The Advisory Council will provide the opportunity for increased public involvement in this area.
- Voluntary cooperation. The concept of individuals or small businesses working hand in hand with a regulatory agency, such as the Department of Environmental Conservation, without threat of enforcement sanctions may be a radical concept for some. However, we believe for widespread utilization and acceptance by the general public to occur, the program must be voluntary. Sheer magnitude of the numbers alone renders DEC incapable of regulating each and every small waste generator in the state. The provisions protecting a volunteering business or individual from the threat of citations is essential to the voluntary provisions of the legislation.
- Financial assistance. By providing limited matching funds, the state and the small generator have both made a commitment to reducing the waste volume. This dual commitment will strengthen the cooperative bond between the state and the applicant.

The Honorable Kay Brown
February 22, 1989
Page 3

- Technical assistance. Most small volume generators do not have the technical expertise to implement effective waste reduction programs. Providing this assistance will facilitate a more effective program.

This concludes my statement on HB 106 and HB 107. If any of the hearings are teleconferenced, and I am in Anchorage, I would be willing to present this statement as testimony. Again, Conoco and I personally endorse the innovative concepts embodied in this proposed legislation, and strongly recommend your support in it's enactment. If you need any additional information, please give me a call at 564-7601.

Very truly yours,



Tom Painter
Division Manager

AEH(jah)



KENAI PENINSULA BOROUGH

144 N. BINKLEY • SOLDOTNA, ALASKA 99669
PHONE (907) 262-4441

DON GILMAN
MAYOR

POSITION PAPER HB 106 & 107 HAZARDOUS WASTE REDUCTION

The Administration of the Kenai Peninsula Borough supports the passage of HB 106 & 107, establishing and funding a hazardous waste reduction grant program.

The implementation of a state policy to address hazardous waste source reduction is critical to the future health and safety of the public and environment of Alaska. The Kenai Peninsula Borough, as well as the entire state, is facing ever increasing occurrences of hazardous waste contamination. A recent inventory done on the Kenai Peninsula revealed over 200 potential sites.

Our hazardous waste management policies can no longer simply deal with disposal and treatment practices, but must begin to focus on reduction at the source to the greatest extent possible, as well as recycling of those wastes.

This legislation begins that process by establishing priorities and creating an Office of Hazardous Waste Reduction and Recycling within the Department of Environmental Conservation to implement those priorities. The technical and financial assistance for private industry and local governments provided by this legislation is essential to the success of the program. Through this assistance, they will see that source reduction of hazardous waste is not only environmentally sound, but economically beneficial as well.

By: Juanita Helms
Introduced: 02/23/89
Adopted: 02/23/89

RESOLUTION NO. 89-023

A RESOLUTION RELATING TO HOUSE BILL NO. 106 (RESOURCES)
IN THE LEGISLATURE OF THE STATE OF ALASKA

WHEREAS, the Legislature of the State of Alaska, Sixteenth Legislature, First Session, has offered a bill for an Act entitled: "An Act relating to hazardous waste; and providing for an effective date;" and

WHEREAS, there are known or suspected sites within the Fairbanks North Star Borough where hazardous substances have been improperly disposed and more sites are discovered each year; and

WHEREAS, hazardous waste reduction and recycling efforts are increasingly recognized by both business interests and the general public as an economically effective response to the increasing costs and liabilities resulting from hazardous waste generation; and

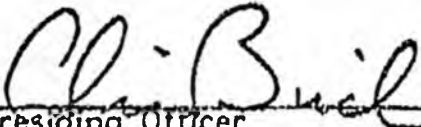
WHEREAS, the people of the Fairbanks North Star Borough are committed to a healthy and non-hazardous environment in which the residents of the Borough may live and work; and

WHEREAS, House Bill No. 106 has been introduced to reduce or eliminate hazardous waste before it is generated.

NOW, THEREFORE, BE IT RESOLVED that the Fairbanks North Star Borough Assembly supports and endorses House Bill No. 106 in the Legislature of the State of Alaska, Sixteenth Legislature, First Session.


BE IT FURTHER RESOLVED that the Fairbanks North Star Borough Assembly urges the Interior Legislative Delegation to actively support the passage of House Bill No. 106 in the Legislature of the State of Alaska, Sixteenth Legislature, First Session.

PASSED AND APPROVED THIS 23RD DAY OF FEBRUARY, 1989.



Presiding Officer

ATTEST:



Clerk of the Assembly



Alaska Health Project

Providing information about hazardous materials on the job and in the community.
431 West 7th Ave., Suite 101, Anchorage, AK 99501 (907) 276-2864

Testimony Supporting House Bill 106 And House Bill 107
Acts Relating To Hazardous Waste
And A Waste Reduction Matching Grant Program

by
David Wigglesworth
Deputy Director
Alaska Health Project

January 24, 1989

Alaska Health Project is a private non-profit organization providing information and education about hazardous materials on the job and in the community. In 1986, AHP established the Waste Reduction Assistance Program (WRAP). WRAP is a non-regulatory multi-media program providing information, technical assistance, and on-site audits for Alaskan businesses. The Small Business Development Center of Alaska and the University of Alaska, School of Engineering are keyed into selected components of WRAP. Funding for AHP's waste reduction services come from a variety of public and private sources.

AHP strongly supports both House Bill 106, "an act relating to hazardous waste and providing for an effective date," and House Bill 107, "an act making a special appropriation for hazardous waste reduction grant program; and providing for an effective date." We urge the Legislature to act quickly on these bills because of their enormous benefit to Alaskan businesses and the general public.

Waste reduction offers environmental quality with economic benefits. It is the most economically sensible approach to solid and hazardous waste management. By reducing the generation of waste at the source before it becomes a pollutant or a "lost" resource, businesses can use resources more efficiently, decrease regulatory compliance costs, reduce liabilities, and create additional revenues from the recovery of waste materials.

To date, several businesses in Alaska have implemented active waste reduction programs. Two local businesses, One Hour Fireweed and PhotoWright Laboratories, have received Pollution Prevention Awards for their efforts in reducing waste. Many other businesses in Alaska are also beginning to see the value in eliminating waste at the source and recycling waste that is created.

Moreover, waste reduction makes sense for all Alaskans by helping to:

- * Protect public health through the reduction of environmental pollution.
- * Reduce state cleanup costs associated with illegal waste disposal and abandoned sites.
- * Increase the capacity (life span) of state solid waste management facilities.
- * Promote economic development and the well being of all Alaskans by improving the operating efficiency of business activities.

A significant barrier to active business involvement in waste reduction has been the lack of technical assistance and other positive incentives to help business owners identify waste reduction opportunities. Alaska needs the institutional support provided by both House Bill 106 and 107 to help overcome these technical and behavioral barriers to waste reduction. For instance,

- * The policy statement in HB 106 prioritizing waste management practices provides the framework and the leadership needed to further enhance waste reduction opportunities in Alaska.
- * The proposed creation of the Office of Hazardous Waste and Recycling institutionalizes waste reduction within the State's environmental management programs and commits the state to an active program.
- * The provisions for education and technical assistance offer the positive, non-regulatory incentives that businesses have requested and need to properly manage their industrial wastes.
- * The Matching Grant Program offers additional incentive for business to identify waste reduction opportunities. At the same time the structure of the matching grant program is fiscally responsible--ensuring that funding goes to only those businesses, or other entities truly interested in developing a waste reduction program and willing to utilize some of their own capital to do so.
- * The funding support for the Matching Grant Program identified in HB 107 allows components of Alaska's waste reduction program to become reality today--not in the future.

Alaska Health Project congratulates the Legislature, in particular, bill sponsor Representative Kay Brown and bill cosponsors Representatives M. Davis, Ellis, Goll, Koponen, Menard, Navarre, and Ulmer for their forward thinking. Both bills should receive broad support from all Alaskans.

Given our current economy, the Legislature may find it difficult to support appropriation of dollars from the General Fund to create a new program. AHP urges the Legislature to consider this legislation not as an expenditure, but as a cost savings investment for the future. The state is already spending millions of public dollars to cleanup abandoned waste sites across the state. An active waste reduction program will help reduce future state expenses in this area and help reduce the size, scope and costs for new waste management facilities. Moreover, the competitiveness of Alaskan industries will be enhanced as businesses improve their operating efficiency through the implementation of waste reduction programs.

As stated in a recent article in Waste Minimization & Recycling Report, a national waste reduction newsletter produced by Government Institutes, Inc.: "it has been demonstrated numerous times that waste minimization can reduce economic expenditures, that there can be significant economic leverage factors in waste minimization. The Ventura County (California) experience shows a whopping leverage factor of over 50--i.e., more than fifty dollars can be saved for each dollar invested in waste minimization." (September 1988, page 11).

The bottom line is that waste reduction works and makes sense for Alaskan business and for the state as a whole. Further, there is demonstrated need for sustained programs to assist industry in developing waste reduction programs, and to build into our state government the capability to maintain a waste reduction program over time.

AHP looks forward to providing further comment on this legislation during committee hearings. We also are available to provide any additional technical assistance that the Legislature might need in the area of waste reduction. Enclosed is some additional information about AHP's Waste Reduction Assistance Program (WRAP). Please keep us informed of the progress of this legislation. Thank you.

cc. Governor Steve Cowper
Representatives:
Brown
M. Davis
Ellis
Goll
Koponen
Menard
Navarre
Ulmer

Hazardous & Solid WASTE MINIMIZATION & RECYCLING REPORT

Code 7025

December 1988

Issue 25

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Federal Report

Federal Waste Reduction Policy, 1989 and Beyond: A Look Ahead

by David R. Jones

On January 20, 1989, George Bush will become the 41st president of the United States. In the years to come, will observers look back upon this date as the beginning of a new era in hazardous waste reduction policy? Or will the man who campaigned to become the "environmental president" be remembered for continuing the weak, fragmented federal policies of recent years?

President-elect Bush takes office with a campaign commitment to reduce pollution. Indeed, his statements on the environment make specific mention of the need for waste minimization and recycling (see box on next page). The question is: Will the Bush administration make waste reduction a cornerstone, or even a major component, of its environmental policy plans?

Legislation In Congress

Congress begins the 1989 session with its own

agenda for hazardous waste reduction and recycling. In the House, the Waste Reduction Act (H.R. 2800 in the previous congressional session) will be reintroduced by Rep. Howard Wolpe (D-Mich.). H.R. 2800 breezed through the House last year, boasting 230 co-sponsors, despite opposition from the Chemical Manufacturers Association (CMA). Though the Wolpe bill must now wind its way through the legislative process all over again, swift approval appears likely.

A different story may be taking shape in the Senate. Sen. Frank Lautenberg (D-N.J.) returns after a tough reelection campaign to sponsor the Senate version of the Hazardous Waste Reduction Act. Last year, Lautenberg's bill had 23 co-sponsors, including seven Republicans, yet died in committee.

In 1989, the Senate probably will have a more liberal tilt; though Senate Democrats increased their numbers by just one, two moderate-to-liberal

(continued on next page)



Case Study

The Alaska Health Project: Selling Small Businesses on Hazardous Waste Reduction

by David R. Jones

At times, both professionals involved in waste minimization and those reporting on the subject take on the trappings of religious zealots in their advocacy. Reducing hazardous wastes in business and government operations is often so practical, and the economic and environmental benefits so obvious, that those of us in the field occasionally sound like television preachers proclaiming the dawn of a new age.

In short, we sometimes speak of hazardous waste reduction more as a moral imperative and less as a business, engineering and management strategy. And while reducing wastes is undoubtedly the key, long-term solution to toxic pollution, few business managers are willing to commit substantial time and resources to waste reduction simply because it is the "right" thing to do.

Preaching the Bottom Line

The Alaska Health Project (AHP) was established in 1980 with the purpose of providing information and education about hazardous materials in the work place and in the community. AHP conducts seminars on occupational safety and health for business operators and employees; develops training manuals; and provides information to individuals, businesses, health professionals, and state and local governments. Information is offered through publications, a Small Business Hazardous Materials Resource Library, research assistance and referral services to additional resources in the state and the nation.

For AHP, promoting waste reduction in the private sector means speaking the language of the business professional, not that of the environmentalist or the scientist. Consider the introduction to its promotional brochure:

"Effective material management is key to any successful business. And when it comes to hazardous materials and waste reduction, sound management is crucial to protecting your business investment."

AHP goes on to list the benefits of proper hazardous materials and waste reduction management, focusing on economic opportunities:

- "Reduce injuries and costly spills"
- "Reduce liabilities, such as future clean-ups, regulatory and noncompliance problems"
- "Help maintain a safe and healthy work place and community"
- "Improve your public image with your customers and your community," and

- "Reduce hazardous waste production and thereby reduce or eliminate regulatory costs, disposal costs and insurance costs."

Unlike many technical assistance programs (TAPs) for reducing hazardous wastes, AHP is not state-operated; rather, it is a nonprofit organization that taps into the resources of state and local government, academia, foundations and the business community. What further sets AHP from TAPs in other states is its exclusive focus on the needs of small business.

Program Components

AHP launched its waste reduction efforts in 1986 with the development of the Waste Reduction Assistance Program (WRAP) and the Small Business Hazardous Materials Management Project (HMMP). Both programs target small business.

The Waste Reduction Assistance Program focuses on providing on-site consultation for small business. Like Minnesota's Technical Assistance Program, WRAP arranges internships for engineering graduate students. These students, recruited from the University of Alaska School of Engineering, assist AHP staff in conducting waste reduction audits at work sites. Audit reports concentrate on the elimination of waste through source reduction and recycling wherever possible.

After on-site audits are conducted, individual reports are written describing the processes used and waste produced by the particular business. Each report recommends methods for reducing these wastes. The identity of the business remains confidential. While geared to specific sites, the audits are intended to be applicable to similar businesses in the state. Audit reports are available to interested parties upon request.

In addition, WRAP has produced a set of on-site consultation audits for dry cleaners, photo finishing shops, auto body and repair shops, automotive repair shops, printing shops, aviation facilities and electroplaters. Audit reports also are being prepared for dairies, fur tanning shops and bottle making/chemical manufacturing sites. Each audit includes practical, low-cost techniques that businesses can use in current operations, or in planning future expansion.

The success of WRAP was recognized last year when Anchorage Mayor Tony Knowles bestowed the 1987 Mayor's Pollution Prevention Award to AHP for the program. In a letter to AHP, Mayor Knowles noted that WRAP "is a truly outstanding example of



Case Study(continued)

providing needed on-site advice and help to businesses on pollution prevention" that "provides an example for others to follow." WRAP "not only has raised an awareness of the environmental and economic benefits" of waste reduction, write the mayor, but also "has provided practical technical assistance to many businesses that would otherwise not have the money or expertise for such programs."

WRAP is funded by a RCRA 8001 grant from the U.S. Environmental Protection Agency, Region 10.

The Hazardous Materials Management Project focuses on providing technical assistance and education to small firms. This includes developing waste reduction fact sheets; producing other educational materials; conducting seminars; and responding to information requests.

An example of HMMP's program materials is the manual *Profiting from Waste Reduction in Your Small Business*. In the introduction, author David Wigglesworth observes that it is designed to help small business managers and their employees work together to identify and implement methods of waste reduction, as well as "help managers and employees see their industrial wastes as financial resources rather than as unavoidable byproducts of their business process."

Profiting from Waste Reduction—which could be used by small firms in Alaska and the lower 48 alike—is a highly readable, easy-to-use guide that takes the business owner step-by-step through the process of creating an in-house waste reduction program. After reviewing the financial benefits of such a program, the manual outlines how to:

1. Organize a business to promote waste reduction by forming an audit team.
2. Review business plans and procedures for waste reduction potential. This includes assessing a firm's market plan, financial plan and record-keeping plan and operations plan (which includes process, receiving, delivery and inventory procedures and personnel policies).
3. Carry out a waste reduction audit in four steps: conduct a preliminary walkthrough; conduct a facility walkthrough; identify waste reduction opportunities; and document findings.
4. Evaluate a waste reduction program and implement options.

Also included is a chart that highlights nine common business processes (such as dry cleaning, equipment maintenance and purchasing); the types of businesses that use particular processes; the types of wastes generated; and selected low-cost and higher-cost options for waste reduction. The manual concludes with an extensive listing of waste

reduction resources for small businesses.

A major feature of *Profiting from Waste Reduction* is its ready-to-use business forms, complete with instructions. For example, the chapter on conducting a waste reduction audit includes forms for process identification, materials identification, waste identification and cost identification. It even has a walk-through schematic drawing for diagramming a facility and highlighting waste-generating processes.

HMMP works closely with the Small Business Development Center of Alaska, which helps AHP reach small business operators and serves as a distribution center for program materials. The Charles Stewart Mott Foundation in Flint, Mich. funds HMMP.

Signposts to Success

Though AHP's waste reduction efforts were initiated just two years ago, its two small business programs have provided program materials to numerous businesses and government agencies, both in Alaska and in other states (AHP also conducts regional waste-reduction activities as part of EPA Region 10's waste management initiatives in the Pacific Northwest). It also has offered free, confidential, on-site assistance to firms involved in printing, dry-cleaning, auto body and automobile repair and aircraft maintenance.

Will AHP succeed in helping Alaskan small businesses substantially reduce their waste generation? This question will be answered in the next few years, as the organization expands its outreach and technical assistance efforts. Nevertheless, several factors indicate that AHP may evolve into a model program for hazardous waste reduction.

- AHP combines "generic" technical assistance with information geared to specific types of businesses. AHP's manual *Profiting from Waste Reduction* is a general guide to establishing an industrial waste reduction program that all types of firms can use. This generic manual is complemented by on-site consultation to individual businesses and detailed audits and fact sheets applicable to particular kinds of work sites—dry cleaners, aviation facilities and others.

- AHP taps a wide array of public and private sector resources to bolster its efforts. The Waste Reduction Assistance Program follows the lead of Minnesota's Technical Assistance Program in placing engineering graduate students in individual firms for on-site consultation. To ensure its outreach efforts succeed, AHP works closely with the Small Business Development Center of Alaska, which helps AHP reach small businesses and distributes program materials. In addition, AHP draws upon the

(continued on next page)



Case Study (continued)

advice and expertise of a statewide, 40-member Professional Resource Committee and a Small Business Hazardous Materials Advisory Committee.

- AHP targets Alaskan firms—that is, small businesses—with the greatest need for waste reduction technical assistance. Alaska's economy is dominated by large oil companies. But, as the congressional Office of Technology Assessment has pointed out, "The size of a firm—in terms of annual sales or number of employees—is not necessarily indicative of the amount and/or toxicity of wastes being produced....In certain states small firms may be more prone than large ones to poor waste practices, i.e., they may create problems out of proportion to their hazardous waste generation rates."

- AHP taps nongovernmental sources of funding. While most technical assistance programs for industrial waste reduction rely on state or federal funds, HMMP is funded by the Flint, Michigan-based Charles Stewart Mott Foundation. This

foundation has long supported innovative programs around the country that take new approaches to solving social problems. In addition, publication of AHP's manual was partially funded by the municipality of Anchorage, the Anchorage Water and Wastewater Utility, the state Department of Environmental Conservation and the U.S. Environmental Protection Agency.

Selling to the Sellers

It remains to be seen whether AHP can have a long-term impact on waste reduction in Alaska. Yet, in just two years, the organization has made its mark. With the motto "Waste Reduction is Good Business Sense [sic], AHP has sold many Alaskan small businesses on the *economics* of waste reduction, whose environmental benefits become readily apparent upon implementation.

Contact David Wigglesworth, Alaskan Health Project, 431 West 7th Ave., Suite 101, Anchorage, AK 99501; (907) 276-2864. #DRJ

Recycling News

Steel Can Recycling Seen in Future by Scrap Metal Processors— But Not Now

Scrap metal processors don't believe a ready market exists for steel can scrap, according to a survey of members by the Institute of Scrap Recycling Industries (ISRI). The survey showed, however, that many processors expect such recycling to be a viable option for their business in the future—not just yet.

Robert Garino, director of commodities for ISRI, said only about 100 processors responded to the survey. "We assume the lack of response reflects a low present interest in the subject," Garino said, "but we believe the survey is a valid insight." Most respondents—more than 95 percent—now process aluminum can scrap, Garino said, and 30 percent also process bi-metallic cans.

Asked whether processors have recently tried to sell steel can scrap to steel mills, 83 percent of those responding said "no." Of the 17 percent answering yes, only a couple noted positive mill interest. Almost 70 percent of the companies surveyed said no ready market exists for the steel in can scrap.

When asked about any processing problems, most respondents answered "no" and also saw no transportation or environmental problems. Some, however, expressed concern about the lack of specialized processing equipment, anticipated high freight rates, and health problems associated with residual food in cans.

Asked whether steel can recycling was a "viable option for your business in the future," about 60 percent of the respondents said "yes." Thirty-five percent said "no," however, and five percent answered "maybe." For more information, contact Dean Reed, ISRI, 1627 K St., NW, Washington, D.C. 20006; (202) 466-4050. #

Amoco, Big Mac Attack Polystyrene Waste

A joint project of Amoco Foam Products, McDonald's Corporation, and the city and state of New York is investigating the feasibility of recycling polystyrene foam containers into home construction materials. The impetus of the project was New York Governor Cuomo's request to McDonald's to use substitute biodegradable materials for plastic foam packaging in restaurants in the state, as well as New York City Mayor Koch's stated opposition to forms of plastic packaging.

A pilot project will be conducted at 20 McDonald's outlets in New York City, with a companion recycling project for corrugated paperboard boxes also being tested in the city. For more information, contact the Council on Plastics and Packaging in the Environment, 1275 K St., N.W., Washington, D.C. 20005; (202) 789-1310. #AIP



PROGRAM SUMMARY OF ALASKA HEALTH PROJECT'S
WASTE REDUCTION ASSISTANCE PROGRAM (WRAP)

January 20, 1989

Alaska Health Project's Waste Reduction Assistance Program (WRAP) was established in 1986. WRAP is a non-regulatory multi-media program providing information, technical assistance, and on-site audits to Alaskan businesses, small business in particular. WRAP information and technical assistance has also been provided to businesses and other waste reduction programs through out the United States. WRAP activities focus on source reduction and recycling. Specific program activities include:

- * Information clearinghouse/research
- * Technical assistance (including an 800 number)
- * Seminars
- * Education outreach (news articles, public speaking)
- * On-site waste reduction audits
- * Waste reduction publications (fact sheets, manuals, audits)
- * Waste reduction resource library
- * Graduate engineering students intern program
- * Referrals

To date, WRAP staff have responded to several hundred technical assistance inquiries and have completed 14 detailed waste reduction audit reports for selected Alaskan businesses. A total of 8 graduate interns have assisted WRAP staff conduct the on-site audits and prepare audit reports. In addition, WRAP staff have completed over two dozen informational articles for Alaskan newspapers, presented 10 waste reduction seminars, produced 6 technical waste reduction information fact sheets for selected businesses, and published a 46-page manual entitled "Profiting From waste Reduction In Your Small Business."

The Small Business Development Center of Alaska, the University of Alaska, and the State Department of Environmental Conservation are keyed into selected components of WRAP. Funding for WRAP comes from a variety of public and private sources including the Charles Stewart Mott Foundation ,the Alaska Department of Environmental Conservation, and US EPA Region 10.

AHP is a private non-profit organization established in 1980. The WRAP program contact is David Wigglesworth, 907-276-2864.

LIST OF CURRENT WASTE REDUCTION PUBLICATIONS
PRODUCED BY ALASKA HEALTH PROJECT

January 1989

Detailed Audit Reports

- * Auto Body Repair and Paint Shop
- * Automotive Repair Shop
- * Aviation
- * Chemical Manufacturing (and plastic bottle production)
- * Dairy Foods
- * Dry Cleaners
- * Electroplating
- * Fur Tanning
- * High School
- * Laboratory
- * Newspaper Manufacturing
- * Photofinishing
- * Print Shop
- * Publishing House

Waste Reduction Fact Sheets

- * General Industry
- * Dry Cleaners
- * Local Government
- * Newspaper Manufacturing
- * Photofinishers
- * Print Shop
- * Vehicle Repair

Other Publications

- * News articles
- * "Profiting From Waste Reduction In Your Small Business", 46 pages. Designed to help small business identify and implement and industrial waste reduction program.

OTHER SELECTED WASTE REDUCTION ACTIVITIES
PERFORMED BY ALASKA HEALTH PROJECT

January 1989

- * Member, National Roundtable for State Waste Reduction Programs.
- * Member, Technical Advisory Committee providing review of the "EPA Manual for Waste Minimization Opportunity Assessments."
- * Manuscript contributions to "Hazardous Waste Minimization" to be published by McGraw-Hill Inc.
- * Past member, Pacific Northwest Regional Waste Management Steering Committee.
- * Participant, survey evaluating waste reduction audit protocols conducted by CHEMCYCLE for the State of New Jersey.
- * Recipient, Mayors Pollution Prevention Award, 1987, Anchorage, Alaska.



Tom Fink,
Mayor

Municipality of Anchorage

Municipal Health & Human Services Commission

825 "L" Street

P.O. Box 196650 • Anchorage, Alaska 99519-6650



Telephone:
(907) 343-4674

February 17, 1989

Representative Kay Brown
P.O. Box V
Juneau, Alaska 99811

Subject: HB 106 & 107

Dear Representative Brown,

The Municipal Health and Human Services Commission strongly supports both House Bill 106, "an act relating to hazardous waste," and House Bill 107, "an act making a special appropriation for hazardous waste reduction grant program."

Tons of hazardous materials are known to be stored, used, or transported in Anchorage everyday. The continued need for chemicals will mean that some time a major hazardous materials emergency will happen, potentially involving human casualties, mass evacuations, and environmental and property damage.

The Commission believes that the best way to reduce the dangers associated with hazardous waste is to reduce the amount of hazardous waste used. This philosophy is reflected in the Anchorage Health and Human Services Plan which specifically recommends this strategy.

It is estimated that over 1,500 businesses in Anchorage could potentially take advantage of the proposed hazardous waste reduction program. Although the initial program is modest it could reap large financial and environmental quality benefits in the future.

Please let us know how we can be of further assistance in promoting the passage of this important piece of legislation.

Sincerely,

Linda Langston/jir

Linda Langston, Chair,
Municipal Health & Human Services Commission

cc: Mayor Tom Fink

Bert Hall, Director, Department of Health & Human Services
Bill Faulkner, Chairman, Municipal Assembly
Governor Steve Cowper
Representatives: Larson, Hoffman, Goll, Gruenberg, Davis,
Menard, Navarre, Kopenen, Ellis, Ulmer

ALASKA STATE AFL-CIO

2501 Commercial Dr.
Anchorage, Alaska 99501
(907) 258-6284



819 1st Ave.
Fairbanks, Alaska 99701
(907) 456-2030

MANO FREY
Executive President

February 24, 1989

Representative Kay Brown
Box V
Juneau, Alaska 99811

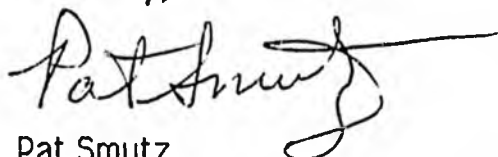
Dear Representative Brown,

On behalf of the Alaska State AFL-CIO, I would like to offer this letter in support of CS HB 106 (Resources) and HB 107, legislation to establish a hazardous waste reduction program in Alaska.

There is one significant benefit of the proposed legislation that we are very interested in, and we feel should be emphasized. Non-regulatory technical assistance to small businesses that results in more efficient use of toxic or hazardous materials can also help reduce occupational health risks. Many waste reduction techniques involve relatively simple housekeeping improvements within a production system (e.g. taking care not to combine waste streams in a way that precludes recycling or reuse of hazardous materials). The technical assistance and matching grants program that would be established by CS HB 106 (Resources)/HB 107 would help businesses identify these opportunities and generally increase awareness about the appropriate management of hazardous materials. Waste reduction efforts will not only result in lower costs, but also increased awareness about hazardous materials management and a general improvement in the cleanliness and safety of operations for employees.

In conclusion, CS HB 106 (Resources)/HB 107 would not only assist businesses generating hazardous wastes to lower costs and avoid expensive and unnecessary contamination clean-ups in the future, the legislation would also help reduce occupational health risks. The Alaska State AFL-CIO supports this preventative approach to hazardous waste management and urges passage of this legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "Pat Smutz". The signature is fluid and cursive, with a long horizontal stroke extending to the right from the end of the name.

Pat Smutz
Business Representative/
COPE Director

cc: Mano Frey

America North Inc.

Environmental Consulting/Natural Resources Management

February 3, 1989

Representative Kay Brown
P.O. Box V
State Capitol
Juneau, Alaska 99811

Dear Representative Brown:

I would like to express my strong support for HB 106/107. This legislation would provide both an important message and a valuable service to waste generators in Alaska.

As co-owner of an environmental consulting firm, I can assure you that several large industrial corporations in Alaska have taken serious steps to reduce generation of hazardous waste. Their interest in this is great, because through minimization they reduce their liability from potential mis-management, and reduce their costs for out-of-state waste disposal. After Hawaii, Alaska has the greatest distance to cover of any state to reach an EPA-permitted disposal site.

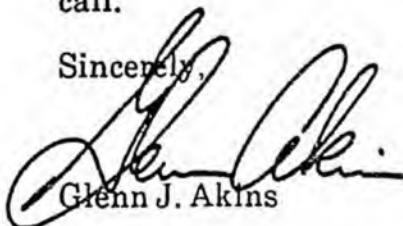
Industry's waste minimization efforts are aided by environmental engineers and industrial hygienists on-staff, and also by consultants such as ourselves. For example, we are in the second year of waste management training for one company, and have trained over 300 of their staff.

Most small businesses do not have these resources. Your legislation, if enacted, will greatly improve the transfer of information and technology to small businesses. The growth of product substitution, waste minimization, and recycling hardware and services over the past two years has been truly amazing. There is a great opportunity to get this information into the hands of those who can use it, along with follow-up technical assistance.

I would like to repeat my recommendation that waste minimization successes be recognized in an annual award. The Anchorage award program has secured valuable publicity for the feasibility and cost effectiveness of waste minimization efforts by small businesses.

Please let me know if I can help in any other way to secure this legislation. If any questions come up on programs underway within large businesses, do not hesitate to call.

Sincerely,



Glenn J. Akins

GJA:wr



Alaska Center for the Environment

700 H Street, Suite 4 • Anchorage, Alaska 99501 • (907) 274-3621

February 27, 1989

Representative Kay Brown
Alaska Legislature
P. O. Box V
Juneau, Alaska 99911

Dear Representative Brown:

Alaska Center for the Environment has been involved in hazardous waste matters in Alaska for the past eight years. Our goals include working for a strong state regulatory program. We support CS HB 106 and HB 107, which would add an office of hazardous waste reduction and recycling to the Department of Environmental Conservation.

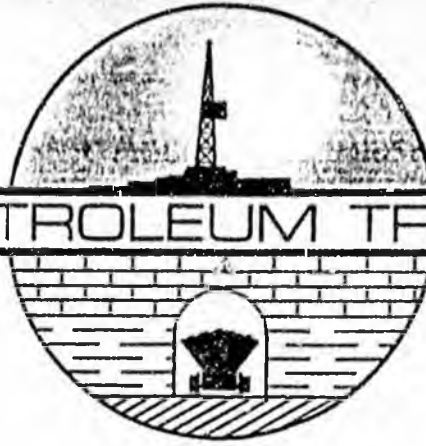
We believe that waste reduction needs to be a priority throughout all the DEC programs, including permits and cleanups, in addition to ongoing waste management. It is good that your bill spells out waste management practice priorities and further enables DEC to implement waste reduction policies. Currently, DEC is unable to do little beyond talk about waste reduction.

We also believe that the best regulatory program combines technical assistance and enforcement. However, we feel it is important that personnel who conduct enforcement inspections are not the same as those who technically assist. The Committee Substitute addresses this issue.

We also are concerned that hazardous waste enforcement continues to be lax in Alaska. DEC and EPA estimated compliance with the federal hazardous waste law (RCRA) to be only 8% (1988 draft State EPA Agreement). While we support the establishment of waste reduction programs to address the long-term solutions, they must be in conjunction with adequate enforcement. Enforcement and penalties serve as incentive to reduce hazardous waste generation, without which continuing illegal disposal will leave little motivation for obtaining technical assistance. For this reason, we also urge you to carefully assess the proposed DEC budget to ensure that enforcement has been given enough funding, especially relative to existing levels of technical assistance.

Sincerely,

Kristine Benson
Hazardous Waste Specialist



MINING AND PETROLEUM TRAINING SERVICE

2 March 1989

Mr. Eric F. Meyers
Legislative Assistant
Office of Representative Kay Brown

Dear Mr. Meyers:

Thank you for the information you provided on HB106 regarding reduction of hazardous waste in Alaska. The OTA brief was a concise summary of our own position on the matter.

MAPTS is a division of the University of Alaska, Anchorage charged with, among other duties, delivery of industrial health & safety training in the mandated areas. We will train about 3500 individuals in FY89 of which about 28% are directly in the field of hazardous waste abatement. MAPTS is in fact one of the largest delivery systems for this training in the country.

The key element of the bill is the "non-regulatory" function. Current enforcement attitudes have created a real paranoia in the state with respect to hazardous materials and waste. This mind set is not mitigated in the least by some of the rhetoric coming from the Center for The Environment and the Trustees for Alaska. In general, press and public statements have been overblown and decidedly oriented toward punishment rather than a sincere desire to alleviate the problem.

We support a non-threatening, cost-effective program for waste reduction if it is properly organized and conducted on the basis of fact and scientific principles rather than personal opinion. This will be a very long term undertaking, and should include a package of educationally sound material for distribution through the secondary school system.

The problems with hazardous materials and waste are the result of long standing American attitudes. We want to flush everything out of sight and out of mind, preferably into someone else's back yard. Education is the only way to change these attitudes. Our present regulatory environment encourages clandestine dumping and disposal. There is no desire to cooperate with a system which is increasingly viewed as punitive and unreasonable. I believe HB 106 is a step in the right direction. It is the only way that Alaska can move from treating the symptoms instead of the cause of the disease.

I wish you success with HB 106. If we may be of further assistance, please contact us at your convenience.

Yours truly,

Dennis D. Steffy, Director
Mining and Petroleum Training Service
University of Alaska Anchorage

Reply to:

██████████ 155 Smith Way, Suite 104
Soldotna, Alaska 99669
907 262-2788



a division of
CCREE
of the
University of Alaska



Alaska Environmental Lobby, Inc.

P.O. Box 22151 Juneau, Alaska 99802

907-586-2345

AEL ISSUE PAPER - HB 106 and 107 - REDUCTION OF HAZARDOUS WASTE AT ITS SOURCE

The Alaska Environmental Lobby wholeheartedly supports House Bills 106 and 107. Reducing hazardous waste at its source - a **proactive**, prevention-oriented approach - is a pioneering shift from the traditional, **reactive** waste treatment methods. Less hazardous substances in our society mean less potential for environmental damage, and a decreased risk of spills and human health hazards. Economically speaking, reducing our waste output means industry, the public, and government save money by avoiding costs of clean-ups, treatment, and disposal of wastes. We all benefit from hazardous waste reduction.

We are the creators of our children's world. It is our duty to those who will follow us to develop industries and economies that are sustainable, safe, and far-sighted. Hazardous wastes, too, act in the long-term. They can continue to create problems years after they are generated, and are non-specific in who they effect.

Therefore, we must be united in our attack on hazardous waste. HBs 106 and 107 promote cooperation between regulatory agencies, the public, big industry and small business. The huge amount of money, worry and time saved by a small investment now promises to outweigh the costs of handling problems later. We applaud the plan in HB 106 to provide financial and technological assistance to businesses. Scientific and technological information is complicated and is continually evolving; citizens need help in understanding it.

Alaska's current fiscal situation dictates that we must put our limited funds where they will do the most good. Developing a hazardous waste reduction and recycling office represents a wise investment of state money for long-term cost savings, and at the same time promotes public health, industry efficiency, a healthy economy, and a clean environment. We encourage the committee to support HBs 106 and 107.

Karen Wood
March 1, 1989

ALASKA CENTER FOR THE ENVIRONMENT • ALASKA CHAPTER, SIERRA CLUB • JUNEAU GROUP, SIERRA CLUB • SITKA GROUP, SIERRA CLUB
KNIK GROUP, SIERRA CLUB • DENALI GROUP, SIERRA CLUB • ANCHORAGE AUDUBON SOCIETY • ARCTIC AUDUBON SOCIETY
DENALI CITIZENS' COUNCIL • ALASKA FRIENDS OF THE EARTH • JUNEAU AUDUBON SOCIETY • KACHEMAK BAY CONSERVATION SOCIETY
KENAI PENINSULA AUDUBON SOCIETY • KODIAK AUDUBON SOCIETY • LYNN CANAL CONSERVATION • ALASKA WILDLIFE ALLIANCE
SITKA CONSERVATION SOCIETY • NORTHERN ALASKA ENVIRONMENTAL CENTER • SOUTHEAST ALASKA CONSERVATION COUNCIL
KNIK KANOERS AND KAYAKERS



INUIT CIRCUMPOLAR CONFERENCE

March 20, 1989

Representative Kay Brown
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Representative Brown:

The Inuit Circumpolar Conference (ICC) is an international Native organization representing approximately 105,000 Inuit from Alaska, Canada and Greenland. Our objectives include promotion and protection of Inuit rights and interests at the national and international level. We are also extremely concerned about protection of our arctic homeland.

We want to express our strong support for HB 106 and 107 - Hazardous Waste Reduction Legislation. The ICC has long been concerned about the environmental effects of hazardous waste in the arctic and in particular, the hazardous waste abandoned and dumped by the military.

In 1986 the ICC General Assembly delegates adopted Resolution 86-07 (enclosed) addressing the "Environmental Causes of Health Problems in the Arctic Regions". This resolution, among others, reflects the widespread concern about hazardous wastes in the arctic. Unfortunately, we have not ever had sufficient funds to completely follow-up on Resolution 86-07. However, the introduction of HB 106 is an important step to responding to the problem.

HB 106, if approved and implemented quickly, will not only provide continued environmental protection but will also protect the public health of both Inuit and non-Inuit throughout the State.

Thank you for taking the initiative to respond to this important matter. If you have any questions, comments or concerns about this letter of support, please contact us.

Sincerely,

Dalee Sambo

Dalee Sambo
Special Assistant

HEAD OFFICE:

P.O. BOX 280, KUUVJUAQ, QUEBEC, CANADA J0M 1C0
TELEPHONE: 819-964-2431

REGIONAL OFFICES:

ALASKA: 429 'D' Street, Suite 202, Anchorage, Alaska 99501, tel: 907-258 6917
GREENLAND: P.O. Box 204, DK 3900, Nuuk, Greenland, tel: 23632
CANADA: 176 Gloucester St., Ottawa, Ontario, K2P 0A6, tel: 613-563-2642

INUIT CIRCUMPOLAR CONFERENCE

Resolution 86-07

Environmental Causes of Health Problems in the Arctic Regions

WHEREAS, old military installations, White Alice sites and DEW Line sites cause environmental and health problems in the Arctic Regions; and

WHEREAS, contamination is causing cancer and environmental problems for the Inuit of the circumpolar regions;

NOW THEREFORE BE IT RESOLVED THAT the Inuit Circumpolar Conference demands that the governments of the United States, Canada and Denmark initiate clean-up of all the old military installations, army sites, White Alice sites, and DEW Line sites as soon as possible; and

BE IT FURTHER RESOLVED THAT the Inuit Circumpolar Conference do an extensive survey on the effects of military installations on the health and well-being of the Inuit in the circumpolar regions.

INTRODUCED THIS 3rd DAY OF AUGUST 1986
ADOPTED THIS 3rd DAY OF AUGUST 1986.

James F. Stotts
ICC Executive Council Member

August 27, 1986
Date

INUIT CIRCUMPOLAR CONFERENCE

R E S O L U T I O N I C C 7 7 - 1 1

A S A M E N D E D

PEACEFUL AND SAFE USES OF THE ARCTIC CIRCUMPOLAR ZONE.

Recognizing that it is in the interest of all circumpolar people that the Arctic shall forever to be used exclusively for peaceful and environmentally safe purposes; and

Acknowledging the emphatic contributions to scientific knowledge resulting from a cooperative spirit in scientific investigations of the Arctic;

NOW, THEREFORE, BE IT RESOLVED:

- (a) that the Arctic shall be used for peaceful and environmentally safe purposes only;
- (b) that there shall be prohibited any measure of a military nature such as the establishment of military bases and fortifications, the carrying out of military maneuvers, and the testing of any type of weapon, and/or the disposition of any type of chemical, biological or nuclear waste, or other waste. Further, present waste be removed from the Arctic;
- (c) that a moratorium be called on implacement of nuclear weapons;
- (d) that all steps be taken to promote the objectives in the above mentioned.

INTRODUCED THIS 17th DAY OF JUNE, 1977.

ADOPTED THIS 17th DAY OF JUNE, 1977.



OTA REPORT BRIEF

September 1986

Serious Reduction of Hazardous Waste

Waste reduction is an economically sensible response to what many people see as a hazardous waste crisis. Several thousand pounds of hazardous waste are generated annually for every person in the Nation. Many thousands of people have lost their drinking water because of contamination by toxic waste. Across the country there are thousands of sites contaminated by hazardous waste that require billions of dollars for cleanup. An increasing number of lawsuits are being brought by people who claim to have suffered adverse health effects from living near toxic waste sites. Also the number of lawsuits being instituted by the government is mounting rapidly. These suits claim that certain waste generators have not complied with regulations and that generators who have used waste management facilities now on the Superfund list must pay for cleanups.

Waste reduction is critical to the prevention of future hazardous waste problems. By reducing the generation of waste, industry can use materials more efficiently and achieve more certain protection for health and the environment. At the same time, industry can lower waste management and regulatory compliance costs, liabilities, and risks.

Although there are many environmental and economic benefits to waste reduction, over 99 percent of Federal and State environmental spending is devoted to controlling pollution after waste is generated. Less than 1 percent is spent to reduce the generation of waste. The current level of national spending for pollution control is about \$70 billion. Two-thirds of this is spent by industry. Since many hazardous substances are not yet regulated, annual expenditures will, in all likelihood, continue to increase.

OTA finds that reducing waste to prevent pollution from being generated at its source is now a practical way to complement this costly pollution control regulatory system. Because of sporadic and uneven enforcement, the current regulatory system weakens the incentive to reduce waste. Waste reduction, no matter how far it is taken, cannot eliminate all wastes, but it can help to lower costs for environmental protection as regulations continue to expand.

Current pollution control methods often do little more than move waste around. For example: air and water pollution control devices typically generate solid, hazardous waste that goes to landfills and too often leaches from there into groundwater. Many hazardous wastes, such as most toxic air emissions, are

not yet regulated, and regulatory standards for permissible emissions legally sanction the generation of some wastes. Thus, OTA finds that establishing a comprehensive, multimedia approach to reducing wastes going into the air, land, and water is essential.

OTA finds that there is no common definition of waste reduction; there are few or no data on the extent of industrial waste reduction; waste reduction is usually measured incorrectly; and the information that the government collects on waste generation is not useful for waste reduction. If waste reduction is defined to include waste treatment, companies will naturally pay more attention to treatment, which is a familiar activity, than to the reduction of waste. Problems of definition and lack of information should be addressed and ongoing waste reduction efforts should be documented by government, even if decisions to reduce waste remain at the discretion of individual companies.

Despite some claims to the contrary, industry has not taken advantage of all effective waste reduction opportunities that are available. Reducing waste involves more than buying a black box, reading the directions, and plugging it in. Even a simple step toward waste reduction can seem difficult to a company with few technical resources and no obvious place to go for guidance. Reducing waste in an industrial process requires intimate knowledge of all aspects of that specific production process, in contrast to waste treatment, which is essentially an add-on to the end of the process. There are also clear pressures to reduce waste tomorrow, rather than today. The attention and resources given to required pollution control activities limit the amount of thought, time, and money that industry can devote to waste reduction. Some U.S. companies, however, have verified the fact that waste reduction pays for itself relatively quickly, especially when compared to the time needed to comply with regulations, obtain regulatory permits, or site waste management facilities. Some companies are even beginning to sell new products and services that help others to reduce waste.

Waste reduction succeeds when it is part of the everyday consciousness of all workers and managers involved with production—where the waste reduction opportunities are—rather than when it is a job only of those responsible for complying with environmental regulations. A few people with end-of-pipe, pollution control jobs are not in a position to reduce waste by themselves; such efforts must involve upstream workers and facilities.

(over)

There are five distinct approaches that industry can take to reduce hazardous waste: 1) change the raw materials of production, 2) change production technology and equipment, 3) improve production operations and procedures, 4) recycle waste within the plant, and 5) redesign or reformulate end-products. Among the opportunities that exist for common processes and wastes are: a) using mechanical techniques rather than toxic organic solvents to clean metal surfaces, b) using water-based raw materials instead of materials based on organic solvents, and c) changing plant practices to generate less hazardous wastewater.

So far government has not required waste reduction. OTA finds that it would be extraordinarily difficult for government to set and enforce waste reduction standards for a myriad of industrial processes. The impact on industry, particularly on troubled manufacturing sectors, could be substantial. Alternatively, the United States could move to an economically sensible environmental protection strategy based on both pollution control (waste management) and pollution prevention (waste reduction) with the Federal Government providing leadership and assistance in the following ways.

First, through policy development, education, and oversight, Congress could help industry and the Nation profit from seeing waste reduction not as some unique technology, but as a field ready for innovative engineering and management. These opportunities are embedded in every part of the industrial produc-

Definitions Used in This Report

Waste Reduction:

In-plant practices that reduce, avoid, or eliminate the generation of hazardous waste so as to reduce risks to health and environment. Actions taken away from the waste generating activity, including waste recycling or treatment of wastes after they are generated, are not considered waste reduction. Also, an action that merely concentrates the hazardous content of a waste to reduce waste volume or dilutes it to reduce degree of hazard is not considered waste reduction. This definition is meant to be consistent with the goal of preventing the generation of waste at its source rather than controlling, treating, or managing waste after its generation.

Hazardous Waste:

All nonproduct hazardous outputs from an industrial operation into all environmental media, even though they may be within permitted or licensed limits. This is much broader than the legal definition of hazardous solid waste in the Resource Conservation and Recovery Act, its amendments, and subsequent regulations. Hazardous refers to harm to human health or the environment and is broader than the term "toxic." For example, wastes that are hazardous because of their corrosivity, flammability, explosiveness, or intoxicousness are not normally considered toxic.

Waste Reduction and National Policy

"The Congress hereby declares it to be the national policy of the United States that, wherever feasible, the generation of hazardous waste is to be reduced or eliminated as expeditiously as possible. Waste nevertheless generated should be treated, stored, or disposed of so as to minimize the present and future threat to human health and the environment."

From the *Resource Conservation and Recovery Act*, as amended by U.S. Congress in November 1984. This policy statement is supported by waste minimization provisions also added to the Act.

tion system. There is no way to predetermine the amount of waste reduction that is possible; its technical and economic feasibility depend on the characteristics, circumstances, and goals of specific waste generators. Success in reducing waste depends on the ability of organizations to modernize, innovate, and cut costs, thereby increasing profits and reducing long-term liabilities. Thus waste reduction could be used as a measure of performance as energy efficiency and productivity often are.

Second, there are a number of possible legislative actions that could clarify the definition of waste reduction, spur better collection of information on waste reduction, and encourage waste generators to devote more attention to the subject. If the Federal public policy goal is rapid and comprehensive hazardous waste reduction, then a strategy based on government leadership and assistance rather than on prescriptive requirements is likely to be the most effective. For example, Congress could: 1) create an Office of Waste Reduction with an Assistant Administrator within EPA, 2) create a grants program to develop generic or widely transferable technical support for waste reduction, 3) through new comprehensive waste reduction legislation require detailed reporting by industry on past waste reduction actions and plans for future efforts, 4) reward and facilitate waste reduction by offering industry concessions from existing pollution control regulatory requirements, or 5) create and use independent State Waste Reduction Boards to implement programs. Setting a national waste reduction goal of perhaps 10 percent annually could help convert the long stated importance of waste reduction into a true priority and reduce annual environmental spending substantially, ultimately by billions of dollars.

Copies of the OTA report, "Serious Reduction of Hazardous Waste: For Pollution Prevention and Industrial Efficiency," are available from the U.S. Government Printing Office. The GPO stock number is 052-003-01048-8; the price is \$12.00. Copies of the report for congressional use are available by calling 4-8996. Summaries of reports are available at no charge from the Office of Technology Assessment.

PACIFIC NORTHWEST HAZARDOUS WASTE ADVISORY COUNCIL

Resolution #2: **Recommending a Hierarchy of Hazardous Waste Management Options for the Pacific Northwest**

Whereas, hazardous waste management in the Pacific Northwest creates public policy issues which are regional in nature,

Whereas, the Pacific Northwest Hazardous Waste Advisory Council believes that it is important that the governmental entities of the Pacific Northwest share the same priorities with respect to the management of this region's hazardous wastes so that policies can be consistent within the region,

Whereas, the Council recognizes that the traditional "end-of-the pipe" pollution abatement strategy no longer constitutes a sufficient approach, in and of itself, to assure adequate human health and environmental protection and to mitigate the rising costs and liabilities associated with hazardous waste management,

Whereas, the Council recognizes that reduction of hazardous waste serves the long-term interests of the public and the business community to better protect human health and the environment than any other option available, as such efforts may: reduce the need for pollution control expenditures; avoid substitution of one form of pollution for another; improve workplace safety; reduce the liability associated with hazardous pollutants; and, improve the overall efficiency and cost-effectiveness of industrial facilities,

Whereas, the Council believes that decisions regarding the need for treatment, storage and disposal capacity in the region should be made in full recognition of the importance of hazardous waste reduction and the impact of such reduction activities on hazardous waste volumes,

Whereas, the Council recognizes that not all hazardous waste streams will pursue the same path through any hazardous waste management hierarchy; that some options are more appropriate for certain hazardous wastes than for others and that this determination will be made on a case specific basis depending on what works best in the individual circumstance,

Whereas, the Council believes that, in order to create a long-term solution to the problem of hazardous waste, it is important for public agencies, businesses and households to address the challenge of appropriate hazardous waste management, through the general application of the following hazardous waste management hierarchy:

- by reducing, at its source, the amount of hazardous waste generated by any manufacturing process or activity,
- then, by recycling and reusing, either on or off-site, whatever hazardous constituents are required,

- then, once a hazardous waste can be reduced or recycled no further, by reducing the volume or the toxicity of the hazardous waste through biological, chemical and physical treatments,
- then, once a hazardous waste has been reduced, recycled, and/or can receive no further physical, chemical and/or biological treatment, then, if appropriate for the waste stream, by reducing the volume or toxicity of the hazardous waste or hazardous waste residue through incineration,
- then, for any remaining hazardous wastes and/or hazardous residues from earlier treatment/incineration, by solidifying or in some way stabilizing them before land disposal so as to protect air, water and land quality to the greatest extent possible,
- and finally, land disposal of hazardous waste,

Whereas, the Council believes that it is incumbent on the hazardous waste generator and treatment or disposal operators to apply the best demonstrated available technologies at each stage of this hierarchy of hazardous waste management options,

Whereas the Council recognizes that the technological development and implementation of hazardous waste management options is a dynamic process requiring the reevaluation of this hierarchy from time to time,

Whereas, the Council recognizes that establishing hazardous waste reduction and recycling as the highest priorities in hazardous waste management is a fundamentally different approach from "end-of-pipe" pollution control strategies, and as a result, those households, businesses and public agencies which do not have the technical or financial resources to maximize hazardous waste reduction potential may require assistance in implementing such an approach and identifying the appropriate technologies for their specific business situation,

Now, therefore, be it resolved that we, the Pacific Northwest Hazardous Waste Advisory Council, do recommend to the governmental entities of the region that they:

- adopt the foregoing hierarchy of hazardous waste management options to guide their decisions about the need for hazardous waste reduction programs, and the need for various forms of treatment, storage and disposal capacity in the region; and,
- provide research, education and technical assistance to businesses, particularly small and medium-sized firms, governments and households in their hazardous waste reduction efforts, and encourage the sharing of information between businesses and governments.

.....
 Approved by the Pacific Northwest Hazardous Waste Advisory Council, March 11, 1989.

Recommended Hierarchy of Hazardous Waste Management Options

The Pacific Northwest Hazardous Waste Advisory Council recommends that the states, other governmental agencies in the region and the private sector adopt the following priorities for the management of their hazardous waste streams. The Council understands that not all of these hazardous waste management options are suitable for use with every waste stream.

Hazardous Waste Reduction

Hazardous waste reduction is essentially pollution prevention - finding ways to make products without also creating hazardous waste. Generally, this involves substituting non-hazardous inputs for hazardous ones, redesigning processes to be more efficient, including improving housekeeping practices to prevent leaks and spills, and finally, preventing the dilution and mixing of wastes which increase hazardous waste volumes, complicate handling practices, and hinder recycling/reuse efforts. Source reduction is the only management option on the hierarchy which by definition creates no residuals requiring further treatment or disposal, for there can be no residuals from "hazardous waste not generated."

Hazardous Waste Recycling

Hazardous waste recycling most often occurs when hazardous wastes are treated so that they can be reused directly in the production process or shipped to another firm as a production input. Hazardous waste recycling reduces the total amount of hazardous products required by production processes. Recycling may be done in-line, intra-plant or inter-industry. Recycling generally leaves residuals which may require further treatment prior to disposal.

Chemical/Physical/Biological Treatment

Hazardous waste treatment, in this context, includes any number of activities done alone and in combination, on and/or off-site, which decrease the volume or toxicity of hazardous waste through physical, chemical, biological processes. These include processes which: lessen the volume of hazardous wastes through filtration, compaction, evaporation, centrifugation, etc.; change either the form or chemistry of a hazardous waste through coagulation, neutralization, oxidation/reduction, electrodialysis, etc.; and biologically degrade hazardous waste streams into more manageable components. These treatment methods may result in wastes which can be directed to local sewage plants or solid waste landfills or in residuals which may require further processing along this hierarchy of hazardous waste management options.

Incineration

Incineration is the thermal destruction of a waste stream. Some hazardous wastes are incinerated to reduce waste volume to that of the remaining ash. Others, such as carcinogenic wastes, are incinerated to detoxify them. The ash resulting from incineration requires land disposal.

Like physical, chemical and biological treatments, incineration reduces the volume or toxicity of a hazardous waste stream. (Although incineration may concentrate in the ash those toxic elements which were not destroyed - if the waste contained heavy metals for instance.) As it is often used on the residuals of physical, chemical and biological treatments, it is considered a separate step on this management hierarchy. It thus represents a further step in the logical progression of the hierarchy - with each step designed to further reduce the volume or toxicity of hazardous waste streams. However, the Council recognizes that there may be some hazardous wastes which appropriately move directly from waste reduction and recycling to incineration without prior treatment.

Solidification/Stabilization

Solidification and stabilization, in this context, are terms used to describe the various ways a hazardous waste may be treated prior to landfilling so as to protect the air, water and quality from migration of its contaminants. This may involve solidifying the hazardous waste and may also involve encapsulating the waste in some impervious material. These treatments may increase the overall volume of material going into a landfill, as hazardous materials are combined with non-hazardous materials such as cement or glass.

Land Disposal

Land disposal of hazardous wastes - generally in private and commercial landfills and hazardous waste piles - is lowest priority on the management hierarchy. In the past, land disposal has been associated with problems of air, water and ground contamination. Current regulations greatly raise the operating standards of land disposal facilities. As well, EPA's Land Disposal Restrictions will establish the minimum pre-treatment standards and Best Demonstrated Available Technologies for most, if not all, RCRA hazardous waste which had previously been managed at a land disposal facility. In this way, most hazardous wastes will undergo some treatment at a higher rung on the hierarchy prior to land disposal, if land disposed at all. Both these measures are designed to protect the environment to the maximum extent feasible.

March 11, 1989

H B

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SENATE COMMITTEE REPORT

FURTHER Resources

5/6/89

DATE TURNED INTO OFFICE 5/8/89

Mr. President:

Labor and Commerce Committee considered CSHB 123 (JUD) am

Relating to AIDEA (Alaska Industrial Development Export Authority)

and recommended

- replace with SCS cs HB 123 (L+C)) same title
- or adopt _____ cs _____) new title
- attached amendment(s) and technical title change (HB only)
- _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

FISCAL NOTE(S) zero fiscal impact appropriation no FN
 new zero updated previous
 same as previous fiscal note(s) published 1/27/89

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]
[Signature]
[Signature]

[Signature]
 Chair signature and recommendation

Committee Backup attached

SENATE COMMITTEE REPORT

DATE: January 9 1990

FURTHER:

DATE TURNED INTO OFFICE: 5/6/90

Labor and Commerce Committee considered CS HB 123 (Judiciary) am
AIDEA (Alaska Industrial Development Export Authority)

and recommended:

replace with SCS CS HB123 (2d Lac) same title
 or adopt _____ CS _____ new title
 attached amendment(s) technical
 _____ letter of intent adopted title change
(HB only)

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

ATTACHES NEW FISCAL NOTE(S):
Dept/Date:

fiscal note(s) _____

zero fiscal note(s) _____
Dept of Commerce 5/6/90

appropriation-no fiscal note

APPROVES PREVIOUS:
Dept/Date:

fiscal note(s) _____

zero fiscal note(s) _____

Governor's bill w/fiscal note

SIGNING DO PASS:

[Signature]
[Signature]
[Signature]

OTHER RECOMMENDATIONS:

[Signature] [Signature]
Chair: Signature and Recommendation

1 IN THE SENATE

BY THE LABOR AND
COMMERCE COMMITTEE

2 SENATE CONCURRENT RESOLUTION NO. 35

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 Suspending Uniform Rules 41(b), 24(c)
6 and 35 of the Alaska State Legislatu
7 concerning House Bill No. 123.

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

9 That under Rule 54 of the Uniform Rules of the Alaska State Legislat
10 ture the provisions of Rule 41(b), Rule 24(c), and Rule 35 of the Unifo
11 Rules, regarding changes to the title of a bill, are suspended in consi
12 eration of House Bill No. 123, relating to the Alaska Industrial Develo
13 ment and Export Authority.

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STEVE CUWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 27, 1989

The Honorable Sam Cotten
Speaker of the House
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill authorizing the Alaska Industrial Development and Export Authority (AIDEA) to finance development enterprises.

The most significant provisions of this bill relate to AIDEA's ability to finance resource development projects that AIDEA intends to own or operate (such as the Red Dog Mine project). In this regard, the bill would permit AIDEA to issue up to \$25,000,000 of its bonds for such a project without requiring passage of a law approving the project. It would also permit AIDEA to transfer amounts among its various accounts to provide more financing flexibility. (Although the provisions [proposed AS 44.88.095(b) and (f)] requiring legislative approval before certain bonds exceeding specified amounts may be issued raise a constitutional question under the separation-of-powers doctrine, I know of the legislature's concern about bond issuance and I believe that it might be helpful to set out this procedure in the statutes, as a courtesy to the legislature.)

Another significant provision would require originating financial institutions to retain a higher percentage of a loan before it may sell it to AIDEA. Under existing law, a financial institution must retain 10 percent of a loan. AS 44.88.155(d). Under this bill, the originating financial institution must retain 20 percent of the loan. By increasing this requirement along with the amount that AIDEA can invest in or loan on projects, it is hoped that financial institutions will carefully select the projects for which they will extend credit.

This bill will allow AIDEA to gather together all funds and accounts established by law and administer them as a part of the revolving fund of the authority. AIDEA would be given the power to transfer freely between accounts within the

development fund so that it has the flexibility to adapt to the appropriate structure of a financing proposal presented to it for financing. AIDEA would be given the power to create separate accounts necessary to guarantee repayment of a bond issue if that action becomes necessary to make the bonds marketable.

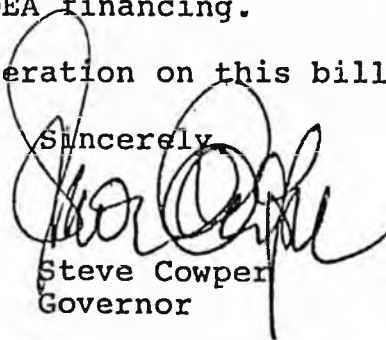
The bill also amends a provision in existing law which represents to investors in AIDEA bonds that the state might step in and make bond payments if the authority is unable to do so. This section acknowledges the state's moral obligation to back AIDEA's revenue bonds if the authority becomes insolvent. The bill would change this moral obligation representation to apply only to bonds issued on or before January 1, 1989.

The bill would expressly confer on AIDEA the power to share ownership of projects with private enterprises by either forming a partnership, joint venture, or other form of cooperative ownership agreement.

The bill would also amend the provision in existing law that prohibits AIDEA from purchasing loans from financial institutions that experience a two percent or greater delinquency rate on loans made by the institution. The bill would allow AIDEA to set the target delinquency rate by regulation. By adopting this technique, AIDEA will be given the flexibility to adjust the delinquency rate to reflect existing economic conditions. The inflexible rule in effect under existing law sets the rate too low to allow the majority of banks in the state to qualify for AIDEA financing.

I urge your favorable consideration on this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the typed name and title.

Steve Cowper
Governor

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: AIDEA

Agency Affected: Commerce & Econ. Dev.
BRU: AIDEA

Sponsor: Rules Committee
Requestor: Governor

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Existing staffing and budget of the Authority will be utilized to implement legislation. The primary focus of the Authority will shift from commercial/service sector financing to primary basic industries.

Prepared by: Bert Wagnon, Executive Director Phone: 279-1651
Division: Alaska Industrial development & Export Authority Date: 1/25/1989

Approved by Commissioner: Larry Mercurieff, Commissioner Date: 1/26/89
Agency: Dept. of Commerce & Economic Development

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- mm0080p
- 012589a

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Econ. Dev.
 Title: AIDEA BRU: AIDEA
 Sponsor: Rules Committee Components: _____
 Requestor: Governor

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Existing staffing and budget of the Authority will be utilized to implement legislation. The primary focus of the Authority will shift from commercial/service sector financing to primary basic industries.

Prepared by: Bert Wagon, Executive Director Phone: 279-1651
 Division: Alaska Industrial development & Export Author Date: 1/25/1989
 Approved by Commissioner: Larry Merculieff, Commissioner Date: 1/26/89
 Agency: Dept. of Commerce & Economic Development

Distribution (by preparer):

Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)
 mm0080p
 012589a

This fiscal note is appropriate
 for SCS CHHB 123 (L+C).
Shula Peterson page 1 of 1
 Senate L+C Committee

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Economic Dev.
 Title: An Act rel. to the Alaska Industrial Development & Export Authority BRU: AIDEA
 Sponsor: Rules Committee/Governor Components: _____
 Requestor: Senate Labor & Commerce Comm.

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						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Existing staffing and budget of the Authority will be utilized to implement legislation. The primary focus of the Authority will shift from commercial/service sector financing to primary basic industries.

SEE ATTACHED ANALYSIS

Prepared by: Bert Wagon, Executive Director Phone: 561-8050
 Division: Alaska Industrial Development & Export Authority Date: 5/6/90
 Approved by Commissioner: Larry Mercutiere Date: 5-6-90
 Agency: Department of Commerce & Economic Development

Distribution (by preparer):

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

Fiscal Note Analysis: SCS CSHB 123 (2d L&C)

Section 25 of the bill would give AIDEA the authority to issue up to \$50 million in bonds for the acquisition, design and construction of a multi-bay aircraft maintenance facility located at Anchorage International Airport to be owned by the authority.

Preliminary cost estimates range from \$25 million to \$50 million, with the final cost depending on the number of users and their requirements.

o Development Schedule

The project development sequence is as follows:

- Phase I - obtain airline consensus and commitments
- Phase II - design development and permitting
- Phase III - construction

It is expected that Phases I and II would be completed in 1990 and Phase III in 1991.

Section 26 would give AIDEA the authority to issue up to \$25 million in bonds to finance the acquisition, design, and reconstruction of a public use ore terminal in Skagway to be owned by the Authority.

Section 27 would give AIDEA the authority to issue up to \$10 million in bonds to finance the acquisition, design, and construction of improvements to the Ballyhoo dock in Unalaska to be owned by the Authority.

Payments from users of the facilities will pay operating costs and debt service on the bonds. Revenue funds will be maintained as required by the bond documents. User agreements will provide necessary revenue for operations, maintenance, and debt service.

Section 28 would give AIDEA the authority to issue up to \$85 million in bonds for the Healy cogeneration project.

The estimated construction cost of the project is \$192 million. It is estimated that up to \$70 million in bonded debt will be required. The \$85 million figure contained in the bill provides a cushion for cost overruns that may exceed the current estimate, however, the actual amount of bonds will most likely be less. In addition to the AIDEA bond authorization, capital appropriations of \$92 million in federal funds and \$29 million in state funds will be required.

The project is anticipated to be completed in FY 96. The expenditures by fiscal year will be as follows:

FY 91	\$ 8,000.0
FY 92	11,000.0
FY 93	46,000.0
FY 94	52,000.0
FY 95	58,000.0
FY 96	<u>17,000.0</u>
Total	\$192,000.0

No separate legislative appropriation is required for AIDEA to issue the revenue bonds for the projects; therefore, this fiscal note is zero.

It should be noted that an appropriation of \$25 million in state funds from the Railbelt Energy Fund is included in CSHB 463 (Fin); this fiscal note assumes that there also will be an appropriation for the remainder of the state funds, as well as the \$92 million in federal funds.

Alaska State Legislature



Senate Judiciary Committee

April 3, 1990

MEMORANDUM

TO: Senator Dick Eliason, Chairman
Senate Labor and Commerce Committee

FROM: Senator Jan Faiks

SUBJECT: Amendment to House Bill 123

Attached is an amendment for committee consideration for incorporation into HB 123.

As you may recall, chapter 68 SLA 85 authorized the sale of bonds for the DeLong Mountain transportation project. A provision of this law requires all revenues in excess of those required to be retained under the DeLong Transportation Project Bond Resolution be remitted to the Department of Revenue for deposit into the general fund. The attached amendment repeals this requirement and instead, these revenues would be retained by the Alaska Industrial Development and Export Authority.

The additional revenue stream is to assist the Authority in its efforts to construct an aircraft maintenance facility at Anchorage International Airport. The project will also require the Authority to issue up to \$50 million in revenue bonds (the Governor is to be introducing bond authorization legislation).

Current Authority covenants require it to maintain cash flows of 150% of annual debt service for every year in which bonds are outstanding. Bond rating agencies will require the Authority to illustrate coverage for the life of any new bond issue. This new issue is expected to be a 25 year issue.

The Authority's current financial situation will not allow for maintenance of the cash flow coverage covenant with the issuance of an additional \$50 million in bonds unless there is an additional revenue stream. This amendment will accomplish this.

Incorporation of this provision in HB 123, as well as the Legislature's authorization of the issuance of revenue bonds, will be integral to the future of the aircraft maintenance project.

For your reference, a copy of the current agreement between the Authority and Department of Revenue is attached, as well as a copy of the law.

Your consideration of this amendment is gratefully appreciated.

A M E N D M E N T

OFFERED IN THE SENATE

BY SEN. FAIKS

TO: SCS CSHB 123(L&C)

Page 12, following line 15:

Insert a new bill section to read:

"* Sec. 23. Section 3(2), ch. 68, SLA 1985, is repealed."

Renumber the following bill sections accordingly.

AGREEMENT
between
ALASKA INDUSTRIAL DEVELOPMENT AUTHORITY
and
ALASKA DEPARTMENT OF REVENUE

This Agreement is entered into between the Alaska Industrial Development Authority (AIDA) and the Alaska Department of Revenue (Department) with respect to the transfer of Project Revenues related to the DeLong Mountain Transportation System (Project) from AIDA to the Department for deposit in the general fund of the State. As more fully described below, AIDA agrees to transfer to the Department all Project Revenues related to the Project not needed to satisfy debt service obligations and the obligations arising under the Agreement for the Financing, Construction, Use, Operation, and Maintenance of the DeLong Mountain Transportation System, dated June 30, 1986, executed between AIDA and Cominco American, Incorporated (the Use Agreement). Capitalized terms not defined in this Agreement have the meaning defined in the Use Agreement.

Pursuant to the Use Agreement, AIDA has agreed to finance the construction of the Project with (i) cash and principal and interest payments on the loan portfolio appropriated to AIDA under ch. 67, SLA 1985, and (ii) proceeds of the sale of Series 1987A DeLong Mountain Transportation Revenue Bonds (Bonds). The Use Agreement further provides for the payment of annual User Fees by Cominco American during the 50 year period commencing in 1991. The bond resolution for the Bonds (Resolution) will provide that, except for Operation and Maintenance Expenditures, all Project Revenues are pledged in support of the principal and interest payments on the bonds. The Resolution will further provide for the establishment of a Sustaining Capital Fund (\$5,000,000), and a Maintenance and Operations Fund (est. \$2,000,000), as required in the Use Agreement, and for the transfer of such funds to AIDA upon receipt by the Trustee of sufficient funds to meet all obligations arising under the Resolution (defined as "Parity" in the Resolution).

AIDA agrees to deliver to the Department all money generated by the Project to the extent permitted by the Resolution. At the time of Parity, the Resolution will provide for the release of any pledge or covenant with respect to the receipt of Project Revenues. At that time, AIDA is required under the Use Agreement to maintain the Sustaining Capital Fund and to establish a Cominco Claims Account (\$10,000,000). Further, AIDA remains subject to various contractual obligations during the term of the Use Agreement. AIDA intends to set aside funds necessary to meet all actual and contingent obligations arising under the Use Agreement from the funds made available by the


Trustee. Except for those funds which AIDA retains to meet such contractual obligations, AIDA hereby agrees to transfer all Project Revenues to the Department for deposit in the general fund.

For purposes of this Agreement, "Project Revenues" consist of principal and interest payments on the loan portfolio and all toll fees (minus any refunds due under the Agreement) paid by all Users of the Project, including any Contingent Escalator for Zinc Price Increases or any Contingent Tonnage Fees for Shipments Exceeding Allowable Base. "Project Revenues" do not include the following:

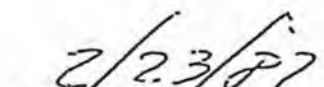
- (a) payments by Users for maintenance and operation expenses;
- (b) the funds established under the Use Agreement which will be established by or transferred to AIDA and Project Revenues, if any, necessary to replenish such accounts following Parity.

Under present projections, AIDA anticipates that Project Revenues will be available for transfer to the Department for deposit in the general fund on or before January 1, 2001. Starting with the calendar year 1994, AIDA will annually advise the Department of the anticipated amount of Project Revenues to be transferred to the Department during the following fiscal year. AIDA shall further advise the Department of the amount of Project Revenues to be retained by AIDA to meet its contractual obligations under the Use Agreement.

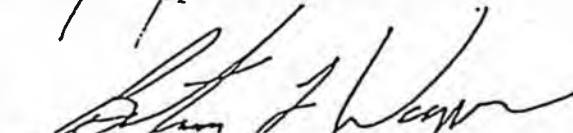
This Agreement is submitted in satisfaction of the requirement established in ch. 68, SLA 1985.



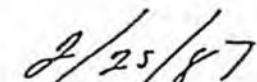
Hugh Malone, Commissioner
Alaska Department of Revenue



2/23/87
Date



Bertram L. Wagnon, Executive Director
Alaska Industrial Development Authority



2/25/87
Date



LAWS OF ALASKA

1985

Source

CSSB 280(Fin)am

Chapter No.

68

AN ACT

Relating to the authorization of bonds or notes for the DeLong Mountain transportation project, establishing conditions under which the bonds or notes may be issued; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1, LINE 12

Approved by the Governor: May 31, 1985
Actual Effective Date: July 1, 1985

Chapter 68

AN ACT

Relating to the authorization of bonds or notes for the DeLong Mountain transportation project, establishing conditions under which the bonds or notes may be issued; and providing for an effective date.

* Section 1. The Alaska Industrial Development Authority is authorized to issue bonds or notes in a principal amount not to exceed \$175,000,000 to provide financing for the DeLong Mountain transportation project.

* Sec. 2. Before bonds or notes authorized under sec. 1 of this Act may be issued, the Alaska Industrial Development Authority shall comply with AS 44.88.173 and shall incorporate into the final finance plan and agreement for the DeLong Mountain transportation project the following terms and conditions:

(1) Cominco, Ltd. is required to agree in writing that

(A) Cominco, Ltd. will pay for all or a portion of the operation and maintenance of facilities constructed as part of the project based on the use Cominco Alaska makes of the facilities compared to the use made by others;

(B) If Cominco Alaska ceases to develop the Red Dog Mine after costs have been incurred by the Alaska Industrial Development Authority for the project, Cominco, Ltd. will pay the authority for those costs together with interest from the date the costs were incurred;

ATTACHMENT "D"

(C) toll fees paid by Cominco Alaska for the use of facilities constructed as part of the project to the Alaska Industrial Development Authority may be periodically adjusted if the price of zinc rises above a level that yields a return on investment commensurate with risk;

(2) the United States government makes available land in the Cape Krusenstern National Monument that is included in the proposed land exchange with MANA Regional Corporation to the corporation for construction of a transportation system;

(3) MANA Regional Corporation is required to agree in writing to sell, lease for a prepaid term of at least 99 years or grant a perpetual easement to the Alaska Industrial Development Authority, at no more than fair market value, land needed for the port and road constructed as part of the project and land needed for future expansion of the road and port, subject to no terms or conditions inconsistent with use as a public road and port;

(4) tax exempt financing for the project is used to the maximum extent possible;

(5) a toll schedule, that may be periodically adjusted, is established for use of facilities constructed as part of the project that

(A) ensures full repayment of and a reasonable return on the state's investment in the project; and

(B) guarantees equitable access to the facilities by all users and potential users, including access to private property and access for travel necessary and related to resource exploration and development for which valid permits have been obtained and travel in support of resource exploration and development;

(6) contracts for the construction of the port and road are subject to AS 36;

(7) reasonable access to the port and road is guaranteed to all users and potential users;

(8) the Alaska Industrial Development Authority will own and operate the facilities collectively referred to as the DeLong Mountain transportation project.

* Sec. 3. Before bonds or notes authorized under sec. 1 of this Act may be issued, the Alaska Industrial Development Authority shall

(1) report in writing to the legislative budget and audit committee that the conditions under sec. 2 of this Act have been met; and

(2) agree with the Department of Revenue in writing to deliver all money generated by the DeLong Mountain transportation project to the Department of Revenue for deposit in the general fund, other than money necessary for payment of the principal and interest on bonds or notes issued under sec. 1 of this Act and except as may otherwise be provided in the bond or note covenants.

* Sec. 4. As used in this Act, "reasonable return" means a rate of return on the total investment of the state of at least five percent.

* Sec. 5. This Act takes effect July 1, 1985.

A M E N D M E N T

TO: HB 123

By:

*Sec. . AS 44.88 is amended by adding a new section to read:

Sec. 44.88.542. Notwithstanding the provisions of AS 44.88.540, if the authority purchases at a discount the principal amount of a loan initially retained by an originating bank that is in financial distress or insolvent, the authority shall transfer from reserves an amount representing the discount to the business assistance fund established in AS 44.88.500. If the authority subsequently suffers a loss on a loan covered by this section, an amount equal to the loss may be transferred from the business assistance fund to the reserves of the authority.

* Sec. . Sec. of this Act is retroactive to August 30, 1988.

Enclosure 1

MEMORANDUM

State of Alaska

Department of Law

TO: Honorable Jan Faiks
Alaska State Senate
Juneau, Alaska 99811


DATE: April 26, 1990

FILE NO: *

TEL NO: 465-3600

SUBJECT: AIDEA discounted loans

FROM:


James L. Baldwin
Assistant Attorney General

You requested our advice whether a law could be enacted that passes along to borrowers any advantage accruing to the Alaska Industrial Development and Export Authority (AIDEA) from loans purchased at a discount from the Federal Deposit Insurance Corporation (FDIC). Your question arises because borrowers desire to reap some advantage from the significant discount negotiated by AIDEA when it purchased the portion of loans held by a failed originating bank.

Upon the failure of First Interstate Bank, FDIC assumed ownership of the bank's assets. For unknown reasons, AIDEA decided that it was prudent to purchase First Interstate's interest in the loans. On August 30, 1988, AIDEA agreed to pay FDIC \$8,000,000 which represents 64% of the value of the obligations held by First Interstate Bank. These obligations represent the retained part of loans purchased by AIDEA in its secondary mortgage market capacity. Under law and regulation, the originating bank must remain a creditor for at least 20% of the principal amount of any loan purchased by AIDEA.

To our knowledge, none of the borrowers are claiming that they are financially unable to meet existing payments. Rather, they perceive that AIDEA should share any benefit obtained from FDIC with the approximately 50 borrowers who originated their loans with First Interstate Bank. In our view, any plan to benefit this class of borrowers may suffer from two constitutional infirmities. First, there is a serious question whether a gratuitous extension of the benefits of the discount obtained from FDIC violates the public purpose doctrine embodied in Art. IX, Sec. 6 of the Alaska Constitution. Second, the decision to confer a special benefit on a limited class of borrowers may violate the prohibition against special legislation set out in Art. II, Sec. 19 of the Alaska Constitution.

The public purpose issue is not an easy one to resolve. The validity of a statute under the doctrine must be determined on a case by case basis. If the legislature were to enact a bill that requires AIDEA to pass on the discount, a court would presume that the legislature determined that the statute embodied a public

purpose. A court will set aside that determination only if "it clearly appears that such finding is arbitrary and without any reasonable basis in fact." DeArmond v. Alaska State Dev. Corp., 376 P.2d 717 (Alaska 1962). To date, we are unable to formulate a good reason for conferring the benefit on this class of borrowers. AIDEA allows borrowers to work out of financial difficulties on a case by case basis. For its forbearance AIDEA benefits by obtaining a more enforceable obligation to pay. That is, a borrower who would default is able to continue making payments on the loan.

Under these circumstances, it appears likely that a court would find the determination of public purpose to be arbitrary. There is no recognizable benefit to the state to be derived from discounting the debt due to AIDEA. The test of the constitutionality of a statute requiring the use of public funds is whether the statute is designed to promote the public interests, as opposed to the furtherance of the private advantage of individuals. Opinion of the Justices, 197 N.E.2d 691 (Mass. 1964). As a general rule, the statute must directly benefit the public interest. An incidental benefit to a private interest is permitted. Suber v. Alaska State Bond Committee, 414 P.2d 546 (Alaska 1966). However, the reverse condition is not valid. Incidental public benefit coupled with direct private benefit makes the statute invalid under the public purpose doctrine. Port Authority of city of St. Paul v. Fisher, 132 N.W.2d 183 (Minn. 1964). As for the proposal under consideration here, we discern no direct benefit to AIDEA or the public.

The second legal issue to consider is whether giving favorable treatment only to borrowers who were served by failed banks constitutes special legislation. AIDEA has approximately 249 loans outstanding that were financed from bond sales. An additional 189 AIDEA loans were transferred by appropriation to AIDEA from other state agencies. These loans also have a bank participation feature. If these two categories represent the entire class of borrowers who are similarly situated, what justifies giving a lesser included group special treatment? The loans with failed banks seem indiscernible from the remainder. AIDEA could be open to a claim from other borrowers if a benefit is conferred only on the borrowers of loans from a single failed bank.

Analysis of a special legislation claim is substantially the same as the analysis of an alleged violation of the equal protection guarantee of the Alaska Constitution. Boucher v. Engstrom, 528 P.2d 456 (Alaska 1974); State v. Lewis, 559 P.2d 630 (Alaska 1977). Under the rational basis test adopted in Isakson v. Rickey, 550 P.2d 359 (Alaska 1976) the court employs a less deferential, means to ends analysis. The court will closely

Honorable Jan Faiks
Alaska State Senate

April 26, 1990
Page 3

inspect the reasons advanced for any statute that singles out a limited class of persons for special treatment. We are without any basis to conclude that good reasons for special treatment exist that would apply to all members of the class of borrowers affected. Without some factual basis, a statute conveying benefits limited to a small group of borrowers would not withstand a legal challenge.

At your request, I have prepared an alternate provision without legal defects that you may wish to consider. Encl (1). The provision would require AIDEA to credit the business assistance fund (AS 44.88.500) in advance with amounts attributed to loans purchased at a discount from insolvent banks. If a borrower on one of these loans defaults, AIDEA may deduct the discount amount from the business assistance fund and return it to reserves. Under this proposal, the amount of the discount would remain available to AIDEA. However, because amounts in the business assistance fund are used to guarantee commercial loans, the provision has general application to all deserving borrowers who may require assistance. I hope this memo will serve your purposes.

JLB:jr

encl.



ALASKA INDUSTRIAL DEVELOPMENT
AND EXPORT AUTHORITY

48C WEST TUDOR • ANCHORAGE, ALASKA 99503-6690 • (907) 561-8050 • FAX: (907) 561-8998

December 12, 1989

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

Dear Senator Eliason:

I wanted to take this opportunity to thank you for your consideration last session in scheduling hearings and passing out SCS CSHB 123 (L&C). Unfortunately like a reoccurring bad dream, I have requested that the Senate Rules Committee return the bill to your Committee for consideration of three amendments.

The first amendment would delete the prohibition added by the House Judiciary Committee, against any form of joint venture. The second requested amendment involves a change of a bond authorization date due to the passage of a years time. The third amendment would allow the moral obligation of the State to remain in place for refunding bonds. Attached are the requested amendments along with an explanation of the need for each.

If I can provide any additional information or explanation prior to the session, please let me know.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Bertram L. Wagnon'.

Bertram L. Wagnon
Executive Director

BLW/ss
attachment(s)

Amendments to SCS CSHB 123 (L & C)

DELETE:

SECTION 5. (Page 3, Lines 10 - 12)

The House Judiciary Committee deleted language from the original version of the bill providing for equity investments, partnership and joint venture agreements on projects. Additionally, Section 5 was inserted prohibiting any form of joint ownership in a project. Authority staff have reviewed this prohibition with the Attorney General's office and request that it be deleted. This amendment by the House Judiciary Committee would prohibit projects such as Red Dog (involving a relationship between Cominco, Nana and AIDEA) as they could very well be constructed to involve joint ownership (i.e. lease of lands, use rights to a third party coupled with Authority ownership of leasehold improvements). Additionally, such an amendment would prohibit the Authority's proposed financing for Unalaska's Dock Expansion project, as this involves a sale and lease back agreement between the City of Unalaska and AIDEA coupled with lease assignments from private shipping firms. The ability to enter into relationships with municipalities and private concerns is an important aspect of the Authority's ability to develop economically viable projects. The amendment also is contrary - at least indirectly - to the concept embodied in AS 44.88.155 (d)(7) which requires a minimum level of bank participation in loans financed by AIDEA. If these loans go into default, AIDEA's (and AIDEA's bondholders') position can often be protected only by a joint venture ownership arrangement with the participating bank.

AMEND:

Section 8. (Page 6, Lines 13 and 14)

This section would prohibit the Authority from issuing any bonds, other than refunding bonds, after January 1, 1991. As a year has passed since the House Judiciary placed this limitation, at a minimum it is recommended that the date be changed to January 1, 1992.

Suggested text of change:

Section 23. (Page 12, Line 16) Change January 1, 1991 to January 1, 1992.

AMEND:

Section 10. (Page 7, Line 14 and 15)

A review of this language has revealed an oversight that should be corrected. The intent was that no new bonds of the Authority would have any expressed language entitling the holders to the moral obligation of the State of Alaska. A provision should have been included which grandfathered in refunding bonds (a bond issued to replace an already existing bond at no greater par amount and normally at a lesser interest rate).

As interest rates have fallen, it is possible that the Authority may at some future date desire to issue refunding bonds for some of its outstanding debt.

Accordingly the following amendment is requested:

Section 10. (Page 7, Line 14 and 15) After January 1, 1989, insert and/or a capital reserve fund securing bonds issued at any time which refund bonds secured by a capital reserve fund created under this section on or before January 1, 1989.

May 7, 1989

Senator Dick Eliason
Chairman
Senate Labor and Commerce Committee
Alaska State Senate

Re: HB 123; Proposed amendment
relating to international
airports

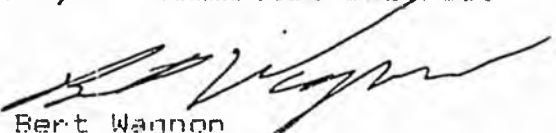
Dear Senator Eliason:

Enclosed you will please find an amendment to CSHB 123 (Jud) am relating to AIDEA cooperative assistance to international airports in the state. You are no doubt aware that the Department of Transportation and Public Facilities is aggressively marketing the international airports in Anchorage and Fairbanks as portals for international airports and freight. This effort is especially critical now that many airlines are converting to long range aircraft that are capable of bypassing the state in favor of airports located in the lower 48 states. The department is exploring innovative financing techniques to encourage commercial concerns to locate facilities on the international airports in the state.

Often it is necessary to improve airport land and utilities serving the airports to make it feasible for a potential lessee of airport land to determine to locate a facility in the state. The international airport revenue fund has a sufficient balance to serve as the source of financing for a lessee or public utility that desires to make necessary airport improvements. The managers of the airport revenue fund lack the commercial lending experience to properly service a lien to these entities. This amendment would allow AIDEA to act on behalf of the Department of Transportation and Public Facilities to make sure that any financing arrangement is commercially reasonable.

I am prepared to offer testimony in support of this amendment if you or a member of your committee desires.

Attachment (1)


Bert Wagnon
Executive Director
Alaska Industrial Development and
Export Authority

A M E N D M E N T

TO: CSHB 123 (Jud) am

Page 3, between lines 27 and 28:

*Sec. . AS 44.86.080 is amended by adding a new subsection to read:

(25) to make cooperative agreements with the Department of Transportation and Public Facilities acting on behalf of the international airport revenue fund established under AS 37.15.430 to acquire, equip, operate, maintain, construct or install facilities that will enhance the competitiveness of the international airports, including a cooperative agreement to lend amounts from the international airport revenue fund to finance the development or improvement of utilities serving the airports.

Re-number remaining sections accordingly.



ALASKA INDUSTRIAL DEVELOPMENT
AND EXPORT AUTHORITY

April 20, 1990

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

Dear Senator Eliason:

Thank you for scheduling HB 123 for a hearing on Friday. Your staff has requested an explanation for the proposed amendment by Senator Faiks allowing future revenue flows from the DeLong Mountain Transportation Project to support future Authority bond issues, specifically, a proposed aircraft maintenance facility located at Anchorage International Airport.

The Authority's existing bond covenants require that prior to issuing any new debt, the Authority demonstrate that future revenue flows over the life of the proposed new bond issue will exceed 150% of debt service in each and every year that the new bonds will be outstanding. The Authority's current short term financial position is very strong; however, buyers of the Authority's bonds required this covenant not just for the short term but for the life of the bonds to be issued (normally 25 years). Due to the recent downturn in the state's economy, cash flows from loans have not met expectations and while financially capable of continuing its traditional lending program through banks, the increased burden of the Unalaska project bonds of \$7 million, the Skagway project bonds of \$20 million and the Healy project bonds of \$70 million will place the Authority very close to its 150% debt service coverage limit. Current projections indicate that the addition of the aircraft maintenance facility would cause this limit to be exceeded and the Authority would be unable to issue the required bonds to finance the Facility.

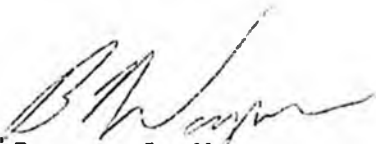
At this point the maintenance facility appears to be a worthy project to pursue. Two major carriers have expressed considerable interest in such a project (see Attachment "A") and the benefits to the Airport and community in terms of good-paying, quality jobs could be considerable. The reduction in international passenger flights created by longer range aircraft and improved relations with the Soviet Union can, to a certain extent, be mitigated by creating a major maintenance facility. As air freight becomes more and more important to Anchorage, a major maintenance

Senator Eliason
April 20, 1990
Page Two

facility will provide Anchorage with an additional incentive for international air freight carriers. Additionally, Alaska Airlines currently performs its major maintenance in Seattle and Oakland. With Alaska's involvement in this project the opportunity exists to turn Anchorage into a major maintenance station and capture the related employment as that carrier expands its fleet.

Our calculations indicate that in FY99 excess revenues will be available from the DeLong Mountain Transportation Project bond issue. Attachments "B" and "C" illustrate future revenue flows and debt service under various scenarios. By utilizing this revenue stream the Authority will have the financial capability to continue to finance our existing programs as well as those development projects currently being considered by the legislature.

Sincerely,



Bertram L. Wagnon
Executive Director

BLW/ss

Attachments



ALASKA INDUSTRIAL DEVELOPMENT
AND EXPORT AUTHORITY

480 WEST TUDOR • ANCHORAGE, ALASKA 99503-6690 • (907) 561-8050 • FAX: (907) 561-8998

March 29, 1990

The Honorable Jan Faiks
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Senator Faiks:

Thank you for taking the time to meet with me and discuss the proposed Aircraft Maintenance Facility at Anchorage International Airport.

Representatives from Federal Express met with Governor Cowper and expressed interest in a shared aircraft maintenance facility. Governor Cowper instructed personnel from the Anchorage International Airport System and the Alaska Industrial Development and Export Authority to explore the feasibility of such a facility and to keep him informed of their findings. Preliminary discussions have been held with several potential users and to date, two firms, Federal Express and Alaska Airlines, have shown interest in pursuing the concept (see Attachments "A" and "B"). Legislative approval of the project itself will be required.

To construct the Aircraft Maintenance Facility may require that the Authority issue up to \$50 million of bonds. Current Authority bond covenants require that the Authority maintain cash flows of 150% of annual debt service for every year in which bonds are outstanding. The current financial condition of the Authority is excellent; however, the bond rating agencies will require that the Authority illustrate coverage for the life of any new bond issue. I anticipate that a 25 year bond issue for this facility would be required.

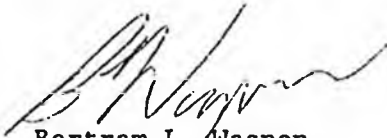
The Authority's current financial situation does not allow for maintenance of the cash flow coverage covenant with the issuance of an additional \$50 million in bonds unless there is an additional revenue stream. The Authority believes it can construct a major facility at Anchorage International Airport by utilizing the future revenue stream of the DeLong Mountain Transportation Project, which is currently pledged to the Department of Revenue by law (see Attachments "C" and "D").

Senator Faiks - Letter
March 29, 1990
Page Two

All revenues in excess of those required to be retained under the DeLong Mountain Transportation Project Bond Resolution are to be remitted to the Department of Revenue for deposit in the general fund. The Authority estimates that by 1997 revenues will be available to be remitted; however, the exact amount is dependent upon factors outside of the Authority's control.

The Authority believes that in order for this maintenance facility project to proceed, it will be necessary to amend existing statutory language which authorized the issuance of the bonds for the DeLong Mountain Transportation Project. Passage of this amendment will enable the Authority to negotiate with the Department of Revenue for an agreement that would allow this project and other proposed projects to proceed.

Sincerely,



Bertram L. Wagnon
Executive Director

BLW/ss
Attachments

**FEDERAL
EXPRESS**

March 19, 1990

MAR 20 1990

Alaska

Mr. Riley Snell
Deputy Director Development
Alaska Industrial Development & Export Authority
480 W. Tudor
Anchorage, AK 99503

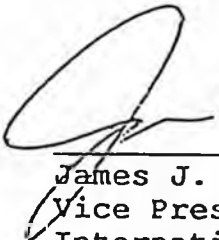
2600 Thousand Oaks Boulevard
Suite 3400
Memphis, TN 38118
901 360-2900
U.S. Mail: Box 727
Memphis, TN 38194-5790

Dear Riley:

As a follow-up to our discussions, Federal Express has a serious interest in working with the State of Alaska to develop a significant maintenance facility in the near term. While we are not able to make a definite commitment at this time, we believe mechanisms proposed by the State through the Alaska Industrial Development and Export Authority are worth pursuing.

We envision a number of possibilities in concert with this facility to include the ability to hangar aircraft up to and including multiple B747-400 size aircraft with associated support shops and stores. We understand the State of Alaska is open to several ideas regarding financing, development, facility design, and joint usage. Our estimate indicates facility cost of \$25MM to \$50MM depending on design and capacity. There remain many details to be resolved; however, with 84 B747/DC10 aircraft through Anchorage each week, it becomes more feasible for Federal Express to consider scheduled maintenance in Alaska as well as emergency and support maintenance.

We look forward to working with you and the airport personnel to explore possible mechanisms to develop a maintenance facility at Anchorage International Airport.



James J. Wheeler
Vice President
International Service Systems
(901)360-2775

INTLMBS37-34

cc: F. Smith/J. Barksdale/F. Manske/A. McArtor/G. Mook
G. Lindsey/C. Argue/P. Benbrook/M. Coffman/D. Cloud

Alaska Airlines

P.O. Box 68900
Seattle, Washington 98168

ATTACHMENT "B"

Telephone (206) 433-3200
Telex 32 8723

March 12, 1990

Mr. William R. Snell
Deputy Director Development
Alaska Industrial Development
and Export Authority
480 W. Tudor
Anchorage, AK 99503

Dear Riley:

As a follow-up to our telephone conversation of last week, this letter will confirm the interest of Alaska Airlines in potentially acquiring a maintenance hangar and associated support areas at Anchorage International Airport.

While we are not in a position to make any commitment at this time, Alaska Airlines nevertheless has been seriously considering the method by which our increasing maintenance requirements at Anchorage can be accommodated. Our initial studies indicate that a hangar facility, with additional support shops, will be necessary in the foreseeable future. Most likely, we would require one hangar bay capable of accommodating Boeing 727, 737, MD 80 and MD 90 size aircraft along with adequate ramp parking for up to three additional aircraft. Our requirements for support shop space are uncertain pending further review.

In addition, Alaska Airlines would possibly be interested in a larger hangar facility in which we could provide contract services to other air carriers serving Anchorage. We currently provide maintenance services to Japan Airlines.

Alaska is open to discussing various financing, construction, lease and ownership options as long as our basic priority of use is guaranteed. A "joint use" facility concept would require careful coordination and further study to ensure the requirements of all parties are satisfied.

While we recognize that a number of details remain to be resolved, please accept this letter as our expression of interest in such a project. We look forward to working with you and the Alaska International Airport System to further study the feasibility of a hangar at Anchorage.



Alaska Airlines

March 12, 1990
William R Snell
Page Two

Thank you for your assistance. If you need additional information please contact me.

Sincerely yours,

ALASKA AIRLINES, INC.

Clifford T. Argue

Clifford T. Argue
Staff Vice President
Properties and Facilities

cc: Gina Marie Lindsey, AIAS

AGREEMENT
between
ALASKA INDUSTRIAL DEVELOPMENT AUTHORITY
and
ALASKA DEPARTMENT OF REVENUE

This Agreement is entered into between the Alaska Industrial Development Authority (AIDA) and the Alaska Department of Revenue (Department) with respect to the transfer of Project Revenues related to the DeLong Mountain Transportation System (Project) from AIDA to the Department for deposit in the general fund of the State. . As more fully described below, AIDA agrees to transfer to the Department all Project Revenues related to the Project not needed to satisfy debt service obligations and the obligations arising under the Agreement for the Financing, Construction, Use, Operation, and Maintenance of the DeLong Mountain Transportation System, dated June 30, 1986, executed between AIDA and Cominco American, Incorporated (the Use Agreement). Capitalized terms not defined in this Agreement have the meaning defined in the Use Agreement.

Pursuant to the Use Agreement, AIDA has agreed to finance the construction of the Project with (i) cash and principal and interest payments on the loan portfolio appropriated to AIDA under ch. 67, SLA 1985, and (ii) proceeds of the sale of Series 1987A DeLong Mountain Transportation Revenue Bonds (Bonds). The Use Agreement further provides for the payment of annual User Fees by Cominco American during the 50 year period commencing in 1991. The bond resolution for the Bonds (Resolution) will provide that, except for Operation and Maintenance Expenditures, all Project Revenues are pledged in support of the principal and interest payments on the bonds. The Resolution will further provide for the establishment of a Sustaining Capital Fund (\$5,000,000), and a Maintenance and Operations Fund (est. \$2,000,000), as required in the Use Agreement, and for the transfer of such funds to AIDA upon receipt by the Trustee of sufficient funds to meet all obligations arising under the Resolution (defined as "Parity" in the Resolution).

AIDA agrees to deliver to the Department all money generated by the Project to the extent permitted by the Resolution. At the time of Parity, the Resolution will provide for the release of any pledge or covenant with respect to the receipt of Project Revenues. At that time, AIDA is required under the Use Agreement to maintain the Sustaining Capital Fund and to establish a Cominco Claims Account (\$10,000,000). Further, AIDA remains subject to various contractual obligations during the term of the Use Agreement. AIDA intends to set aside funds necessary to meet all actual and contingent obligations arising under the Use Agreement from the funds made available by the

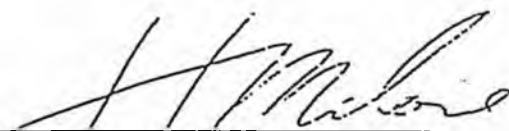
Trustee. Except for those funds which AIDA retains to meet such contractual obligations, AIDA hereby agrees to transfer all Project Revenues to the Department for deposit in the general fund.

For purposes of this Agreement, "Project Revenues" consist of principal and interest payments on the loan portfolio and all toll fees (minus any refunds due under the Agreement) paid by all Users of the Project, including any Contingent Escalator for Zinc Price Increases or any Contingent Tonnage Fees for Shipments Exceeding Allowable Base. "Project Revenues" do not include the following:

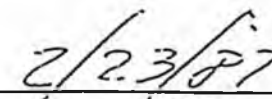
- (a) payments by Users for maintenance and operation expenses;
- (b) the funds established under the Use Agreement which will be established by or transferred to AIDA and Project Revenues, if any, necessary to replenish such accounts following Parity.

Under present projections, AIDA anticipates that Project Revenues will be available for transfer to the Department for deposit in the general fund on or before January 1, 2001. Starting with the calendar year 1994, AIDA will annually advise the Department of the anticipated amount of Project Revenues to be transferred to the Department during the following fiscal year. AIDA shall further advise the Department of the amount of Project Revenues to be retained by AIDA to meet its contractual obligations under the Use Agreement.

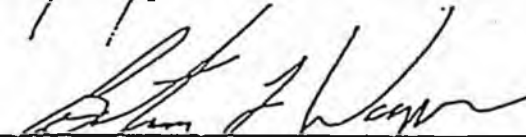
This Agreement is submitted in satisfaction of the requirement established in ch. 68, SLA 1985.



Hugh Malone, Commissioner
Alaska Department of Revenue



Date



Bertram L. Wagon, Executive Director
Alaska Industrial Development Authority



Date



LAWS OF ALASKA

1985

Source

CSSB 280(Fin) am

Chapter No.

68

AN ACT

Relating to the authorization of bonds or notes for the DeLong Mountain transportation project, establishing conditions under which the bonds or notes may be issued; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1, LINE 12

Approved by the Governor: May 31, 1985
Actual Effective Date: July 1, 1985

Chapter 68

AN ACT

Relating to the authorization of bonds or notes for the DeLong Mountain transportation project, establishing conditions under which the bonds or notes may be issued; and providing for an effective date.

Section 1. The Alaska Industrial Development Authority is authorized to issue bonds or notes in a principal amount not to exceed \$175,000,000 to provide financing for the DeLong Mountain transportation project.

Sec. 2. Before bonds or notes authorized under sec. 1 of this Act may be issued, the Alaska Industrial Development Authority shall comply with AS 44.88.173 and shall incorporate into the final finance plan and agreement for the DeLong Mountain transportation project the following terms and conditions:

(1) Cominco, Ltd. is required to agree in writing that

(A) Cominco, Ltd. will pay for all or a portion of the operation and maintenance of facilities constructed as part of the project based on the use Cominco Alaska makes of the facilities compared to the use made by others;

(B) If Cominco Alaska ceases to develop the Red Dog Mine after costs have been incurred by the Alaska Industrial Development Authority for the project, Cominco, Ltd. will pay the authority for those costs together with interest from the date the costs were incurred;

ATTACHMENT "D"