

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672
6767 HOUSE COMMUNITY & REGIONAL AFFAIRS

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

400 WILLOUGHBY AVENUE
JUNEAU, ALASKA 99801-1796
PHONE: (907) 465-2400
FACSIMILE: (907) 586-2754

April 3, 1991

The Honorable Richard Foster, Chair
House Transportation Committee
P.O. Box V
Juneau, AK 99811

Dear Representative Foster:

Subject: HB 232, which relates to sunken and abandoned vessels and cargo.

Position: The department of natural resources supports this bill, but recommends a clarifying amendment.

Background: Shipwrecks on state tidelands often contain hazardous materials such as oil and ammonia, or methane gas produced from a cargo of rotting fish. Shipwrecks that have no historic value impair other uses of the tidelands and are attractive nuisances that generate liabilities for the state. Shippers often abandon a wrecked ship because it is too expensive to remove. Currently, litigation is the only means for removal of an abandoned shipwreck. During the often lengthy litigation process, the wrecked vessel and its value can continue to deteriorate and the ship can become even more difficult to remove.

This bill would allow the tideland owners (state or municipal governments) to require removal of sunken or abandoned vessels and cargo, unless the agency with jurisdiction decides otherwise. It provides penalties for noncompliance with cleanup requirements, and allows the agency with jurisdiction to take custody of the vessel and cargo, and clean up the wreck site, as necessary. The bill also authorizes lawsuits to recover ship wreck removal and cleanup costs.

Recommendation: Clarify Section 11, by rewriting as follows, to make the law retroactive for cargo as well as vessels, and to ensure that future wrecks are protected by state historic preservation laws:

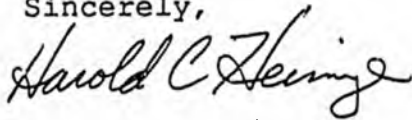
Sec. 30.30.099. APPLICABILITY. (a) Except as provided in (b) of this section, AS 30.30.031 - 30.30.099 apply to all vessels and cargo of vessels sunk or abandoned before, on or after the effective date of this act. The successor in interest of the person who owned, controlled, or had custody of a vessel or cargo of a vessel subject to this subsection at the time the vessel was sunk or abandoned is subject to AS 30.30.031 - 30.30.099.

(b) AS 30.30.031 - 30.30.099 do not apply to sunk or abandoned vessels or cargo designated as historic monuments, sites,

properties, locations, or remains under AS 41.35.010 -
41.5.240.

Please let me know if you would like additional information related
to this bill.

Sincerely,

A handwritten signature in cursive script, reading "Harold C. Heinze".

Harold C. Heinze
Commissioner

enclosures

cc: Committee Members
Representative Jacko
Representative Navarre
Bruce Kendall, Legislative Liaison, Office of the Governor

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HB 232

Revision Date: 28-Mar-91 Department Affected: Natural Resources
 Title: Shipwrecks Act BRU: Land & Water Management
 Components: Land & Water Management
 Sponsor: Representative Jacko
 Requestor: House Transportation COMPONENT SERIAL NO. 431

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
---------	-----	-----	-----	-----	-----	-----

REVENUE	0.0	0.0	0.0	0.0	0.0	0.0
---------	-----	-----	-----	-----	-----	-----

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of Current year impact: 0

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Salli Slaughter Phone: 762-2692
 Division: Land & Water Date: 28-Mar-91

Approved by Commissioner: Harold Heinze Date: 28-Mar-91
 Agency: Department of Natural Resources

Distribution (by preparer) : Legislative Finance, legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

HB 232
Shipwrecks Act*

Section Analysis
March 26, 1991

* An Act relating to sunken and abandoned vessels and cargo; and providing for an effective date.

Summary: There is currently limited power in ports and harbors to effect the cleanup of wrecked or abandoned vessels. This act expands that authority to other state or municipal land, and includes cargo. It requires the removal of sunken or abandoned vessels and cargo unless the agency having jurisdiction gives permission to do otherwise, and provides penalties for non-compliance. It authorizes the appropriate agency to clean up the land if necessary, and to take custody of the vessel or cargo and sell it. It also authorizes a lawsuit to be filed to recover costs (plus double damages, if the vessel is 58 feet or over). In short, it ensures that state tidelands are cleaned-up, and limits the state's liability without protracted litigation.

Section 1. Broadens the powers of home rule municipalities to include AS 29.35.085 (sunken or abandoned vessels).

Section 2. Provides a cross reference for municipalities to regulate sunken or abandoned vessels under AS 30.30.

Section 3. Requires a person who wants to sink a vessel or cargo to get permission from the department or municipality having jurisdiction. To do so without permission is a class A misdemeanor.

Section 4. Knowing abandonment of a vessel or cargo is a class B misdemeanor.

Section 5. Defines abandonment.

Section 6. Requires a person who owns, controlled or had custody of the vessel or cargo when it was sunk to remove it and restore the state or municipal land within 30 days unless they have permission to do otherwise from the appropriate agency. It limits the agency's liability, even if permission to leave the vessel has been granted.

It also allows the appropriate agency to effect clean up and bring a court action against the appropriate person to recover costs and civil penalties (twice the costs of removal and restoration if the vessel is more than 58 feet overall). This section also allows the agency to assign its rights to recover costs to a third party in order to have the vessel removed (the civil penalty may not be assigned).

Defines owner.

It allows the agency or a peace officer to take custody of the vessel or cargo (immediately, if it threatens life, public safety, property, the environment, etc.). It also states that vessels and cargo taken into custody are subject to disposal, except for timber subject to AS 45.50.210-.325 (log brands and abandoned/ salvage logs).

Section 7. Expands existing section regarding notice to owners that custody has been taken to include all state or municipal tidelands (it currently only covers harbors), and to cover cargo as well.

Section 8. Expands existing section regarding public auction of the vessel to include cargo and expand the allowable time for repossession from 20 days to 30. Adds cross reference to the notice provision above.

Section 9. Amends an existing section that states that a third party having an interest in the vessel or cargo may take possession before the date of auction. The amendment expands the section to apply to all state and municipal tidelands, and adds a bonding requirement for removal and restoration (the section already requires a bond sufficient to cover the value of the vessel or cargo).

Section 10. Amends existing section stating that a bill of sale transfers the agency's interest to apply to municipalities as well.

Section 11. Defines areas of jurisdiction: DOT/PF has jurisdiction in ports and harbors below tides; the state on all other state owned tidelands and waters; and municipalities on municipally owned tidelands.

Subsections are (a) and (b) are unclear however, they appear to have the following meanings. The act is inapplicable to historic properties, etc. sunk or abandoned prior to the effective date of the Act and designated under AS 41.35.010-.240. Otherwise it appears to be applicable to all vessels (but not cargo) sunk or abandoned before the effective date of the act; vessels and cargo sunk or abandoned on or after the effective date of the act.

There appears to be no reason to exempt abandoned cargo from the retroactive application of this law. Likewise, there appears to be no reason to exempt future shipwrecks/cargo from the historic preservation act. We therefore suggest the following:

Sec. 30.30.099. APPLICABILITY. (a) Except as provided in (b) of this section, AS 30.30.031 - 30.30.099 apply to all vessels and cargo of vessels that are sunk or abandoned before, on or after the effective date of this Act. The

successor in interest of the person who owned, controlled, or had custody of a vessel or cargo of a vessel subject to this subsection at the time the vessel was sunk or abandoned is subject to AS 30.30.031 - 30.30.099.

(b) AS 30.30.031 - 30.30.099 do not apply to sunk or abandoned vessels or cargo designated as historic monuments, sites, properties, locations, or remains under AS 41.35.010 - 41.5.240.

Subsection (c) states that this Act shall be construed to be consistent with the Article on log brands and salvage timber (AS 45.50.210 - 45.50.325. If the articles are not consistent, AS 45 controls.

Section 12. Changes the qualifier from "shall" to "may" (adopt regulations).

Section 13. Definitions.

Section 14. Repealer.

Section 15. Provides for an immediate effective date.

DIVISION OF LEGAL SERVICES

**LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA**

P.O. Box Y, Juneau, Alaska 99811
(907) 465-3867 or 465-2450
FAX (907) 465-2029

Deliveries to: 240 Main Street
Court Plaza, Room 500
Mail Stop 3101

MEMORANDUM

February 19, 1991

SUBJECT: Sectional Summary of Work Order 7LS0500; An Act relating to sunken and abandoned vessels and cargo

TO: Representative George Jacko

FROM: George Utermohle *GU*
Legislative Counsel

This memorandum is a sectional summary of Work Order 7LS0500.

A sectional summary of a bill is not an authoritative interpretation of a bill. The bill itself is the best statement of its contents.

Section 1 of the bill amends the powers of home rule municipalities in regard to sunken and abandoned vessels.

Section 2 of the bill adds a new section to AS 29.35 relating to the regulation of sunken and abandoned vessels by municipalities.

Section 3 of the bill adds a new section to AS 30.30 that makes it a class A misdemeanor to recklessly sink, or cause to be sunk, a vessel or cargo of a vessel.

Section 4 of the bill adds a new section to AS 30.30 that makes it a class B misdemeanor to knowingly abandon, or cause to be abandoned, a vessel or cargo of a vessel.

Section 5 of the bill adds a new section to AS 30.30 that describes what is an abandoned vessel for the purposes of AS 30.30.011 - 30.30.091.

Section 6 of the bill adds two new sections to AS 30.30 relating to the removal and custody of sunken or abandoned vessels on state or municipal land or water.

Sec. 30.30.031.

Subsection (a) requires a person who owned, controlled, or had custody of a sunken or abandoned vessel or cargo to remove the vessel or cargo from state or

Sectional analysis

municipal land or water within 30 days unless the person receives permission from the state or municipality and to restore state or municipal land or water damaged by the sinking or abandonment. Subsection (b) provides that the state or municipality may grant temporary or permanent permission in writing to leave a vessel or cargo in place.

Subsection (c) provides that only the Department of Environmental Conservation may grant permission to leave a hazardous substance on or within land or water in the state.

Subsection (d) provides that a person who receives permission to leave a vessel or cargo in place is still liable for damages that result from the presence of the vessel or cargo.

Subsection (e) provides that the state or municipality is not liable for damages arising from the presence of a vessel or cargo on state or municipal land or water, even though the state or municipality gave permission to leave the vessel or cargo in place.

Subsection (f) sets out the steps that the state or a municipality may take if a vessel or cargo remains on state or municipality land or water without permission, including legal action for damages and costs of removal of the vessel or cargo and restoration of the land or water.

Subsection (g) provides that the state or a municipality may assign its right to recover the cost of removing a vessel or cargo from state or municipal land and restoring the land and water to a person who agrees to, and actually does, remove the vessel or cargo and restore the land and water.

Subsection (h) sets out who is considered to be the owner of a sunken or abandoned vessel or cargo.

Sec. 30.30.035 provides that sunken and abandoned vessels and cargo may be taken into the custody of the state, a municipality, or a peace officer.

Section 7 of the bill amends AS 30.30.040 relating to the notice that must be given to the owner of a sunken or abandoned vessel or cargo that has been taken into custody by the state or a municipality.

Section 8 of the bill amends AS 30.30.050 relating to the sale of a vessel or cargo that is in the custody of the state or a municipality.

Section 9 of the bill amends AS 30.30.060 relating to possession of a sunken or abandoned vessel or cargo by a person who has an interest in the vessel or cargo before the vessel or cargo is disposed of by the state.

Section 10 of the bill amends AS 30.30.080 relating to the effect of a sale of a sunken or abandoned vessel by the state or a municipality.

Representative George Jacko
February 19, 1991
Page 3

Section 11 of the bill adds a new section to AS 30.30 setting out the jurisdiction of the Department of Transportation and Public Facilities and the Department of Natural Resources and municipalities in implementing AS 30.30.011 - 30.30.091.

Section 12 of the bill amends AS 30.30.160 by providing that the state departments may adopt regulations to carry out the provisions of AS 30.30.

Section 13 of the bill amends the definitions of terms used in AS 30.30.

Section 14 of the bill sets out provisions prescribing how AS 30.30 as amended by this Act, is to be applied to vessels and cargo currently sunk or abandoned in the state and to those that will be sunk or abandoned in the future.

Section 15 of the bill repeals various section of AS 30.30.

Section 16 of the bill provides that the bill takes effect immediately after becoming law.

GU:lmb:pl
91-053.lmb

HB 232
Shipwrecks Act*

Section Analysis
March 26, 1991

* An Act relating to sunken and abandoned vessels and cargo; and providing for an effective date.

Summary: There is currently limited power in ports and harbors to effect the cleanup of wrecked or abandoned vessels. This act expands that authority to other state or municipal land, and includes cargo. It requires the removal of sunken or abandoned vessels and cargo unless the agency having jurisdiction gives permission to do otherwise, and provides penalties for non-compliance. It authorizes the appropriate agency to clean up the land if necessary, and to take custody of the vessel or cargo and sell it. It also authorizes a lawsuit to be filed to recover costs (plus double damages, if the vessel is 55 feet or over). In short, it ensures that state tidelands are cleaned-up, and limits the state's liability without protracted litigation.

Section 1. Broadens the powers of home rule municipalities to include AS 29.35.085 (sunken or abandoned vessels).

Section 2. Provides a cross reference for municipalities to regulate sunken or abandoned vessels under AS 30.30.

Section 3. Requires a person who wants to sink a vessel or cargo to get permission from the department or municipality having jurisdiction. To do so without permission is a class A misdemeanor.

Section 4. Knowing abandonment of a vessel or cargo is a class B misdemeanor.

Section 5. Defines abandonment.

Section 6. Requires a person who owns, controlled or had custody of the vessel or cargo when it was sunk to remove it and restore the state or municipal land within 30 days unless they have permission to do otherwise from the appropriate agency. It limits the agency's liability, even if permission to leave the vessel has been granted.

It also allows the appropriate agency to effect clean up and bring a court action against the appropriate person to recover costs and civil penalties (twice the costs of removal and restoration if the vessel is more than 58 feet overall). This section also allows the agency to assign its rights to recover costs to a third party in order to have the vessel removed (the civil penalty may not be assigned).

Defines owner.

It allows the agency or a peace officer to take custody of the vessel or cargo (immediately, if it threatens life, public safety, property, the environment, etc.). It also states that vessels and cargo taken into custody are subject to disposal, except for timber subject to AS 45.50.210-.325 (log brands and abandoned/ salvage logs).

Section 7. Expands existing section regarding notice to owners that custody has been taken to include all state or municipal tidelands (it currently only covers harbors), and to cover cargo as well.

Section 8. Expands existing section regarding public auction of the vessel to include cargo and expand the allowable time for repossession from 20 days to 30. Adds cross reference to the notice provision above.

Section 9. Amends an existing section that states that a third party having an interest in the vessel or cargo may take possession before the date of auction. The amendment expands the section to apply to all state and municipal tidelands, and adds a bonding requirement for removal and restoration (the section already requires a bond sufficient to cover the value of the vessel or cargo).

Section 10. Amends existing section stating that a bill of sale transfers the agency's interest to apply to municipalities as well.

Section 11. Defines areas of jurisdiction: DOT/PF has jurisdiction in ports and harbors below tides; the state on all other state owned tidelands and waters; and municipalities on municipally owned tidelands.

Subsections are (a) and (b) are unclear however, they appear to have the following meanings. The act is inapplicable to historic properties, etc. sunk or abandoned prior to the effective date of the Act and designated under AS 41.35.010-.240. Otherwise it appears to be applicable to all vessels (but not cargo) sunk or abandoned before the effective date of the act; vessels and cargo sunk or abandoned on or after the effective date of the act.

There appears to be no reason to exempt abandoned cargo from the retroactive application of this law. Likewise, there appears to be no reason to exempt future shipwrecks/cargo from the historic preservation act. We therefore suggest the following:

Sec. 30.30.099. APPLICABILITY. (a) Except as provided in (b) of this section, AS 30.30.031 - 30.30.099 apply to all vessels and cargo of vessels that are sunk or abandoned before, on or after the effective date of this Act. The

successor in interest of the person who owned, controlled, or had custody of a vessel or cargo of a vessel subject to this subsection at the time the vessel was sunk or abandoned is subject to AS 30.30.031 - 30.30.099.

(b) AS 30.30.031 - 30.30.099 do not apply to sunk or abandoned vessels or cargo designated as historic monuments, sites, properties, locations, or remains under AS 41.35.010 - 41.5.240.

Subsection (c) states that this Act shall be construed to be consistent with the Article on log brands and salvage timber (AS 45.50.210 - 45.50.325. If the articles are not consistent, AS 45 controls.

Section 12. Changes the qualifier from "shall" to "may" (adopt regulations).

Section 13. Definitions.

Section 14. Repealer.

Section 15. Provides for an immediate effective date.

Boyle Edwens 465-4942

DATE	NAME	WHERE	POLLUTION?	DISPOSITION	
2 OCT	TUG EASTERN	WHITSTONE narrows	NONE	REFLOATED	UCN 00
	NO. 88. N/V CITY OF SEATTLE	ATKA	UNK	UNK	UCN 8
3 DEC	F/V OPTY	SHENYA	UNK	UNK	INFO 2
10 DEC	N/V ASTOR MARIN	AKUN	NONE	THERE TO STAY DERMAILED/BURNED	UCN 1
12 DEC	F/V DRYBULAK	CLARENCE STRAIT	NONE	UNK	UCN 1
15 JAN	N/V CHIL ST SAN	UNGLAKA ISLAND	YES (SHELTY)	THERE TO STAY DETACHED/DORMANT PLUS STILL THERE	UCN 2
25 JAN	F/V TERMINATOR	ST PAUL	YES	(Possibility of refloating)	INFO 2
15 JAN	F/V CHRISTINA	WHITSTONE narrows	NONE	REFLOATED	UCN 3
25 JAN	F/V HENRY B	WHITSTONE narrows	NONE	REFLOATED	UCN 3
22 MAR	F/V SOLVING	UQUAKAT ISLAND	NONE	UNK (BELIEVE REFLOATED)	UCN 3
20 MAR	F/V DAILY BIRLING	UQUAKAT ISLAND	NONE	UNK (BELIEVE REFLOATED)	UCN 3
25 MAR	F/V SPENCER II	PORT HUGHTONS	UNK	UNK (BELIEVE STILL THERE)	UCN 2
24 MAR	F/V REBELLE	SNOW PATZ	NONE	REFLOATED	UCN 2
24 MAR	H/V JOHNNY SNIL	SWANSON HBR	NONE	REFLOATED	UCN 2
5 APR	F/V MARIANA THORND	CILAK	NONE	REFLOATED	UCN 2
28 FEB	N/V SWALLOW	DUTCH HARBOR	YES	STILL APPROX (PROBABLY TO STAY)	
25 MAR	T/V EXXON VDE	BIGHILL, P.W.S	YES	REFLOATED	

1 OCT 88 TO 24 APR 89

17 GROUNDINGS
 4-5 STRANDED
 7-9 REFLOATED
 4 POLLUTION INCIDENTS
 (OIL IN WATER)

FOR FURTHER INFO:

A MARINE SAFETY ANCHORAGE 271-5137
 B MARINE SAFETY KETCHIKAN 225-4491
 C MARINE SAFETY OFFICE ^{VALDEZ} 835-4791

List of vessels

HOUSE COMMITTEE REPORT

Date Referred: March 22, 1991

FURTHER REFERRALS: Community & Regional Affairs
Judiciary

Date of Committee Action: 4/4/91

Re TRANSPORTATION Committee considered:

HB 232

HOUSE BILL NO. 232

SUNKEN AND ABANDONED VESSELS

an Act relating to sunken and abandoned vessels and cargo; and providing for an effective date."

RECOMMENDATIONS:

to be replaced with _____ [] the same title
[] a new title

[] have attached amendments(s)

do pass

[] do not pass

[] no recommendations

[] individual recommendations

[] additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): _____ (Dept)

APPROVES PREVIOUS: _____ (Dept/Date)

[] fiscal impact _____

[] fiscal note(s) _____

zero fiscal note A.A.R. H.T.C.

[] zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Arew A. Luman</i>	✓				
<i>Frank Phillips</i>	✓				
<i>Tom M.</i>	✓				
<i>W. Anderson</i>	✓				
<i>Richard (Dorey)</i>	✗				
<i>Gene Phillips</i>	✓				

Richard (Dorey)
CHAIRMAN'S SIGNATURE

STEVE COWPER, GOVERNOR

REPLY TO:

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

1031 W 4th AVENUE SUITE 200
ANCHORAGE, ALASKA 99501-1994
PHONE: (907) 276-3550
FAX: (907) 276-3697

1st NATIONAL CENTER
100 CUSHMAN ST. SUITE 400
FAIRBANKS, ALASKA 99701-4679
PHONE: (907) 452-1568
FAX: (907) 456-1317

P.O. BOX K—STATE CAPITOL
JUNEAU, ALASKA 99811-0300
PHONE: (907) 465-3600
FAX: (907) 463-5295

April 11, 1990

OFFER OF SETTLEMENT & COMPROMISE
PROTECTED UNDER EVIDENCE RULE 408

Mr. Doug Fryer, Esq.
Mikkelboug, Bronz, Wells & Fryer
1001 Fourth Avenue, Suite 3300
Seattle, WA 98154

Mr. William Wuestenfeld, Esq.
Sandberg & Smith
310 K Street, Suite 500
Anchorage, AK 99501

Re: State of Alaska v. All Alaskan Seafoods

Gentlemen:

In a past conversation, Mr. Fryer inquired as to the State's position as to possible settlement of this matter. After receiving your recent offer of judgment of only \$25,000, we would like to share with you the state's view of this case.

As you know, the Alaska Department of Natural Resources manages the state tidelands upon which the All Alaskan is grounded. The unauthorized presence of the All Alaskan on state tidelands is a continuing trespass on state property and accordingly the Department of Natural Resources demands the removal of the wreck. How this is accomplished is a matter for All Alaska Seafoods and its insurers. The Department would be willing to review any proposals by your clients or their underwriters as to how to effectively and economically remove the wreck. Such a plan would have to meet the approval of DNR, the Department of Fish and Game the Department of Environmental Conservation and appropriate federal and local agencies. If an acceptable removal operation can be completed, DNR would be willing to drop its trespass and nuisance damage claims resulting from the grounding.

As to the pollution/natural resource claims as a result of the spill, the state would be willing to settle these claims for the base oil spill penalties under AS 46.03.758 and state response costs. State response costs are relatively small in the neighborhood of \$5,000.

According to the figures supplied by All Alaskan Seafoods to the U.S. Coast Guard and ADEC at least 43,250 gallons of diesel fuel were released to the environment. Under the regulations

Dept of law

APR 27 1990

implementing the oil spill penalty provisions of AS 46.03.758, the waters near the grounding are designated as a critical marine environment. 18 AAC 75.520(1)(E) & (F). The base penalty for oil spills into a critical marine environment is \$2.50 a gallon. 18 AAC 75.570(1). Applying the toxicity, degradability and dispersability factors for marine diesel in 18 AAC 75.540 et. seq. to the base penalty (\$2.50 x .466) produces a net per gallon spill penalty of \$1.17. Using this figure, the total penalty for a spill of 43,250 gallons is \$50,602.50.

In light of your indisputable liability for oil spill penalties in excess of \$50,000, your offer of judgment is clearly inadequate even ignoring the fact that your client refuses to remove the All Alaskan from state lands. Moreover, the state believes it has a strong case that the spill resulted from gross negligence, thereby subjecting All Alaskan Seafoods to five times the base penalty or \$253,012.50. see AS 46.03.758(b)(2).

In the interests of resolving this matter without further litigation, the state is willing to settle this matter for its costs and the basic oil spill penalties, if All Alaska Seafoods will remove the wreck. The state is willing to negotiate a reasonable time frame for removal but is adamant in its position that this environmental blight be removed from its property.

As to your position that your marine protection and indemnity insurers are only obligated to remove the wreck if compelled to do so by a court injunction, we call your attention to Continental Oil Co. v. Bonanza Corp, 706 F.2d 1365 (4th Cir. 1983). In Continental Oil, the court held that an order by a government official to remove a wreck fell within the "compulsory by law" P & I policy provisions for wreck removal. In case there is any doubt in your mind as to the state's position, we enclose an order from the Division of Land & Water Management directly you to remove the M/V All Alaskan from state lands.¹ See also Seaboard Shipping v. Jocharanne Tugboat Corp., 461 F.2d 500, 504 (2d Cir. 1972) ("compulsory removal" met when pursuant to government order the wreck must be removed). If your P & I insurers insist in their

¹ Even without an order from a governmental official, the Continental court held that this condition was met "when a reasonable owner, fully informed, would conclude that failure to remove would likely expose him to liability imposed by law sufficiently great in amount and probability of occurrence to justify the expense of removal." Id. at 1372; see Zurich Ins. Co. v. Pateman, 692 F. Supp. 371, 377-80 (D.N.J. 1987). In light of your liabilities for continuing trespass, nuisance and per day penalties for violation of numerous state environmental statutes, failure to remove the vessel clearly exposes you to liability of such magnitude to justify the expense of removal.

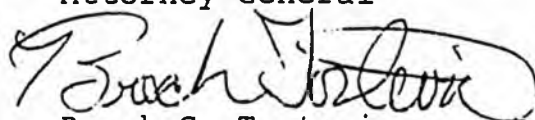
unreasonable refusal to provide coverage, we suggest in light of the rapidly developing law of insurance bad faith in Alaska that your remedy is to remove the vessel and pursue a first party bad faith action against your insurer. See State Farm Fire & Casualty Co. v. Nicholson, 777 P.2d 1152 (Alaska 1989).

In sum, your failure to remove the All Alaskan is simply unjustified. The state is willing to fully litigate this matter, if necessary, to ensure removal. However, in the interests of resolving this dispute without further litigation, the state is willing to settle this matter along the lines discussed above.

If your clients are interested in such a settlement, I would appreciate hearing from you within two weeks of receipt of this letter. If your client's reaction is positive, we can then set up a time frame for your preparing a plan of operations and obtaining approvals from the appropriate state agencies.

Sincerely,

DOUGLAS B. BAILY
Attorney General



By: Breck C. Tostevin
Assistant Attorney General

Enclosure

cc: Cary Gustafson, DNR/DLWM
Bill H. Lamoreaux, ADEC/SCRO
Bruce Erickson, ADEC/AWDO
Lance Trasky, ADFG/Habitat

TRESPASS NOTICE AND ORDER TO QUIT

TO:

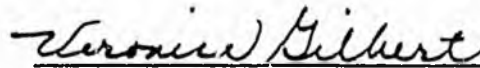
All Alaskan Seafoods Inc.
An Alaska Corporation
311 Mill Bay Road
Kodiak, AK 99615

Lloyd W. Canon, Registered Agent and/or

Other persons owning or having an interest in the vessel M/V All Alaskan.

Under AS 38.05.020 and 38.05.035, the director of the state division of land and water management has the authority and responsibility to manage and control state property and may issue orders to carry out that function. By virtue of the authority delegated to this office by the director, YOU ARE HEREBY NOTIFIED:

1. The M/V All Alaskan is aground on tidelands of the State of Alaska; namely near the northeast point of St. Paul Island, Alaska.
2. Your failure to remove the M/V All Alaskan constitutes an unauthorized remaining unlawfully upon the premises of the State of Alaska, namely the tidelands at the northeast point of St. Paul Island.
3. Your use and occupancy is unauthorized and contrary to law. Accordingly,
4. YOU ARE HEREBY ORDERED to quit your use and occupancy and to vacate the premises immediately and remove the M/V All Alaskan.
5. YOU ARE FURTHER ORDERED to remove all personal property and structures from the premises within thirty (30) days of this notice, including equipment, debris or other items of anything kind whatsoever.



Veronica Gilbert
Regional Manager
Division of Land Water
Management

CERTIFICATE OF SERVICE

On this date a correct copy of the TRESPASS NOTICE AND ORDER TO QUIT was mailed to the All Alaska Seafoods, Inc., by depositing the same in the U.S. Mail at Anchorage, Alaska, postage prepaid.

April 11, 1990
Date

Barbara L. Isiah
Signature

1 IN THE HOUSE

2 HOUSE CONCURRENT RESOLUTION NO.
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 Relating to abandoned vessels on the
6 beaches of Alaska.

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

8 WHEREAS about 40 abandoned vessels, including merchant vessels, fish-
9 ing vessels, and other vessels, are grounded on the coast of Alaska; and

10 WHEREAS abandoned vessels are an environmental hazard and are aesthet-
11 ically unpleasing; and

12 WHEREAS the state does not have the resources to salvage or dispose of
13 abandoned vessels; and

14 WHEREAS the state does not currently have statutory authority to
15 impose liability on the owners of abandoned vessels for the cost of salvag-
16 ing or demolishing abandoned vessels; and

17 WHEREAS communities are not compensated for the aesthetic and physical
18 trespass resulting from abandoned vessels;

19 BE IT RESOLVED by the Alaska State Legislature that the governor is
20 respectfully requested to ^{assess} study the problems posed by abandoned vessels and
21 to make appropriate recommendations to the First Session of the Seventeenth
22 Alaska State Legislature for legislation necessary to remedy existing
23 problems and prevent future problems.

24
25
26
27
28
29
HER

DIVISION OF LEGAL SERVICES

LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

P.O. Box Y, Juneau, Alaska 99811
(907) 465-3867 or 465-2450
FAX (907) 465-2029

Deliveries to: 240 Main Street
Court Plaza, Room 500
Mail Stop 3101

MEMORANDUM

August 28, 1990

SUBJECT: Statutes relating to derelict and abandoned vessels

TO: Representative Cliff Davidson
ATTN: Jay Nelson

FROM: George Utermohle *GU*
Legislative Counsel

You have requested a list of statutes relating to derelict and abandoned vessels.

There is relatively little state statutory law dealing with disposition of derelict and abandoned vessels. The bulk of the law dealing with vessels is a function of federal admiralty law which would not be reflected in state statutes.

Enclosed is a copy of AS 30.30. AS 30.30 contains the only statutes directly relating to procedures for the disposition of derelict and abandoned vessels. Other statutes, such as AS 34.45 (copy enclosed), may be implicated at certain stages of proceedings to dispose of a vessel depending on the facts and nature of the particular case, but in the absence of a specific case it is difficult to determine which statutes may be relevant.

Also enclosed is a bill introduced by Governor Sheffield in 1986 to reform AS 30.30. An important concern of Governor Sheffield's bill was the need to ensure the constitutionality of procedures for disposing of derelict and abandoned vessels by providing adequate protection for the due process rights of vessel owners.

If I can provide further assistance, please contact me.

GU:lmb
90-0019.lmb

CC: Corky McCorkle
Harbor Master
Kodiak

HB 525

Introduced: 1/29/86
Referred: State affairs,
Transportation and Judiciary

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2

HOUSE BILL NO. 525

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to abandoned vessels; and providing
7 for an effective date."

8

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

9

* Section 1. AS 30.30.010 is amended to read:

10

Sec. 30.30.010. ABANDONMENT OF VESSEL UNLAWFUL. (a) A person

11

may not store or leave a vessel in a wrecked, junked, or substantially

12

dismantled condition or abandoned upon any public water, or at a port

13

or harbor, [OF THE STATE,] without the consent of the agency having

14

jurisdiction of the water, port, or harbor, or docked or otherwise

15

left at any private property without the consent of the owner or

16

occupant of the property.

17

(b) A [THE DEPARTMENT OR A] peace officer may remove a [DERE-

18

LICT] vessel from public water, or at a port or harbor, in any in-

19

stance when the vessel obstructs or threatens to obstruct navigation,

20

contributes to air or water pollution, or in any other way constitutes

21

a danger or potential danger to the environment, to port or harbor

22

facilities, or to other vessels.

23

(c) This section may not be construed to contravene any applica-

24

ble federal law or regulation.

25

(d) A person who violates this section, upon conviction, is

26

guilty of a misdemeanor and is punishable by a fine of not more than

27

\$500, or by imprisonment for a period of not more than six months, or

28

by both.

29

* Sec. 2. AS 30.30.020 is amended to read:

1 Sec. 30.30.020. CUSTODY [DISPOSITION] OF CERTAIN [ABANDONED]
2 VESSELS. A vessel that has been left unattended for a continuous
3 period of more than 30 days and is upon public water or at a port or
4 harbor without the consent of the agency having jurisdiction of the
5 water, port, or harbor, or is docked or otherwise left at any [IN THE
6 WATERS OF THE STATE OR ON PUBLIC PROPERTY, OR IS ON] private property
7 without authorization of the owner or occupant of the property, may be
8 taken into custody by [THE DEPARTMENT OR] a peace officer and disposed
9 of [BY THE DEPARTMENT] under this chapter.

10 * Sec. 3. AS 30.30 is amended by adding new sections to read:

11 Sec. 30.30.051. FORFEITURE OF VESSELS. (a) A vessel that is
12 removed from public water or a port or harbor, under AS 30.30.010(b),
13 or an unattended vessel that is taken into custody under AS 30.30.020,
14 is subject to forfeiture under AS 30.30.051 -- 30.30.057.

15 (b) Within 10 days after a vessel's removal under AS 30.30.-
16 010(b) or taking into custody under AS 30.30.020, the commissioner of
17 public safety or a municipal law enforcement agency shall make an
18 inventory of the vessel and its gear, equipment, cargo, and any other
19 property aboard, and shall estimate their value.

20 (c) Within 30 days after a vessel's removal under AS 30.30.-
21 010(b) or taking into custody under AS 30.30.020, the commissioner of
22 transportation and public facilities, or a municipality, shall give
23 notice of the seizure. The notice must be sent to the last known
24 address of any person known to have an interest in the vessel or whose
25 interest in the vessel is ascertainable from official registration
26 numbers, licenses, or other federal, state, or municipal numbers on
27 the vessel.

28 (d) No sooner than 45 days after the removal or taking into
29 custody, and no sooner than 21 days after notice has been sent under

1 (c) of this section, an action may be filed by the commissioner of
2 transportation and public facilities, or a municipality, in the supe-
3 rior court.

4 (e) Within 30 days after filing the action, the commissioner of
5 transportation and public facilities, or a municipality, shall serve
6 process in the manner provided in the rules of civil procedure.

7 (f) After service of process under (e) of this section, a person
8 claiming an interest in the vessel shall file an answer within the
9 time permitted for answering complaints under the applicable rules of
10 civil procedure. The answer must include the nature of the claimant's
11 interest in the vessel, the date that it was acquired, the considera-
12 tion paid, and the circumstances under which it was acquired. If an
13 answer is not filed within the required time the vessel is forfeited
14 by default without further proceedings or showings.

15 (g) A claimant may, at any time before the court hearing, peti-
16 tion the court for release of a vessel, and its gear, equipment,
17 cargo, and other property aboard, removed under AS 30.30.010(b) or
18 taken into custody under AS 30.30.020, if the claimant

19 (1) has filed a timely answer under this section; or

20 (2) before the initiation of a forfeiture action, files a
21 notice of claim setting out the nature of the claimant's interest in
22 the vessel, the date that it was acquired, the consideration paid, and
23 the circumstances under which it was acquired.

24 (h) The court may release the vessel, and its gear, equipment,
25 cargo, and other property aboard, if a claimant provides a bond or
26 other valid equivalent security equal to twice the estimated value of
27 the vessel, gear, equipment, cargo, and other property.

28 Sec. 30.30.054. NATURE OF PROCEEDING AGAINST VESSEL. (a) The
29 plaintiff in a proceeding filed under AS 30.30.051 may seek (1) the

1 forfeiture of a vessel, and its gear, equipment, cargo, and other
2 property aboard; (2) the recovery of any unpaid harbor user fees, and
3 compensation for damage, if any, caused by the vessel to public port
4 or harbor facilities; (3) the costs of removal under AS 30.30.010(b)
5 or taking into custody under AS 30.30.070; (4) interest on fees and
6 compensation; and (5) costs and attorney fees actually and necessarily
7 incurred in the action.

8 (b) The court, after a hearing, may order forfeiture of the
9 vessel and other property, and the payment of any amount authorized by
10 this section. However, a vessel is not forfeited until the owner or
11 other persons having an interest in the vessel have had an opportunity
12 to pay the monetary judgment under conditions specified by the court.

13 (c) If a bond or equivalent security has been provided for the
14 release of the vessel and other property under AS 30.30.051, the
15 security must be returned upon payment of any monetary judgment under
16 this section or upon the return of the vessel and other property.

17 Sec. 30.30.057. DISPOSAL OF FORFEITED VESSELS. (a) A vessel
18 and other property forfeited to the state under AS 30.30.051 --
19 30.30.057 must be disposed of by the commissioner of administration in
20 accordance with applicable law. The commissioner of administration
21 may, consistent with other applicable law,

22 (1) destroy the vessel and other property; or

23 (2) sell the vessel and other property, and use the
24 proceeds for payment of all proper expenses of the proceedings for for-
25 feiture and sale, including expenses of seizure, custody, and court
26 costs, and for payment for any damage to public port or harbor facil-
27 ities.

28 (b) A vessel and other property forfeited to a municipality
29 under AS 30.30.051 -- 30.30.057 must be disposed of in accordance with

1 municipal ordinance and other applicable law. The municipality may,
2 consistent with other applicable law,

3 (1) destroy the vessel and other property; or

4 (2) sell the vessel and other property, and use the pro-
5 ceeds for payment of all proper expenses of the proceedings for for-
6 feiture and sale, including seizure, custody, and court costs, and for
7 payment for any damage to public port or harbor facilities.

8 * Sec. 4. AS 30.30.160 is amended to read:

9 Sec. 30.30.160. REGULATIONS. The department may [SHALL] adopt
10 regulations under the Administrative Procedure Act (AS 44.62) to
11 implement, interpret, or make more specific its powers and duties
12 under [CARRY OUT THE PROVISIONS OF] this chapter.

13 * Sec. 5. AS 30.30.040 -- 30.30.100 are repealed.

14 * Sec. 6. This Act takes effect immediately in accordance with AS 01.-
15 10.070(c).

HB 524

The first amendment expands AS 47.17.070(2)'s definition of "child abuse or neglect" to expressly include "mental injury."

The second amendment clarifies AS 47.17.070(10)'s definition of "sexual exploitation." It makes clear that "allowing," i.e., not preventing, a child's participation in acts of prostitution, or engaging in conduct that constitutes criminal exploitation of a minor, is considered sexual exploitation for the purposes of finding child abuse or neglect.

By bringing Alaska's child protection statutes into compliance with the Child Abuse and Prevention Act, 42 U.S.C. sec. 5101 et seq., the amendments make the state eligible to receive federal grants for developing, supporting, and implementing child abuse and neglect programs. Alaska is currently operating under a one-year waiver of the federal eligibility requirements, granted June 26, 1985 by the regional administrator of the U.S. Department of Health and Human Services. Because child abuse and neglect is a pressing problem in our state, and because federal support for our efforts to prevent and treat the problem is highly desirable, I urge your prompt passage of this bill.

Sincerely,

/s/

Bill Sheffield
Governor"

HB 525

HOUSE BILL NO. 525 by the Rules Committee by request of the Governor, entitled:

"An Act relating to abandoned vessels;
and providing for an effective date."

was read the first time and referred to the State Affairs, Transportation and Judiciary Committees.

A zero fiscal note with analysis was attached and appears in House Journal Supplement No. 78.

The Governor's transmittal letter dated January 29, 1986, appears below:

"Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the disposition of unauthorized vessels left unattended in boat

HB 525

harbors, and vessels that pose a hazard to navigation or a risk of pollution. The bill will clarify existing procedures in AS 30.30.010 -- 30.30.100.

The current statutory language provides overlapping and conflicting definitions for "abandoned" and "derelict" vessels, and two different procedures for disposing of them. In application, there are serious difficulties with using the statutes. It is nearly impossible to determine which standard to apply with its related disposal procedures. Furthermore, the disposal procedures have serious failings in terms of the notice given owners of seized vessels and other claimants of interest. The notice required is quite perfunctory, and results in the forfeiture of a vessel without any sort of judicial proceeding.

This bill removes the confusion in the statutory scheme, and provides revised procedures for the disposition of vessels removed from harbors. The revised procedures provide appropriate notice of the possible forfeiture of the vessel. They also ensure that there will be no forfeiture of vessels without the filing of a judicial proceeding.

The following sectional analysis of the bill highlights amendments to existing language and explains new language.

Section 1 amends AS 30.30.010(b) by allowing only peace officers to remove a vessel that is creating certain hazards. An existing reference to the Department of Transportation and Public Facilities is deleted. The language "or at a port or harbor" is added to give AS 30.30.010(b) the same coverage as AS 30.30.010(a). The list of situations in which a vessel may be removed has been slightly expanded.

A technical amendment to AS 30.30.010(a) deletes an unclear and unnecessary phrase ("of the state") from that subsection. In addition, this subsection contains two amendments to provide conformity with AS 30.30.020, as amended in sec. 2 of the bill.

Section 2 simply clarifies AS 30.30.020 by describing more precisely the places from which a vessel may be taken into custody. It also deletes the Department of Transportation and Public Facilities' authority to take vessels into custody, leaving that to peace officers.

Section 3 of the bill adds three new AS sections. New AS 30.30.051 sets out procedures for the forfeiture of vessels, and property on board the vessels, removed from public water or a boat harbor under AS 30.30.010(b), or taken into custody under AS 30.30.020. Notice to those known to have an interest in the vessel is required. Because the forfeiture is only accomplished by a judicial proceeding, notice to affected parties is given by service of the complaint. The use of this proceeding to accomplish the forfeiture is a major departure from the existing statutory procedure. The new procedure will provide greater protection of private rights because the process is under the supervision of the superior court.

HB 525

AS 30.30.054 provides the relief available in a proceeding filed under the proposed AS 30.30.051. In addition to the forfeiture of the vessel and other property aboard it, the court may order payment of harbor user fees, compensation for damage to public harbor facilities, and payment of the costs of custody and the costs of the litigation.

AS 30.30.057 prescribes the disposition of forfeited vessels. A vessel and other property aboard it, forfeited to the state, may either be destroyed or sold by the commissioner of administration, with any proceeds used to pay the costs of seizure, custody, forfeiture, and sale, and for any damage to public port or harbor facilities. If a vessel is forfeited to a municipality, the municipality has the same options.

Section 4 of the bill amends AS 30.30.160, to clarify that the Department of Transportation and Public Facilities may adopt regulations to carry out its powers and duties under AS 30.30 only; department regulations will not address the powers and duties of municipalities under that chapter.

Section 5 repeals AS 30.30.040, 30.30.050, 30.30.060, 30.30.070, 30.30.080, 30.30.090, and 30.30.100. It is appropriate to repeal AS 30.30.040 -- 30.30.080 because these sections relate to a disposal scheme that only applies to the disposal of "abandoned" vessels. There are difficulties with this existing language because it provides very little notice of the possible forfeiture of the vessel without a judicial proceeding. The repealed statutes are replaced with new provisions in sec. 3 of the bill, which provide a new forfeiture procedure.

AS 30.30.090 currently sets standards for "derelict" vessels which conflict with, and are unnecessary in light of, standards found in AS 30.30.010 for abandoned vessels. The repeal of AS 30.30.090 resolves this conflict.

AS 30.30.100 currently provides a taking and disposal procedure for derelict vessels. However, there are serious failings with this statute in terms of the notice of the possible forfeiture, and the fact that the forfeiture is accomplished without any sort of judicial proceeding. The repeal of AS 30.30.100 in sec. 5 of the bill, and the new language proposed in sec. 3, resolve these procedural difficulties.

This bill will greatly assist in the management of boat harbors in Alaska. It provides clear standards for dealing with unauthorized and hazardous "abandoned" vessels and provides appropriate safeguards for those having an interest in the vessels.

Sincerely,

/s/

Bill Sheffield
Governor"



*Department of Transportation
and Public Facilities*

POSITION PAPER

BILL NO: HB 232

APPROVED: 

TITLE: Sunken and Abandoned Vessels
and Cargoes

DATE: April 4, 1991

This bill would improve the department's ability to manage and maintain the State's harbors by clarifying Department of Transportation and Public Facilities' rights and responsibilities with regard to sunken and abandoned vessels and/or cargoes. There are no additional fiscal or personnel burdens with this bill; in fact, it would create efficiencies by eliminating current ambiguities about the department's right to directly, or through its lease agreements, seize and dispose of vessels and/or cargoes that pose or threaten to pose a danger to navigation, the environment, public health or public safety. For the protection of the public, the bill provides adequate public notice to owners or other interested parties of both seizure and disposal of vessels and cargoes. The bill also insures that the state is compensated by the responsible party(ies) for expenses incurred in seizure and disposal of vessels and cargoes.

* The department recommends HB 232, Section 11, p. 6, line 22, AS 30.30.091(a) be amended to read as follows:

...within ports and harbors administered by the Department of Transportation and Public Facilities, the department shall...

Many ports and harbors are not within the jurisdiction of the department and this amendment would ensure the department is not responsible for areas outside its jurisdiction.

For Further Information contact Katy McHugh at 465-3900.



MAR 19 1991

PORT OF KODIAK - HARBOR DEPARTMENT

POST OFFICE BOX 1397, KODIAK, ALASKA 99615

TELEPHONE (907) 486-8080 / 486-8085

FAX (907) 486-8090

March 15, 1991

Representative George Jacko
P.O. Box "V"
Juneau, AK. 99811

RE: PROPOSED LEGISLATION ON ABANDONED VESSELS

Dear Rep. Jacko:

I have been working with Mel Stephens, City Attorney, and concur with his recommendations and ask you to consider his input. Vessels that cause harborbormasters considerable problems are those users who fail to pay moorage fees.

Once it gets to the point where we deny the vessel use of harbor facilities, we are literally handcuffed from that point on. Currently there is no lawful authority to move these vessels from municipal Port and Harbor facilities to another location without assuming full responsibility for the vessel.

Your review and support in this proposed legislation would be gratefully appreciated. This will give us the necessary legislation to enforce this problem.

Should you have any questions concerning this matter please feel free to call me at any time.

Sincerely,

PORT OF KODIAK

G.V. "Corky" McCorkle
HARBORMASTER/PORT ADMINISTRATOR

GVM/km

CC: Sen. Fred Zharoff
Rep. Cliff Davidson
Doug Ensløy
George Uterachle
City Manager

MELVIN M. STEPHENS, II
A PROFESSIONAL CORPORATION
ATTORNEY AT LAW
104 CENTER AVENUE, SUITE 208
P. O. BOX 1129
KODIAK, ALASKA 99615
TELEPHONE (907) 486-3143

MEMORANDUM

TO: George V. McCorkle, Harbormaster

FROM: Melvin M. Stephens, II *MMS*

RE: Jacko Proposed Legislation on Abandoned Vessels

Date: March 14, 1991

Representative Jacko's working draft of a proposed house bill relating to sunken and abandoned vessels and cargo is a laudable attempt to address this issue, but there are certain aspects of this draft which give me some concern and in other respects I feel it could be improved by amendments which would broaden its scope somewhat.

I am concerned about sections 1 and 2 of the proposed draft, which would have the effect of requiring the City of Kodiak and all other home rule municipalities to be governed by this legislation. In combination with section 11, which appears to restrict municipal jurisdiction over sunken and abandoned vessels to those vessels which are "on municipal land, including municipal tide and submerged land," I fear these sections may actually make it more difficult for you to address problems associated with derelict, abandoned and sunken vessels within the port of Kodiak. I would prefer to see section 1 deleted entirely and section 11 amended so as to explicitly state that nothing in this bill is intended to restrict a home rule municipality from regulating derelict, abandoned and sunken vessels within ports and harbors operated by that municipality.

I also note that section 5 of the bill establishes a relatively restricted definition of an abandoned vessel. While this is a carry-over from current law, I feel this bill would be improved with the addition of a new subsection (2)(E) to proposed section 30.30.025 to read as follows:

(E) The owner or operator of the vessel is more than 30 days delinquent in moorage charges owed to the state of a municipality.

The point of such an amendment would be to allow you to treat as "abandoned" those vessels which are simply left at city mooring facilities in spite of specific written directives by your office requiring those vessels to be removed due to longstanding arrearages in their moorage accounts.

George V. McCorkle

-2-

March 14, 1991

If you care to pass these comments on to the office or committee within the legislature which is working on this problem, please feel free to do so. I am sure your own observations concerning the nature of the problems which you face would also be of value to those who are working on this legislation.

corky.314

April 2, 1991

Representative George Jacko
Alaska State House of Representatives
P. O. Box V
Juneau, Alaska 99811

APR 9 1991

Dear Representative Jacko,

I applaud you for your introduction of legislation that would assist in the removal of beached vessels along Alaska's coast line.

I have been a resident of St. Paul Island for more than five years. During that time I have watched the increasing fishing industry activity. It is, of course, very helpful to the economy of this small community. But there are discouraging side effects to the environment and the beauty of the Island.

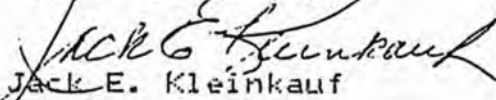
During the past five years, the shores of St. Paul Island have been fouled by rusting hulks of beached fishing industry vessels. Probably the only attraction that these shipwrecks is to the visitors when we try to verify the strength of the Bering Sea and the many storms that occur here.

The All Alaska, a processor, is a good example of another part of the fishing industry - greed. The skipper of this craft had plenty of warning about the impending storm. Yet he chose not to shut down his operation until it was too late. Now we have this dubious monument of that greed resting on the most beautiful beach on the Island. Not only is it an eyesore, but, still filled with rotting crab, it poses a hazard to the health of both the sea and to man.

The Terminator is an example of pure neglect. Its pilot fell asleep on the bridge. The Monarch demonstrated foolhardiness when the skipper tried to sail a sea covered with ice. That one required the Coast Guard to employ a helicopter to remove the crew, two of which nearly lost their lives when the vessel beached and the waves washed them from the deck on to the ice and rocks. And the Ocean Clipper, whose crew demonstrated lack of knowledge of the Island waters when it tried to anchor in a treacherous eddy. The anchor failed and the boat was tossed on the rocks where it remained for a year and then was redeposited directly on one of the fur seal rookeries.

These are a few examples of the problem found on just one island. I am sure many more may be found elsewhere. There are few places where the fishing industry has improved the quality of life in ways other than financial. Your proposed legislation is a huge step toward making the industry more responsible for the actions of uncaring, neglectful and greedy vessel operators and crews.

Yours very truly,


Jack E. Kleinkauf
Box 65
St. Paul Island, Alaska 99660



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration

National Marine Fisheries Service

P.O. Box 21668

Juneau, Alaska 99802-1668

Boyer

April 9, 1991

APR 11 1991

Honorable George Jacko, Jr.
Alaska House of Representatives
Box V
Juneau, Alaska 99811

Dear Mr. Jacko:

Thank you for providing us with a copy of HB 232 which relates to removal of sunken or abandoned vessels.

The National Marine Fisheries Service has been concerned with the number of vessels which have been grounding in or near fur seal rookeries in the Pribilof Islands. As the ports on St Paul and St. George develop, the number of vessels using the nearshore waters will increase. To date there has been no legal mechanism to compel vessel owners to remove vessels which have grounded in the Pribilofs. We have shared our concern with island leaders but to date there has been little either group could do.

We are, therefore, very pleased to see that the State is proposing a statute which will require the removal of sunken or abandoned vessels or cargos from the lands or waters of Alaska. By this letter the Alaska Region, National Marine Fisheries, wishes to indicate its support for this approach.

If you have any questions in the matter please call Dr. Steven Zimmerman or Mr. Bradley Hanson of my staff at 586-7235.

Sincerely,

for *James W. Brooks*
Steven Penoyer, Director
Alaska Region



RECEIVED

APR 11 1989

The Alaska Economic Report

ALASKA STATE LIBRARY

Political aftershocks will affect all industries:

April 7, 1989

No. 7/89

Spill Legacy: Litigation, Legislation

Political aftershocks of the big Exxon Valdez oilspill in Prince William Sound are beginning to be felt, as political leaders and agency heads scramble to be on what they see as 'the right side' of public opinion. In Washington, legislation to open the Arctic National Wildlife Refuge to exploration is on the shelf for now. In Juneau, where the state legislature is now meeting, oilspill liability and hazardous substance bills suddenly have new life, as well as various tax measures.

Meanwhile, as cleanup operations continue in Prince William Sound (see Pg. 2), lawsuits from fishermen against Exxon, Alyeska Pipeline service Co. and the State Department of Environmental Conservation are being filed.

In Juneau, Gov. Steve Cowper is threatening to shut down the Alyeska Pipeline if Alyeska doesn't adopt better spill contingency capability. Alyeska's owner companies, the producers (Cowper did not want to meet with Alyeska) aren't sure the governor really has

that authority, but they'd rather not test him; Cowper has plenty of other ways to make the industry 'feel the heat'. *Political effects of the spill will be felt on more industries than petroleum, however. Mining, forest operators and others who work with state and federal environmental agencies will be affected. Agencies will have much more political clout in pushing stipulations to development permits.* (Continued on Pg. 2)

In This Issue:

- *** The spill - What happened; Massive cleanup underway in Prince William Sound Pg. 2
- *** Effect on region's rich fisheries Pg. 7
- *** Airport Marketing: Hustling new carriers with 'cooperative marketing' incentive Pg. 3
- *** Airport indicators: Freight, passengers show healthy increases over last year Pg. 3
- *** Mining: Cyanide contamination scare at Grant Mine near Fairbanks Pg. 7
- *** Valdez Creek Gold Mine Expansion?..... Pg. 7

No Help: Dutch Harbor's Derelict Ship Dilemma

With attention of state agencies focused on Prince William Sound, the City of Unalaska/Dutch Harbor can't get help on a ship problem of its own, and local officials feel caught in a Kafkaesque web of admiralty laws: In late February, a 304-ft. Japanese freighter, *MV Swallow*, ran aground at Dutch Harbor; sources say the captain was drunk. In the days following, the captain and crew left town, a diesel fuel spill was cleaned up by the state and the city paid to dispose of other refuse. *Now the city is stuck with the beached ship with 89,000 gal. of bunker fuel still on board; the Japanese ship owners Hidaka Kain K.K. says it no longer owns the ship, having been paid off by insurers, but the insurance company claims it doesn't have title to the ship*

either. City officials want someone to 'do something'; they got sympathy but not much else from state officials in Juneau, including Gov. Steve Cowper (this was before the *Exxon Valdez* grounding).

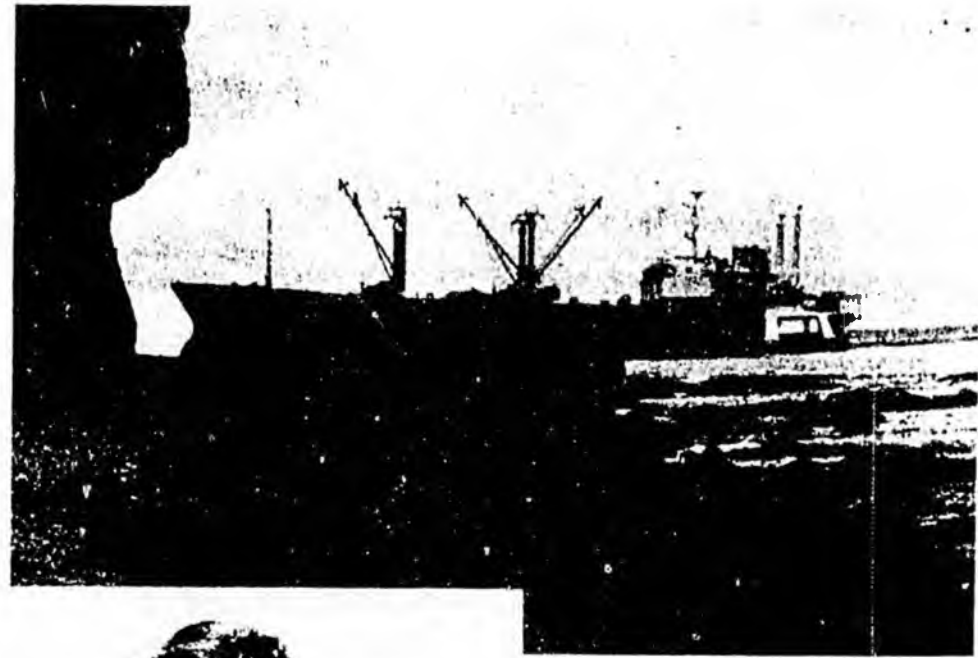
This is now a common problem in the chain. Three ships, including the *Swallow*, are aground and abandoned within 25 miles of Unalaska; two more are on the Pribilofs. Unalaska has limited resources to deal with the problem, but if foreign ships go aground near smaller villages, there's no one to deal with it. There's a perception, even among insurance companies, that 'no one cares' about a derelict in the Aleutians. "If this was Malibu, we'd get action," city officials complain.

READY

REFERENCE



PA2 Christopher Haley



John van Amerongen photos

(left): Coast Guard Petty Officers Tim Mooney (left) and Bud Stevenson remove an oil-soaked boom from area of the grounded Swallow; Port Director Gary Daily is anxious for the Japanese owners to pick up their litter.

'Swallow' Sours Dutch Harbor

As for the effects of the spill itself, the beaches inside the harbor remain painted with the black bunker fuel, and dead birds, coated with oil, can still be found in the tide line. Rare emperor geese continue to feed along the shore, and bald eagles have been observed feeding on oil-soaked carcasses.

wouldn't be found ashore would be "wandering on the road," and engaged in "real heavy preening all the time."

What was frustrating was that the birds were oiled enough to die eventually, but healthy enough that they could avoid being caught and cleaned.

'Swallow' Sour Dutch Harbor

As Dutch Harbor families were sitting down to Easter dinner, salvage crews were continuing efforts to offload heavy oil from the *Swallow*, a 278-foot Japanese trawler that t-boned into Ulatka Head the morning of February 27, spilling an undetermined amount of #6 diesel into the surrounding water and onto the beach.

Loaded with crab, the vessel was reportedly circling near the mouth of the harbor and awaiting the arrival of a pilot when she plowed nose-on into beach at the base of the rocky bluff.

By April 11, the Coast Guard and Army Corps of Engineers had supervised the offloading of the remaining 22,000 gallons of #6 diesel and 8,000 gallons of contaminated fuel. The cargo of 250 tons of crab was disposed of at sea to avoid a possible explosion from methane gas given off by the decomposing shellfish.

While a final disposition hasn't been made as to the fate of the vessel, Port Director Gary Daily remains concerned that its Japanese owners, Hidaka Kaiun, will leave the vessel abandoned on the beach and the Coast Guard and Army will do nothing further to rid the community of a dangerous landmark. Presently, it's not considered a hazard to navigation.

"Now you have a liability hazard

toward the city," Daily told the JOURNAL. "Kids will be exploring for the next 100 years, and some will not come back. How do you justify that? Anybody who falls down has got to sue somebody."

"We've got a community with the ultimate littering problem dumped on it," said Daily. "It's got this town flat upset."

ker fuel, and dead birds, coated with oil, can still be found in the tide line. Rare emperor geese continue to feed along the shore, and bald eagles have been observed feeding on oil-soaked carcasses.

While he didn't have exact figures, ADF&G biologist Dan Urban said about 300 to 500 birds were reported killed by the oil.

"It's really scary, considering the relatively minor amount spilled here, and how little oil it took to do the birds in," Urban said.

A spot "the size of a silver dollar" would distract the birds from feeding, Urban said. Birds that normally

the time."

What was frustrating was that the birds were oiled enough to die eventually, but healthy enough that they could avoid being caught and cleaned.

The abandoned ship isn't exactly a monument to good U.S./Japan relations, Daily said. "If you can take millions of dollars out of here, then expect to dump this on us and leave it here, do you expect us to say thank you?"

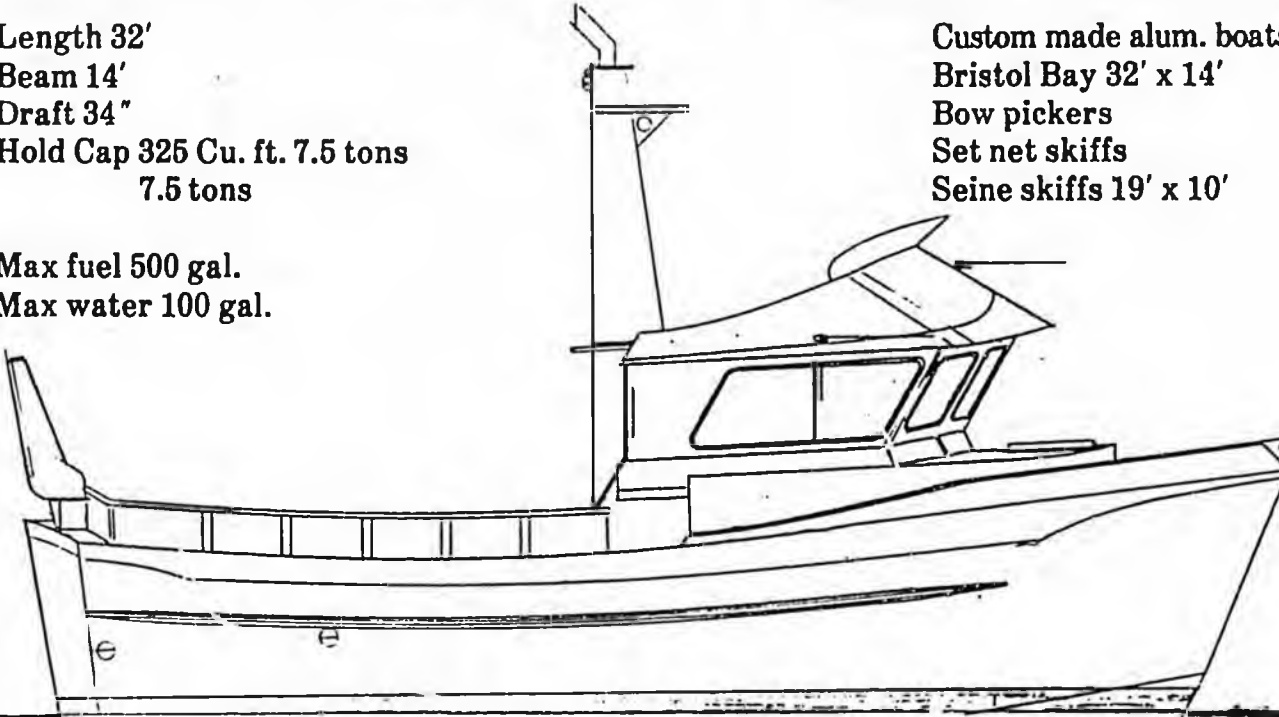
"It's not the fault of the Japanese government . . .," Daily said, "it's not the owner's fault. But we would like this mess cleaned up." □

ALAS

Length 32'
Beam 14'
Draft 34"
Hold Cap 325 Cu. ft. 7.5 tons
7.5 tons

Max fuel 500 gal.
Max water 100 gal.

Custom made alum. boats
Bristol Bay 32' x 14'
Bow pickers
Set net skiffs
Seine skiffs 19' x 10'



Master Marine Products

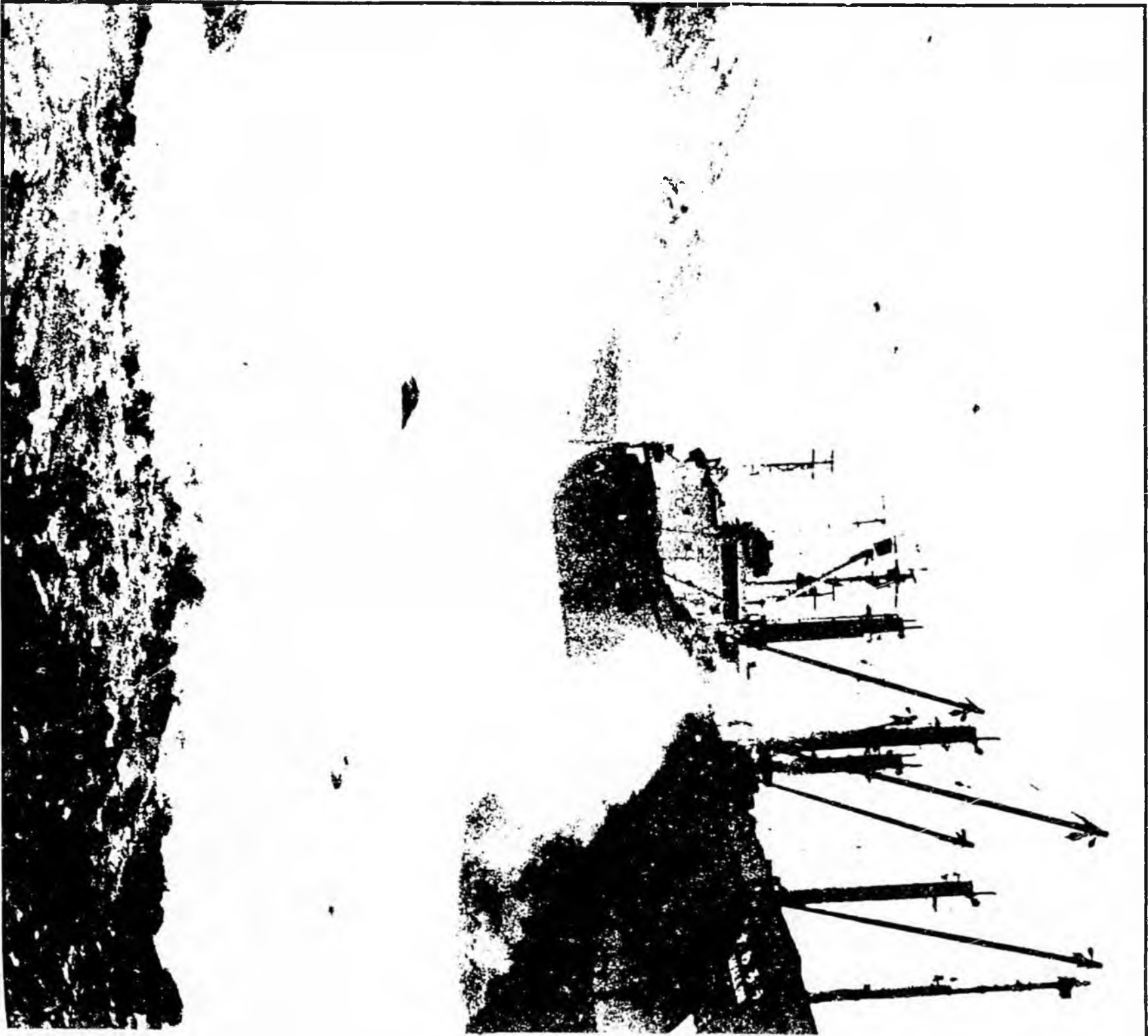
112 Ohio Street
Bellingham, Washington 98225
(206) 676-7482

CENTURY
COMPANIES
OF AMERICA

Member SIPC

David L. Ban
Registered Representative
19125 North Creek Parkway
Suite 201
Bothell, WA 98011
Collect (206) 486-2526

Funding for Buy Sell Agreements.



PA2 Christopher E. Haley

On the Rocks



PAC Ed Moreth

By PAC Ed Moreth

It was 250 tons of crab perhaps destined to remain in Alaska, joked one Coast Guardsman in Dutch Harbor where a ship laden with frozen crab grounded on a rocky beach Feb. 27.

LT Matt Carr of Marine Safety Office Anchorage called it "the case of the doomed crab cargo." The Alaska snow crab started its journey on the fishing vessel *Yardarm Knot*, a 324-foot crab processing vessel bound for Japan. The American-flagged ship struck a reef on Feb. 20 off St. Paul Island.

In an effort to save the cargo, valued at about \$2.5 million, the Japanese refrigerated cargo ship *Swallow* transported the crab to its cargo holds.

Yet only seven days later, while waiting for a pilot on its approach to Dutch Harbor, the *Swallow* drifted bow first onto a beach at Ulatka Head with nearly two-thirds of its length aground.

Attempts to free the vessel using tugs at high tide were unsuccessful, according to

Carr. The owner, Hidaka Kaiun Company Ltd, of Japan claimed the vessel a total loss.

The 19-man crew was safely taken off the vessel; the crab, however, could not be rescued. The frozen crab was instead becoming a potential danger to the Coast Guard crew and contractors working on board the *Swallow*.

The crab had to be removed before it thawed, said LCDR Bill Hutmacher, the on-scene coordinator's representative from Marine Safety Office Anchorage. He said that once the crab thaws, it releases a toxic gas, which makes working conditions aboard the vessel unsafe.

A C-130 aircraft from Kodiak was sent to Dutch Harbor with 2,000 feet of inflatable containment boom. Coast

Guard crews from the Pacific Area Strike Team, Marine Safety Office Anchorage and Marine Safety Detachment Kodiak were also dispatched to the scene.

Ten of the ship's 11 fuel tanks had been punctured. Nearly 89,000 gallons of number six fuel and 30,000 gallons of diesel on board the grounded *Swallow* presented a potential danger to the city's four \$1-million a day fish and crab processing facilities as well as the wildlife in the area.

Two members of the U.S. Department of Interior were sent to Unalaska to set up a wildlife rehabilitation center.

The Coast Guard contracted Underwater Construction, Inc. of Anchorage, which also had been contracted to dispose of the fuel aboard the cargo ves-



Twelve Hundred feet of containment boom is deployed by Pacific Area Strike Team members and the landing craft *Krystal Sea* with help from a back hoe.

sel Aoyagi Maru, 40 miles east of Dutch Harbor. Underwater Construction's two work boats, Krystal Sea and Bettye K were diverted to offload Swallow's rotting crab and fuel.

Absorbent snares were placed on each side of the 280-foot Swallow. Boom was strategically set in areas to prevent the oil from spreading.

The crab was transferred to the Krystal Sea, separated from its containers, and dumped in 300 feet of water about two miles from the Swallow.

Most of the diesel on board was believed to have escaped from the vessel. It's unknown how much of the number six fuel was lost. Cleanup crews recovered more than 3,000 pounds of oily debris from the water and beaches.

The fuel transfer operations were completed on April 6. Carr said that it took 12 pumps, including two Strike Team pumps, to offload the fuel.

"The oil was as thick as molasses and so hard to pump." Heaters were placed on board the Swallow to help speed the transfer process, but had little affect.

Unalaska Mayor, Paul Fuhs, is working with the Japanese consul in Anchorage and the owner's insurance company in an effort to have the vessel removed from Dutch Harbor, according to Glenn Reed, Unalaska's assistant city manager. 🐾

SN Dan Schardt tries to wipe some of the oil from BM1 Dan Derwey's exposure suit.

PA2 Christopher E. Halsey



... blaster surge at ...
 ... 31-34, ill., map, photograph.

SVENONIUS, FREDERICK V.
 Cairns, Nelson. Science in pictures: Patterned ground. In: Scientific American, v. 259, no. 6 (Dec. 1988) p. 68-76. ill., photographs.

SVERDLOVSK, SOVIET UNION.
 Smith, R. Jeffrey. U.S., Soviets share seismic posts. In: Science, v. 245, no. 4920 23 August 1989 p. 807-808. Map, photograph.

SVERDRUP CORP.
 1987 top contractors. In: Alaska construction & oil, v. 29, no. 6 (June 1988) p.12-13. ill., table.

SVERLOV, MICHAEL.
 The Russians are coming! The Russians are coming! In: Iditarod Runner, November, 1989 pp. 30-31. Photographs.

SVOBODA, LEE PILOT.
 Strom, Gene. Argosy enjoys long history in Alaska. In: Air Alaska, v. 10, no. 8 Aug. 1989 p.3. Photographs.

SVYATOGOR (ICEBREAKER).
 Barr, William. Earl Grey: A name to live up to. In: Polar record, v. 23, no. 146 (May 1987) p.593-596. ill., photographs.

SWAIN, BILL.
 Jack White Company names Gregg M. Olsen to manage 21 equity partnerships. In: Alaska business newsletter, v. 6, no. 22 (June 8, 1990) p.1-2. 28 col. in. Rasmuson Call number: ALASKA PER HF 5065 A4 A44 AKU

SWAIN, BRUCE.
 Gale Lin. Into the fire. In: Fairbanks Daily News-Miner, Heartland magazine (July 15, 1990) p.C-1 - C-4. Photographs.

SWALLING, ALBERT C.
 Laird, Paul. Albert C. Swalling. In: Alaska business monthly, v. 3, no. 3 (March 1987) p.42-43. Photographs. Call number: Rasmuson ALASKA PER HF 5065 A4 A424 AKU

SWALLING, CHRIS.
 Fuerst, Judith. Strength in numbers. In: Alaska business monthly, v. 4, no. 3 (Mar. 1988) p.18-21. ill., photographs.

Laird, Paul. The Stretch. In: Alaska business monthly, v. 4, no. 5 (May 1988) p. 38-43. ill., photographs, tables, charts.

SWALLING, MIKE.
 Crossroads in construction. In: Alaska business monthly, v. 3, no. 11 (Nov. 1989) p.38-42. Photographs.

SWALLING CONSTRUCTION CO.
 Laird, Paul. Albert C. Swalling. In: Alaska business monthly, v. 3, no. 3 (March 1987) p.42-43. Photographs. Call number: Rasmuson ALASKA PER HF 5065 A4 A424 AKU

SWALLOW (JAPANESE VESSEL)
 "Swallow" sinks Dutch Harbor. In: Alaska fishermen's journal, v. 12, no. 5 (May 1989) p.19. ill., photographs.

SWALLOW (MARINE VESSEL)
 Moreth, Ed, PAC. On the rocks. In: Alaska bear, v. 7, no. 1 (Jan.-March 1989) p.4-7. photographs.

No help: Dutch Harbor's derelict ship dilemma. In: Alaska economic report, no. 7/89 (Apr. 7, 1989) p.1.

SWALLOW (SHIP)
 Grant, Kan. The Aleutian Island survey expedition of 1934. In: Ice cap news, v. 32, no. 186 (Nov.-Dec. 1987) p.232-246. ill., illustrations.

SWAN.
 Wilk, Randall J. Distribution, abundance, population structure and productivity of Tundra Swans in Bristol Bay, Alaska. In: Arctic, v. 41, no. 4 (Dec. 1988) p.288-292. ill., maps, tables.

SWAN, ROBERT.
 Evans, Henry S. North Pole Expedition on Environmental Mission. In: The Explorers Journal, v. 67, no. 3 September, 1989 pp. 100-103. Maps, photographs.

SEPMANSKI, MIKE.
 Alaska Legislature passes safety rules.

Dunlap-Shohl, Peter. Capital punishment: The dying hours of the 15th Alaska Legislature. In: Anchorage Daily News, We Alaskans, v. 10, no. 2 (May 15, 1988) p. M8 - M13. ill., illustrations.

Historically speaking; archives receive photos. In: Iditarod Runner, (Dec. 1986-Jan. 1987) p.7. 8 col. in. ill.

Lawmakers try to guess revenues. In: Alaska legislative digest, no. 9 (Mar. 15, 1986) p.3. 2 col. in.

T-1 (ICE ISLAND)
 Jeffries, Martin O. The Growth, structure and disintegration of Arctic ice shelves. In: Polar record, v. 23, no. 147 Sept. 1987 pp. 631-649. ill., photographs, maps, charts.

T-1 SITE.
 Collins, Henry B. T-1 Site at Native Point, Southampton Island, N.W.T. In: Anthropological Papers of the University of Alaska, v. 4, no. 2 May 1958, pp. 63-89. Tables, photographs of artifacts. Call number: Rasmuson ALASKA 1906 A418 AKU

T-2 (ICE ISLAND).
 Jeffries, Martin O. The Growth, structure and disintegration of Arctic ice shelves. In: Polar record, v. 23, no. 147 Sept. 1987 pp. 631-649. ill., photographs, maps, charts.

T-3 (ICE ISLAND).
 Jeffries, Martin O. The Growth, structure and disintegration of Arctic ice shelves. In: Polar record, v. 23, no. 147 Sept. 1987 pp. 631-649. ill., photographs, maps, charts.

Schneider, Douglas. Scientists probe floating cities of ice. In: Fairbanks Daily News-Miner, Heartland magazine, v. 5, no. 12 (Mar. 20, 1988) p.H-8 - H-10. ill., photographs, maps.

T-4 (ICE ISLAND).
 Jeffries, Martin O. The Growth, structure and disintegration of Arctic ice shelves. In: Polar record, v. 23, no. 147 Sept. 1987 pp. 631-649. ill., photographs, maps, charts.

T-5 (ICE ISLAND).
 Jeffries, Martin O. The Growth, structure and disintegration of Arctic ice shelves. In: Polar record, v. 23, no. 147 Sept. 1987 pp. 631-649. ill., photographs, maps, charts.

T-TEST (STATISTICS)
 1990 Wall chart. In: Education USA, v. 32, no. 36 (May 7, 1990) p.274. Chart. Rasmuson Call number: PER L 11 E2 AKU

T-A CHIEF #3.
 Captain denies illegal fishing. In: Alaska fishermen's journal, v. 12, no. 9 (Sept. 1989) p.4. 24 col. in.

Horton, Christopher. How much evidence is enough? Squid boat standoff. In: Alaska fishermen's journal, v. 12, no. 8 Aug. 1989 p.1+. Photographs.

Moreth, Ed. Cutter films Taiwanese tossing evidence. In: Alaska bear, v. 7, no. 2 (Apr.-June 1989) p.4-7. Photographs.

TIALAK, ISAAC B. (INYUKIGLUK)
 End of the trail. In: Alaska, v. 53, no. 6 (June 1987) p.77.

TIAN KWACH'AM COUNCIL.
 Canadian Heritage River System. In: Northern decisions, v. 7, no. 21 (Mar. 15, 1990) p.159. Rasmuson Call number: ALASKA PER KE 5110 A13 N67 AKU

TIBBERT, BARBARA.
 Otteson, Carol. News notes - Alaska. In: P.M.L.A. quarterly, v. 53, no. 4 Summer 1989 p. 9-10.

ABEA, SHERRY.
 Jun.ou and the oil spill. In: Sourtooth, v. 26, no. 3 Summer 1989 p. 8. 2 col. in.

TANANA (CITY DAC fiscal region in July 1989)

TANANA (STEAP Anderson, Steenboott waters. In: Miner, Hear (May, 15, 1988) p. 1. Illustrations

TANANA (TUGBOC Capps, Kris Fairbanks O magazine (C Photographs

Capps, Kris with the Fairbanks-Miner, 29, 1989) p

TANANA ALASKA Goede, Elme Tooth pull In: Fairban Heartland M H-7, ill.,

TANANA ATHAPA Cook, John ethnologist In: Arctic, 109-118. M. photographs

TANANA BASIN-Alaska snow private co Alaska and 1-31. ill. photograph

TANANA BASIN Binkley, J. Refugee: A fish & game 1989) p.31

Proposed R support fr: In: Council p.6. ill.,

TANANA BASIN Alaska mul In: Oil & (Sept. 29, table.

TANANA CHIEF: The 4-M prc In: Council p. 7. Rasmuson ca A 86 T 37 A

1990 schule students. I (May 1990) Rasmuson ca 1986 T 37 A

Alaskans try Alaska, v. 4 col. in.

Anna "Judge" after more In: Council p.4-5. Phot

Binkley, Jo Refugee: A l fish & game 1989) p.31.

Chief Andre yesterday a 12, no. 11 photograph.

Chief Andre stand toget no. 1 (Jan. photograph.

Dixon, Mm. pregnancies Council, v. Rasmuson ca A86 T37 AKU

Employment: Natives. In research gu Summer 1989 graphs, tab

Family reco- training. In: (May 1990) Rasmuson ca A86 T 37 AI

Fried, Neal

ANCHORAGE DAILY NEWS

DATE: SATURDAY March 18, 1989
 PAGE: C2
 SECTION: Metro
 SOURCE: The Associated Press
 DATELINE: UNALASKA

EDITION: FINAL
 LENGTH: Short

JAPANESE SHIP'S FUEL TO BURN

END OF DOCUMENT.

RANK 9 OF 17. PAGE 1 OF 1. DB AD9. DOCUMENT 3695
 ANCHORAGE DAILY NEWS

DATE: FRIDAY March 17, 1989
 PAGE: A1
 SECTION: Nation

EDITION: FINAL
 LENGTH: Short

GOING NOWHERE

END OF DOCUMENT.

RANK 10 OF 17. PAGE 1 OF 1. DB AD9. DOCUMENT 3435
 ANCHORAGE DAILY NEWS

DATE: SATURDAY March 11, 1989
 PAGE: D1
 SECTION: Metro
 SOURCE: by HAL BERNTON
 Daily News reporter

EDITION: FINAL
 LENGTH: Medium

GOOEY OIL COMPLICATES SPILL CLEANUP

END OF DOCUMENT.

RANK 11 OF 17. PAGE 1 OF 1. DB AD9. DOCUMENT 3383
 ANCHORAGE DAILY NEWS

DATE: FRIDAY March 10, 1989
 PAGE: B1
 SECTION: Metro
 SOURCE: The Associated Press
 DATELINE: DUTCH HARBOR

EDITION: FINAL
 LENGTH: Short

OIL SPILL DAMAGE RAISED

END OF DOCUMENT.

RANK 12 OF 17. PAGE 1 OF 1. DB AD9. DOCUMENT 3292
 ANCHORAGE DAILY NEWS

DATE: TUESDAY March 7, 1989
 PAGE: D1
 SECTION: Metro
 SOURCE: by HAL BERNTON
 Daily News reporter

EDITION: FINAL
 LENGTH: Medium

GUARD CONSIDERS HOW TO UNLOAD OIL, DECAYING CRAB

END OF DOCUMENT.

RANK 13 OF 17. PAGE 1 OF 1. DB AD9. DOCUMENT 3258
 ANCHORAGE DAILY NEWS

DATE: WEDNESDAY March 8, 1989
 PAGE: B2
 SECTION: Metro
 SOURCE: The Associated Press

EDITION: FINAL
 LENGTH: Short

COAST GUARD MOPS UP OIL SPILL

END OF DOCUMENT.

RANK 14 OF 17. PAGE 1 OF 1. DB AD9. DOCUMENT 3209
 ANCHORAGE DAILY NEWS

DATE: SUNDAY March 5, 1989
 PAGE: B1
 SECTION: Metro
 SOURCE: By STEVE RINEHART
 Daily News reporter

EDITION: FINAL
 LENGTH: Medium

COAST GUARD FIGHTS WINDS TO HOLD SPILL

END OF DOCUMENT.

RANK 15 OF 17. PAGE 1 OF 1. DB AD9. DOCUMENT 3155
 ANCHORAGE DAILY NEWS

DATE: SATURDAY March 4, 1989
 PAGE: A1
 SECTION: Nation
 SOURCE: By HAL BERNTON
 Daily News reporter

EDITION: FINAL
 LENGTH: Medium

SPILL THREATENS DUTCH HARBOR JAPANESE CARGO SHIP RUNS AGROUND
 CARRYING 100,000 GALLONS OF FUEL

END OF DOCUMENT.

RANK 16 OF 17. PAGE 1 OF 1. DB AD9. DOCUMENT 2995
 ANCHORAGE DAILY NEWS

DATE: THURSDAY March 2, 1989
 PAGE: E5
 SECTION: Metro
 SOURCE: The Associated Press

EDITION: FINAL
 LENGTH: Short

VESSEL RUNS AGROUND, SPILLS FUEL

END OF DOCUMENT.

H B

2 5 3

HOUSE COMMITTEE REPORT

(7)

Date Referred: April 3, 1991

FURTHER REFERRALS:

HES
Finance

Date of Committee Action: 4-24-91

The COMMUNITY AND REGIONAL AFFAIRS Committee considered:

HB 253

HOUSE BILL NO. 253

TRAINING OF CHILD CARE WORKERS

"An Act relating to training for child care workers."

RECOMMENDATIONS:

be replaced with CS HB253 (CRA) the same title

a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal impact DCRA

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
Richard Foster	X	Gail Phillips		X	
James Mackie	X	Greg Baker		✓	
Benny Dantz	X				
Cheri Davis	X				
		J. G. Soyales		X	



 CHAIRMAN'S SIGNATURE

CS FOR HOUSE BILL NO. 253 ()
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES ELLIS, C.Davis, Gruenberg, Koponen, Ulmer

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to training for child care; and providing for an effective date."

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

3 * Section 1. AS 44.47.305(d) is amended to read:

4 (d) In addition to the grants provided in (a) of this section, the department may, subject
5 to appropriations for that purpose, provide by grant or contract for [THE] education and training
6 relating to child care and the operation of child care facilities for [OF] child care employees,
7 volunteers, [OR] administrators, and other interested persons. When awarding grants or
8 contracts under this subsection, the department shall give priority to training programs that
9 will serve areas where training opportunities funded under this subsection have not been
10 available or have been limited when compared to training opportunities in other areas. To
11 receive a grant or contract [UNDER THIS SUBSECTION OR TO PARTICIPATE IN A
12 TRAINING PROGRAM] under this subsection, the child care facility must meet all the
13 requirements of (b) of this section and provide evidence satisfactory to the department that
14 each person who will be providing the proposed instruction is qualified by education or

1 experience to provide the instruction. A grant agreement or contract under this subsection
2 must provide that the child care facility will

3 (1) allow participation in the class by all interested persons, including persons
4 who operate or work in an unlicensed child care program; however, when training
5 opportunities are limited by space available or other factors, the grantee or contractor may
6 give priority to persons who work in or operate a licensed child care facility when accepting
7 participants into a training program;

8 (2) advertise the class in a cost-effective manner designed to make its
9 availability known to interested persons, including persons who operate or work in an
10 unlicensed child care program;

11 (3) as part of the class, encourage persons who operate unlicensed child care
12 programs to seek licensure of their programs.

13 * Sec. 2. This Act takes effect July 1, 1991.

Adolescent Pregnancy and Parenthood Bills

HB 253

By Rep. Johnny Ellis



3111 C STREET, SUITE 455
ANCHORAGE, ALASKA 99503
(907) 561-7628

WHILE IN SESSION
P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465-3704

ALASKA STATE HOUSE



CHAIR
RULES COMMITTEE

JUDICIARY

SPECIAL COMMITTEE ON INTERNATIONAL
TRADE & TOURISM

LEGISLATIVE COUNCIL

REPRESENTATIVE JOHNNY ELLIS

MEMORANDUM

TO: Rep. J. Ellis, Chair
Community and Regional Affairs Committee

FROM: Rep. Johnny Ellis

RE: Scheduling House Bill 253

DATE: April 23, 1991

Thank you for scheduling HB 253. HB 253 mandates that all future grants given to licensed day care centers and homes — to provide for mandatory training of providers — must be open to the public. They must also have a public awareness campaign to give parents and unlicensed day care center employees the option to participate.

LICENSED V. UNLICENSED DAY CARE

The State of Alaska now requires day care homes and centers to be licensed if providing services to more than four children. Licensed day care homes and centers have benefits provided by the state, in order to offer an incentive to day care providers to become licensed and thus provide high quality day care. Licensed day care providers can receive grants from the state and can also receive free child care training for their child care providers, and they must have at least one space available for children in the Day Care Assistance program. Licensed day care centers are also subject to health, fire and safety inspections from the Department of Health and Social Services. Unlicensed day care is unregulated.

CHILD CARE GRANTS

Child care grants are administered through the Department of Community and Regional Affairs. Licensed child care providers can receive \$25-per-month-per-child, or one-half the subsidy allowed by the Alaska statute for child care grants.

SOME UNLICENSED DAY CARE CENTERS DANGEROUS

Recently in Anchorage, an illegal unlicensed day care center was found grossly lacking in adequate services to children. This cannot continue.

TRAINED DAY CARE PROVIDERS ARE IMPORTANT

House Bill 253 will add \$205,000 to the education and training grant fund to open up training for more day care providers. All licensed day care homes and centers — which will work through a resource referral agency — will be mandated by this legislation to provide a public training seminar and have public hearings announcing the training so that unlicensed care givers and parents will have an opportunity to get involved.



Adolescent Pregnancy Bills By Rep. Johnny Ellis

Last year, Senator Drue Pearce and Rep. Johnny Ellis were Co-Chairs of Alaska's Adolescent Parent and Teen Pregnancy Task Force. Together they studied the complex problem of adolescent pregnancy in Alaska and looked for ways to reduce the incidence of teen pregnancy and its social and economic effects. The statistics of teen pregnancy are startling.

Three teens give birth to babies every day in Alaska.

Alaska was ranked 7th in the nation for the percent of teen pregnancies per capita.

The members of the task force recognize that the situation of teen pregnancy is neither new nor unique to Alaska, and that solutions are not readily available. We also recognize that family and cultural values are important and should be preserved to the greatest extent possible.

When one considers that federal, state, and local governments pay more than \$51 million dollars a year to support needy families of Alaska mothers who had children when they were teenagers, the cost of implementing the legislation recommended by the task force seems miniscule in comparison.

House & Senate Companion Legislation

SB 169 = HB 254 by Ellis • Case Management services

SB 170 = HB 243 By C. Davis • Teen Pregnancy Prevention

SB 171 = HB 253 by Ellis • Training for Child Care Workers

SB 172 = HB 255 by Ellis • Peer Counseling Program/Teen Health

SB 173 = HB 241 by C. Davis • Grants to schools for day care

SB 174 • (no companion) State Aid for School Health Clinics

SB 175 = HB 242 by C. Davis • Teen Health Care Services

SB 176 = HB 7 by Boyer • Public School Health & Safety Education

SCR 15 = HCR 24 by Ellis • Research Reports on Teen Pregnancy

SCR 16 (no companion) • Teen focus by children/youth commission

House Bills sponsored by Reps. Ellis, Boyer, C. Davis

All Senate Bills sponsored by Sen. Pearce



Adolescent Pregnancy Bills
Sectional Analysis
CSHB 253 Training for Child Care

Section 1. Amends current AS 44.47.305(d) to expand who qualifies to receive training services from the education and training program relating to child care and the operation of child care facilities. This amendment will allow legally exempt (unlicensed) child care employees, volunteers and others to participate in training.

When awarding grants, the department shall give preference to areas where training opportunities have been unavailable or limited when compared to other areas of the state.

Trainers must be qualified, as approved by the department when awarding a grant. The grants will be given on condition of the following:

1. Allow participation in class by all interested persons, with preference for licensed day care providers when training opportunities are limited by space available or other factors.
2. Advertise the class in a cost-effective manner, so legally exempt child care providers will be aware of the opportunity.
3. Encourage unlicensed day care providers to become licensed, as part of the class.

Adolescent Pregnancy Bills
Possible Amendments
CSHB 253 Training for Child Care providers

AMENDMENT #1

Page 1, line 1 An Act relating to training for child care and providing for an effective date.

AMENDMENT #2

Page 2, line 8 advertise the class in a cost-effective manner...

AMENDMENT #3

Add a new section, Section 2. This act takes effect on July 1, 1991.

New text underlined.

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

April 19, 1991

POSITION PAPER

RE: CS for HB 253

SPONSORS: Representatives Ellis, C. Davis, Gruenberg, Koponen
and Ulmer

Program Effects of Bill

In April 1990 the state implemented the new federal Family Support Act (FSA) program. Prior to the programs implementation a Legislative Task Force set forth recommendations for specific areas of concern. One of these areas was the federal requirement that FSA participants be allowed to select the caregiver of their choice if the caregiver was legally conducting business under state law and regulations. Child care providers are legally exempt from licensing if caring for under four children within this state. The major concern was that there would be no agency monitoring of these caregivers and that state and federal funding would be paying for this care on behalf of eligible parents. There was some concern for state liability and the quality of care which might be provided for the child. Additionally, many non-subsidized parents use legally exempt care and the same concern is felt for these parents by professionals within the child care community.

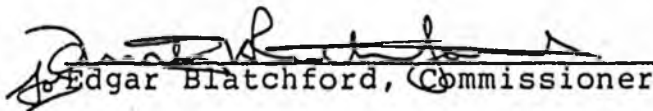
The state has an education and training grant fund which provides training for licensed providers within the state that are participating in the Day Care Assistance Program. Currently the fund is unable to provide training for every eligible participant and training is limited. CSSB 171 revises the statute to expand the eligible population to include child care providers and preschools who are legally exempt within the state from state or municipal licensing requirements. This population is estimated to be approximately 250% greater than our current eligible participants.

Additionally, any interested person may attend, but we believe this group will have negligible impact. We strongly support the concept of this bill and the fact that it acknowledges the need to train all caregivers, parents and other interested persons equally. Unless funding is adequate to provide the additional training necessary to fund these new eligible participants, the bill ensures that preference will be given to licensed facilities and those in areas that are historically hard to serve.

- P.O. BOX B
JUNEAU, ALASKA 99811-2100
PHONE: (907) 465-4700
- 949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 563-1073

Position Paper - CS HB 253
April 19, 1991
Page two

Additionally, if we are successful in our attempts to fulfill the provisions of AS 44.47.305(d) (3) which mandates our encouraging unlicensed programs to seek licensure, we will impact the Department of Health & Social Services' already limited licensing resources.


Edgar Blatchford, Commissioner

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. CS HB 253

Revision Date: _____ Department Affected: Community & Regional Affairs
 Title: "An Act relating to training for BRU: Child Assistance
chile dare." Component: Child Care

Sponsor: Reps Ellis, C.Davis, etc

Requestor: _____ COMPONENT SERIAL NO.

	6	5	8
--	---	---	---

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	205.	225.	248.	248.	248.	248.
MISCELLANEOUS						
TOTAL OPERATING	205.	225.	248.	248.	248.	248.

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND	205.	225.	248.	248.	248.	248.
FEDERAL FUNDS						
OTHER						
TOTAL	205.	225.	248.	248.	248.	248.

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: 205.

ANALYSIS: (Attach a separate page if necessary.)

See attached

Prepared By: Samond Henderson, Director Phone: 465-4708
 Division: Administrative Services Date: 4/19/91
 Approved by Commissioner: Edgar Blatchford
 Agency: Community & Regional Affairs Date: 4/19/91

We estimate there are at least 800 legally exempt day care homes statewide and that approximately 50 percent would elect to participate in the program. There are currently 280 Department of Education certified preschools whose staff would be eligible and we estimate approximately 75 percent would elect to participate. This equates to approximately 1,243 staff who should receive, at a minimum, 10 hours of training per year. Cost of training is approximately \$16.50 per hour per person. Future increases are estimated based on increased demand (current program status).

H B

2 5 6

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

- P.O. BOX B
JUNEAU, ALASKA 99811-2100
PHONE: (907) 465-4700
- 949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 563-1073

April 18, 1991

POSITION PAPER

RE: CS for House Bill 256


SPONSOR: Representatives Jacko & Ivan

Program Effects of the Bill

The bill authorizes the department to administer a variety of programs aimed at meeting the needs identified in the Governor's Conference on Small Business in rural Alaska. The authorization and funding of this bill would provide investment capital needed to stimulate economic growth and diversification of rural economies.

Comments

The Department of Community and Regional Affairs supports this bill. Our experience in administering the Redi program has documented the tremendous need for investment funds in remote Alaska. This program has also shown a great deal of economic opportunities exist in rural Alaska. There is a strong desire by rural Alaskans to take control of these opportunities and this bill would provide a major tool to achieve that goal.


Edgar Blatchford, Commissioner

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. CS HB 256

Revision Date: _____ Department Affected: Community & Regional Affairs
 Title: Rural Development Initiative Program BRU: Employment/Training/Rural Development
 Component: Community Development Assistance

Sponsor: Representatives Jacko & Ivan
 Requestor: House C&RA

COMPONENT SERIAL NO.	1	1	7	9
----------------------	---	---	---	---

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	234,169.31	245,877.77	258,171.65	271,080.23	284,634.24	298,865.95
TRAVEL	53,378.04	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00
CONTRACTUAL	36,000.00	35,000.00	35,000.00	35,000.00	35,000.00	35,000.00
SUPPLIES	3,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
EQUIPMENT	12,000.00	- 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 -			
TOTAL OPERATING	338,547.35	331,877.77	344,171.65	357,080.23	370,634.24	384,865.95

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
* OTHER	338,547.35	331,877.77	344,171.65	357,080.23	370,634.24	384,865.95
TOTAL						

POSITIONS: * PENDING PASSAGE OF HB 222

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)
 See attached

Prepared By: Remond Henderson, Director Phone: 465-4708
 Division: Division of Administrative Services Date: 4/18/91
 Approved by Commissioner: Edgar Blatchford
 Agency: Community & Regional Affairs Date: 4/18/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Position Title LOAN INFORMATION OFFICER		No. of Positions 1	Range / Step 19	Barg. Unit PX
Time Status FULL-TIME	Staff Months 12	Location Nome		Election District L2
TYPE OF EXPENDITURE		Amount	Justification	
Salary	58,186.80		<p>This position will specialize in the Rural Economic Development Initiative Fund (REDIF) program and will provide workshops and disseminate information about the program. The position will function as circuit-riding training and technical assistance resources.</p> <p>The position will provide a critical client service by screening and linking projects with the packaging skills of the Economic Development Specialist (EDS). This position will be the first to encounter a project and will perform a project intake which assesses the project and the character of the potential client. The position will screen the project to determine whether it can be supported and provide assistance as needed. The position will be trained in field operations, basic financial and business analysis, business writing, communication and negotiating skills.</p> <p>The positions will be based in the Department of Community & Regional Affairs' Nome Regional Office serving the Northwestern region and the Kotzebue Sound area.</p>	
Benefits	20,416.51			
Premium Pay	- 0 -			
Other	- 0 -			
Total Personal Services	78 603.31	78,603.31		
Travel		17,700.00		
Contractual		12,000.00		
Commodities		1,000.00		
Equipment		4,000.00		
Other				
Total Cost		113,303.31		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other		113,303.31		

**Request For
New Position**

AGENCY Community & Regional Affairs

BRU Employment/Training/Rural Development

COMPONENT Community Development Assistance

FY 92

Page 2 of 4

Revised Date: _____

Position Title LOAN INFORMATION OFFICER		No. of Positions 1	Range / Step 19	Barg. Unit PX
Time Status FULL-TIME	Staff Months 12	Location Dillingham		Election District N3
TYPE OF EXPENDITURE		Amount		
Salary	55,263.60	Justification This position will specialize in the Rural Economic Development Initiative Fund (REDIF) program and will provide workshops and disseminate information about the program. The position will function as circuit-riding training and technical assistance resources. The position will provide a critical client service by screening and linking projects with the packaging skills of the Economic Development Specialist (EDS). This position will be the first to encounter a project and will perform a project intake which assesses the project and the character of the potential client. The position will screen the project to determine whether it can be supported and provide assistance as needed. The position will be trained in field operations, basic financial and business analysis, business writing, communication and negotiating skills. The positions will be based in the Department of community & Regional Affairs' Dillingham Regional Office serving the Bristol Bay area.		
Benefits	19,628.33			
Premium Pay	- 0 -			
Other	- 0 -			
Total Personal Services	74,891.93			
Travel	17,978.04			
Contractual	12,000.00			
Commodities	1,000.00			
Equipment	4,000.00			
Other				
Total Cost	109,869.97			
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other	109,869.97			

**Request For
New Position**

AGENCY Community & Regional Affairs

BRU Employment/Training/Rural Development

COMPONENT Community Development Assistance

FY 92

Page 3 of 4

Revised Date: _____

Position Title LOAN INFORMATION OFFICER		No. of Positions 1	Range / Step 19	Barg. Unit PX
Time Status FULL-TIME	Staff Months 12	Location Bethel		Election District M4
TYPE OF EXPENDITURE		Amount		
Salary	59,913.00	<p>Justification</p> <p>This position will specialize in the Rural Economic Development Initiative Fund (REDIF) program and will provide workshops and disseminate information about the program. The position will function as circuit-riding training and technical assistance resources.</p> <p>The position will provide a critical client service by screening and linking projects with the packaging skills of the Economic Development Specialist (EDS). This position will be the first to encounter a project and will perform a project intake which assesses the project and the character of the potential client. The position will screen the project to determine whether it can be supported and provide assistance as needed. The position will be trained in field operations, basic financial and business analysis, business writing, communication and negotiating skills.</p> <p>The positions will be based in the Department of Community & Regional Affairs' Bethel Regional Office serving the Southwestern region, including the Yukon-Kuskokwim Delta area.</p>		
Benefits	20,761.07			
Premium Pay	- 0 -			
Other	- 0 -			
Total Personal Services	80,674.07			
Travel	17,700.00			
Contractual	12,000.00			
Commodities	1,000.00			
Equipment	4,000.00			
Other				
Total Cost	115,374.07			
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other		115,374.07		

**Request For
New Position**

AGENCY Community & Regional Affairs

BRU Employment/Training/Rural Development

COMPONENT Community Development Assistance

FY 92

Page 4 of 4

Revised Date: _____

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. CS HB 256

Revision Date: _____ Department Affected: Community & Regional Affairs
Title: Rural Development Initiative BRU: Administration & Support
Program Component: Administrative Services

Sponsor: Representatives Jacko & Ivan
Requestor: House C&RA

COMPONENT SERIAL NO.

1	1	7	9
---	---	---	---

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	49,452.65	51,925.28	54,521.54	57,247.61	60,110.00	63,115.50
TRAVEL	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
CONTRACTUAL	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
SUPPLIES	1,000.00	500.00	500.00	500.00	500.00	500.00
EQUIPMENT	3,000.00	- 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	57,452.65	56,425.28	59,021.54	61,747.61	64,610.00	67,615.50

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
* OTHER	57,452.65	56,425.28	59,021.54	61,747.61	64,610.00	67,615.50
TOTAL						

POSITIONS: *PENDING PASSAGE OF HB 222

FULL-TIME	1	1	1	1	1	1
PART-TIME						
TEMPORARY						

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary.)
SEE ATTACHED

Prepared By: Raymond Henderson, Director Phone: 465-4708
Division: Division of Administrative Services Date: 4/18/91
Approved by Commissioner: Edgar Bratchford
Agency: Department of Community & Regional Affairs Date: 4/18/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Position Title ACCOUNTANT II			No. of Positions 1	Range / Step 16	Barg. Unit GGU
Time Status FULL-TIME	Staff Months 12		Location JUNEAU	Election District C1	
TYPE OF EXPENDITURE			Justification		
		Amount	<p>This position will be responsible for posting transactions associated with the Rural Economic Development Initiative Fund as well as the monthly reconciliation of of fund activities as recorded in subsidiary ledgers with AKSAS, the state accounting system. This will involve approximately 10 million dollars in funding activities.</p> <p>This position will prepare monthly financial statements to determine the availability of funds for loans and work with the Division of Finance in preparing year end loan receivables and closing adjustments.</p> <p>This position will be based in the Department of Community & Regional Affairs, Division of Administrative Services, Juneau office.</p>		
Salary	35,166.60				
Benefits	14,286.05				
Premium Pay	- 0 -				
Other	- 0 -				
Total Personal Services	49,452.65	49,452.65			
Travel		2,000.00			
Contractual		2,000.00			
Commodities		1,000.00			
Equipment		3,000.00			
Other		- 0 -			
Total Cost		57,452.65			
FUNDING SOURCE FOR TOTAL COST					
Federal Receipts	1002				
G.F. Match	1003				
General Fund	1004				
!-A Receipts	1007				
CIP Receipts	1061				
Other		57,452.65			

**Request For
New Position**

AGENCY Community & Regional Affairs
 BRU Administration & Support
 COMPONENT Administrative Services

FY 92

Page 2 of 2
 Revised Date: _____

HOUSE COMMITTEE REPORT

(7) Date Referred: April 3, 1991 FURTHER REFERRALS: Finance

Date of Committee Action: 4-17-91

The COMMUNITY AND REGIONAL AFFAIRS Committee considered: HB 256

HOUSE BILL NO. 256 RURAL DEVELOPMENT INITIATIVE FUND

"An Act relating to the rural development initiative program."

RECOMMENDATIONS: CS HB 256 (CRA) the same title
 be replaced with _____ a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

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

fiscal impact DCRA fiscal note(s) _____

zero fiscal note _____ zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Richard Jones</i>	*	<i>Foster</i>			
<i>Betty Davis</i>	X				
<i>Jerry Baker</i>	✓	<i>Baker</i>			
<i>Jerry Maclic</i>	X	<i>Maclic</i>			
<i>Cheri Davis</i>	X				
<i>John C. Douglas</i>	X				

Jerry Maclic

 CHAIRMAN'S SIGNATURE

POSITION PAPER

RE: HOUSE BILL 256


SPONSOR: REPRESENTATIVE JACKO

Program Effects of the Bill

The bill authorizes the department to administer a variety of programs aimed at meeting the needs identified in the Governor's Conference on Small Business in rural Alaska. The authorization and funding of this bill would provide investment capital needed to stimulate economic growth and diversification of rural economies.

Comments

The Department of Community and Regional Affairs supports this bill. Our experience in administering the Redi program has documented the tremendous need for investment funds in remote Alaska. This program has also shown a great deal of economic opportunities exist in rural Alaska. There is a strong desire by rural Alaskans to take control of these opportunities and this bill would provide a major tool to achieve that goal.


Edgar Blatchford, Commissioner

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HB 256

Revision Date: _____ Department Affected: Community & Regional Affairs
Title: Rural Development Initiative BRU: Administration & Support
Program _____ Component: Administrative Services

Sponsor: Representatives Jacko & Ivan
Requestor: Representative Jacko

COMPONENT SERIAL NO.

1	1	7	9
---	---	---	---

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	49,452.65	51,925.28	54,521.54	57,247.61	60,110.00	63,115.50
TRAVEL	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
CONTRACTUAL	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
SUPPLIES	1,000.00	500.00	500.00	500.00	500.00	500.00
EQUIPMENT	3,000.00	- 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	57,452.65	56,425.28	59,021.54	61,747.61	64,610.00	67,615.50

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
* OTHER	57,452.65	56,425.28	59,021.54	61,747.61	64,610.00	67,615.50
TOTAL						

POSITIONS: *PENDING PASSAGE OF HB 222

FULL-TIME	1	1	1	1	1	1
PART-TIME						
TEMPORARY						

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)
SEE ATTACHED

Prepared By: Remond Henderson, Director *Remond Henderson* Phone: 465-4708
Division: Division of Administrative Services Date: 4/8/91
Approved by Commissioner: Edgar Blatchford *Edgar Blatchford* Commissioner
Agency: Department of Community & Regional Affairs Date: 4/08/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Position Title : ACCOUNTANT II		No. of Positions 1	Range / Step 16	Barg. Unit GGU
Time Status FULL-TIME	Staff Months 12	Location JUNEAU		Election District C1
TYPE OF EXPENDITURE		Amount	<p>Justification</p> <p>This position will be responsible for posting transactions associated with the Rural Economic Development Initiative Fund as well as the monthly reconciliation of of fund activities as recorded in subsidiary ledgers with AKSAS, the state accounting system. This will involve approximately 10 million dollars in funding activities.</p> <p>This position will prepare monthly financial statements to determine the availability of funds for loans and work with the Division of Finance in preparing year end loan receivables and closing adjustments.</p> <p>This position will be based in the Department of Community & Regional Affairs, Division of Administrative Services, Juneau office.</p>	
Salary	35,166.60			
Benefits	14,286.05			
Premium Pay	- 0 -			
Other	- 0 -			
Total Personal Services	49,452.65	49,452.65		
Travel		2,000.00		
Contractual		2,000.00		
Commodities		1,000.00		
Equipment		3,000.00		
Other		- 0 -		
Total Cost		57,452.65		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other		57,452.65		

**Request For
New Position**

AGENCY Community & Regional Affairs

BRU Administration & Support

COMPONENT Administrative Services

FY 92

Page 1 of 1

Revised Date: _____

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. HB 256

Revision Date: _____ Department Affected: Community & Regional Affairs
 Title: Rural Development Initiative BRU: Employment/Training/Rural Development
Program Component: Community Development Assistance

Sponsor: Representatives Jacko & Ivan
 Requestor: Representative Jacko

COMPONENT SERIAL NO.	1	1	7	9
----------------------	---	---	---	---

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	234,169.31	245,877.77	258,171.65	271,080.23	284,634.24	298,865.95
TRAVEL	53,378.04	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00
CONTRACTUAL	36,000.00	35,000.00	35,000.00	35,000.00	35,000.00	35,000.00
SUPPLIES	3,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
EQUIPMENT	12,000.00	- 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 -			
TOTAL OPERATING	338,547.35	331,877.77	344,171.65	357,080.23	370,634.24	384,865.95

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
* OTHER	338,547.35	331,877.77	344,171.65	357,080.23	370,634.24	384,865.95
TOTAL						

POSITIONS: * PENDING PASSAGE OF HB 222

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact:

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Remond Henderson, Director *Remond Henderson* Phone: 465-4708
 Division: Division of Administrative Services Date: 4/9/91
 Approved by Commissioner: *[Signature]* Commissioner
 Agency: Community & Regional Affairs Date: 4/09/91

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Position Title LOAN INFORMATION OFFICER		No. of Positions 1	Range / Step 19	Barg. Unit PX	
Time Status FULL-TIME	Staff Months 12	Location Nome		Election District L2	
TYPE OF EXPENDITURE		Amount			
Salary	58,186.80	Justification This position will specialize in the Rural Economic Development Initiative Fund (REDIF) program and will provide workshops and disseminate information about the program. The position will function as circuit-riding training and technical assistance resources. The position will provide a critical client service by screening and linking projects with the packaging skills of the Economic Development Specialist (EDS). This position will be the first to encounter a project and will perform a project intake which assesses the project and the character of the potential client. The position will screen the project to determine whether it can be supported and provide assistance as needed. The position will be trained in field operations, basic financial and business analysis, business writing, communication and negotiating skills. The positions will be based in the Department of Community & Regional Affairs' Nome Regional Office serving the Northwestern region and the Kotzebue Sound area.			
Benefits	20,416.51				
Premium Pay	- 0 -				
Other	- 0 -				
Total Personal Services	78 603.31				78,603.31
Travel					17,700.00
Contractual					12,000.00
Commodities					1,000.00
Equipment					4,000.00
Other					
Total Cost		113,303.31			
FUNDING SOURCE FOR TOTAL COST					
Federal Receipts	1002				
G.F. Match	1003				
General Fund	1004				
I-A Receipts	1007				
CIP Receipts	1061				
Other		113,303.31			

**Request For
New Position**

AGENCY Community & Regional Affairs
BRU Employment/Training/Rural Development
COMPONENT Community Development Assistance

FY 92

Page 1 of 1
Revised Date: _____

Position Title LOAN INFORMATION OFFICER		No. of Positions 1	Range / Step 19	Barg. Unit PX
Time Status FULL-TIME	Staff Months 12	Location Dillingham		Election District N3
TYPE OF EXPENDITURE		Amount	<p>Justification</p> <p>This position will specialize in the Rural Economic Development Initiative Fund (REDIF) program and will provide workshops and disseminate information about the program. The position will function as circuit-riding training and technical assistance resources.</p> <p>The position will provide a critical client service by screening and linking projects with the packaging skills of the Economic Development Specialist (EDS). This position will be the first to encounter a project and will perform a project intake which assesses the project and the character of the potential client. The position will screen the project to determine whether it can be supported and provide assistance as needed. The position will be trained in field operations, basic financial and business analysis, business writing, communication and negotiating skills.</p> <p>The positions will be based in the Department of community & Regional Affairs' Dillingham Regional Office serving the Bristol Bay area.</p>	
Salary	55,263.60			
Benefits	19,628.33			
Premium Pay	- 0 -			
Other	- 0 -			
Total Personal Services	74,891.93	74,891.93		
Travel		17,978.04		
Contractual		12,000.00		
Commodities		1,000.00		
Equipment		4,000.00		
Other				
Total Cost		109,869.97		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other		109,869.97		

**Request For
New Position**

AGENCY Community & Regional Affairs

BRU Employment/Training/Rural Development

COMPONENT Community Development Assistance

FY 92

Page 1 of 1

Revised Date: _____

Position Title LOAN INFORMATION OFFICER		No. of Positions 1	Range / Step 19	Barg. Unit PX
Time Status FULL-TIME	Staff Months 12	Location Bethel		Election District M4
TYPE OF EXPENDITURE		Amount	<p>Justification</p> <p>This position will specialize in the Rural Economic Development Initiative Fund (REDIF) program and will provide workshops and disseminate information about the program. The position will function as circuit-riding training and technical assistance resources.</p> <p>The position will provide a critical client service by screening and linking projects with the packaging skills of the Economic Development Specialist (EDS). This position will be the first to encounter a project and will perform a project intake which assesses the project and the character of the potential client. The position will screen the project to determine whether it can be supported and provide assistance as needed. The position will be trained in field operations, basic financial and business analysis, business writing, communication and negotiating skills.</p> <p>The positions will be based in the Department of Community & Regional Affairs' Bethel Regional Office serving the Southwestern region, including the Yukon-Kuskokwim Delta area.</p>	
Salary	59,913.00			
Benefits	20,761.07			
Premium Pay	- 0 -			
Other	- 0 -			
Total Personal Services	80,674.07	80,674.07		
Travel		17,700.00		
Contractual		12,000.00		
Commodities		1,000.00		
Equipment		4,000.00		
Other				
Total Cost		115,374.07		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
I-A Receipts	1007			
CIP Receipts	1061			
Other		115,374.07		

**Request For
New Position**

AGENCY Community & Regional Affairs

BRU Employment/Training/Rural Development

COMPONENT Community Development Assistance

FY 92

Page 1 of 1

Revised Date: _____

HOUSE BILL 222: A WHITE PAPER

Prepared by
Rural Development Staff
Department of Community and Regional Affairs

BACKGROUND: HB 222 proposes to allocate TEN MILLION DOLLARS (\$10,000,000) to create a Rural Development Initiative Fund (REDIF). Department legislative liaison, Mr. Vern Hurlbert, requested the Department's rural development staff to review the bill and recommend a structure for legislation to implement the REDIF.

NEED: A truism in business is that it takes three elements to make a successful enterprise: ideas, money, and management. Rural Alaska has an abundance of ideas and opportunities. Technical assistance resources to support the management capacity of rural businesses exist to some degree. But clearly the greatest need to "jump start" rural development is the availability of money or capital.

In the early 1980's, the Alaskan banking system was awash with cash and in an expansionist mode. Competition among banks led to increases in services in rural Alaska. Alaska National Bank of the North, United Bank of Alaska, and National Bank of Alaska expanded into rural Alaska. The economic contraction in the mid-80's led to the failure of the most aggressive banks due primarily to the collapsed value of their urban portfolios. Former bank officials for both UBA and ANB contend that the rural portfolios of the two banks were among their strongest assets. The strength of rural investment is reflected in the relative performances of the housing loan portfolios of AHFC compared with that of the DCRA HAD program. When AHFC was faced with huge defaults in the late 1980's, mostly from urban and suburban markets -- into the low double digits -- the HAD portfolio, primarily rural, performed with a default rate under 5%.

Generally it is the case that rural borrowers are lifelong Alaskans with extensive family ties within the state. Such clients are not likely to walk away from a debt. With proper underwriting and servicing of the deal, including the "hometown banker" approach to technical assistance to the client, a rural Alaskan investment can be as solid as any around.

Yet during the Governor's Conference on Small Business, particularly in the rural areas, one of the greatest needs identified was access to capital.

The Department of Community and Regional Affairs currently administers a gap financing program funded with federal Block Grant dollars called the "Rural Development Fund" (RDF) as part of its REDI menu of programs. In the first 9 months of start-up, the program has provided nearly \$400,000 in financing and leveraged over a million dollars for rural and small city entrepreneurs. The Department of Commerce has also been managing a loan program with Federal dollars but has been able to make only a few loans in the past two years because of the constraints placed upon its funding.

While DCRA has been much more aggressive in outreach and marketing of its program than has Commerce, both agencies face the same fundamental constraint with their loan program -- the restriction of federal dollars.

Nevertheless, the RDF and the Small Business Development Loan program remain two of the few financing sources available to rural businesses.

There is no "equity investment" program currently available to rural Alaskan businesses. If debt capital is scarce in rural Alaska, "seed capital" is non-existent.

In other states, models have been developed for equity investment facilities from the Small Business Administration's SBIC/MSBIC (Small/Minority Business Investment Corporation) program to the Michigan Strategic Fund's BIDCO (business and industrial development corporation) to Arkansas' "Good Faith Fund".

HB 222 -- A Rural Economic Development Initiative Fund (REDIF) for Alaska

Both the sponsors of the legislation and the DCRA/REDI staff feel that the REDIF should be structured both as a debt and as an investment (equity) facility. The program could be structured as follows:

A. LOW-INTEREST LOAN PROGRAM.(1.5 Million)

(Est. of 15 deals @ \$100,000 Avg.)

This would match the Federal CDBG funds that are used for the Rural Development Fund program's "Gap" financing. The State dollars will provide new flexibility to that program and allow a better "mix" of funds to generate more deals for Rural Alaskans. The LLP funds will help the REDI/RDF to become the "hometown bank" of rural Alaska. With interest and terms comparable to the REDI/RDF program (currently @ 7% interest), this component of the Rural Economic Development Initiative Fund (REDIF) will provide "full support" for rural borrowers. These services include "packaging", financing, and continuous advice and support.

The program would provide loans to rural businesses for working capital, Machinery and Equipment, construction, leasehold improvement, and site purchase.

The program would be both direct and participatory. Direct loans are made directly by the REDIF to the client; participatory loans are those that involve other lenders and are sometimes made through them. Loans for enterprises that help *diversify* the local economy will be a priority. For example, a loan for an enterprise that promotes tourism, fisheries, timber development, botanicals, small manufacturing; loans that *provide for community multipliers* will be a priority. For example: a cafe where there is not one, a medical service which will pay for itself, a movie theater where none exist. Another priority for the program will be businesses that provide for *import substitution*. Examples include production of wood planks to supply boardwalks and other local construction, a commercial ammunition reloading business to supply local and regional hunters, a local repair business.

B. GOOD FAITH SYNDICATE (\$1.0 Million)

(Estimate 5 rural syndicates @ \$200,000 Avg.)

There will be times when borrowers will not have collateral or tangible assets to contribute to the start-up costs of a new business. When they seek financing one option will be a "good faith syndicate".

This component of the REDIF will be patterned after similar programs developed by the Winthrop Rucker Foundation and the Shorebank Corporation in Arkansas and Chicago, respectively. The good faith syndicate is based upon individuals of good character coming together and, with business planning provided by consultants, securing a line of credit as a syndicate guaranteed by each individual. Although unsecured, the debt that is generated as the credit is "drawn down" becomes the responsibility of the syndicate. If the individual borrower within the syndicate fails to meet his or her obligation, the others in the syndicate lose their credit options until the debt is repaid. This structure has been shown to do several things. First, it creates a solid support base for each business in the syndicate. Second, it tends to diversify resources available to each business as they share market information, equipment, etc. Third, there is a "countercycling of down periods" that balances good times-bad times. Fourth the portfolio of shared liability spreads risk and recovery, which is good for the security of the fund.

Syndicates would be required to go through the entrepreneurial training course discussed briefly below.

C. ENTREPRENEURSHIP LOANS (\$1.5 Million)

(Estimate 30 Entrepreneurship Loans of \$50,000 avg.)

These loans would be made in conjunction with the Entrepreneurship Training Program that will be funded through the Job Training network of Department of Labor/Department of Community and Regional Affairs' STEP program (State Training and Employment Program). Approximately 30 rural entrepreneurs have been trained through the Entrepreneur training program conducted by both the Yukon Kuskokwim Campus of the University of Alaska in Bethel and the UAF SBDC in Fairbanks. A six-week intensive course in business management results in certification and a fundable business plan. The candidates for the limited training slots are drawn from among rural entrepreneurs with new or expanding businesses. The REDIF vision would be to add an actual loan committee review at the end of the training course with funding commitments from the REDIF Entrepreneurial Loan Program contingent upon committee recommendations.

D. VILLAGE CORPORATE CAPITAL POOLING (\$1.0 Million)

(Estimated reserves to guarantee against losses in support of pooling agreements between village corporations and others)

The loss reserves will help to insure capital pooling agreements between village corporations and other investors. The capital pool would be structured to make private-sector reinvestment into rural communities possible. Please find an attached scenario for a capital pool.