

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672

7134 HOUSE RESOURCES

Summary: The state occupies two roles with respect to oil production -- a proprietary role, through which the state retains a royalty interest in oil produced from leases on state land, and a sovereign role, which levies taxes, like the severance tax, and exercises regulatory powers.

The state takes its royalty oil predominantly "in value." When the state takes its royalty oil "in kind," its actual physical possession exists for only an instant before transfer to the royalty purchaser. The state is never in actual possession of the oil and, thus, is not exposed to liability if the oil spills. However, the state's royalty interest places it in substantially the same position as any other producer of oil. Therefore, it is appropriate to consider whether the state should share commensurately in the costs associated with spill preparedness.

In the state's sovereign role, it levies several taxes on oil activities. Through some of those taxing structures, the state indirectly makes expenditures for oil spill response and preparedness. The primary expenditure the state makes is the loss in wellhead value -- and therefore in state royalties and severance taxes -- incurred because spill response expenditures are included in the transportation costs used to arrive at wellhead value.

An Alaska oil producer's liability for the state's royalty is based on the value of the oil at the point of production. Because most Alaska oil is not sold at the point of production, a "net-back" methodology is used to establish this value. Sales in the lower 48 states are netted back to the wellhead by deducting the costs of transporting the oil between Alaska and the market. This methodology means that there is a direct relationship between transportation expenditures (including spill prevention and response expenses) and wellhead value. The revenue effect of transportation expenditures for North Slope crude is approximately 25%. Thus, whenever spill response equipment and operating expenses are included in the costs of transporting oil, state revenues are reduced accordingly, and the state is, in effect, paying 25% of those charges.

The most significant spill-related element in the net-back methodology is the tariff effect of expenditures made by Alyeska Pipeline Service Company. Alyeska's expenditures for spill prevention and response are rolled into the TAPS tariff and have the effect of reducing wellhead value for both severance tax and royalty purposes. Alyeska's actual expenditures to date are \$208.3 million with an additional \$400 million projected through 1997. Assuming a 25% state revenue effect, the state's share of those expenditures is \$152.1 million.

The report concludes that this raises a perplexing issue. The Trans-Alaska Pipeline Authorization Act and the Oil Pollution Act require the TAPS right-of-way holder to respond to spills out to the three mile limit. Alyeska states that it believes its role in Prince William Sound is a "volunteer" and that the provisions of its response services are "strictly a matter of commercial contract" between Alyeska (and not the TAPS carriers) and oil shippers. Alyeska does not charge for the spill response activity but requires a large bond. If Alyeska is solely a volunteer, the report questions how it is appropriate for Alyeska to pass the

costs of the spill response activities to the state, the TAPS owner companies, and the pipeline shippers who may not be the beneficiary of the service volunteered. If, however, the costs are appropriate tariff costs, then Alyeska's expenditures and requirements, including bonding, should be subject to review by the Federal Energy Regulatory Commission as being reasonably necessary and nondiscriminatory.

Finally, the report compares expenditures for spill response and preparedness (and the state's participation in those expenditures) between Cook Inlet and Prince William Sound. Although there are significant differences that make comparison difficult, the Cook Inlet response action contractor (CISPRI) spends considerably more, presumably due to lower volumes, on a per volume basis for spill protection than does the Prince William Sound response action contractor (Alyeska). When the state's participation in these expenditures is factored in, the difference becomes much greater.

Research Project: The relationship between a response action contractor and a contingency plan holder under the Oil Pollution Act of 1990

Prepared By: Michele Straube, Attorney at Law, on contract to the Prince William Sound Regional Citizens' Advisory Council

Purpose: To determine whether the regulations implementing the Oil Pollution Act will address the issue of response action contractor accountability in adhering to the terms of a contingency plan.

Summary: Under the Oil Pollution Act, a response action contractor faces no statutory liability for its actions, as long as the actions are consistent with the National Contingency Plan. The exceptions are if the contractor is also an owner or operator of the facility or vessel causing the spill, or if the contractor causes response costs or damages due to gross negligence or willful misconduct, or if the contractor causes personal injury or wrongful death.

The federal government will require a contingency plan holder to demonstrate that it has a contract with a response action contractor, but it is as yet unclear what the precise requirements will be. The federal government is considering certifying response action contractors in order to guarantee a minimum level of capability and expertise.

The federal government will address what it means for the President to "direct" a response action in the proposed changes to the National Contingency Plan. Currently, the Oil Pollution Act does not grant the federal government any direct authority over response action contractor activities; the government's only leverage is to give directives to the contingency plan holder who, in turn, presumably would direct the response action contractor to implement the federal order. If the federal government decides to certify response action

contractors, it may gain authority over response action contractors through regulation.

The report raises concern over the following potential scenario: A tanker vessel is owned by a poorly capitalized or shell corporation. The vessel owner's contingency plan shows a contract with a response action contractor. In that contract, the response action contractor reserves the ability to refuse to perform if the spiller is insolvent. If a spill occurs and the response action contractor refuses to respond, the Coast Guard has no way to force a response short of hiring the response action contractor directly. There could be a critical delay in response because the Coast Guard has no direct authority over the response action contractor.

The Oil Pollution Act does not prevent the state from imposing any type of liability on response action contractors. Neither is the state preempted from adopting standards for the relationship between response action contractors and contingency plan holders. However, state standards must not contradict federal requirements.

Research Project: Insurance coverage availability

Prepared By: Tesoro Alaska, Inc.

Purpose: To identify the types and costs of insurance coverage available for response action contractors.

Summary: There is substantial variability in the availability and costs of insurance coverage for a response action contractor. Costs are based upon the following factors: (1) revenues and/or payroll size; (2) historical loss experience; (3) contractual indemnities and their value; (4) statutory immunities; and (5) the general state of the insurance market. Coverage is generally for: (1) hull and machinery; (2) protection and indemnity risks; (3) real and personal property; (4) comprehensive general liability; and (5) excess liabilities.

Coverage for a spill cooperative, such as CISPRI, with 15 employees and \$10 million in capital equipment is estimated at \$245,000. Coverage for a general environmental services company offering a variety of response services would be less expensive due to less capital investment.

The report also compares Tesoro's experience with contractual indemnity provisions in its contracts with response action contractors. Tesoro found that the spill cooperatives have much stronger indemnification requirements.

Research Project: Response action contractor provision in the Oil Pollution Act of 1990

Prepared By: Gross & Burke, Attorneys at Law, on contract to the Prince William Sound Regional Citizens' Advisory Council

Purpose: To examine the response action contractors provision in the Oil Pollution Act of 1990 and its intent, legislative history, and statutory context.

Summary: The Oil Pollution Act provides that a person is not liable for removal costs or damages in the course of rendering assistance consistent with the National Contingency Plan or as directed by the President. This exemption from liability does not apply to: (1) a responsible party; (2) a response under CERCLA; (3) cases involving personal injury or wrongful death; and (4) gross negligence or willful misconduct.

The version of the Oil Pollution Act which passed the Senate did not include an immunity provision. The House Committee on Merchant Marine and Fisheries was the first to consider the issue of response action contractor liability. It added a provision limiting liability for a person retained or directed by the President, except for a responsible party, cases of personal injury or wrongful death, gross negligence, or willful misconduct. The committee expressed the hope that this provision would encourage individuals to assist in cleanup operations. The version of the bill which passed the House retained this limited liability provision.

During the conference committee negotiations to reconcile the Senate and House versions of the bills, a Senate conferee proposed language to limit liability for all persons (not just at the direction of the President) who render assistance consistent with the National Contingency Plan. Subsequently the conferees agreed to that concept in the language which ultimately became part of the Act. The conference committee explained that it wanted to avoid possible deterrence of prompt spill response because of liability fears. There was no debate or further discussion of this issue.

Research Project: Other state's response action contractor provisions

Prepared By: Pat Kingcade, legal intern, on behalf of the Prince William Sound Regional Citizens' Advisory Council and the National Wildlife Federation; Alyeska Pipeline Service Company

Purpose: To examine the language of provisions related to response action contractors in other states' laws and the provisions' legislative history and relationships to other oil spill prevention and response laws.

Summary: Connecticut -- Any person who directly or indirectly causes a spill is liable for all costs. No person, firm or corporation which renders assistance in the clean up of a discharge of oil or hazardous substance is liable for civil

damages unless grossly negligent. Immunity does not apply to responsible persons, or persons under a duty to mitigate the effects of a discharge.

California -- Responsible parties are strictly and jointly and severally liable for all damages. Persons, cooperatives and response action contractors are immune from liability for costs, damages or other claims in the course of rendering assistance in accordance with the National Contingency Plan, the state contingency plan, or orders of a state or federal on-scene coordinator, except for gross negligence or willful misconduct, personal injury or wrongful death. This immunity extends only to response personnel whose contracts have been approved by the state and is limited to 60 days but may be extended to a total of 90 days if: (a) the spill is expanding to uncontaminated marine or land resources; (b) it is in the public interest because of dangerous conditions; or (c) no other qualified response action contractor will complete the response effort.

Texas -- A responsible party is liable for response costs and natural resources damages. No person or discharge cleanup organization that voluntarily or pursuant to the National Contingency Plan or the state coastal discharge plan renders assistance is liable for response costs, damages or civil penalties except for gross negligence or willful misconduct. Discharge cleanup operations must be certified by the state.

Washington -- Responsible parties are strictly liable for damages. A person is not liable for removal costs or damages in the course of rendering assistance consistent with the National Contingency Plan or as otherwise directed by the federal or state on-scene coordinator. This immunity does not apply to a responsible party, for personal injury or death or for gross negligence or willful misconduct.

Hawaii -- No person is liable for damages, costs, or penalties in the course of rendering assistance in accordance with state law or at the direction of the on-scene coordinator except for gross negligence or intentional misconduct. An additional good Samaritan law provides that any person who in good faith, without remuneration, renders assistance at the scene of a vessel collision, accident or other casualty shall not be liable for any damages resulting from providing or arranging towage or other assistance, except for gross negligence or wanton acts or omissions.

Florida -- Any person, authorized by the state or federal government or by the responsible party, who renders assistance in containing or removing pollutants is not liable for costs, expenses, and damages except for gross negligence or willful misconduct or if the responsible party does not report the spill or does not cooperate with the federal on-scene coordinator. A local discharge cleanup organization shall, upon state request, immediately contain and remove a discharge of unknown origin.

New Jersey -- Persons responsible for a discharge are strictly and jointly and severally liable. Response action contractors are liable upon a showing of

negligence. If the cleanup contractor demonstrates that its actions were in accordance with generally accepted practices and state of the art scientific knowledge and that it utilized the best technology reasonably available, there is a rebuttable presumption that the actions were not negligent. The state may contractually indemnify a discharge cleanup contractor against claims if the state determines that adequate environmental liability insurance is not available or unreasonably priced. Discharge cleanup organizations must register with the state and submit lists of qualified personnel and available equipment.

Maine -- Any person operating an oil terminal facility must obtain a license. Licenses issued to a terminal include any vessels under the control of that facility and vessels that are used to transport oil to and from that facility and that travel within state waters. Any vessel not under the direction or control of a fixed facility must obtain its own license. The licensee must demonstrate satisfactory evidence that it is implementing state and federal plans for control of oil discharges. Licensees are strictly liable for discharges occurring at facilities under their control or from vessels transporting oil to or from that facility within state waters. Responders are not liable in the course of rendering assistance consistent with the National Contingency Plan, a federal or state contingency plan, or as directed by the federal on-scene coordinator, except for personal injury or wrongful death, gross negligence or willful misconduct, or if the responder is the responsible party.

Other States' Response Action Contractor Liability Laws

	CONNECTICUT	CALIFORNIA	TEXAS	WASHINGTON	HAWAII	FLORIDA	NEW JERSEY	MAINE
Spiller obligated to pay damages caused by Response Action Contractors (RAC)	✓	✓	✓	✓	✓	✓	✓	✓
RAC liability limited except for gross negligence and intentional misconduct	✓		✓					
RAC liability limited except for gross negligence and intentional misconduct or failure to cooperate with the Federal On-Scene Coordinator (FOSC)						✓		
RAC liability limited except for gross negligence and intentional misconduct if actions are consistent with the National Contingency plan (NCP), the state contingency plan or the FOSC		✓		✓	✓			✓
RAC liability limited except for negligence (defined as use of best of available technology)							✓	
RAC liability limited in duration (60 days)		✓						
Certification of RACs required			✓					
State approval required for RAC's equipment and personnel resources		✓					✓	

P U B L I C N O T I C E



The Citizens' Oversight Council on Oil and Other Hazardous Substances

Invites you to a public meeting on the Council's
OIL SPILL RESPONSE CONTRACTOR LIABILITY REPORT

FRIDAY, JANUARY 31 • 1:00 TO 4:00 PM
ANCHORAGE LEGISLATIVE INFORMATION OFFICE
3111 C STREET, 5TH FLOOR CONFERENCE ROOM
PUBLIC COMMENTS ENCOURAGED

The public meeting will be teleconferenced statewide —
At the State Capitol, Room 124, in Juneau, and at the Legislative
Information Offices in Cordova, Homer, Kenai, Ketchikan, Kodiak,
Sitka, Valdez and Whittier.

*There will be a listen-only teleconference at the Anchorage LIO on
February 5, from 2:00 to 4:00 PM to finalize recommendations to the
Legislature. In Juneau, the teleconference can be heard in room 603, in
the Court Building. All other sites listed above will also be connected.*

For more detailed information contact COC 561-2101.

Overview

A D F & G

1-22-92

2-14-92



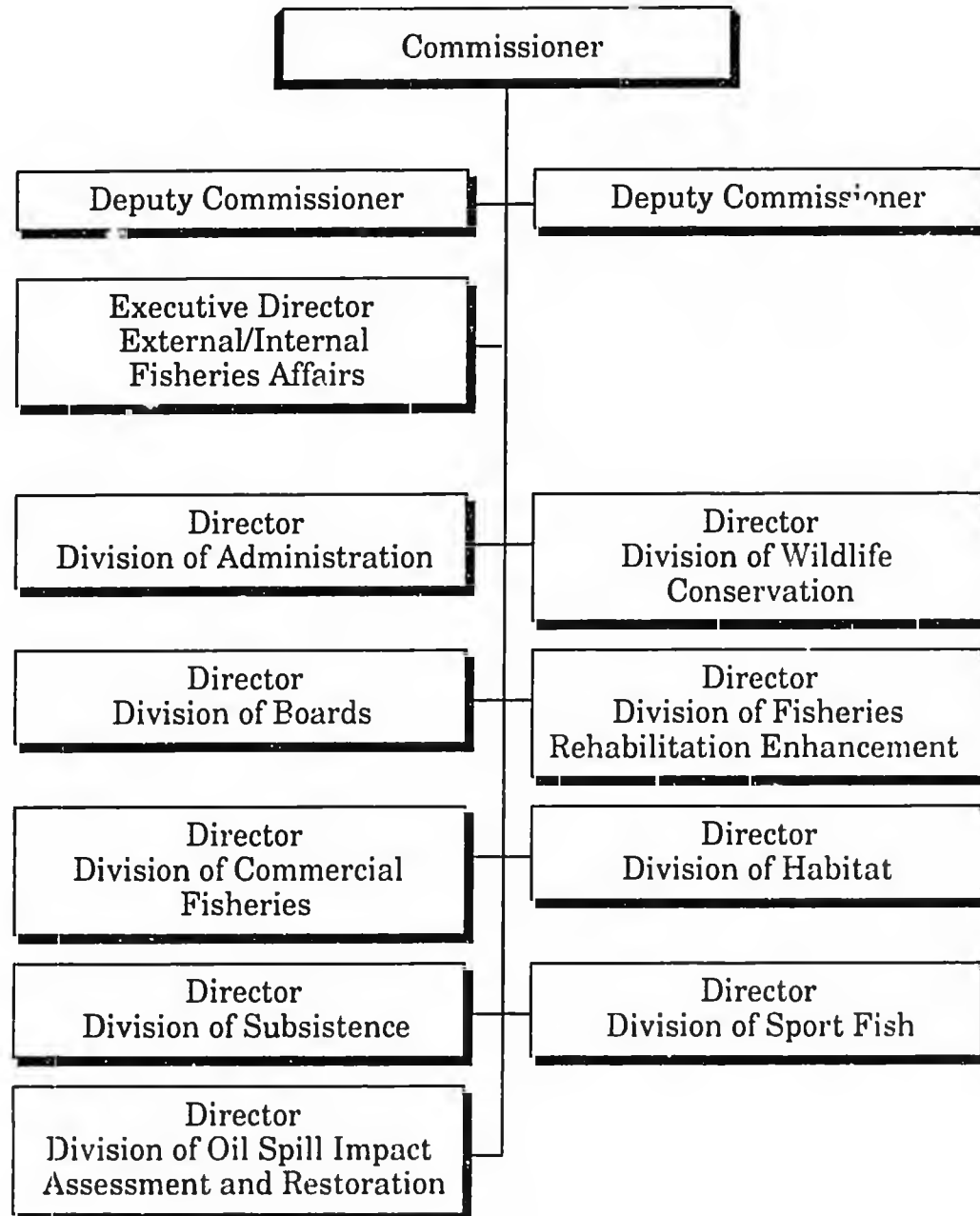
**ALASKA DEPARTMENT OF FISH AND GAME
DEPARTMENT BUDGET AND PROGRAM OVERVIEW - FY93**

Carl L. Rosier, Commissioner
Ron Somerville, Deputy Commissioner
Chuck Meacham, Deputy Commissioner

Division Directors

Larry Jones, Division of Administration
Laird A. Jones, Division of Boards
Denby Lloyd, Division of Commercial Fisheries
Jeffery P. Koenings, Division of Fisheries Rehabilitation, Enhancement and Development
Frank Rue, Division of Habitat
Norval Netsch, Division of Sport Fish
Robert Bosworth, Division of Subsistence
David Kelleyhouse, Division of Wildlife Conservation

DEPARTMENT OF FISH AND GAME



Department of Fish and Game

FY93 Funding by Source

Fish & Game Fund

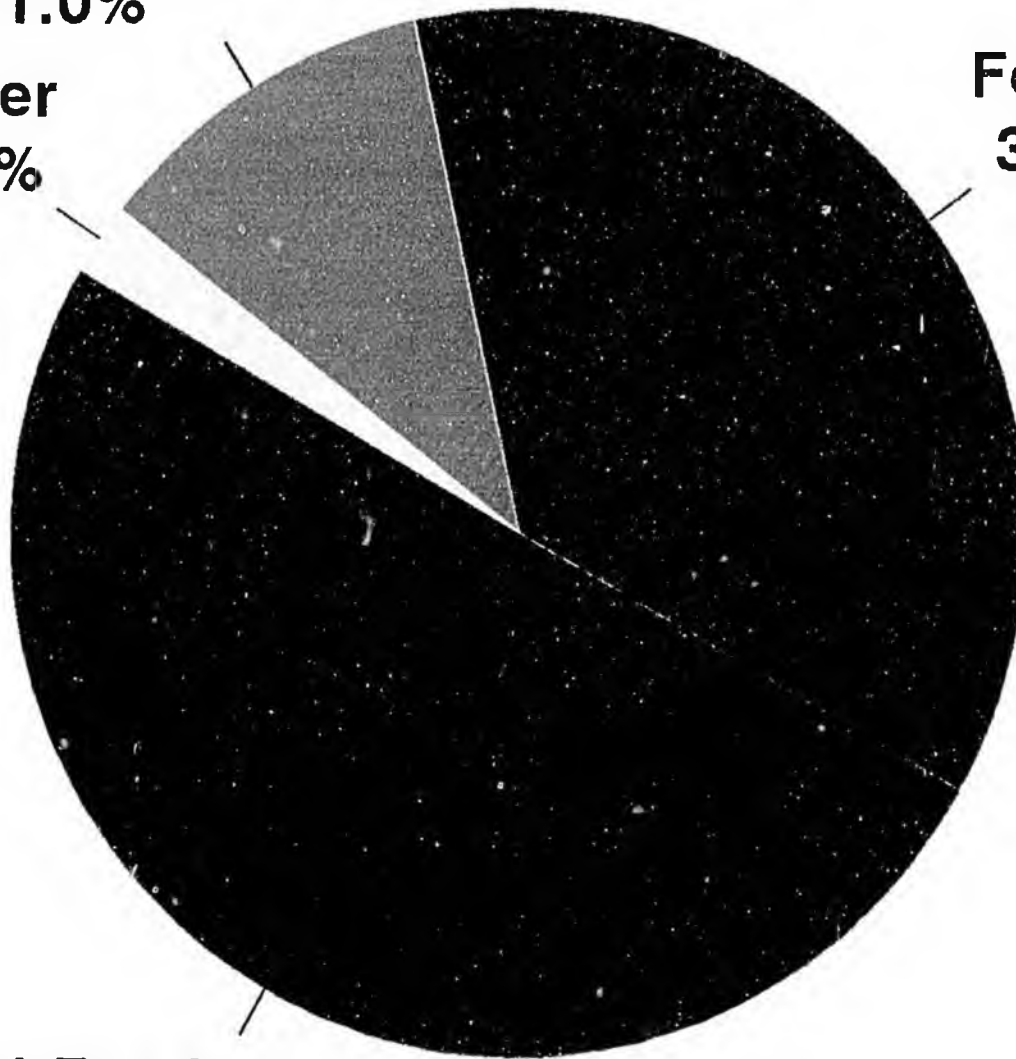
11.0%

Other

2.2%

Federal

36.6%



General Funds *

50.2%

* General Funds include Program Receipts.

Department of Fish and Game

FY93 "General Fund" by Source

Fish & Game Fund

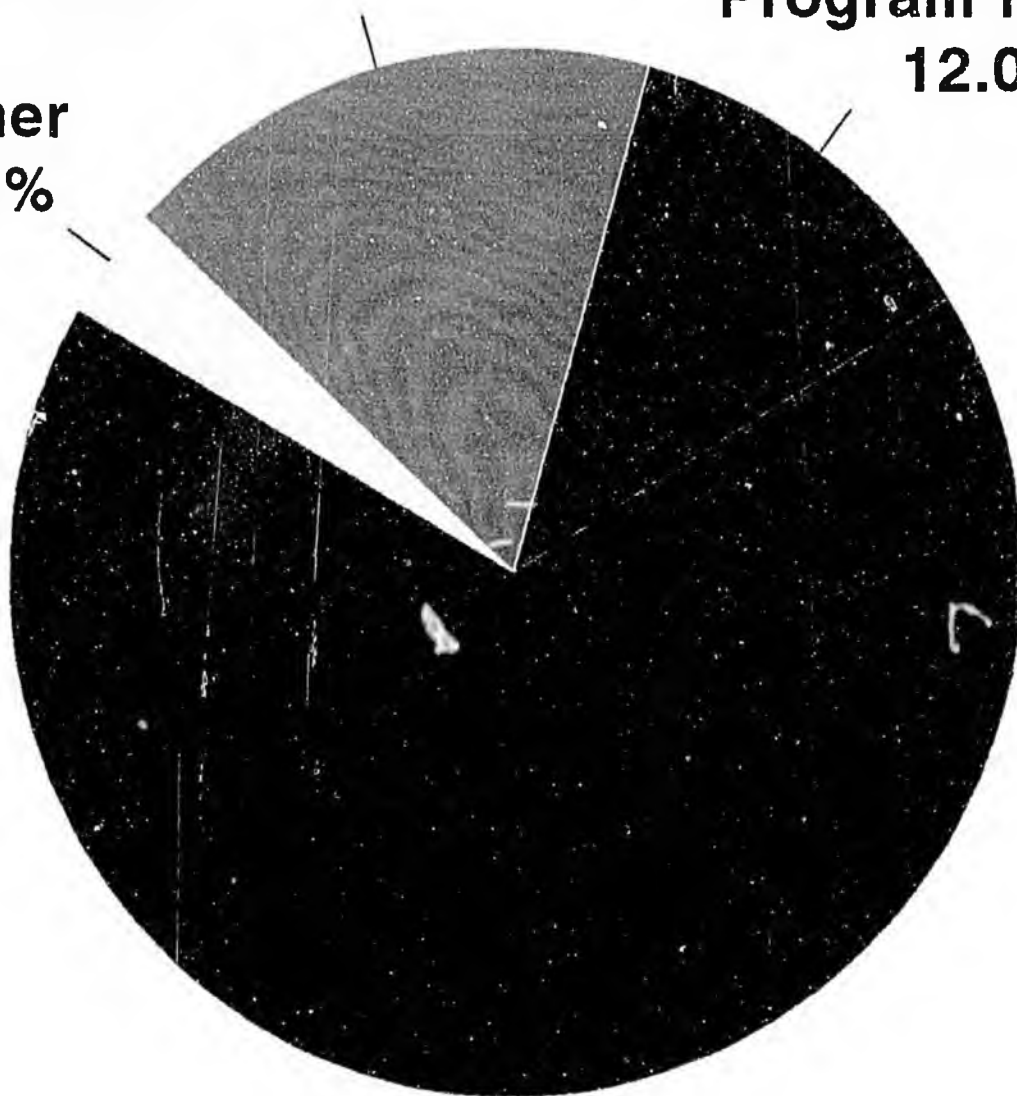
17.4%

Program Receipts

12.0%

Other

3.5%

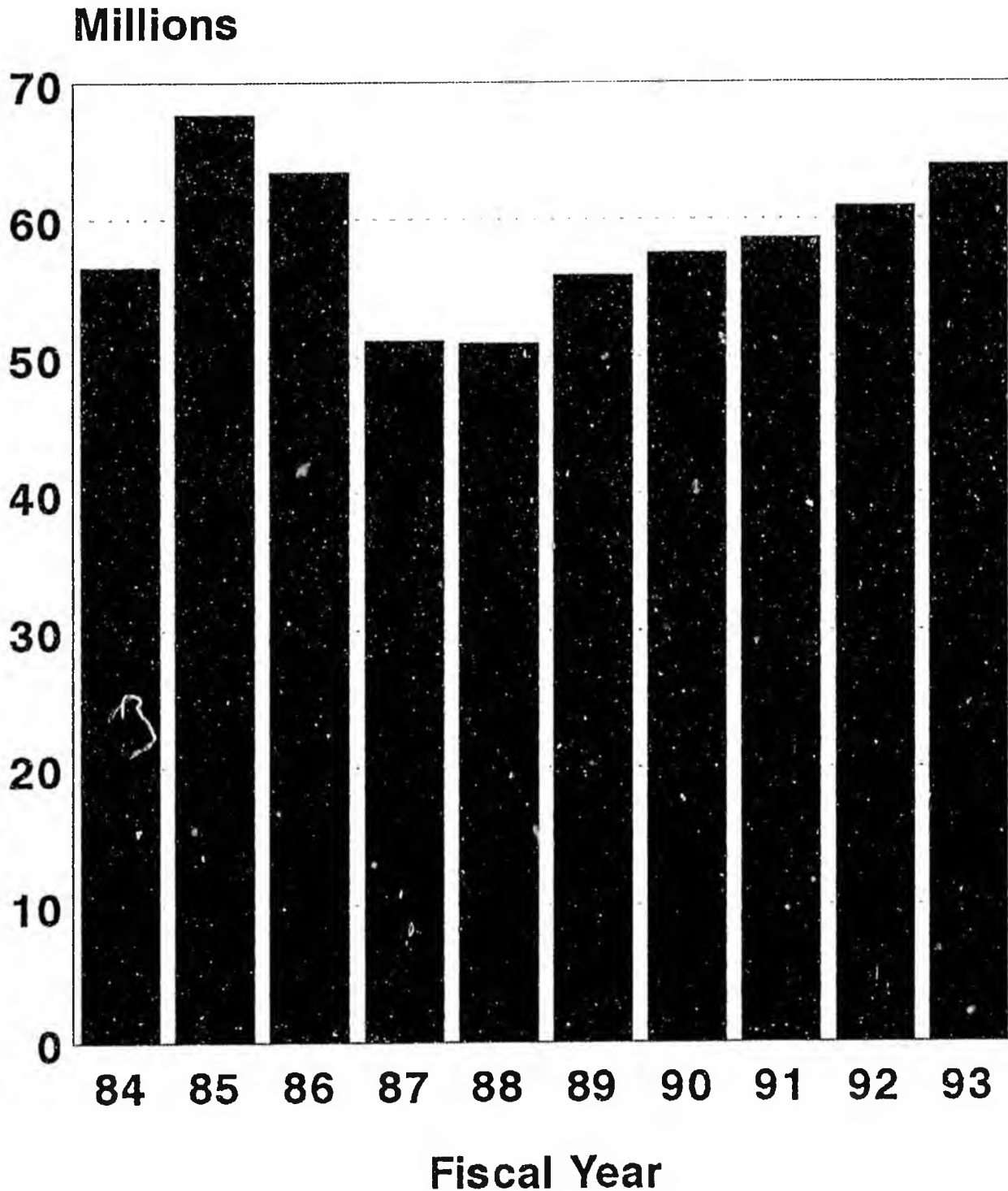


General Fund

67.1%

Department of Fish and Game

General Fund Dollars



General Funds include Program Receipts, Fish and Game Fund, and Other General Funds.

ALASKA DEPARTMENT OF FISH AND GAME

The administration has identified controlling personal services costs, the user pay funding concept, economic diversification, and the institution of federal management efficiencies as the best means of preparing state government for the expected declines in revenue associated with the depletion of the Prudhoe Bay oil field.

The Department of Fish and Game has undertaken an extensive management and budgetary review over the past few months to implement this philosophy in its programmatic and budgetary systems. This review is ongoing, and only partial results of the process are reflected in the FY93 budget submissions. Potential reorganization of certain divisions of the department and resultant savings will be considered and presented as appropriate in those budgets.

The goal of the FY93 operational budget is to provide the same, or an improved, level of resource management, research capability, and technical or public service as previously provided. Within the limits of the overall state budget and through reprogramming efforts some new programs have been initiated. Our budget is also designed to increase or expand revenue sources.

Throughout the Operating budgeting process, the department has placed considerable importance on this administration's priority agenda goals of controlling costs, revenue enhancement, and economic diversification.

GENERAL FUNDS NOT INCLUDING FISH AND GAME FUND MONIES

Division	FY91 Actual	FY92 Authorized	FY93 Request	Increase/ Decrease FY91/FY92	Increase/ Decrease FY91/FY93	Increase Decrease FY92/FY93
Commercial Fish	20705.0	21577.0	22554.4	4.2%	8.9%	4.5%
Sport Fish	0.0	0.0	18.2	0.0%	100.0%	100.0%
FRED	11210.9	11337.5	11732.2	1.1%	4.6%	3.5%
Wildlife Cons.	1998.5	2070.2	2091.9	3.6%	4.2%	0.6%
CFEC	2583.8	2534.6	2793.8	-1.9%	8.1%	10.2%
Commissioner	1150.7	850.7	1000.6	-26.1%	-13.0%	17.6%
PCS	293.8	365.9	365.9	24.5%	24.5%	0.0%
Administration	3630.8	3559.1	3447.5	-2.0%	-5.0%	-3.1%
Facility Maint.	0.0	169.8	0.0	0.0%	0.0%	0.0%
Boards	1378.8	1197.9	1354.6	-13.1%	-1.8%	13.1%
Subsistence	2031.1	1909.9	1925.4	-6.0%	-5.2%	0.8%
Habitat	<u>3339.3</u>	<u>3318.7</u>	<u>3394.9</u>	<u>-0.6%</u>	<u>1.7%</u>	<u>2.3%</u>
Total F&G	48322.7	48891.3	50669.4	1.2%	4.9%	3.6%

NOTE: Total General Fund COLA for FY93 = 868.0
by absorbing COLA effective percentages are

3.1% 1.9%

TOTAL FUNDS

Commercial Fish	24965.2	27306.4	29540.0	9.4%	18.3%	8.2%
Sport Fish	9886.4	11177.9	13008.7	13.1%	31.6%	16.4%
FRED	16313.4	18925.4	25369.1	16.0%	55.5%	34.0%
Wildlife Cons.	11736.0	12413.2	14438.9	5.8%	23.0%	16.3%
CFEC	2593.8	2643.0	2903.6	1.9%	11.9%	9.9%
Commissioner	1214.1	982.1	1133.3	-19.1%	-6.7%	15.4%
PCS	498.1	576.4	576.4	15.7%	15.7%	0.0%
Administration	4165.0	4278.2	4222.0	2.7%	1.4%	-1.3%
Facility Maint.	0.0	192.2	0.0	0.0%	0.0%	0.0%
Boards	1651.7	1602.2	1758.9	-3.0%	6.5%	9.8%
Subsistence	3285.8	2622.7	3483.0	9.9%	46.0%	32.8%
Habitat	<u>4025.7</u>	<u>4431.8</u>	<u>4568.0</u>	<u>10.1%</u>	<u>13.5%</u>	<u>3.1%</u>
Total F&G	79435.2	87151.5	101001.9	9.7%	27.2%	15.9%

NOTE: Total COLA for FY93 = 1446.3
by absorbing COLA effective percentages are

25.3% 14.2%

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OFFICE OF THE COMMISSIONER

A. FUNCTIONS:

1. Statutory basis.

Title 16, 37, 39, 44

2. Duties.

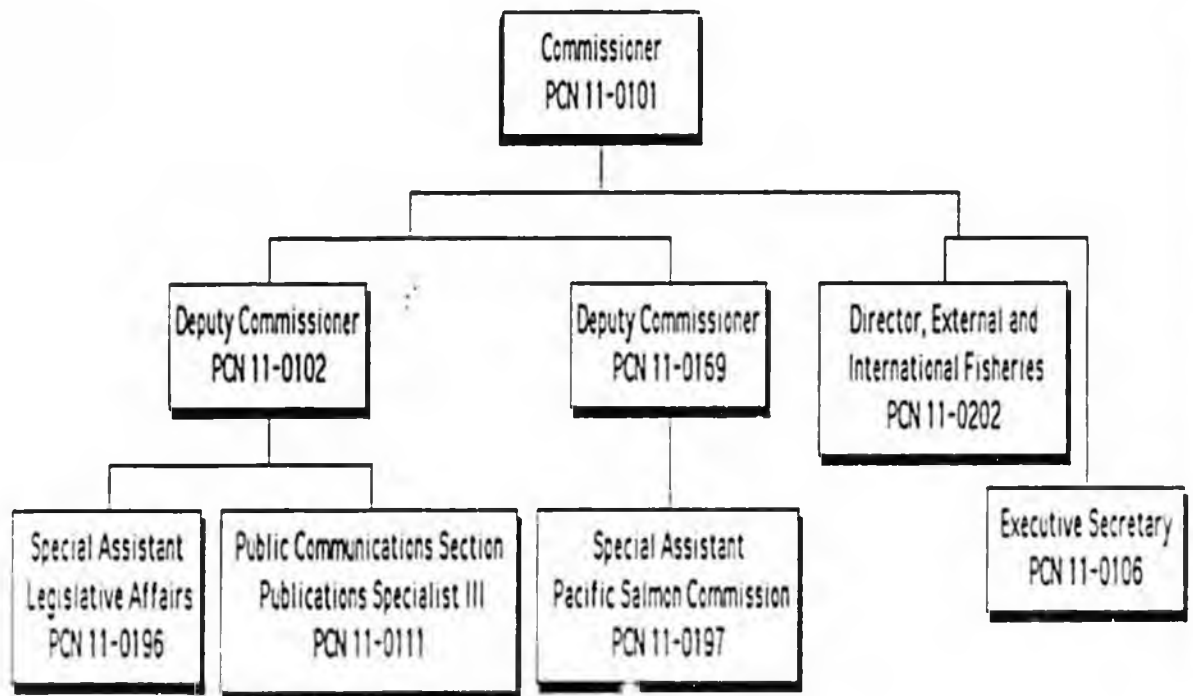
The Office of the Commissioner provides departmental leadership and policy guidance and has full responsibility for the department's mission of managing Alaska's fish and wildlife resources. Included within this component is the department's Office of External and International Fisheries, grants to the Alaska Zoo and the Eskimo Walrus Commission, and funding for representation on the Pacific Marine Fisheries Commission, the Pacific Salmon Commission, and other interstate and international bodies.

3. Staffing and Location.

A chart showing number of staff positions and organization follows.

Location	PFT
Juneau	10*

*This number does not include PCS staff.



3. The Commissioner's Office is taking a lead role in dealing with increasing national and international concerns with the implementation of the Endangered Species act. Strict interpretation of the act may well jeopardize major Alaskan fisheries.
4. Increasing preemptive actions by the federal agencies in Alaska have resulted in the development of new legal and administrative efforts to protect Alaskan jurisdictional authorities.
5. The Commissioner's Office has the major leadership responsibilities to implement the Governor's strategies to bring a major portion of the Alaska bottom fishery processing from offshore to onshore, providing more benefits to Alaskans and year-round quality fishery products.

CORRECTION

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

OFFICE OF THE COMMISSIONER

A. FUNCTIONS:

1. Statutory basis.

Title 16, 37, 39, 44

2. Duties.

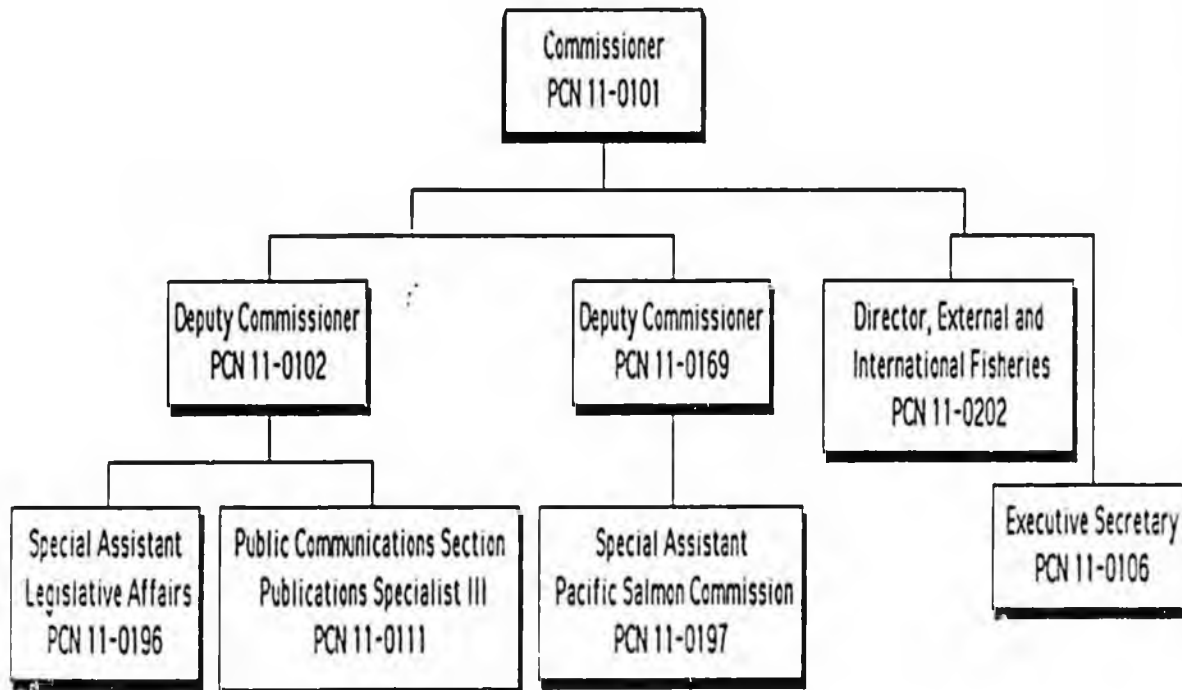
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3. Staffing and Location.

A chart showing number of staff positions and organization follows.

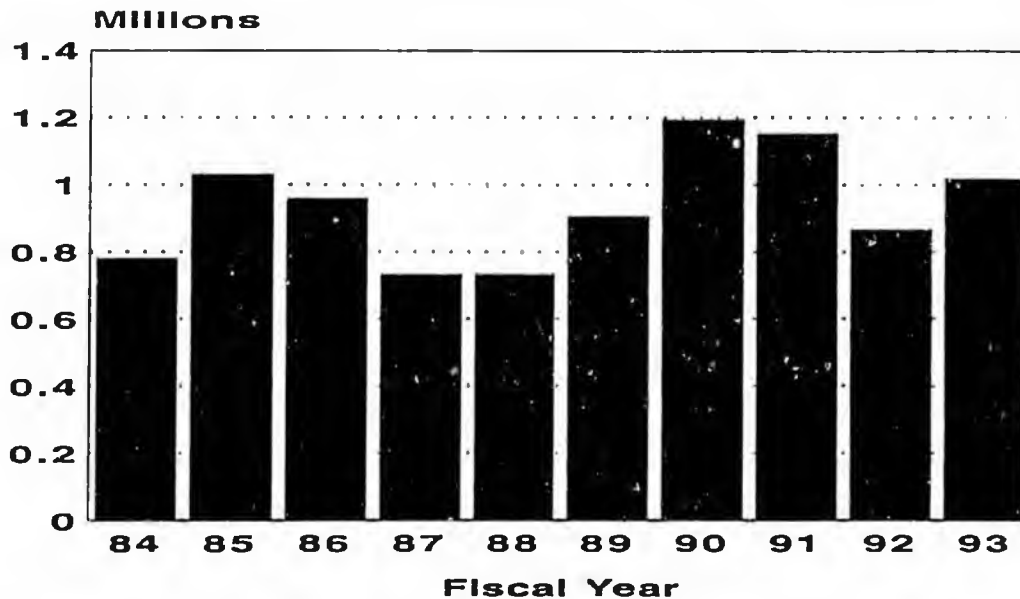
Location	PFT
Juneau	10*

*This number does not include PCS staff.



B. CHANGES TO FY92 BUDGET:

COMMISSIONER'S OFFICE
General Fund Dollars



General Funds Include Program Receipts,
Fish and Game Fund, and Other General Funds.

C. FY93 BUDGET REQUEST:

An additional increment above the FY92 budget has been requested to restore funding for the two deputy commissioner positions in the Commissioner's Office budget.

D. REORGANIZATION PLANS:

No proposed reorganizations at this time.

E. MAJOR ISSUES:

1. Increased emphasis has been placed on the development of a Yukon River treaty with Canada. Negotiations are underway with full participation by the State of Alaska. The major goals are the maintenance and enhancement of the shared resources and the protection of Alaskan interests.
2. Preparations are being made for negotiations of major annexes to the U.S./ Canada treaty affecting southeastern Alaska.

3. The Commissioner's Office is taking a lead role in dealing with increasing national and international concerns with the implementation of the Endangered Species act. Strict interpretation of the act may well jeopardize major Alaskan fisheries.
4. Increasing preemptive actions by the federal agencies in Alaska have resulted in the development of new legal and administrative efforts to protect Alaskan jurisdictional authorities.
5. The Commissioner's Office has the major leadership responsibilities to implement the Governor's strategies to bring a major portion of the Alaska bottom fishery processing from offshore to onshore, providing more benefits to Alaskans and year-round quality fishery products.

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PUBLIC COMMUNICATIONS SECTION

A. DIVISION FUNCTIONS:

1. **Statutory basis.**
Title 16

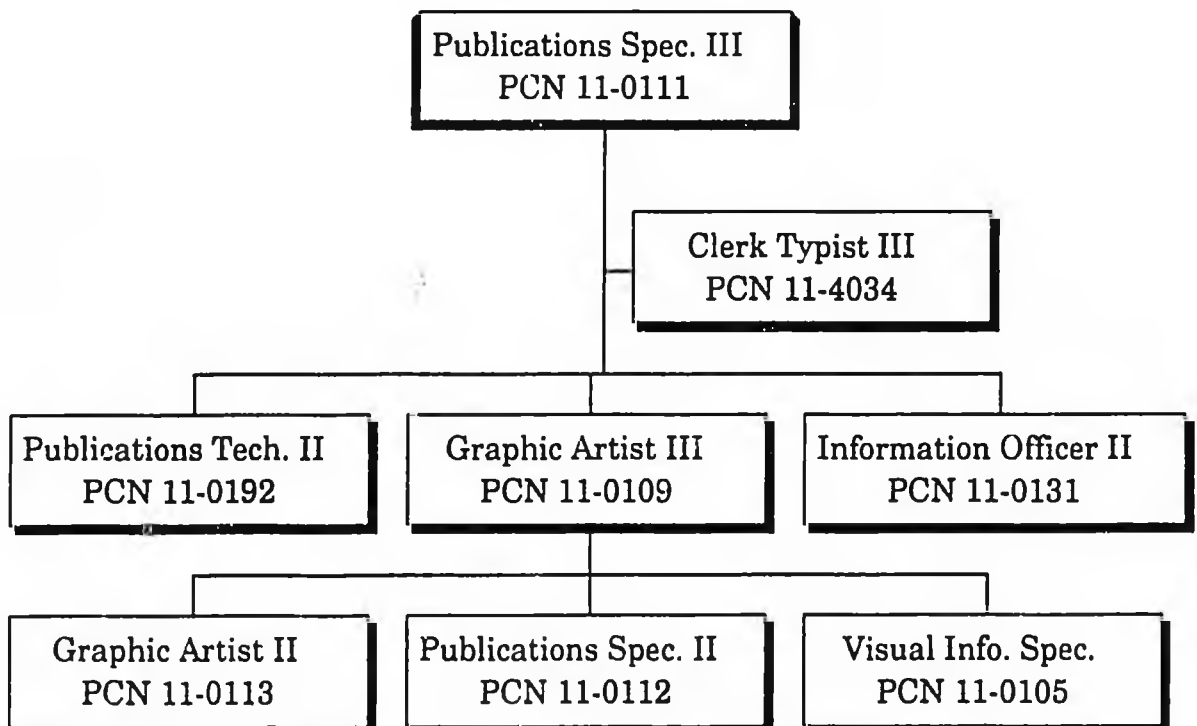
2. **Duties**

The Public Communications Section component (PCS) informs and educates the general public to improve the general level of understanding and acceptance of the department's regulations, policies, and activities. PCS produces the department's regulation booklets, publishes the *Alaska's Wildlife* magazine six times a year, and answers general inquiries from the public.

3. **Staffing and locations.**

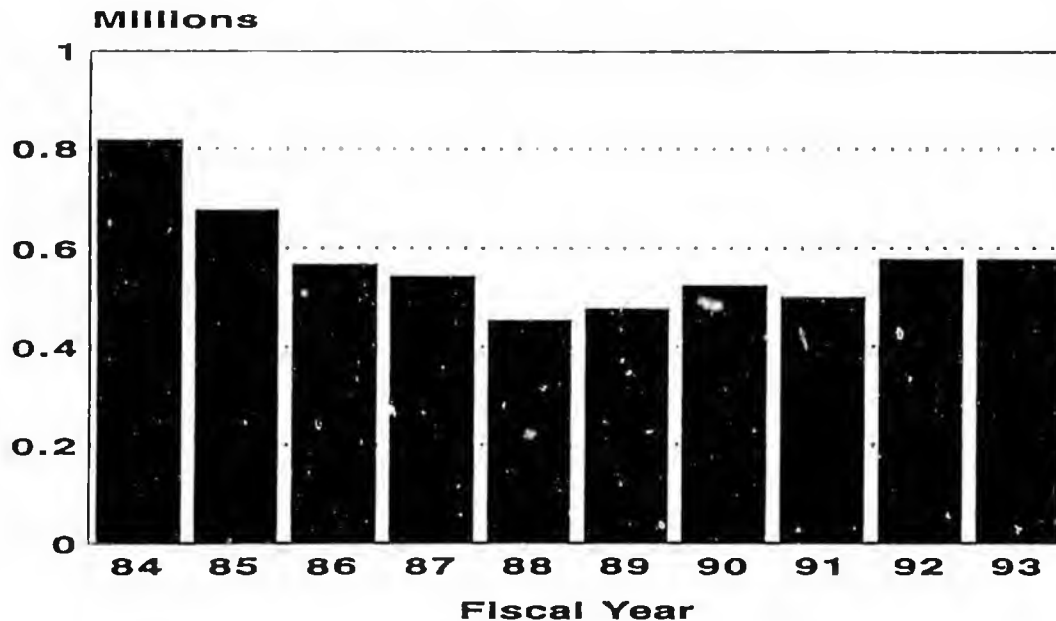
An organizational chart showing structure and number of full-time and seasonal staff follows.

Location	PFT	PPT
Juneau	6	2



B. CHANGES TO FY92 BUDGET:

PUBLIC COMMUNICATIONS SECTION
General Fund Dollars



General Funds Include Program Receipts, Fish and Game Fund, and Other General Funds.

An existing publications technician was transferred from the Division of Boards of Fisheries and Game to PCS, where the position has in fact been historically housed and supervised. The incumbent works on development of regulation books for the regulations promulgated by the boards. Reduced travel has lessened considerably the coverage of the Boards of Fisheries and Game meetings, and reduced production capabilities have limited development and issuance of special publications.

C. FY93 BUDGET REQUEST:

No significant changes in the Public Communications Section are contemplated in FY93. Continuing effort will be made in FY93 to increase the level of program receipts relating to magazine subscriptions and other publication sales to the public. Additional options for program direction and marketing, and potentially for increased program receipts from users, will be pursued. The FY93 request represents a basic continuation budget from FY92, with the effect of increased personal services costs and inflationary costs in other line items absorbed by increased personnel vacancy factor (difficult to achieve in a small section) and production efficiencies.

D. REORGANIZATION PLANS:

No proposed reorganization plans at this time.

E. MAJOR ISSUES:

Publication of Fish and Game's *Alaska's Wildlife* magazine.

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DIVISION OF ADMINISTRATION

A. DIVISION FUNCTIONS:

1. **Statutory basis.**

Titles 16, 37, 39, and 44

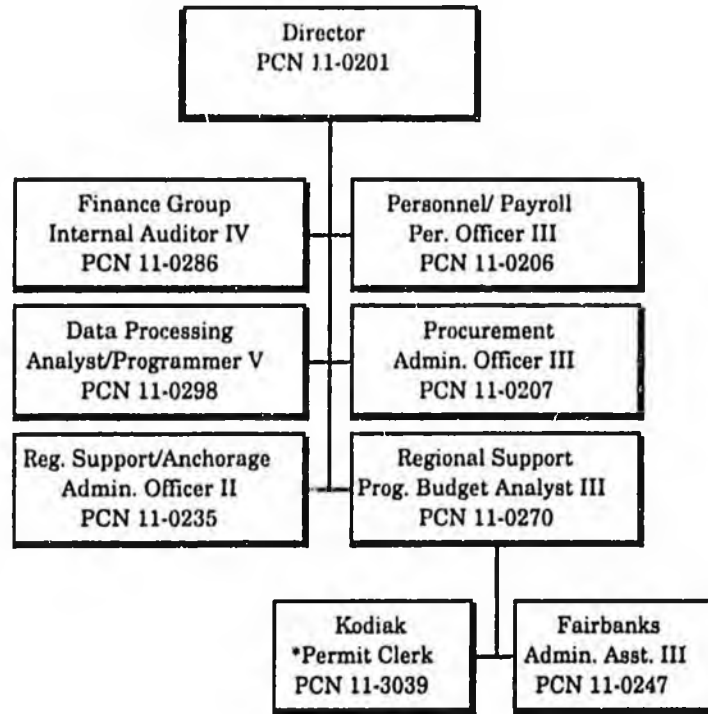
2. **Duties.**

The Division of Administration provides administrative management support services to help the department accomplish its goals and objectives in an efficient, cost effective, and accountable manner. To meet this goal the division offers support services in budgeting, fiscal management, accounting, contracting, leasing, reimbursable services agreements, federal billing, supply, purchasing, property control, personnel management, payroll, and labor contract administration. The responsibility for the fish and game licensing system, and administrative support for the OSIAR Division, is also placed with the Division of Administration. The division is organized into five primary sections (Finance/Licensing, Personnel/Payroll, Procurement/Contracting, Data Processing and Director's Office), and has four regional offices.

3. **Staffing and locations.**

An organization chart showing structure to the regional level and number of full-time and seasonal staff follows.

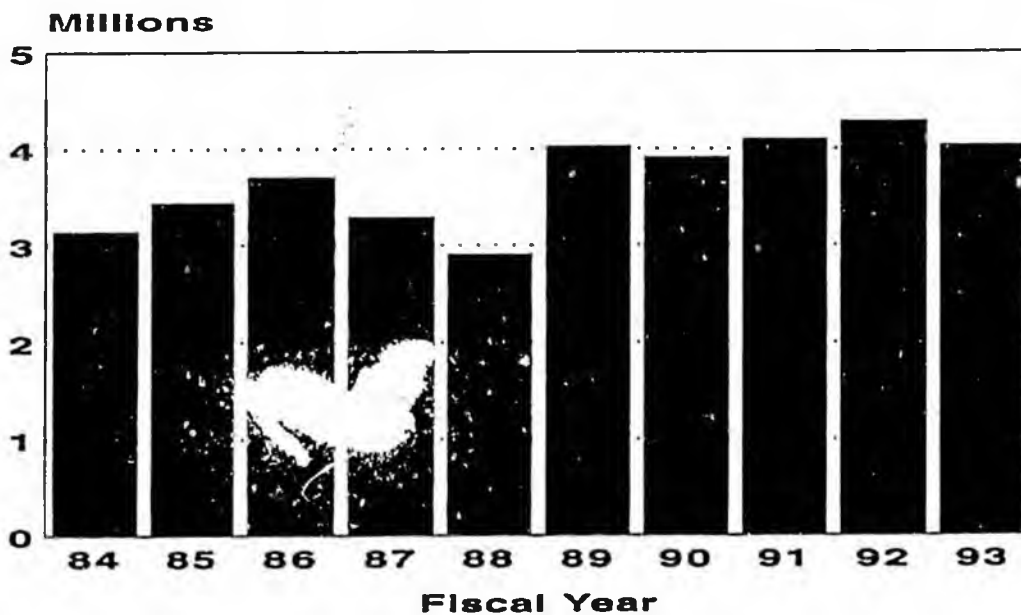
Location	PFT	PSEA	NP
Juneau	50	1	12
Anchorage	7		
Fairbanks	4		1
Kodiak	<u>2</u>	<u> </u>	<u> </u>
	63	1	13



*CFEC PCN funded 50% by Administration

B. CHANGES TO FY92 BUDGET:

DIVISION OF ADMINISTRATION
General Fund Dollars



General Funds Include Program Receipts,
Fish and Game Fund, and Other General Funds.

The level of services provided by the Douglas Regional Office was considerably reduced for FY92, resulting in transfer of some functions to headquarters and the delegation of remaining functions to other divisions in Douglas. In personal services, the Deputy Director and a Clerk Typist position were eliminated from the Director's office.

C. FY93 BUDGET REQUEST:

1. Projects/programs deleted or reduced

The Division of Administration will be eliminating the direct sales of fish and game licenses in the Juneau headquarters and Anchorage/Kodiak/Fairbanks regional offices. Numerous private license vendors are available in those cities for license sales. The reduction of this service results in the deletion of the equivalent of five full-time positions in the Division of Administration for FY93. The reduction of positions in the Kodiak Regional Office will result in reorganization of that office, and transfer of some functions to the existing Anchorage Regional Office staff of the Division of Administration. Also, in FY93 the division will necessarily maintain an exceptionally high, and perhaps unrealistic, vacancy percentage for personal services.

2. No new or expanded projects/programs.

3. No capital items.

D. PLANNED REORGANIZATIONS:

There are no planned reorganizations at this time for FY93, other than reassignment of certain functions relating to the Kodiak Regional Office. Should organizational, program, or funding changes in the OSIAR Division occur in FY93, some reorganization of the Division of Administration may result due to the level of funding currently provided to Administration for the purpose of administrative support to OSIAR.

E. MAJOR ISSUES:

The ability, under the considerably reduced General Fund level for FY93, for the division to provide adequate management support to the Commissioner and the department in meeting goals and objectives is of concern. Future reductions in General Fund support for the Division of Administration may result in the further reorganization or closure of the Douglas and Kodiak regional offices of the division.

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DIVISION OF BOARDS

A. DIVISION FUNCTIONS:

1. **Statutory basis.**

Title 16.05, 220-255, 260 and Public Law 96-487

2. **Duties.**

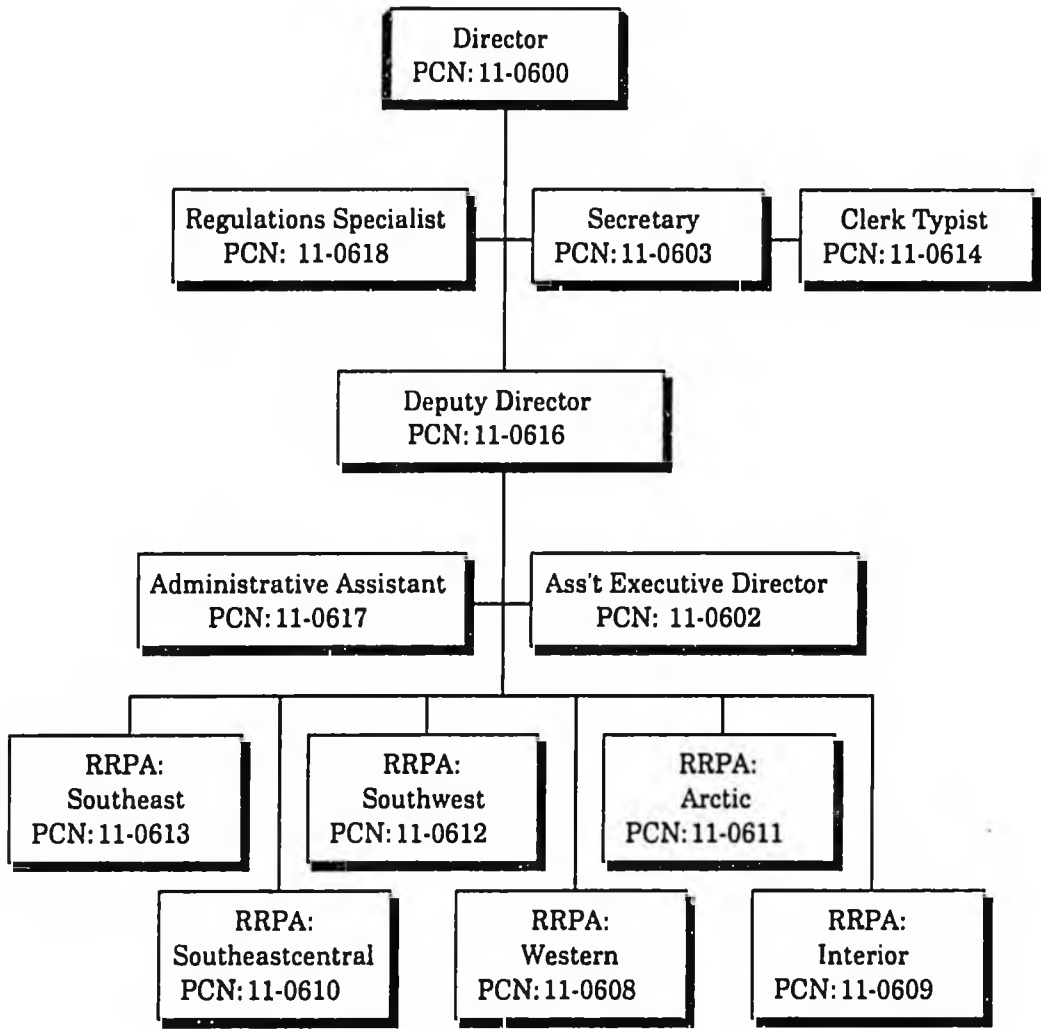
The Board of Fisheries, the Board of Game, and the Joint Boards of Fisheries and Game promulgate regulations for the conservation, development, and utilization of Alaska's fish and wildlife resources - or more simply, allocate the allowable harvest of fish and wildlife resources. The Division of Boards provides support for the boards and this regulatory process. This includes staff support to the boards, 80 local advisory committees and six regional councils. At least three times annually the division of boards publishes a Call for Proposed Changes to the regulations which results in as many as 1,000 proposals for changes. These changes are deliberated upon, as required under the Administrative Procedure Act, in public hearings which during FY92 were scheduled for approximately 100 days. Resulting changes are codified and published in 21 regulation books. Regional Coordinators are located in Bethel, Fairbanks, Juneau, Anchorage, Kotzebue, and Dillingham.

3. **Staffing and locations.**

Location	PFT	PSEA	Location	PFT	PSEA
Juneau	7		Juneau/Reg	*2	
Anchorage	*2		Fairbanks	*2	
Bethel	*1	1	Dillingham	<u>*1</u>	<u>1</u>
Kotzebue		<u>*2</u>		5	1
	<u>10</u>	3			

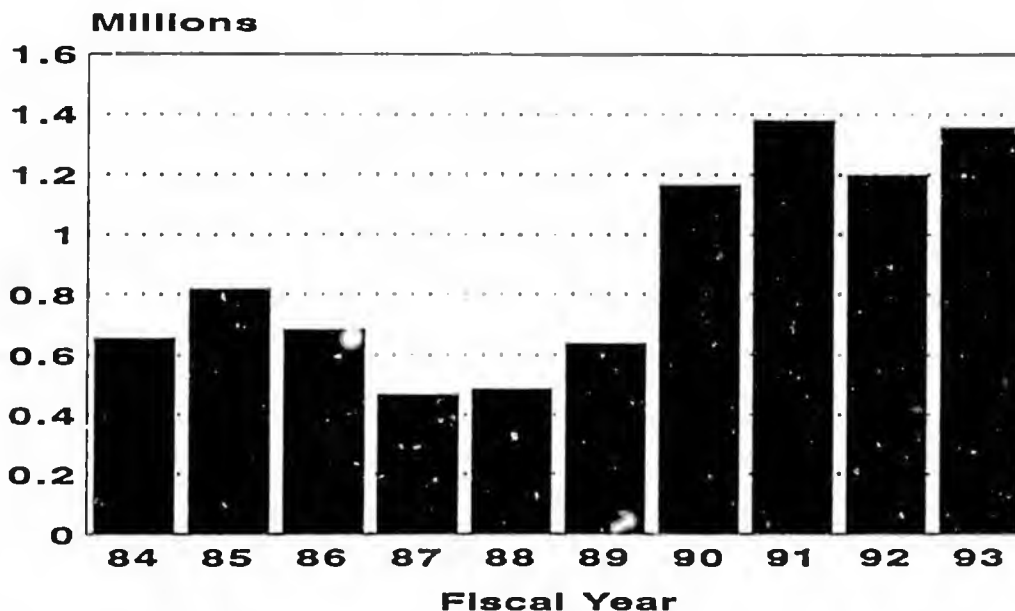
*6 Clerical positions are shared with other divisions and some are counted in other division's totals.

RRPA=Regional Regulatory Program Assistant



B. CHANGES TO FY92 BUDGET:

DIVISION OF BOARDS
General Fund Dollars



**General Funds Include Program Receipts,
Fish and Game Fund, and Other General Funds.**

The absorption of increased cost due to general inflation and increased board activity relating to the subsistence issue reduces the division approximately \$44.0 in providing last year's program this year. To accomplish these savings the division instituted the following reductions:

1. Advisory Committees were reduced from three meetings annually to two meetings annually.
2. Regional Councils were reduced from two meetings annually to one meeting annually.
3. The Board of Fisheries was reduced by eight meeting days.
4. There are no Joint Board meetings scheduled for FY92.

C. FY93 REQUEST:

In addition to maintaining the reductions shown above in FY92, there are two additional reduction areas for FY93:

1. It is anticipated that federal funding shortfalls in FY93 may result in reduction of clerical support by 50 percent.
2. Board meeting time will be cut by an additional three to five days. Another three to six days will need to be removed from either the Board of Fisheries or the Board of Game to allow for the Joint Board to meet.

D. REORGANIZATION PLANS:

There are presently no plans to reorganize the Division of Boards. Board staff consists of ten full-time positions, three seasonal positions, and six shared clerical positions.

E. MAJOR ISSUES:

The uncertain status of receipt of funding from the federal government severely jeopardizes the validity of this FY93 budget submission. Negotiations with the federal government continue at this time for determination of funding levels, but until such time as the final federal regulations for subsistence management of fish and game on public lands is determined and a decision is made on whether the Federal Subsistence Board will rely on the state-created advisory committee/regional council system or create its own, it is not possible to predict the level of future funding. Even at this late date, we are uncertain of the level of funding that will be available during FY92. The division could well be in a situation where supplemental funding is required in FY92 and either additional general funds in FY93 or a complete overhaul of the current system.

The Division of Boards has been considerably impacted in the past by the ongoing controversy surrounding the subsistence issue. Depending on what happens with the Governor's proposal on subsistence, the boards could once again be looking at emergency or special board meetings to deal with subsistence. This could create the need for considerable commitment of staff time and the need for supplemental funding.

DIVISION OF COMMERCIAL FISHERIES

A. DIVISION FUNCTIONS:

1. **Statutory basis.**

Title 16, primarily in chapters 5 and 10

2. **Duties.**

The division is responsible for the management of the state's commercial, subsistence, and personal use fisheries. It also plays a major role in management of fisheries in the 200 mile Exclusive Economic Zone and in international fisheries negotiations.

3. **Staffing and locations.**

The division is organized into a headquarters office located in Juneau and four regional offices. The regions and their geographic areas of responsibility are as follows:

Southeastern: the waters of the southeastern archipelago and eastern Gulf of Alaska from Dixon Entrance to Cape Suckling.

Central: the waters of Prince William Sound, Cook Inlet, and Bristol Bay.

Westward: the waters of the western Gulf of Alaska and southern Bering Sea, including the Kodiak, Chignik, Alaska Peninsula, and Aleutian Islands areas.

Arctic-Yukon-Kuskokwim: northern Bering Sea waters and river drainages north of Cape Newenham.

The following is an organizational chart showing key headquarters and region staff.

Southeastern Region & Headquarters

Location	PFT	PPT
Juneau Hq.	31	3
Douglas Reg.	37	27
Douglas Area	4	14
Craig	0	5
Haines	1	13
Hoonah	0	1
Hyder	0	1
Ketchikan	6	29
Klawock	0	1
Pelican	0	1
Petersburg	10	18
Port Alexander	0	1
Sitka	8	17
Snettisham	0	2
Wrangell	1	4
Yakutat	<u>1</u>	<u>8</u>
	99	145

Central Region

Location	PFT	PPT
Anchorage Reg	17	7
Cordova	10	23
Dillingham	5	30
Galena	0	0
Homer	7	8
King Salmon	2	28
Soldotna	6	34
Tutka Lagoon	<u>0</u>	<u>1</u>
Central total	47	131

Arctic-Yukon-Kuskokwim Region

Location	PFT	PPT
Anchorage	18	9
Anvik	0	2
Bethel	5	24
Emmonak	0	10
Fairbanks	4	12
Kotzebue	1	7
Nome	3	11
Saint Mary's	<u>0</u>	<u>23</u>
AYK totals	31	98

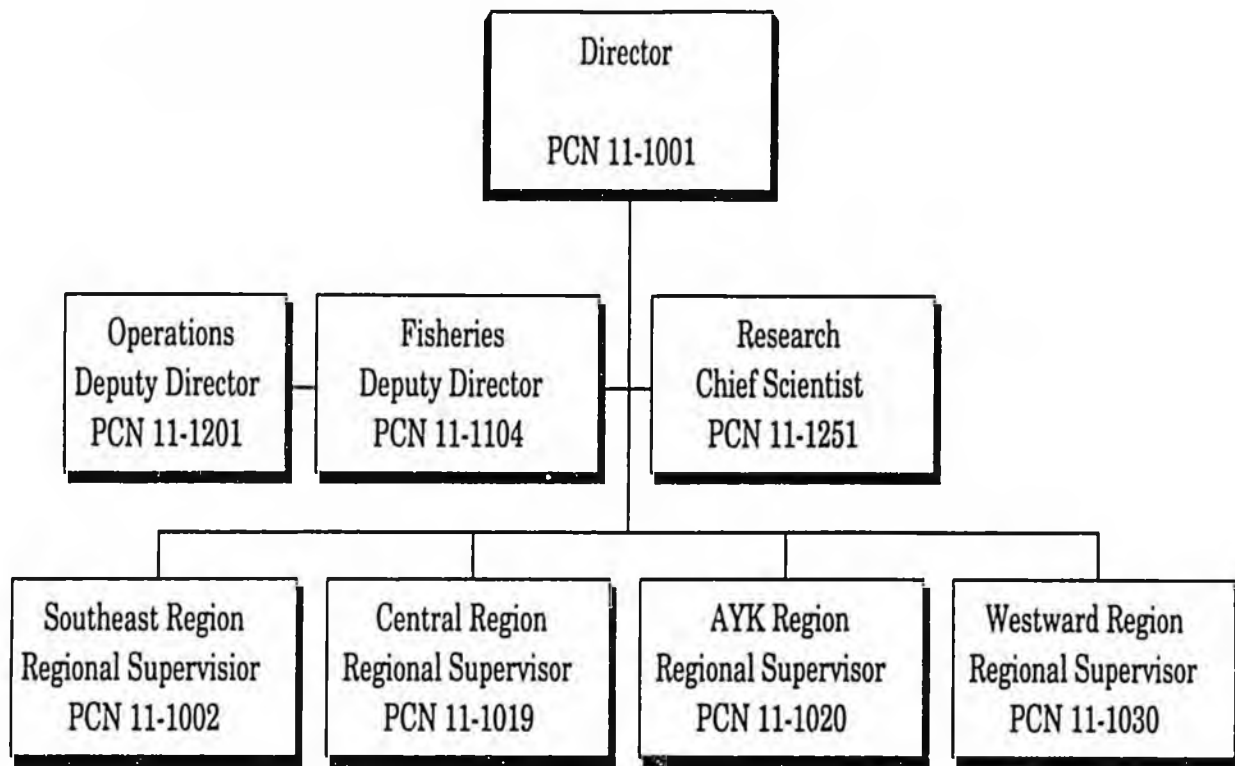
Westward Region

Location	PFT	PPT
Kodiak	31	58
Belkofsky	0	1
Chignik	1	8
Cold Bay	0	4
Dutch Harbor	4	9
King Cove	0	4
Bear River	0	2
Sand Point	1	7
Port Moller	<u>0</u>	<u>3</u>
Westward totals	37	96

Division Totals

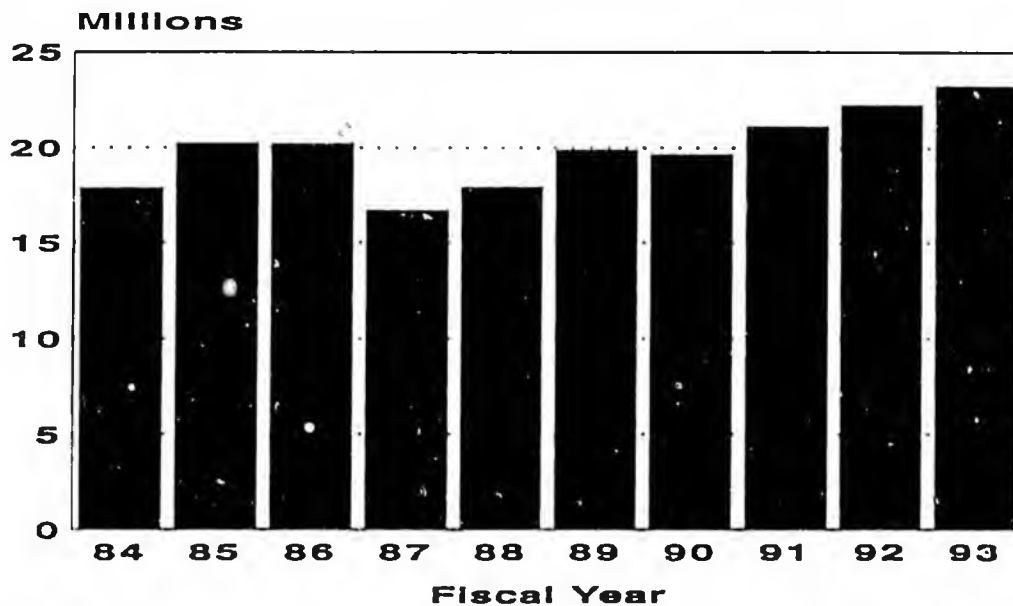
Comm Fish	180	338
Special Projects	<u>34</u>	<u>132</u>
Division totals	214	470

The above organizational chart shows key headquarters and regional staff, as well as office staffing levels. Note that temporary positions are included with permanent part time (PPT) positions in the above table.



B. CHANGES TO FY 92 BUDGET:

DIVISION OF COMMERCIAL FISHERIES
General Fund Dollars



General Funds Include Program Receipts,
Fish and Game Fund, and Other General Funds.

The division has not made any substantive changes between the way the FY92 budget was authorized and the way it is being spent. The division was required to reduce its General Fund service level by about \$1.7 million below that provided in FY91.

C. FY93 BUDGET REQUEST:

1. Project/programs deleted or reduced

The FY93 Governor's budget request will allow the division to continue the level of services it provided in FY92. Those programs and projects that are being operated during FY92 will be operated again in FY93.

2. New or expanded projects/programs

The Governor's FY93 budget request contains funding for a number of new or expanded projects.

Bering Sea/Aleutians Crab \$141.5
Biological information on crab landed at shoreside processing facilities will be collected, and quality of similar information collected at sea will be improved. Such information is critical to the setting of preseason harvest levels and ensuring that the allowable harvest is not exceeded.

Kuskokwim Herring \$42.5
Herring returning to the five Kuskokwim area herring fisheries will be sampled for biological information. The local herring stocks are currently experiencing a decline in recruitment. It is imperative that the Kuskokwim herring program be improved to ensure that the stocks are not overharvested and that the stocks be rebuilt.

Prince of Wales Island Herring Pound Fishery \$44.8
During its winter 1990/1991 meeting, the Board of Fisheries established a herring roe-on-kelp in pounds fishery that will take place in the waters off Prince of Wales Island. This increment will provide the funds needed to manage that fishery, which has a potential exvessel value of \$1.2 million.

Norton Sound Crab Fishery \$22.5
This increment will provide the funds needed to reopen the Norton Sound summer red king crab fishery. The last time the fishery was open, about \$580 thousand worth of crab were harvested.

U.S./Canada Pacific Salmon Treaty \$884.2
This increment provides increased federal funds for a number of U.S./Canada Pacific Salmon Treaty activities such as assessment of wild chinook stocks in

southeastern Alaska, estimates of the contribution of British Columbia stock to the southeastern Alaska fisheries, identification of Yukon River stocks, improved escapement estimations for Yukon River stocks, and improved information on subsistence salmon uses along the Yukon River.

D. REORGANIZATION PLANS:

The division is not contemplating any major reorganization during FY93. However, the division will be investigating ways to utilize position vacancies to solve high priority programmatic needs.

E. MAJOR ISSUES:

The following are several major issues that confront the state's commercial, subsistence, and personal use fishery management programs for FY93 and beyond.

Vessel Maintenance

The division has five large research and support vessels, with a total replacement value in excess of \$10 million, that require regular maintenance and periodic overhaul. These vessels are integral to a variety of finfish, shellfish, and groundfish stock assessment programs, as well as providing platforms for inseason management of several specific fisheries. Maintenance must be provided to protect this capital investment and to ensure safety and efficiency of the vessel support program. In addition, one of the vessels, the R/V *Steller*, has recently been found to be unstable to the degree that it has been pulled out of service. It will most likely have to be eventually replaced with a new vessel. In the meantime, vessel contracting will have to be employed.

Groundfish Management

Federal and cooperative management of groundfish in the Exclusive Economic Zone (EEZ) off Alaska (3-200 miles) is quickly becoming so complicated that the state is losing the ability to protect its legitimate interests. Allocation of allowable harvests and limitation of impacts on state-managed resources are issues of great import to Alaska residents, yet these concerns are not adequately addressed with current fiscal resources.

Genetic Stock Identification

Ascribing harvests of mixed-stock fisheries to stock of origin is fundamental to the protection and optimal exploitation of distinct reproductive populations; such stock ID work is also increasingly important in allocation, bycatch, and interception disputes. Although existing stock ID methods have shown general patterns, new and more reliable techniques (such as use of genetic markers) will be necessary to adequately address the detailed questions being asked.

Developing Fisheries

In recent years there has been a growth in exploitation of previously underutilized species such as sea cucumbers, sea urchins, and clams. These growing industries, however, are exploiting stocks not normally assessed or managed by the division. In order to best take advantage of these development opportunities, more assessment and management planning will be required.

Bering Sea Herring

Western Alaska herring stocks support locally important commercial and subsistence fisheries, yet some of the stocks themselves are showing signs of decline. Existing rudimentary aerial survey techniques may not be sufficient to assure adequate protection, and certainly will not provide for optimal utilization, of these distant fishery resources.

Pink Salmon Quality

As exemplified in 1991, it would be desirable for management of commercial fisheries to account not only for spawning escapement and harvest of optimum numbers, but also assist the industry in harvesting fish of high quality. Pink salmon harvested some distance away from their natal streams can be of higher quality than those harvested in terminal areas. But such distant harvests present real risks of overexploiting some stocks in mixed-stock fisheries. Studies to distinguish separate stocks at distances from spawning streams, combined with marketability analyses for quality, will be necessary to achieve an optimum balance.

Shellfish Stock Assessment

Almost all of the king, Tanner, and Dungeness, as well as other shellfish, stocks in Alaska are managed on very rudimentary information about stock status, reproductive potential, and optimum exploitation rate. This has resulted in very conservative management in many areas and has allowed for some boom and bust cycles in the past. Given lower prices for salmon in recent years, shellfish fisheries hold substantial potential for increased income and revenue, but such expansion will require significant increases in assessment information and management precision.

U.S./Canada and Southeast Salmon

Currently much of the salmon management and research program in Southeast Alaska relies upon federal funding pursuant to the Pacific Salmon Treaty and ongoing U.S./Canada negotiations. If any substantial portion of those federal funds were lost, either through competition with other participants in the treaty process, lack of annual Congressional appropriation, or other circumstances, then the Southeast salmon program would be at risk. The challenge will be to wean core management from and research projects off this federal funding and to secure stable state funding to ensure an adequate program.

DIVISION OF FISHERIES REHABILITATION, ENHANCEMENT AND DEVELOPMENT (FRED)

A. DIVISION FUNCTIONS:

1. Statutory Basis

AS 16.05.092; AS 16.10.380; AS 16.10.440; AS 16.10.443; AS 16.10.375;
AS 16.05.092; AS 16.40.150; AS 16. 40.105

2. Duties

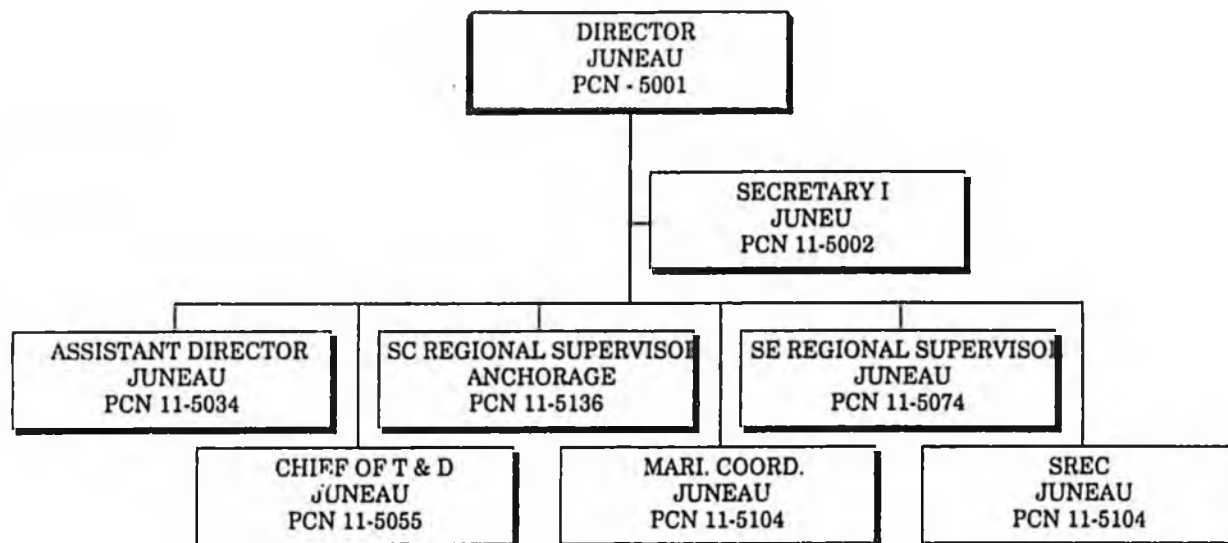
The primary mission of the FRED Division is to sustain and enhance Alaskan fisheries through the development and application of technologies in supplemental production and natural stock rehabilitation. The division operates five laboratories that serve the Alaska Department of Fish and Game (ADF&G) and other state, federal, and private agencies. The Fish Pathology Section has two laboratories, one in Anchorage and another in Juneau, to provide diagnostic services and brood stock evaluations for state, federal, and PNP programs. The Limnology Section provides technical supervision of all lake enrichment projects, and the Limnology Laboratory in Soldotna conducts analyses for the nutrient content of water, zooplankton, and in-lake fish populations sampled for lake productivity studies. The Coded-Wire Tag Processing Laboratory in Juneau decodes metal tags implanted in fish, and supplies resultant information for hatchery and natural stock evaluation and harvest management of chinook salmon in concert with the U.S./Canada Pacific Salmon Treaty. The Genetics Laboratory in Anchorage has an active program designed to protect Alaskan fish stocks and to provide new tools, such as stock identification, for fishery enhancement.

3. Staffing and Locations

An organizational chart showing structure to the regional level and number of full-time and seasonal staff follows.

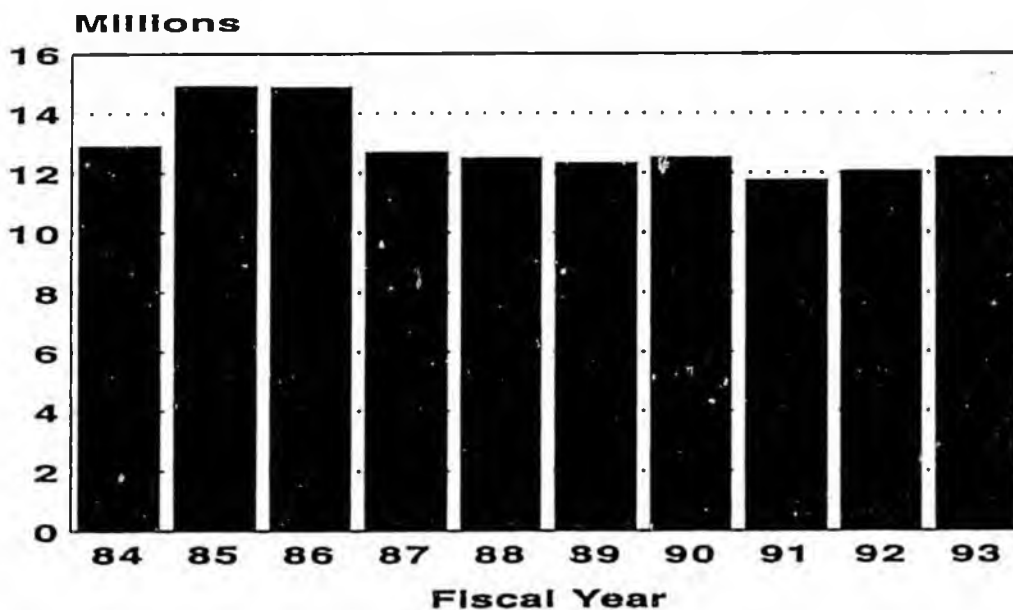
Location	PFT	PSEA	Location	PFT	PSEA
Anchorage	20	3	Ketchikan	8	5
Big Lake	2	7	Kitoi Bay	4	10
Clear	3	2	Klawock	7	4
Cordova	1	1	Kodiak	1	4
Crooked Creek	2	3	Kotzebue	3	7
Crystal Lake	5	3	Little Port Walter	1	2
Elmendorf	5	1			
Ft. Richardson	10	6	Nome	1	1
Glennallen	1	5	Petersburg	1	5
Homer	1	8	Russel Creek	2	10
Juneau	43	25	Snettisham	3	6
			Soldotna	4	7
Totals	PFT=128	PSEA=132			

FRED



B. CHANGES TO THE FY92 BUDGET:

DIVISION OF FRED
General Fund Dollars



General Funds Include Program Receipts, Fish and Game Fund, and Other General Funds.

In FY91, a one-year supplemental was obtained for the operation of the Main Bay and Tutka Hatcheries. Long-term contracts for operation of these two facilities

by local aquaculture associations were obtained in FY92. Although funding was lost in FY91 for various hatcheries and hatchery programs, the FRED Division was able to continue these projects through program receipts (monies received from aquaculture associations) and approved revised program requests. The revised programs were approved again in FY92 to operate the Gulkana, Pillar Creek, and Kitoi Bay Hatcheries. In FY93, funds will be brought back into the division's base in the form of a program receipt increment in the amount of \$813.1.

The FY92 General Fund budget request was reduced by \$294.4, resulting from a 10 percent loss of travel and a 2 percent loss of personal services funds, as well as a further reduction of personal services funds for mid-level management funding in the amount of \$127.4. In addition, \$903.1 in program add-ons that were approved by the Legislature in 1991 were vetoed.

C. FY93 BUDGET REQUEST:

1. Project/Programs Deleted or Reduced

Overall, the FRED Division's FY93 operating appropriation has been reduced by 7.5% in general funds and 8.6% in federal funds. Reductions in general funds (\$776.6) included the FY92 operating funds for the Tutka Hatchery. The budget was also reduced \$213.2 in anadromous fish federal funding left unfunded by Congress. As a result no operating funds have been identified for the Big Lake and Deer Mountain Hatcheries.

2. New or Expanded Projects/Programs

The FRED Division's continuing vision for the 1990s includes a king crab rehabilitation project, expansion of the mariculture program, and expansion of the Coded-Wire Tag Processing Laboratory to include otolith mark evaluation to benefit various user groups, stimulate economic development, and implement a user pays funding mechanism once these programs are developed. These programs were not funded in the operational budget; however, remaining in the divisional request is the expanded planning and development request to further the statewide comprehensive salmon plans and to develop regional salmon plans for the Norton Sound and Kotzebue Regions.

D. MAJOR ISSUES:

1. Enhancement as an Active Management Tool

Fisheries enhancement, in the broad sense of the word, includes all of the functions normally associated with FRED Division programs: rehabilitation to restore fish stocks to former levels; enhancement (in the narrow sense) to add production to a fish stock to raise it above its former levels; and development to initiate a new run where one has never existed. Most people know and

understand the various functions. What seems to elude many is the fact that enhancement is truly an active management tool.

When it first became apparent that successful enhancement might alter traditional management programs, insightful people began to develop deliberate strategies using enhancement as a management tool. Using hatcheries, limnology/biology, genetics, and pathology, the FRED Division provides fish to users in locations where they were never previously available. This acts as a management tool by (1) providing fish when natural production is low, (2) taking pressure off wild stocks by moving some of the user effort to other areas, and (3) providing population estimates and migration patterns and timing through the use of fish marking. In fact, the preponderance of information on stock movements has been accumulated because of and since the FRED Division's origin.

Fisheries development and rehabilitation programs in many areas help to relieve the fishing pressure on more fragile wild stocks and accelerate wild stock restoration. Three of the most graphic examples involve FRED programs at Homer Spit and Crooked Creek, the Chena River, and Karluk Lake. The extremely successful king salmon programs at Homer Spit and Crooked Creek have reduced the sport fishing pressure on more fragile, southern Kenai Peninsula wild stocks. With extremely depressed king salmon runs to the Kenai River and resulting closures, sport fishermen have focused on these newly developed runs.

The Chena River near Fairbanks once supported the world's largest grayling sport fishery. Overharvest of this wild stock a decade ago led to severe population declines and very restrictive management in recent years. The Sport Fish Division has concluded that even with severe area and time restrictions, it could take 20-30 years to restore the Chena River Arctic grayling population and fishery. As such, the FRED and Sport Fish Divisions are now jointly pursuing an aggressive 4-year restoration program through the Clear Hatchery.

Karluk Lake (Kodiak Island) sockeye salmon populations have been declining since the 1920s and have not responded to traditional management for the last 60 years. A cooperative sockeye salmon restoration program established in 1985 that uses the technique of lake enrichment has resulted in sockeye salmon populations of between 2.2 and 2.5 million in 1990 and 1991, respectively. These are the highest returns of Karluk Lake sockeye salmon since the early 1920s.

The FRED Division provides a deliberate, proactive component to management when simple time and area closures are not enough. The division provides fish to be caught while protecting endangered natural stocks, or providing harvestable stocks so that managers can spread out the fishing effort, be it sport or commercial. The use of enhancement as a management tool is not new, but the

concept of deliberately planning to do this is new to our thinking. Though this strategy is still young, it has been used recently in both commercial and sport fish management to solve problems and meet overall resource management goals.

2. Complying with Board of Fisheries Requests

For the past seven or eight years, the FRED Division has had little direct communication with the Board of Fisheries (BOF). This past year, the BOF, recognizing the statewide scope of enhanced fisheries, realized it knew little about the state's enhancement program or FRED Division, and its oversight responsibilities for the program. At the BOF meeting in Anchorage, FRED Division staff presented an overview of the FRED program and look forward to interacting with the BOF on an annual basis. An issue was raised, however, in that many of the things that have come from the interaction with the board, such as increased planning for enhancement projects, require new monies that have not yet been identified.

3. Decreasing Budget

The FRED Division faces decreasing revenues. Unlike some agencies, the division has incurred significant cuts in its General Fund appropriations in the past seven years. For FY92, FRED general funds have decreased to 66 percent of their FY85 level, not accounting for inflation. Considering inflation, the division's FY92 General Fund allocation has only 53 percent of the purchasing power of the FY85 General Fund allocation.

4. Alaska's Need for Economic Development

In the 1990s, the FRED Division plans to expand its programs to regions of the state not yet directly benefiting from enhancement projects. The division plans to continue to lead the salmon enhancement program and its private sector partners through planning, technological development, and application of technical services. In addition, the division plans to aggressively move into new and critical areas, such as king crab rehabilitation and mariculture, to expand fisheries habitat rehabilitation efforts, and to continue its involvement with restoration programs in oil spill-affected areas. Based on the past success of the salmon enhancement program, there is a growing interest in using fisheries enhancement as an economic diversification tool for Alaskan communities. Full utilization of the biological and economic potential of Alaska's fisheries resources can be achieved through carefully planned fisheries rehabilitation, enhancement, and development.

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DIVISION OF HABITAT

A. DIVISION FUNCTIONS:

1. Statutory basis.

AS 16.05.020; AS 16.05.050; AS 16.05.840; AS 16.05.870; AS 16.20.5 AAC 95.010; 5 AAC 95

2. Duties.

Maintain fish and wildlife for public use and enjoyment through issuance of permits for activities affecting fish-bearing waters and game refuges, critical habitat areas and game sanctuaries, and participation in land use planning activities to ensure that fish and wildlife needs are addressed. The division is involved in such land and resource use activities as timber harvest, mining, oil and gas exploration and development, land disposals, urban expansion, hydro development, and agriculture.

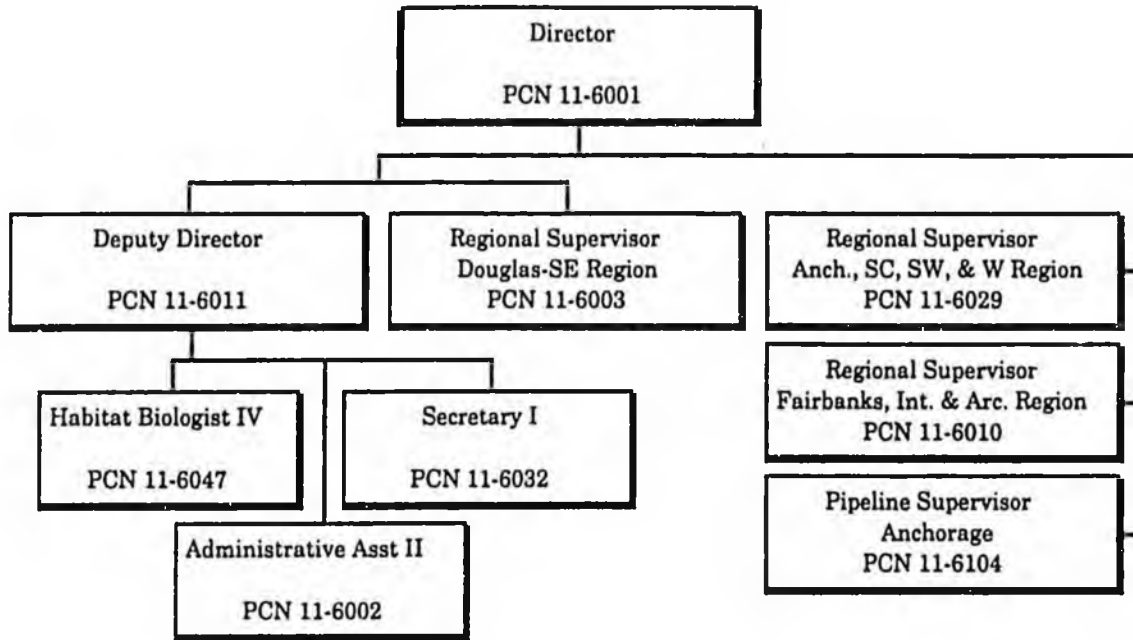
For each plan or project review, the division acquires and analyzes fish, wildlife, and habitat data; analyzes potential adverse effects; and develops recommendations or stipulations to protect habitat while allowing development activity to proceed. Major tasks in FY93 include the review of approximately 2,600 permit applications; participation in planning for use of at least 50 million acres of Alaska lands, about 118 million acres of federal lands, and for up to 12 federal and state oil and gas lease sales; assistance to as many as 12 coastal districts in preparing and implementing coastal management plans; participation in planning for approximately 15 million acres of National Forest land; and permitting and planning for approximately 3.0 million acres of legislatively designated state game refuges, critical habitat areas, and game sanctuaries.

3. Staffing and locations.

An organizational chart showing structure to the regional level and number of full-time and seasonal staff follows.

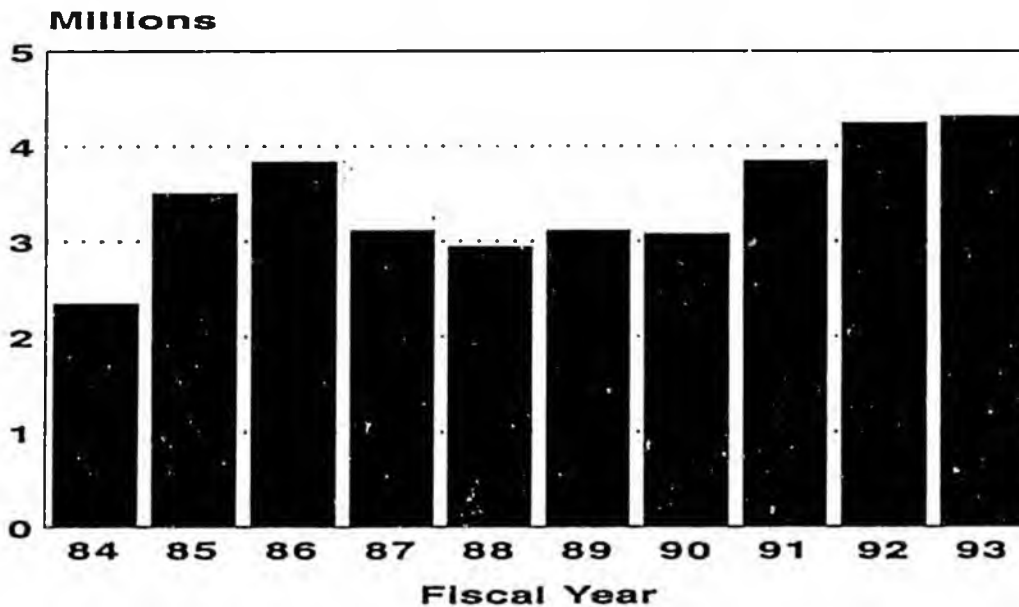
Location	PFT	PSEA	Totals	PFT = 62	PSEA = 11
Juneau/HQ	5	1			
Juneau/SE	4	1			
Ketchikan	4	1			
Petersburg	1	1			
Sitka	2	1			
Anchorage	34	3			
Fairbanks	10	1			
Anchorage	2	2			
Pipeline Supr					

HABITAT



B. CHANGES TO FY92 BUDGET:

DIVISION OF HABITAT
General Fund Dollars



General Funds Include Program Receipts,
Fish and Game Funds, and Other General Funds

There were no major changes in the Habitat Component budget between the FY92 authorization and the FY93 request.

In the Special Projects Component, there was a net gain of \$191.9 from the FY92 authorized to the FY93 request. This is a combined result of: 1) shift of \$166.7 in federal and industry oil spill contingency planning from the Habitat component to the Special Projects component, and 2) the addition of \$25.2 COLA for FY93.

C. FY93 BUDGET REQUEST:

No project/programs are expected to be added, deleted or directly reduced. There will, however, be an indirect reduction in services as a result of increases in workload due to the increased pace of resource development activities and in increased personal services costs.

D. REORGANIZATION PLANS:

No proposed reorganizations at this time.

E. MAJOR ISSUES:

Unfunded increment

Carry forward increment of \$115.5 in Special Projects Component. This will require the division to submit an RPL in order to receive federal funds and program receipts that were made available in state FY92 and which, because of the three-month difference between state and federal fiscal years, will carry over into state FY93. These funds consist of two federal EPA wetland grants and Red Dog Mine funds, the latter provided by Cominco for subsequent pass through from ADF&G to the U.S. Geological Survey.

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DIVISION OF SPORT FISH

A. DIVISION FUNCTIONS:

1. **Statutory basis.**

AS 16.05.020; AS 16.05.060

2. **Duties.**

The major responsibilities of the Division of Sport Fish are to manage, protect, maintain, improve and extend the state's recreational fishery resources so as to provide a diverse mix of sport fishing opportunities that address the desires of the angling public and contribute to the Alaska economy. Sport fishing is the most popular recreational activity in Alaska and provides significant economic benefits to the state. The Division of Sport Fish collects data to assess the size and condition of fish stocks, impacts of environmental conditions, and to forecast the size of future runs. Harvest surveys are conducted to determine sport fishing effort, catch and harvest of fish, and details of the composition of the catch. This information is used to manage fish stocks for sustained yield and maximum public benefit.

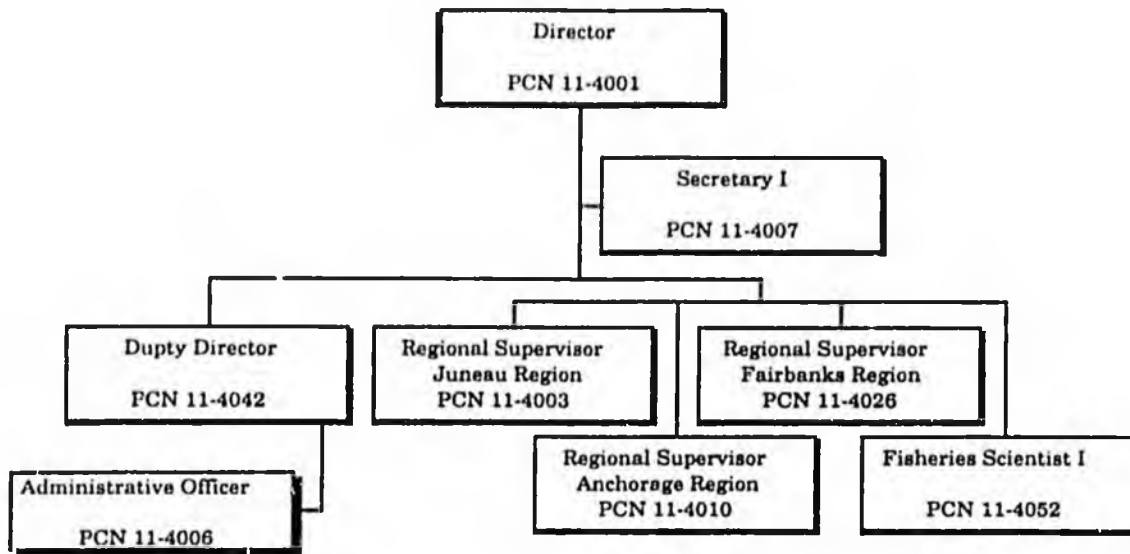
Under provisions of the federal Wallop-Breaux program, a minimum of 10 percent of our federal apportionment must be spent on recreational boating access. This will provide for a variety of public access projects that will benefit anglers and communities throughout Alaska.

3. **Staffing and locations.**

An organizational chart showing staff structure to the regional supervisor level and number of full-time and seasonal follows.

Location	PFT	PSEA	Location	PFT	PSEA
Juneau/HQ	11	0	Region II:		
Anchorage/RTS	15	5	Anchorage	13	12
Region I:			Soldotna	6	19
Douglas	13	15	Palmer	4	20
Haines	0	2	Dillingham	2	5
Ketchikan	2	6	Kodiak	2	5
Petersburg	0	1	Glennallen	1	7
Sitka	1	5	Seward	0	1
Yakutat	0	2	Russian River	0	1
Klawock	0	1	Homer	0	1
			King Salmon	0	1
			Valdez	0	1
Totals	PFT = 88		Region III:		
	PSEA=135		Fairbanks	16	18
			Delta Junction	2	7

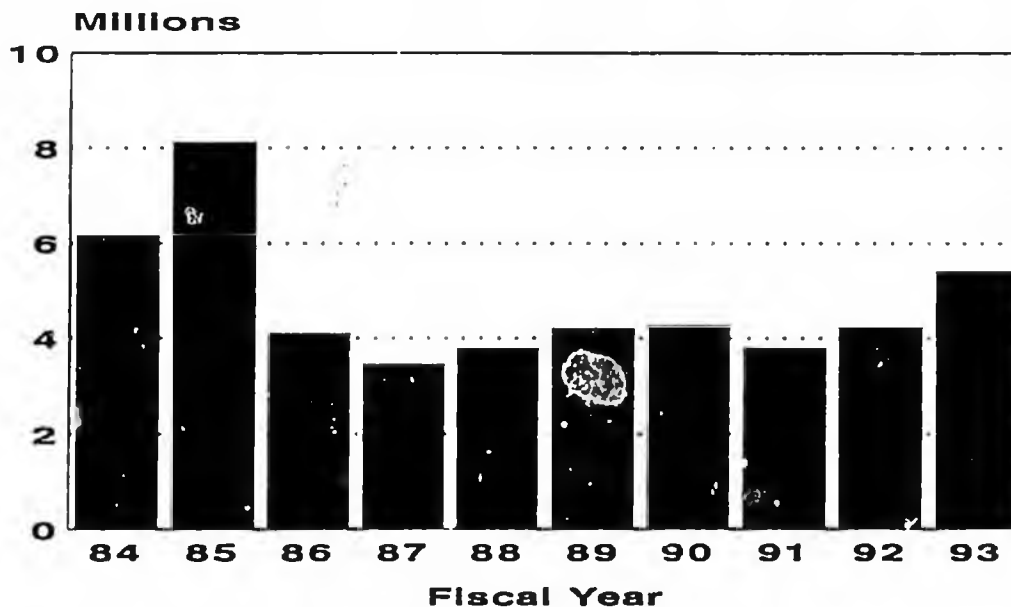
SPORT FISH



B. CHANGES TO THE FY92 BUDGET:

DIVISION OF SPORT FISH

General Fund Dollars



General Funds Include Program Receipts, Fish and Game Fund, and Other General Funds.

The funding and project structure in the FY93 Sport Fish BRU base budget is largely unchanged from FY92. However, two relatively large increments are being requested: Coho Salmon Management (\$630.8), and Steelhead/Resident Species Projects (\$477.2). As with all other programs in the Sport Fish BRU, these increments are funded entirely with non-general fund monies.

Most of the project changes in the Sport Fisheries component for FY93 are minor and reflect increased contractual services costs associated with a statewide economic survey of sport fisheries, decreased spending on equipment, completion of some activities (for example, Situk River steelhead kelt outmigration estimates, and stock composition studies of Upper Cook Inlet salmon), and the addition of several new projects which were requested in the coho and steelhead/resident species increments (for example, Kenai River coho harvest and escapement estimates, urban coho enhancement, southern Southeast coho monitoring, and Situk River smolt estimates).

C. FY93 BUDGET REQUEST:

D. REORGANIZATION PLANS:

No proposed reorganizations at this time.

E. MAJOR ISSUES:

Increased Management Complexity of Sport Fisheries

Increasing numbers of fishermen, conflicts between user groups, subsistence issues, federal management, and increased demands on fishery resources have made fisheries management more complex than ever before. Sport, subsistence, and personal use fisheries often occur on anadromous stocks in freshwater or inshore of commercial fisheries. Because subsistence fisheries receive allocative priority, the burden of conservation is often left to the sport and personal use fisheries which are managed by the Division of Sport Fish. Specific management plans and policies are needed to guide fishery decisions, and precise and timely data about harvest and escapement on an increasing number of fisheries are essential to prevent overharvest.

Funding is Inadequate

Increased funding is needed to meet the sport fish management needs of fisheries that continue to be more heavily used, complex, and competitive. The public is demanding that diverse fishing opportunities and more and better facilities be provided. As fishing pressure intensifies, costly hatchery programs are required in urban areas and innovative management approaches are needed to protect wild stocks. There is a need for increased enforcement of fish and game laws in many areas of the state. All operational costs of the Sport Fishery BRU are paid by sport fishermen and recreational boaters. The 1990 Legislature approved an

increase in nonresident license fees. The department has been asking the public to consider the need for increases in resident sport fishing license fees (last increased in 1977) and other user pay approaches to increase funds available for sport fishery programs throughout the state.

Between 1977 and 1990, sport fishing effort in Alaska increased nearly 108 percent from 1.2 million days to 2.5 million days fished. During 1990, the last year for which complete figures are available, 425,000 people sport fished and paid nearly \$4.8 million in state license fees. About 59 percent of these anglers were Alaska residents; 46 percent of the resident population participated in the sport. In 1985, sport fishing contributed \$204.7 million to the state economy and provided over 3,000 full-time jobs. In Southcentral Alaska alone, sport fishing provided 2,178 jobs.

Alaska's expanding sport fisheries have placed increased pressures on the resource and have resulted in increasing conflicts between users. The Division of Sport Fish provides the needed information about fish population structure, harvest, effort, economics, and public interest regarding management options. With this information, the fisheries are managed to provide maximum benefit to users without jeopardizing the resource.

The Sport Fish BRU is a "user pay" program, receiving funding from federal taxes on expenditures by sport fishermen (Dingell-Johnson/Wallop-Breaux Act) and Alaska fishing license sales (Fish and Game Fund). The BRU is managed statewide in three regional offices located in Juneau, Anchorage, and Fairbanks, and the headquarters office in Juneau. Smaller area offices are located in communities in each major region. By maintaining these offices, we are striving to provide direct service and benefits at the local level. Activities within this BRU are classified into four major categories: area fisheries management, research/data collection, information/education, and public fishing access.

Area management biologists are responsible for sport fisheries in their areas. Area biologists or assistant area biologists are stationed in 15 communities located throughout the state. They evaluate harvest, escapement, and other biological data during each fishing season to determine if sustainable yield will occur. If conservation concerns are indicated, appropriate management/regulatory actions are taken. Management biologists are the primary source of area-specific information for the public, and they are also the primary providers of information to the Board of Fisheries during the regulatory process. Each area biologist has the authority to make emergency orders and emergency regulations for the sport and personal use fisheries in their areas.

Research and data collection are primary responsibilities of the department. To meet our constitutional mandate of maintaining sustainable yield, timely and precise population and fishery data are required throughout the state.

DIVISION OF SUBSISTENCE

A. DIVISION FUNCTIONS

1. **Statutory basis.**

AS 16.05.090; AS 16.05.094; AS 16.05.258

2. **Duties.**

Compile existing data and conduct studies to gather information, including data from subsistence users, on all aspects of the role of subsistence hunting and fishing in the lives of the residents of the state.

Quantify the amount, nutritional value, and extent of dependence on food acquired through subsistence hunting and fishing.

Make information gathered available to the public, appropriate agencies, and other organized bodies. Assist the department, the Board of Fisheries and the Board of Game in determining what uses of fish and game, as well as what users and what methods, should be termed subsistence users, uses, and methods.

Evaluate the impact of state and federal laws and regulations on subsistence hunting and fishing and, when corrective action is indicated, make recommendations to the department.

Make recommendations to the Board of Fisheries and the Board of Game regarding adoption, amendment, and repeal of regulations affecting subsistence fishing and hunting.

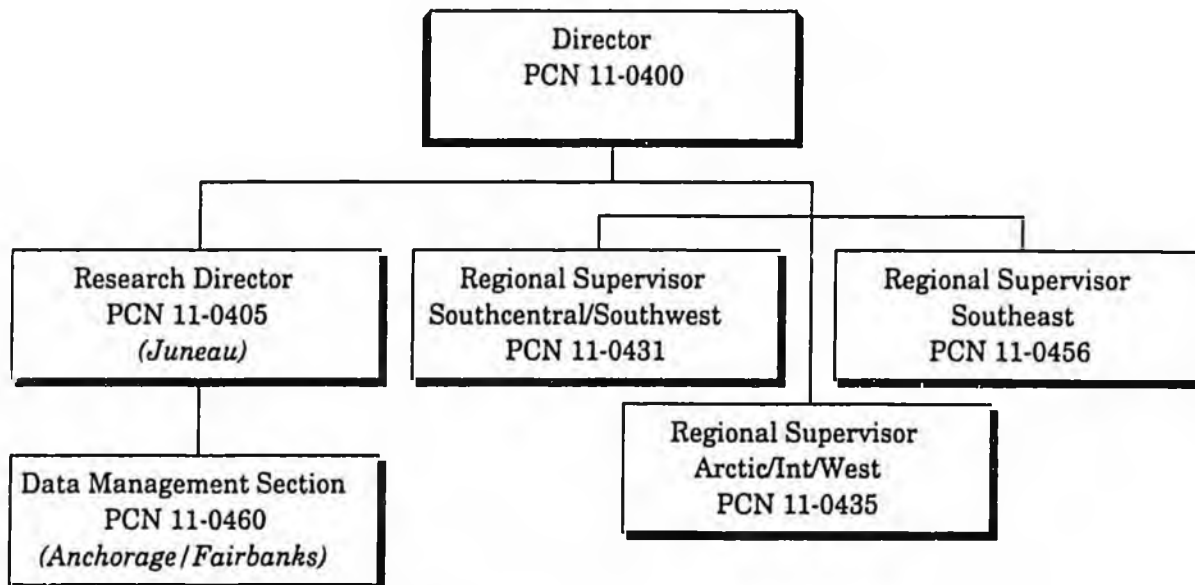
Participate with other divisions in the preparation of statewide and regional management plans so that those plans recognize and incorporate the needs of subsistence users of fish and game.

3. **Staffing and locations.**

1. An organizational chart showing structure to the field office level, and the total number of full-time and seasonal staff follows.

Division Staffing: Statewide

Location	PFT	PSEA
Juneau/Douglas	9	1
Angoon	0	1
Anchorage	6	4
Dillingham	1	2
Bethel	2	1
Fairbanks	6	2
Ft. Yukon	0	1
Kotzebue	0	4
TOTAL	24	16

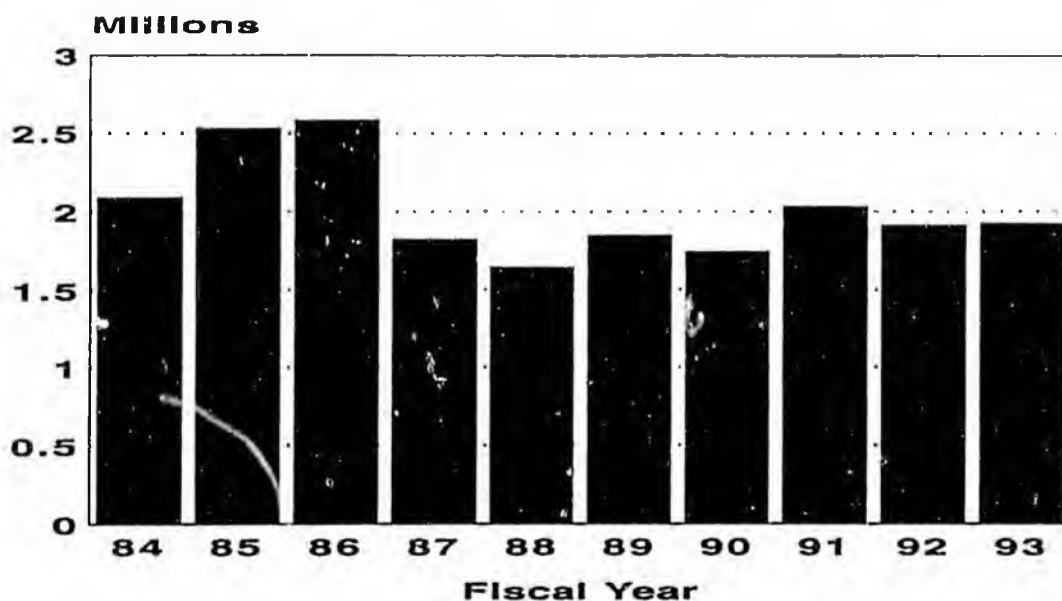


2. Efficiencies, Cost Control Measures

In FY92 the Division of Subsistence initiated cost-cutting measures in two ways. First, in order to reduce personal services costs the position of the deputy director was eliminated. This was accomplished through attrition. Additionally, both cost and management efficiencies were achieved with the reorganization of the division's regional management structure; the Arctic, Western, and Interior region programs were combined under one regional program manager, rather than two.

B. CHANGES TO FY92 BUDGET:

DIVISION OF SUBSISTENCE
General Fund Dollars



**General Funds Include Program Receipts,
Fish and Game Fund, and Other General Funds.**

C. FY93 BUDGET REQUEST:

Operational Funding. The Division's FY93 budget request represents a slight decrease in funding from FY92. Overall, the division's spending level has remained fairly stable in recent years, though programs have been impacted by inflation and cost-of living increases. Some instability in the division's budget has resulted, since FY91, from federal funding uncertainties. The state is presently out of compliance with subsistence priority provisions of ANILCA, and the federal government has not yet articulated a policy for continued funding for state subsistence programs. Prior to 1990, federal funding approximated \$400,000 annually. In recent years, federal reimbursement for specific subsistence research projects has been negotiated on a year-to-year basis, but has consistently been less than that amount. For FY93, continuation-level funding from federal sources is hoped for, but not guaranteed.

D. REORGANIZATION PLANS:

No proposed reorganization at this time.

E. MAJOR ISSUES:

As in the past year, a high degree of uncertainty surrounds implementation of the state subsistence law and the federal subsistence management program on federal lands. The Division of Subsistence needs stability in funding in order to continue to provide reliable data on subsistence uses, and to assure people that the state is serious in its commitment to address subsistence uses.

Recent court decisions and the reality of dual federal/state management of subsistence in Alaska have resulted in several specific challenges for the Division of Subsistence:

Research Coordination

Gathering information on subsistence uses and users is an important element of both the federal and state programs, but uncoordinated research can be counter-productive. The Subsistence Division has initiated subsistence research training seminars for federal staff entering this field. The division also has worked with federal agencies to promote high ethical and technical standards in the collection and use of subsistence information, to ensure data compatibility, and to make efficient use of available research funding. Maintaining these standards as new research entities emerge has become a significant issue for the division.

Fish and Game Management Coordination

Fish and game management decisions are being made by both the federal subsistence boards and the state boards, at their regular meetings. State involvement in the federal board process has been limited by the board to where we have little more than observer status. Understanding the rationale for federal subsistence board actions, the implications of those decisions, and the appropriate state response has become a major issue for the division.

All Alaskans Eligible for Subsistence

Since the McDowell supreme court decision, all Alaskans potentially have become eligible subsistence users. The implications of this have dramatically affected the work of the division and the department as a whole, due to the expanded pool of eligible fishers and hunters and a complex legal framework for providing for subsistence uses. Developing a new subsistence law that limits eligibility has also become a significant new issue in which the division has played, and will continue to play, a significant role.

DIVISION OF WILDLIFE CONSERVATION

A. DIVISION FUNCTIONS:

1. **Statutory basis.**

AS 16.05; AS 16.20; AS 16.55

2. **Duties.**

The division serves as the state's primary wildlife conservation agency irrespective of land ownership status. Primary duties and functions include:

Management programs consisting of habitat and population management, annual surveys and inventories of big game, furbearer and waterfowl populations, and assessment of harvests of these game species. These projects are conducted to determine the biological status and trends of wildlife populations and to enhance wildlife populations important for human use.

Research programs include studies to provide new biological information or develop improvements in investigation techniques for application to management activities.

Information and recommendations from management and research programs are summarized for presentation to local fish and game advisory committees, regional councils, and the Alaska Board of Game for the state's regulatory process.

Public service projects include response to public inquiries on wildlife-related issues, development and distribution of wildlife educational materials (e.g., Project WILD, Alaska Wildlife Week), and a statewide hunter education/safety program.

Technical assistance is provided to other state and federal agencies, public institutions, and private organizations.

3. **Staffing and locations.**

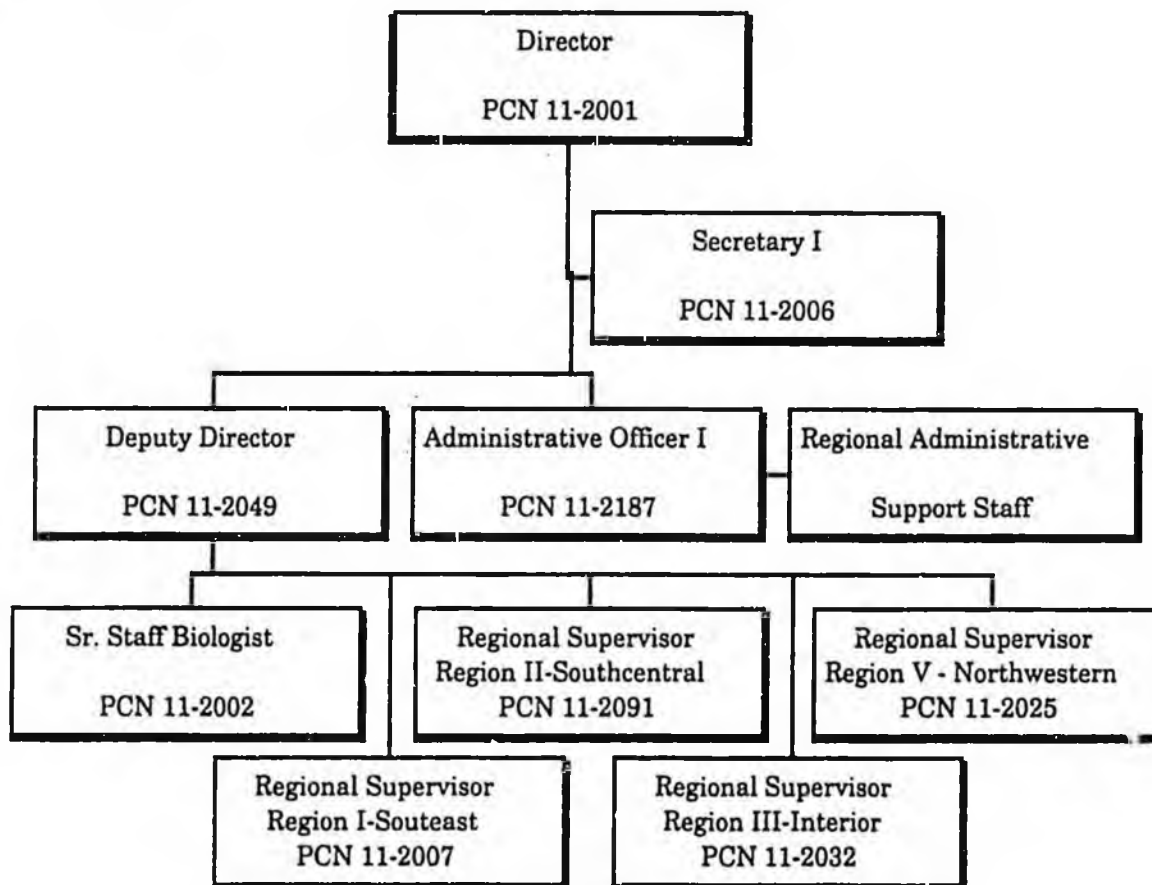
The division is organized into four regions with 18 area offices. The headquarters office is located in Juneau. Distribution of the division's 167 PCNs is shown on the following chart.

Location	PFT	PSEA
Anchorage	46	6
Fairbanks	35	7
Juneau	20	8
Nome	3	1
Soldotna	3	1
Kotzebue	2	
Palmer	5	
Glennallen	3	

Location	PFT	PSEA
King Salmon	1	2
Ketchikan	1	
Cordova	2	
Sitka	2	1
Delta Junction	1	1
Bethel	1	1
Petersburg	1	1
Kodiak	1	1

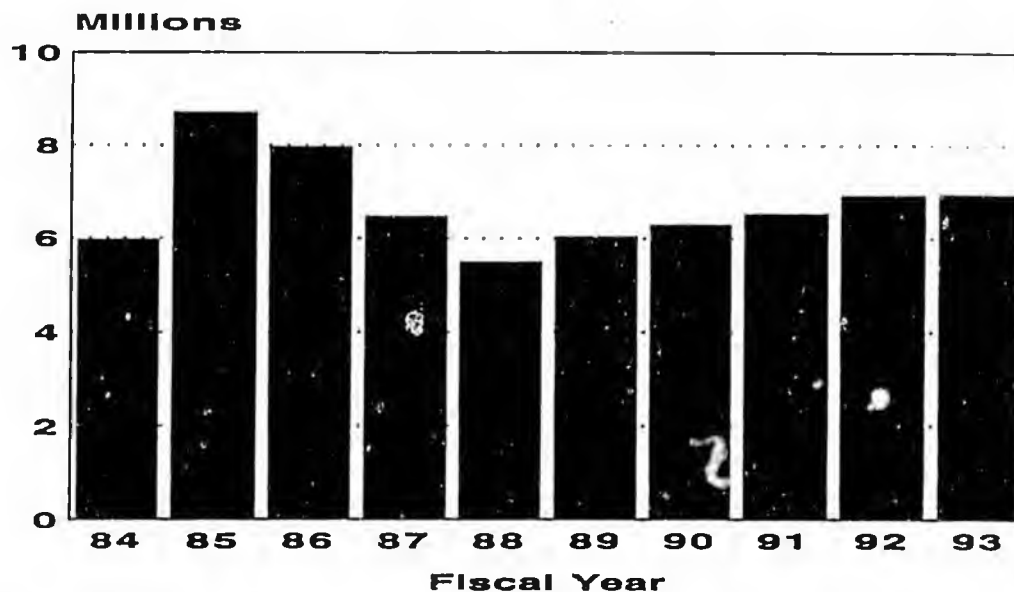
Location	PFT	PSEA
Homer	1	1
Tok	1	2
Barrow	1	
McGrath	1	
Dillingham	1	1
Galena	1	

Totals	PFT	PSEA
	133	34



B. CHANGES TO FY92 BUDGET:

DIVISION OF WILDLIFE CONSERVATION General Fund Dollars



General Funds Include Program Receipts,
Fish and Game Fund, and Other General Funds.

The FY92 budget has been increased over the authorized version by \$500,000 in federal funds under RPL 11-92-0077. These funds are available under the Pittman-Robertson act and will be used to supplement and expand existing wildlife resource management studies for the following species: moose, brown bear, caribou, elk, goat, bison, and wolf. The availability of increased P-R funds will continue through FY95 and this increased level has been incorporated into the FY93 budget request (an additional \$200,000 above the revised FY92 level). Even with these increased funds, the FY93 budget request represents essentially a maintenance level budget with only minor internal shifts in program priorities based on current and anticipated needs.

C. FY93 BUDGET REQUEST:

1. Projects/programs deleted or reduced

The only reductions for FY93 are related to either the cyclical nature of some population surveys (elk), or a restructuring of projects to more accurately reflect actual services provided (nongame). There are no major project or program deletions planned for FY93.

2. New or expanded projects/programs

Increases in both the General Wildlife (\$278.8) and Public Services (\$144.)

programs are due primarily to the continued fine-tuning of the division's budget to more accurately reflect services. Projects previously shown under Nongame Management are now shown under either the General Wildlife or Public Services programs. Increased costs due to implementation of subsistence regulations are also shown in these two programs. The increases in the Bison Management program (\$51.4) are due primarily to increased management costs for the Delta Bison Range. The increases in Marine Mammal Management (\$31.0) reflect more accurate accounting for the costs of the Round Island Sanctuary project including salary costs not previously shown for this project. The major program increase is in Wolf Management (\$176.3) and reflects the costs associated with implementation of the Strategic Wolf Management Plan adopted by the Board of Game at the Fall 1991 meeting.

D. REORGANIZATION PLANS:

Early in FY92 the Ft. Yukon area office was closed and the area biologist position and management functions for GMU 25 were transferred to Fairbanks. In addition the regional supervisor for our Northwestern Region was transferred from Nome to Fairbanks and that region is now being managed from our Interior Region office. The reduced salary costs will be offset somewhat by increased travel costs, but an overall savings is anticipated. Additional consolidation or reorganization plans are being considered but no specific decisions have been made at this time.

E. MAJOR ISSUES:

Unfunded increments

As submitted the FY93 budget request contains no unfunded increments.

Need for or impact of proposed legislation

The Division of Wildlife Conservation is funded primarily with hunting and trapping license revenues (Fish and Game Fund) and federal Pittman-Robertson (P-R) monies. To a much lesser extent, appropriate projects are financed from the General Fund. License revenues, although increasing nominally each year, have not kept up with the demand for improved or enhanced services or for program expansions necessary to meet current needs for more active management and additional information upon which to base wildlife management decisions in Alaska. Increased levels of federal P-R funds cannot be expected to continue past FY95 and may in fact decline, so this funding source cannot be expected to sustain necessary increases in funding needed for Alaska's wildlife programs. As a consequence, Alaska must face the need for developing other funding sources, including an increase in resident license fees and the development of new funding sources for watchable wildlife and nongame management to help fund necessary wildlife management programs.

Fish & Game

1990 TRANSITION REPORT

October 1990



Produced by
Office of the Governor

DEPARTMENT OF FISH AND GAME

EXECUTIVE SUMMARY

The statutory mandate of the Department of Fish and Game is to "manage, protect, maintain, improve and extend the fish, game and aquatic plant resources of the state in the interest of the economy and general well-being of the state." The Alaska Constitution mandates that "fish ... wildlife ... and all other replenishable resources belonging to the state shall be utilized, developed, and maintained on the sustained-yield principle, subject to preferences among beneficial uses." These two maxims provide the basis for the department's management of fish and wildlife. The Legislature established the Boards of Fisheries and Game to promulgate regulations that govern how, when, where, and by whom fish and wildlife may be taken.

The department is organized into nine divisions whose aggregate responsibility is to carry out the functions necessary to comply with its mandates. It should be noted that the Commercial Fisheries Entry Commission (CFEC) was attached by Executive Order, under the Hammond Administration, to the Department of Fish and Game. However, the department provides only administrative services to the commission and has absolutely no authorities in any other matters regarding CFEC.

The department currently employs 854 permanent full-time employees, 909 seasonal employees, and 300 nonpermanent employees, and maintains offices in 37 Alaska communities.

COMMISSIONER'S OFFICE, Don W. Collinsworth, Commissioner

The Commissioner of the Department of Fish and Game is responsible for administering the statutory mandate of the department. The Commissioner is also the chief administrative officer and responsible for budget preparation and fiscal accountability, as well as for deploying the human and fiscal resources of the department to ensure the accomplishment of management goals.

Under the general guidance of the Commissioner, the Deputy Commissioner exercises policy direction over six divisions. The Assistant Commissioner exercises policy direction over the Division of Administration, including departmental budgeting, and the Division of Boards.

Also included within the Office of the Commissioner is the Office of International and External Fisheries Affairs and the Public Communications staff.

KEY POLICY ISSUES CONFRONTING THE AGENCY

1. Implementation of the state subsistence law

Fish and game management in Alaska was dramatically affected by a challenge to the state's subsistence law. In December 1989, the Alaska Supreme Court ruled in *McDowell v. State* that the rural preference in the state's subsistence law is unconstitutional. The present situation which splits fish and game management between the state and the federal government is contrary to proper fish and game management, will cause conflicts between the managing agencies, is confusing to the public, and could result in major disruptions to hunting and fishing opportunities as well as risk an overharvest of the resources. The number one priority of the next administration should be to regain unified management of fish and game in Alaska.

2. Adequate funding

Almost every Alaskan is directly impacted in some fashion by the programs of the Department of Fish and Game. Nearly two hundred thousand Alaskans buy sport fishing licenses, seventy thousand residents buy hunting licenses, the commercial fishing industry supports upwards of seventy thousand jobs, and tens of thousands of Alaskans harvest fish and game for subsistence uses. It is conceivable that nonconsumptive uses of the state's wildlife resources generate close to \$100 million annually. The sport fishery in a single region (southcentral) generated more economic return to the state than the entire 1990 revenues reported by the mining industry. In recent years the ex-vessel value for the salmon fishery alone has been ten times the total general fund dollars allocated to the department. Taken together, the revenues generated by resources managed in whole or in part by the department total more than \$2 billion. Despite these dramatic returns to the people of the state, the department continues to receive less than two percent of the state's general fund budget.

State government and the public must make an immediate commitment to proper management of the state's fish and game resources. Present funding levels are unrealistic, resulting in programs that either operate at bare-bones level or not at all. Discouraged, many long-term employees are leaving the agency. Without strong supportive actions by the new administration and the Legislature, more will follow.

As with similar fish and wildlife departments across the United States, the pressures on the Department of Fish and Game continue to grow. Management and allocation issues are more complex. There is increasing need for the department to provide accurate and detailed resource information to ensure proper management, and to provide dependable information to the Boards of Fisheries and Game. Generating that information is expensive, yet without it the department will slowly be forced into more conservative management, thus denying fish and game resources to those increasingly demanding them. The economic benefits presently being realized by the state will begin to erode. At a time when Alaskans need to increase income from natural resources other than petroleum, we will lose some additional opportunities.

In addition to increased general fund support for the department, other funding sources that are presently being used in other states must be seriously reviewed. In each case, the financial support needs to be backed by a strong commitment to the public that Alaska's leadership recognizes the important tangible (dollars) and intangible (personal satisfaction) benefits resulting from healthy fish and game populations.

3. Exxon Valdez oil spill

The oil spill of March 24, 1989, continues to have a significant impact on the department. The Commissioner serves as the state's natural resources trustee under the provisions of the federal Clean Water Act and the Comprehensive Environmental Recovery, Compensation and Liability Act. The department has helped to identify shoreline cleanup priorities and appropriate treatment methods, monitored fisheries to ensure that no oil contaminated fish were harvested, and conducted numerous studies to assess the impacts of the spill on fisheries and wildlife. State participation in the studies and in restoration planning efforts have been coordinated by the Oil Spill Impact Assessment and Restoration Division, created in 1989. The department is also providing support to the Department of Law in the civil suit filed by the state against Exxon Corporation.

4. U.S./Canada Pacific Salmon Treaty

The Commissioner is one of the United States Commissioners to the Pacific Salmon Commission between the U.S. and Canada. This body sets objectives for fisheries conservation and allocation of stocks shared between southeast Alaska, British Columbia, and the Pacific Northwest. The Deputy Commissioner also serves as chair for the Northern Panel of this body. The fifth annual negotiating session was successfully concluded, with Alaska

receiving an increase in the southeast Alaska chinook catch ceiling for the 1990 season. For 1991, continuing this year's chinook catch increase is the top priority. Other fisheries under the treaty will be the subject of more intensive negotiations during the winter of 1991-92.

5. North Pacific Fisheries Management Council (NPFMC)

The Commissioner is a voting member, and current chair, of the NPFMC which develops fishery management plans and recommends regulations for fisheries in the United States exclusive economic zone off Alaska to the Secretary of Commerce. The most contentious issues facing the council are limiting entry into the sablefish and other groundfish fisheries, inshore/offshore allocations, bycatch, and marine mammal interactions.

6. Yukon River negotiations

The Commissioner's Office has the lead role for the state in ongoing negotiations with Canada regarding conservation and harvest-sharing of salmon originating in Canadian portions of the Yukon River. Negotiations will resume during 1990-91 in an attempt to reach final agreement. Ownership shares in Canadian origin fish and long-term harvest sharing are the most difficult issues remaining.

7. Marine mammal management

The federal government currently manages marine mammals. The state has considered petitioning to have management of at least three species (sea otter, polar bear, and walrus) returned to state management. However, no action has been taken. Steller sea lions have been placed on the "threatened" list under the federal Endangered Species Act and a Federal Recovery Planning Team is developing a plan to aid in their recovery. The state is actively involved in that process. Future federal restrictions could severely impact state commercial fisheries, as well as subsistence use of sea lions. The state needs to continue its participation in these efforts. In addition, amendments to the Marine Mammal Protection Act in 1988 established an exemption program for certain commercial fishermen in the incidental take of marine mammals. A reporting and log book program, and a mandatory observer program in certain fisheries were established. The state needs to work closely with fishing organizations to ensure that the goals of the exemption program are being achieved.

8. International fisheries negotiations

The Office of External and International Fisheries Affairs has developed and implemented a comprehensive strategy to address the issues of high seas salmon interception and the unregulated fishing in the central Bering Sea. The office was an active participant in numerous international negotiations conducted under the auspices of the 1987 Driftnet Act. Improved agreements are now in place with the three driftnet fishing nations of

Japan, Taiwan, and Korea. The office also played a key role in securing a United Nations resolution calling for a moratorium on driftnet fishing by 1992. In addition, the fisheries affairs office continues to provide information and advice to the State Department on U.S./U.S.S.R. fisheries matters, and is an active member of the North Pacific Bering Sea Fisheries Advisory Body. The fisheries affairs office developed a proposal for a new North Pacific salmon treaty to replace the existing International North Pacific Fisheries Salmon Commission. After several rounds of negotiations, that proposal has become the official text of the two nations for upcoming negotiations between Canada, Japan, the Soviet Union, and the U.S. A proposal for a treaty regarding the central Bering Sea pollock fishery has also been developed and was the subject of unofficial talks with the Soviets in March. Negotiations on both of these proposals are continuing. The state has taken a very aggressive, high-profile position on these issues and should continue to do so.

9. Federal fisheries issues

The fisheries affairs office has represented the state in Washington, D.C., on numerous federal fisheries issues. The reauthorization of the Magnuson Fisheries Conservation and Management Act, federal fisheries budgets, the Marine Mammal Protection Act, the Pelly amendment, salmon markets and similar topics have been and will continue to be major issues that significantly affect Alaska. In cooperation with the Pacific States Marine Fisheries Commission, the fisheries affairs office has developed a nationwide public education campaign to focus public awareness on these issues and to build support for the state's efforts to protect North Pacific fisheries. This included production and distribution of an information packet and video on driftnetting and a public outreach program.

10. Public Communications

The staff produces a bi-monthly magazine, Alaska Wildlife, and a monthly information bulletin. They also produce press releases and respond to press inquiries. They handle more than 10,000 of the information requests received by the department. They provide technical support to projects within the department by providing typesetting, printing coordination, and report editing assistance. The July-August 1989 issue of the magazine, devoted to the Exxon Valdez oil spill, was selected by the American Library Association as one of the best 20 government documents in the nation.

DIVISION OF ADMINISTRATION, Beverly D. Reaume, Director

DIVISION HISTORY

The Division of Administration was created in 1965 to provide centralized administrative support in the areas of fiscal management, accounting, personnel, payroll, affirmative action, training, purchasing, property control, budget services, contracts, leasing, and general administrative support. Our constituents are the other divisions in the department.

In July 1988, by Administrative Regulation, the Governor transferred Fish and Game Licensing from the Department of Revenue to the Department of Fish and Game. At the time of its transfer, the program was underfunded and managing the sale of more than 400,000 licenses with a basically manual system. The program was the subject of long-standing audit exceptions due to inadequate reconciliation of vendor accounts. The Division of Administration reorganized and expanded the licensing function. The section itself was split into two units, with one unit devoted to sales, inventory control, and vendor assistance, and the second unit devoted to accounting, vendor reconciliation, and collection of all monies due the state. As part of the whole license function, the division created an integrated data processing system and reinstated the capture of information from the license form. This information is used by the Divisions of Sport Fish and Wildlife Conservation as well as the Department of Public Safety and the Department of Education.

In late 1989, in response to continued audit exceptions surrounding federally funded projects and departmental budget monitoring, the division reorganized the finance/accounting section to emphasize internal auditing and expand the division's role in federal aid coordination and reporting. With the changes in procedures and reassignment of staff, we anticipate significant improvement in overall departmental audits beginning with FY 90.

KEY POLICY ISSUES CONFRONTING THE AGENCY

The major issue facing the Division of Administration is how to provide adequate administrative support to the department with unequal growth in available resources. There is a direct correlation between dollars in the "operating" divisions and Administration's workload. Administration as a percentage of the department budget has declined from 6.18 percent in FY 80 to 3.94 percent in FY 91. While other factors have somewhat mitigated this declining ratio, the department has far exceeded the corresponding growth in administration's ability to provide necessary administrative support. The division is now dangerously close to failing on several fronts in providing adequate support.

LEGISLATIVE ISSUES

The Legislature must recognize that increases in departmental programs must be matched with increases in available resources in the Division of Administration. If administrative funds are not provided within the budget, then they must come out of actual program funds.

DIVISION OF BOARDS, Laird A. Jones, Director

DIVISION HISTORY

The Boards of Fisheries and Game promulgate regulations for the purpose of conservation, development, and utilization of Alaska's fisheries and wildlife resources. The boards consider and act upon more than a thousand proposed regulatory changes during the year. According to AS 16.05.241, "the boards have regulation-making powers..., but do not have administrative, budgeting or fiscal powers."

The division provides the boards with administrative support and coordination. The division also supports 80 local fish and game advisory committees and six regional councils. The division has 13 permanent full-time employees and supports an additional five clerical staff with other divisions. There are six regional offices located in Juneau, Anchorage, Fairbanks, Dillingham, Bethel, and Kotzebue.

Each board is composed of seven members appointed by the Governor, subject to confirmation by a majority of the members of the Legislature in joint session. The appointed members must be residents of the state and must be appointed without regard to political affiliation or geographical location of residence. The Commissioner is not a member of either board, but is ex-officio secretary.

The local advisory committees actively conduct local public meetings, hold public hearings, and review and submit proposals for regulatory changes to the boards.

The chairman of each local advisory committee in their respective region constitutes the regional council for that region. There are six regions: Southeast, Southcentral, Southwestern, Western, Interior, and Arctic. The regional councils work with local advisory committees in developing management plans and regulations, and in achieving the greatest possible local participation in the decision-making process.

KEY POLICY ISSUES CONFRONTING THE AGENCY

Short-Range Issues

1. Implementation of the McDowell decision

With all Alaskans now potentially qualifying for subsistence uses, the boards must reexamine all subsistence hunts and fisheries, determine their impact on other uses, and potentially provide for additional hunts and fisheries. This will require a substantial number of additional board meetings.

2. Status of the federal ANILCA reimbursement funds

The U.S. Fish and Wildlife Service has indicated the FY 91 funding of \$375.0 may not be forthcoming. Even if we do receive the funds, there may be additional restrictions or covenants on

their use. This could restrict the participation of the advisory committees and regional councils in the board process.

3. Interaction between the federal and state regulatory boards

It is still unclear how the state boards, advisory committees, and regional councils will interact with the newly created federal subsistence board. A Memorandum of Agreement between the state and the U.S. Fish and Wildlife Service which would clarify this relationship is still pending.

4. Interaction of the advisory committees and regional councils with the newly established Subsistence Review Commission

In July 1990, the Legislature established a Subsistence Review Commission to examine how best to provide for subsistence uses in Alaska. Currently, there is no funding or mechanism for advisory committee or regional council participation in this process, although one member of the commission must be a representative of the regional councils.

Long-Range Issues

1. State management authority

It is impossible for the boards to adequately allocate the state's fish and game resources under the system of dual management which went into place on July 1, 1990. The state must reestablish management authority of fish and game for all uses on all lands in Alaska.

2. Future federal funding

Under ANILCA, the federal government was required to reimburse the state for up to half the cost of operating the fish and game advisory committee and regional council system. The annual federal reimbursement has never approached 50 percent, and now the division is faced with the possibility of receiving no federal funds. This will seriously impact the ability of the committees and councils to adequately perform their duties.

3. Board schedules

Because of the increased amount of time that will be required by the boards in providing for subsistence for all Alaskans and in light of declining state dollars, the board will be reviewing their long-term goals and objectives and deciding if their annual schedules of reviewing hunts and fisheries need to be revised.

4. Board member continuity

Given the difficult and complex issues facing the boards, consideration should be given to maintaining some continuity of membership on the boards so that important experience and knowledge is retained.

5. Subsistence regulations

The next administration, and certainly the Subsistence Review Commission should consider the possibility of revising the boards authority over nonallocative subsistence regulations, and creating a separate body to make customary and traditional findings, and determine who should qualify for subsistence hunts and fisheries. This would reduce the amount of time necessary for the boards to meet.

LEGISLATIVE ISSUES

1. Compliance with ANILCA

It is absolutely essential that the Legislature act to regain state management of fish and game on all Alaska lands.

2. Board Compensation

It is becoming increasingly difficult to attract qualified candidates for the Boards of Fisheries and Game. Board members meet between 50 and 90 days a year. Legislation (SB 369 and HB 476) to increase daily compensation received a great deal of support in the last session and should be pursued during the next session.

3. Maintaining the board's management flexibility

Board members are adamant in their support for maximum flexibility in making tough allocation and management decisions. For example, if HB 502 had been adopted this year, the Board of Fisheries authority would have been restricted in managing fish spotters for conservation purposes. The board strongly opposed those provisions.

4. Streamlining the regulatory process

Under HB 124 the Legislature adopted a letter of intent encouraging the boards to streamline their regulatory process and to increase the gathering and use of socioeconomic data in making allocation decisions. The boards are to report to the Legislature in January 1991 on their progress.

DIVISION OF COMMERCIAL FISHERIES, Kenneth P. Parker, Director

DIVISION HISTORY

The Division of Commercial Fisheries assumed management responsibilities for the state's commercial and subsistence fisheries from the federal management authorities in 1960. At that time Alaska's fishery resources were largely depressed, due in part to the shortcomings of the federal management strategies. In many fisheries, harvests were not closely monitored, seasons were established independent of stock abundance, and optimum reproduction levels of stocks were not commonly known or achieved. Management was generally centralized with little on-the-grounds control or enforcement of regulations. The widespread public opposition to the federal management strategies led the framers of the Alaska State Constitution and early state legislative bodies to develop a fisheries management system which provided local on-the-grounds fishery managers with inseason regulatory authority to adjust fishing periods and areas in response to variations in resource abundance. The statutory goals guiding the program are to "manage, protect, maintain, improve, and extend the fish, game and aquatic plant resources of the state in the interest of the economy and general well-being of the state" (AS 16.05.020).

The Division of Commercial Fisheries was one of the five original divisions created within the Department of Fish and Game at statehood. The main divisional responsibilities have remained largely unchanged since then: to manage the state's fish resources that contribute to commercial, subsistence, and personal use fisheries. The primary activity of the division is stock regulation which involves opening and closing fishing areas to allow harvest of identified stock surpluses and to protect breeding populations. This inseason authority is also needed to implement allocative management strategies developed by the Board of Fisheries. Data needed to make resource decisions are obtained by monitoring fishing effort and landings and by studies of the abundance, distribution, stock composition, availability, and reproductive requirements of fish populations.

KEY POLICY ISSUES CONFRONTING THE AGENCY

Short-Range Issues

1. The degree of state involvement in the management of the groundfish fisheries in the exclusive economic zone (EEZ)

The National Marine Fisheries Service is responsible for the management of the EEZ fisheries under the guidance of the North Pacific Fishery Management Council (NPFMC). The Division of Commercial Fisheries has eliminated most data collection activities on groundfish fisheries beyond the state's territorial waters and concentrated on groundfish fisheries within state waters where we have sole management authority. Some Alaskan interests prefer to see the division more deeply involved in the day-to-day management of the EEZ fisheries as decisions can have a profound impact on our coastal communities and inshore fisheries. Currently, the Division of Commercial Fisheries is

focusing its effort on data analysis and management input on the bycatch of valuable nongroundfish species important to inshore fisheries managed by the state.

2. Rapid growth of new commercial fisheries

This unexpected growth has caught the division without adequate information on the target species to ensure their conservation and prevent overfishing. These new fisheries offer growth opportunities to Alaskan fishermen and processors and jobs and income to the residents of coastal communities. However, pending acquisition of sufficient resource data, the division must greatly restrict these fisheries.

3. Allocation disputes

Disputes between resource users, competing commercial gear groups, interception and terminal fisheries, and local and nonlocal fishermen are issues that deeply divide Alaskans and have a high political visibility. They are intensified when information on the resource is poor or when the department lacks the technical ability to precisely manage the harvest allocation in accordance with plans developed by the Board of Fisheries. The division's ability to meet these expanding needs is directly tied to the fiscal resources available to fund data collection and analysis activities.

Long-Range Issues

1. Mixed stock fisheries

Proper management and conservation of wildstock and hatchery salmon resources will become increasingly difficult unless adequate management and research programs are acquired to handle mixed stock fisheries. The department has determined that hatchery operators will have to pay for the increased costs.

2. Stock identification needs

The division is facing several highly contentious allocation and conservation issues, such as minimizing herring and chinook salmon bycatches in trawl fisheries, protecting wild salmon stock in mixed hatchery/wild stock fisheries, and U.S./Canada treaty negotiations over the Yukon River fisheries. Resolution of these issues will require accurate estimates of the contributions of involved stocks. Current stock identification methods are not adequate to address these issues. There is a need to develop new methods, such as genetics, and inexpensive mass marking of hatchery releases.

3. Public participation in inseason fishery management decisions

This participation is being sought after in many areas and has been formally established in the Kuskokwim River salmon fishery. While there are clear benefits to such arrangements, very few fisheries would accommodate organized formal input due to the

rapid pace of the fishery, diversity of users, and geographic/logistical problems. The division has attempted to meet this need with postseason and preseason fishery planning meetings aimed at developing understandable management plans. Expanding formal public participation in inseason management is costly and currently beyond budget resources.

4. Staff turnover

The retirement of long-term Division of Commercial Fisheries professional managers and researchers in the next five years will have a profound impact on the continued successful management of the state's fisheries. Ways need to be found to encourage these employees to stay on. Additional entry level professional positions must be funded to build depth and experience within the organization.

5. Vessel replacement

The division's five major vessels are reaching the point where they can no longer meet the needs of the department. The vessels and the programs they were designed for are over 20 years old. Changes in the state's fisheries, its data-gathering projects, and technology have made these vessels obsolete. A phased replacement program must be initiated.

LEGISLATIVE ISSUES

1. Funding for resource assessment activities

Stabilized funding must be established to realize the long-term benefits from the state's fish resources. Big downturns in budget appropriations undermine the basis for fishery management and jeopardize the division's ability to provide sustained harvests to Alaska's fleets. The good management that has produced, except for one year, annual commercial salmon harvests above 100 million fish for the past decade depends on distribution and abundance information collected and analyzed each year.

2. Inshore/offshore allocations

The allocation of groundfish harvests is a major issue facing the NPFMC and the shore-based seafood industry. The rapidly expanding factory trawl fleet will soon be capable of catching and processing all the cod and pollock available for harvest in the Bering Sea and Gulf of Alaska. The shore-based industry requires some protection from the highly efficient and mobile factory trawl fleet if they are to remain a viable component of the industry. Jobs, income, and revenues for coastal communities are at stake.

COMMERCIAL FISHERIES ENTRY COMMISSION

Bruce Twomley, Chairman
Rich Listowski, Commissioner
Phil Smith, Commissioner

DIVISION HISTORY

In the primary election in 1972, voters approved a Constitutional Amendment to allow the State to implement a program of limited entry into the Commercial Fisheries. Thereafter, in March of 1973, the Legislature passed the Limited Entry Act (AS 16.43. et. seq.), which governs all of the commission's activities.

The act created the Commercial Fisheries Entry Commission as an independent, exempt, quasi-judicial agency of the state. The purpose of the commission is to "... promote the conservation and sustained yield management of Alaska's fishery resources and the economic health and stability of commercial fishing in Alaska by regulating entry into the fisheries in the public interest ..." (Sec. 16.43.010). For the first six years of its existence, the commission was placed within the Office of the Governor. In 1980 it was assigned to the Department of Fish and Game, "for administrative purposes only."

The commission is governed by a three-member panel of Commissioners, who serve staggered four year terms. The commission's staff (all of whom are in the exempt service) are assigned to one of the four functional areas of commission responsibility (see Exhibit 1, Functional Organizational Chart,) including:

1. Adjudications--the section responsible for receiving and evaluating applications for entry permits.
2. Research--the section responsible for conducting research to advise whether new fisheries should be limited and to review the effects of entry limitation.
3. Licensing--the section that issues annual entry and interim-use permits and vessel licenses.
4. Administration & Data Processing--the section that provides administrative support to the operational sections within the Commission.

For the past several years, staffing of the commission has remained relatively constant, in spite of additional pressures brought on by new entry limitation and the decisions of the Alaska courts (see Exhibit 2, Position Count By Section.)

Initially, by legislation, the commission limited entry in some 19 salmon fisheries. Since that time, an additional 30 fisheries have been limited, including all A-Y-K salmon fisheries, most herring roe fisheries, and the southeast Alaska crab and black cod fisheries.

As the custodian of historic harvest and earnings records for the state, the commission played a significant role following the Exxon

Valdez oil spill. Every affected fisherman received a computer printout that displayed the fisherman's catch and earnings for the previous five years. These data were used to support claims against the Exxon Corporation.

KEY POLICY ISSUES CONFRONTING THE AGENCY

Short-Range Issues

1. Adjudications

The commission expects to make considerable progress in reducing the backlog of adjudications necessitated by new limitations and court decisions (see Exhibit 3, Major Decisions/Activities Affecting Agency Operations.)

2. Herring roe seine fishery

The commission expects to substantially complete "optimum number" research on the southeast Alaska herring roe seine fishery, pursuant to the supreme court's directives in *Johns v. State*, CFEC, 758 P.2d 1256 (Alaska 1988).

3. Internal Revenue Service conflict

The commission will continue to seek a resolution to the conflict with the federal Internal Revenue Service over whether or not Alaska limited entry permits constitute "property" and are thus subject to forced seizure and sale to satisfy their holders' tax obligations.

Long-Range Issues

1. Future limited entry fisheries

The commission will continue to research fisheries for possible limitation. Currently, some 17 petitions for such limitations are before us (see Exhibit 4, Requests for Limited Entry in Additional Fisheries.)

2. Optimum number research

The commission will conduct "optimum number" research in additional fisheries, as needed. The *Johns* decision orders the commission to make an optimum number determination in the southeast Alaska herring roe purse seine fishery. *Johns* recognizes that more permits could be created as a result. Because the order is premised upon a constitutional issue, the same claim could be brought in any limited fishery where substantial changes have occurred. Putting more gear into limited fisheries may raise management, enforcement, and administrative costs. At some point, it may be necessary to develop less costly alternatives to optimum numbers in order to satisfy the court's constitutional concerns.

3. Data processing improvements

The commission will continue to improve its already sophisticated data processing capabilities to support research, adjudications, and licensing functions, while reducing the current dependence on the state main-frame computer.

LEGISLATIVE ISSUES

As a general rule, the commission seldom initiates legislative proposals. For the most part, the current act works well and any needed amendments have been "house-keeping" in nature. However, some changes are periodically proposed. The most frequent are:

1. Leasing of entry permits

Current law prohibits the leasing of permits. Legislation to loosen or eliminate the prohibition could be proposed. The new Governor must consider the historic basis of the anti-leasing provisions when determining whether or not to support such a change.

2. Increasing commission authority

It has been suggested that the commission should have a "moratorium" authority in order to foreclose new entry into an unlimited fishery while research on the advisability of limiting entry is undertaken. Currently, no such "breathing spell" is provided for--either the fishery is limited or it is not. The new Governor may wish to consider whether expanding the commission's limited options is in the public interest.

3. Alternative forms of effort limitation

Another suggestion has been that the commission should be allowed to implement a "share quota" limited entry program in some fisheries, an option that is currently not available. The new Governor may wish to consider whether the advantages to fisheries management are sufficient to overcome the controversial nature of these programs.

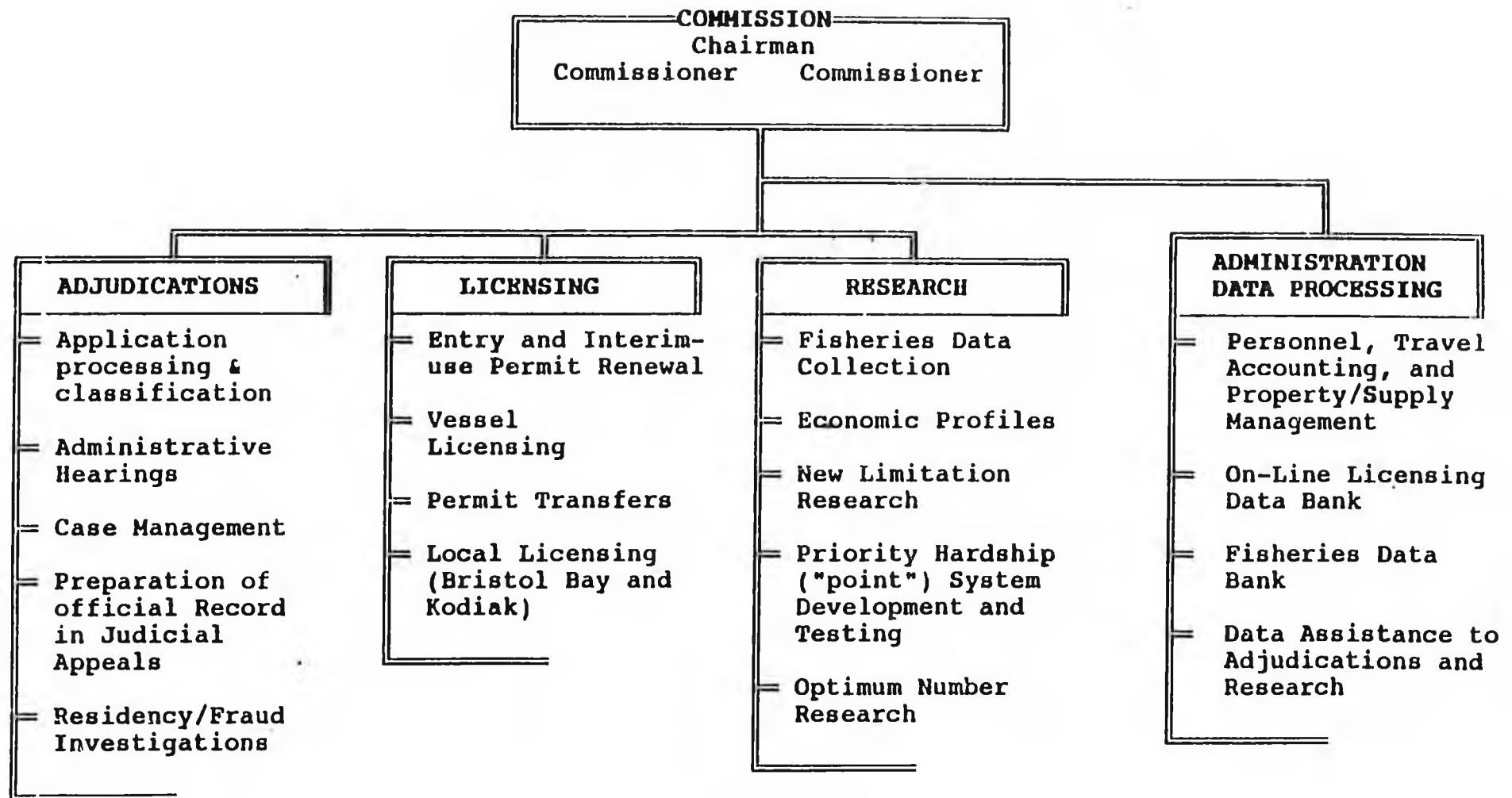
4. Alternatives to the current "buy-back" provisions

The Attorney General has opined that the current buy-back provisions in the Limited Entry Act (which are to be used to reduce effort in limited fisheries to optimal levels) are unconstitutional. It may become necessary to consider alternatives which are at once constitutional, efficient, and cost-effective.

EXHIBIT 1

COMMERCIAL FISHERIES ENTRY COMMISSION

Organization by Agency Function*



*NOTE: The above Organizational Chart presents a general view of the Commission's primary functions. It by no means lists all activities undertaken to meet the Commission's statutory responsibilities as set fo in AS 16.43.010 - 990.

EXHIBIT 2

COMMERCIAL FISHERIES ENTRY COMMISSION

Position Count By Section
FY 1985 - FY 1991

<u>Section</u>	<u>Final FY85</u>	<u>Final FY86</u>	<u>Final FY87</u>	<u>Final FY88</u>	<u>Final FY89</u>	<u>Final FY90</u>	<u>Final FY91</u>
Adjudications:							
Full-Time	8.0	11.0	12.5	11.0	14.0	14.0	14.0
Part-Time	1.0		1.0	2.5	1.5	1.5	1.5
Temporary							
Research:							
Full-Time	6.0	6.0	6.5	5.0	7.0	7.0	7.0
Part-Time				1.5	1.5	1.5	1.5
Temporary							
Data Processing:							
Full-Time	8.0	10.0	8.5	6.5	7.5	7.5	7.5
Part-Time			1.0	1.0	2.0	2.0	2.0
Temporary							
Licensing:							
Full-Time	9.0	8.0	6.0	6.0	6.0	6.0	6.0
Part-Time			2.0	2.0	2.0	2.0	2.0
Temporary	3.0	3.0	4.0	2.0	2.0	2.0	2.0
Administration:							
Full-Time	7.0	6.0	2.5	2.5	2.5	2.5	2.5
Part-Time							
Temporary							

AGENCY TOTALS:							
FULL-TIME	38.0	38.0	41.0	36.0	37.0	37.0	37.0
PART-TIME	1.0	1.0	0.0	4.0	7.0	7.0	7.0
TEMPORARY	3.0	3.0	4.0	4.0	2.0	2.0	2.0

EXHIBIT 3

COMMERCIAL FISHERIES ENTRY COMMISSION

Major Decisions/Activities Affecting Agency Operations
(Fiscal Years 1984 - 1990)

- FY84: *Rutter, Wickersham, Byavuk Supreme Court decisions.
*Southeast crab fisheries researched, hearings held, and three fisheries limited.
- FY85: *Roehl, Cashen, Deubelbeiss, & Chocknok/Andrew Supreme Court decisions.
*Southeast black cod (sablefish) fisheries researched, hearings held, and three fisheries limited.
*Research and hearings on new regulations pursuant to Supreme Court decisions.
*Research and hearings on Southeast crab fishery point systems begins.
- FY86: *Research and hearings on Southeast black cod fishery point systems.
*Processing new/reopened applications (306 applications) pursuant to Supreme Court decisions begins (many existing open applications affected).
- FY87: *Prince William Sound herring spawn on kelp pound fishery researched, hearings held, and fishery limited.
*Application processing for Southeast Crab fisheries (332 applications) begins.
*Loss of dedicated mini-computer due to budget reductions results in need to redesign data processing system.
- FY88: *Research and hearings on PWS herring spawn on kelp pound fishery point system and application processing (140 applications) begins.
*Application processing for Southeast black cod fisheries (213 applications) begins.
*Western Alaska herring fisheries researched, extensive hearings in Western Alaska villages held, and five fisheries limited.
- FY89: *Research and hearings on Western Alaska herring fisheries point systems.
*Wassillie settlement finalized, processing of 273 applications begins.
*Johns case finalized, extensive research and data analysis for optimum number determinations begins.
*Exxon Valdez oil spill in Prince William Sound creates significant demand for Data Processing services to assist affected fishermen.
- FY90: *Exxon Valdez oil spill continues to make demands on Data Processing; Research services required to respond to legal activity.
*Western Alaska herring fisheries point systems finalized, application period opens, processing applications begins (application period open through May 31, 1990; anticipate more than 1200 applications for permanent permits in Western Alaska herring fisheries).
*Pogiak herring spawn on kelp fishery researched, hearings held, and fishery limited.

EXHIBIT 4

COMMERCIAL FISHERIES ENTRY COMMISSION

Requests for Limited Entry in Additional Fisheries

The Commission is currently reviewing petitions from affected fishermen for the limitation of some seventeen (17) additional fisheries. These include, with date(s) the petitions received:

1. Security Cove/Goodnews Bay herring gill net (10/87)
2. Togiak Herring purse seine (3/88, 4/88, 5/88, & 10/88)
3. Togiak Herring gill net (3/88, 4/88, 5/88, & 10/88)
4. Aleutian Herring (bait) purse seine (12/87)
5. Cook Inlet Tanner crab pot (10/84, 5/88, & 7/88)
6. Cook Inlet King crab pot (10/84, 5/88, & 7/88)
7. Cook Inlet Dungeness crab pot (10/84)
8. Cook Inlet Shrimp trawl (10/84)
9. Cook Inlet Shrimp pot (10/84)
10. Prince Wm. Sound Shrimp pot (11/84)
11. Prince Wm. Sound Black Cod longline (7/85)
12. Prince Wm. Sound Dungeness crab pot (8/82)
13. Prince Wm. Sound Herring Spawn on Kelp diving (8/88)
14. Southeast Dungeness crab pot (5/84 & 1/89)
15. Southeast crab (all species) ring net (7/85 & 1/89)
16. Southeast Abalone diving (12/87 & 12/89)
17. Southeast Demersal Shelf Rockfish longline (11/89)

Since the Administrative Procedures Act imposes a 30-day deadline for responding, petitioners above have been informed that their petitions must be denied for the time being; however, research into conditions in each of these fisheries must be undertaken and the Commission must decide whether or not to propose a maximum number regulation and develop a formal record upon which to base its findings. If the findings support limitation, the Commission is compelled to act. AS 16.43.240(b)