

ALASKA LEGISLATURE COMMITTEE FILES 1999-2000 8672

10129 SENATE RESOURCES

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. SB 140

Revision Date/Time (Note if correction) _____ Dept. Affected Office of the Governor
 Title An Act relating to the powers & duties of the BRU Governmental Coordination
 Dept of Natural Resources & to the Alaska Coastal Management Component Governmental Coordination
 Sponsor Senate Finance
 Requester _____ Component Serial No. 18

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services	(1,071.6)	0.0	0.0	0.0	0.0	0.0
Travel	(35.0)	0.0	0.0	0.0	0.0	0.0
Contractual	(157.6)	0.0	0.0	0.0	0.0	0.0
Supplies	(2.6)	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	(1,266.8)	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	(1,266.8)	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	(1,266.8)	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY99) cost: _____

POSITIONS

Full-time	-24					
Part-time						
Temporary	-2					

ANALYSIS: (Attach a separate page if necessary)

This fiscal note only reflects state match dollars associated with the transfer of the ACMP to DNR. Federal funds would be granted to the Governor's Office until such time that a program amendment for the transfer of the program to DNR was approved by NOAA OCRM. It is assumed that these funds \$2,812.3 could be provided to DNR thru a RSA. It is also possible that NOAA OCRM would withhold federal funding until they have the opportunity to review & approve the program amendment. General Fund remaining with DGC is associated with 1 FTE & related support that currently carries out ANILCA coordination for the Office of the Governor. Funding level represents Governor's request. Any reduction to the funding level per the legislative process is not reflected in this fiscal note.

Prepared by Gabrielle LaRoche Acting Director Phone 465-3562
 Division Governmental Coordination Date/Time 4/16/99 4:24 PM
 Approved by Jim Ayers, Chief of Staff Date _____
 Agency Office of the Governor

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FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. SB 140

Revision Date/Time (Note if correction) _____ Dept. Affected Dept. Fish & Game
 Title An Act relating to the powers and duties of BRU Habitat and Restoration
the DNR and to the Alaska coastal management program Component Habitat
 Sponsor Senate Finance Committee
 Requester Senate Resources Component Serial No. 486

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services	***					
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	***	***	***	***	***	***

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	***	***	***	***	***	***

Estimate of any current year (FY99) cost: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

*** Passage of SB 140 would result in a substantial, but indeterminate, additional cost to DF&G. There would be an immediate cost associated with participating in the review and modification of related regulations and procedures. More importantly, there would be a continuing additional cost associated with providing technical support, participating in meetings, and preparing briefing materials for the increase in director and commissioner-level elevations that would result from shifting DGC responsibilities to DNR.

Prepared by Ken Taylor *Ken Taylor* Phone 465-4105
 Division Habitat and Restoration Division Date/Time 04/26/99
 Approved by Commissioner Frank Rue *Frank Rue* Date 4-26-99
 Agency Department of Fish and Game

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SB 140: Impacts to the Coastal Program
Prepared by the Division of Governmental Coordination
April 19, 1999



The Knowles Administration and the Coastal Policy Council oppose SB 140.

- The ACMP is a well-established program that has been located in the Office of the Governor since 1979. DGC's implementation has been evaluated several times in recent years. A 1994 Division of Legislative Audit report found "DGC appears to be the most appropriate agency for administering the ACMP." Further, the report states that "DGC's placement in the Office of the Governor provides a more objective centralized oversight and coordination function for all state agencies." In addition, DGC received an excellent evaluation from the federal Office of Ocean and Coastal Resource Management as part of their triennial section 312 evaluation under the Coastal Zone Management Act.
- The proposed bill does not result in any saving to State general fund dollars, and may result in increased costs associated with start-up of the program by new staff in a different agency. Short-term inefficiencies are also anticipated as a result of the change in lead agency. A program amendment would need to be prepared and submitted to NOAA OCRM. Delays and/or decreases in federal funds could impact not only State agency functions, but funding that is provided to the coastal districts and communities of the state.
- The ACMP is a networked program that relies on existing authorities. While all of the resource agencies conduct permitting activities and some have planning functions, each has unique mandates and none match the mandates of the ACMP.
- The sponsor statement suggests that the ACMP can be moved to DNR because both agencies have similar planning and permitting functions. As described above, not only are the agency mandates different, but DGC has other responsibilities with which DNR staff are not familiar, including developing state positions on coastal resource issues and providing conflict resolution as needed during planning and permitting. In addition, although DNR manages activities on state land, the scope of the ACMP is broader in that it includes activities on private and federal lands.

STATE OF ALASKA

OFFICE OF THE GOVERNOR

TONY KNOWLES, GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET
DIVISION OF GOVERNMENTAL COORDINATION

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PIPELINE COORDINATOR'S OFFICE
411 WEST 4TH AVENUE, SUITE 2C
ANCHORAGE, ALASKA 99501-2343
PH: (907) 271-4317/FAX: (907) 272-0690

April 19, 1999

The Honorable Randy Phillips
State Capitol
Juneau, AK 99801

Re: SB 140, "An Act relating to the powers and duties of the Department of Natural Resources and to the Alaska coastal management program."

Dear Senator Phillips:

I am writing to respond to the concepts discussed in the draft mission analysis and sponsor statement we received from your office regarding SB 140. There are a number of issues that require further explanation. These issues are summarized in bold text, below.

The draft mission analysis fails to recognize the unique responsibilities of DGC.

The Division of Governmental Coordination (DGC) FY2000 Mission is to provide access to uniquely qualified individuals, information, technical expertise and federal funding to resolve resource development and permitting issues. In addition to the permit coordination noted in your sponsor statement, DGC funds and facilitates coastal district program development and develops state positions on coastal resource issues, resolving conflicts among a variety of stakeholders in many different forums.

Coastal district maps are distinct from DNR area plan maps.

Coastal district maps are developed by a coastal district (a municipality or coastal resource service area) and submitted to DGC for Coastal Policy Council and federal approval as part of a district program. These maps depict, at a minimum, the district boundary and the coastal zone boundary. These maps are companion to district programs, which contain enforceable policies designed to balance conflicting uses and activities in the coastal zone. The district policies are applied to avoid, minimize or

mitigate impacts to coastal resources within the district's coastal zone. Some district maps may also designate subsistence zones or recreation areas in which more specific policies apply. They do not determine the locations in which various activities are permitted.

SB 140 does not result in any efficiencies by combining the Division of Governmental Coordination (DGC) with the Division of Land, Department of Natural Resources (DNR).

When we responded to your initial request for information, we stated that "efficiencies may be gained if the director and administrative staff were fully or partially absorbed by an existing structure." However, after further consultation with DNR, we must conclude that these efficiencies cannot be realized. Due to the federal grant administration and coordination functions of DGC and the lack of administrative staff within DNR, we anticipate the need to retain administrative staff to carry out the functions of the ACMP.

Indeed, efficiency in the delivery of program services is anticipated to decrease in the short term, with little or no gain in the long term. There will be inefficiencies associated with the start-up of the ACMP with new staff who must carry out new assignments within a new agency structure. DNR/Div. of Lands experience is primarily in the management of state-owned lands. DNR is not experienced in resolving conflicts where private and federal land interests are involved, nor does the agency have experience with grant administration.

Short term inefficiencies are anticipated as a result of the change in lead agency. A program amendment would need to be prepared and submitted to NOAA/OCRM. Delays and/or decreases in federal funds could impact not only state agency functions, but funding that is provided to local communities through the ACMP.

DGC and DNR tasks are distinct.

DNR's central mission is to plan for and manage state-owned lands. In contrast, DGC administers a program that manages coastal uses and activities on private and federal land, as well as state land. DGC brings all the players together to ensure that certain activities on federal, state and private lands are consistent with the statewide standards and the district enforceable policies of the Alaska Coastal Management Program.

Because Alaska does not have a coastal permit, consistency is implemented through existing agencies authorities. In order to avoid duplication, DNR, DFG and DEC (as well as affected coastal districts) review and comment on proposed projects with respect to the standards and enforceable policies within their area of expertise. DGC disseminates information, establishes the review schedule, receives comments, renders the state position, and mediates conflict among the parties with standing. This interagency coordination is dissimilar from the tasks currently carried out by DNR.

A networked coastal program must interact with numerous staff within the permitting agencies and coastal districts.

Your statement indicates the number of staff with whom the DGC interacts. This level of interaction is necessary to avoid duplication in the coastal program. As explained above, the ACMP is a networked program that relies upon existing authorities. During consistency reviews and coastal program development, DGC contacts a variety of agency personnel as are best suited to the project or coastal program under review.

The agency positions indicated in your statement are not solely dedicated to ACMP tasks. Instead, these are DGC's contacts throughout state government, who participate in coastal management during their routine permitting and planning assignments. In exchange, their permitting tasks are counted as state match for the federal dollars received. Additional tasks are federally funded through a reimbursable services agreement between DGC and DNR. This networked structure within the ACMP achieves the most federal dollar "bang" for state dollar "buck." Relocating the program within DNR would not result in fewer staff positions.

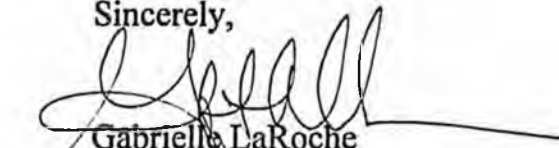
DGC does not cost \$2,812,00 in federal funds.

In FY99, DGC received \$2,701,600 in federal funds. Of this total, state agencies participating in the program received \$932,700, coastal districts received \$1,161,400, and the Coastal Policy Council and DGC received \$607,500. Additionally, state general funds allocated to DGC are used to offset match requirement to coastal districts, another example of the ACMP structure making the most of federal dollars.

Summary

The Division of Governmental Coordination appreciates the opportunity to work with your office on issues of importance to the Alaska Coastal Management Program. If you have any questions about this response, please do not hesitate to call.

Sincerely,



Gabrielle LaRoche
Acting Director

cc: Coastal Districts
Coastal Legislators

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. SB 140

Revision Date/Time (Note if correction) _____ Dept. Affected Office of the Governor
 Title An Act relating to the powers & duties of the BRU Governmental Coordination
 Dept of Natural Resources & to the Alaska Coastal Management Component Governmental Coordination
 Sponsor Senate Finance
 Requester _____ Component Serial No. 18

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services	(1,071.6)	0.0	0.0	0.0	0.0	0.0
Travel	(35.0)	0.0	0.0	0.0	0.0	0.0
Contractual	(157.6)	0.0	0.0	0.0	0.0	0.0
Supplies	(2.6)	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	(1,266.8)	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	(1,266.8)	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	(1,266.8)	0.0	0.0	0.0	0.0	0.0


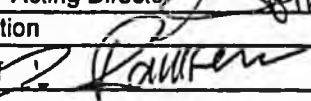
Estimate of any current year (FY99) cost: _____

POSITIONS

Full-time	-24				
Part-time					
Temporary	-2				

ANALYSIS: (Attach a separate page if necessary)

This fiscal note only reflects state match dollars associated with the transfer of the ACMP to DNR. Federal funds would be granted to the Governor's Office until such time that a program amendment for the transfer of the program to DNR was approved by NOAA OCRM. It is assumed that these funds \$2,812.3 could be provided to DNR thru a RSA. It is also possible that NOAA OCRM would withhold federal funding until they have the opportunity to review & approve the program amendment. General Fund remaining with DGC is associated with 1 FTE & related support that currently carries out ANILCA coordination for the Office of the Governor. Funding level represents Governor's request. Any reduction to the funding level per the legislative process is not reflected in this fiscal note.

Prepared by Gabrielle LaRoche Acting Director  Phone 465-3562
 Division Governmental Coordination Date/Time 4/16/99 4:24 PM
 Approved by Jim Ayers, Chief of Staff  Date _____
 Agency Office of the Governor

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UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
NATIONAL OCEAN SERVICE
OFFICE OF OCEAN AND COASTAL RESOURCE MANAGEMENT
Silver Spring, Maryland 20910

APR 19 1999

Honorable Rick Halford, Chair
Senate Resources Committee
Alaska State Capitol
Juneau, AK 99801

Dear Senator Halford:

I am writing to express my concerns regarding SB 140, which changes the lead agency for the Alaska Coastal Management Program (ACMP) from the Division of Governmental Coordination (DGC) to the Department of Natural Resources (DNR). As the Federal agency charged with administering the Federal Coastal Zone Management Act of 1972, as amended, (CZMA) the Office of Ocean and Coastal Resource Management (OCRM) views this move, which requires significant public discussion and review prior to legislative action, as a major change to the Federally approved ACMP. As we were only made aware of the Bill and the hearings late last week, our comments are preliminary in nature. We would also be available to respond to any questions regarding the CZMA and its implementing requirements.

Adequate public participation: The CZMA contains specific requirements regarding public involvement in program development, implementation and program changes. It appears that the public has not had adequate time to review the Bill and understand the rationale and consequences of the proposed change. We would urge you to provide adequate time at the scheduled hearings to consider the comments of affected local communities and various interests.

Federal requirements for lead agency: The Federal regulations for coastal management program (CMP) development include factors for selecting state CMP lead agencies. In the case where states rely on a "network" of state and local planning and permit programs, state agencies with strong coordination and conflict resolution functions are more often than not the best suited to be the lead agency. The DGC, as its name connotes, is well suited to coordinate the full range of ACMP lead agency activities.

The objectiveness of ACMP consistency review may suffer: The success of the state consistency process (6 AAC 50) is due largely to the objective facilitation role of the DGC. External parties could question whether the DNR would be as objective as the DGC and could provide the balance needed as promoter and State permit agency for major oil and gas, mining, forestry resource development. Such a change might adversely affect efficient and effective decision making in these areas. In addition, such an impact on the ACMP's decision making



ability in these areas raises the question as to whether the ACMP would continue to adequately consider the national interest in these areas, which is a requirement for continued Federal approval of the ACMP pursuant to the CZMA.

Lack of clear justification for the change: Several recent Federal evaluations of the ACMP, including OCRM's recent section 312 evaluation and the two year comprehensive ACMP Assessment, did not find any need for change in the lead agency. Our review of the draft "Mission Analysis," and "Sponsor Statement" provided with the Bill suggests that a more detailed analysis of the functions of each agency is necessary to form a basis for discussion and decisions of the public policy implications of the change.

Moving ACMP to DNR may not result in a cost savings: Based on the limited information provided us, it is unclear whether moving the ACMP to the DNR will result in any cost savings due to dissimilar functions of each agency. For example, the objectives and areas covered by local coastal district planning and management activities required under the coastal program are different than the objectives and areas subject to the Title 38 public lands planning undertaken by the DNR. In addition, we would note that negotiations regarding the State's FY2000 Federal grant indicate that available federal funds are barely adequate to support the major State agency and local coastal district components of the ACMP program. Finally, we should note that Federal funds can not be used to supplant state funds in this matching grant program.

Effect of agency change on FY 2000 award to the State: We are currently completing the processing of the Alaska FY2000 award, scheduled to be awarded on July 1, 1999. The CZMA requires that we approve changes to State CZM programs prior to our funding of such changes. Therefore, if there is a change in the designated lead agency for the ACMP, we would need to work out a mechanism to cover the 4-6 month period that would be necessary for OCRM to review this change. Most likely we would condition the cooperative agreement to allow expenditure of a portion of the Federal funds for activities as specified in the application submitted by DGC, and then address the use of the remaining funds upon completion of our amendment review.

Sincerely,



for Joseph A. Uravitch, AICP
Chief, Coastal Programs Division

cc: Office of the Governor
DGC

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. SB 140

Revision Date: _____ Dept Affected: Natural Resources
 Title: COASTAL ZONE MANAGEMENT TO DNR BRU: Land Development
 Component: Land Development
 Sponsor: Senate Finance Committee
 Requestor: (S)RES Component Serial No. 431

Expenditures/Revenues (Inflation not included unless otherwise noted below) (Thousands of Dollars)

OPERATING EXPENDITURES	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005
PERSONAL SERVICES	1,153.8	1,153.8	1,153.8	1,153.8	1,153.8	1,153.8
TRAVEL	35.0	35.0	35.0	35.0	35.0	35.0
CONTRACTUAL	157.6	157.6	157.6	157.6	157.6	157.6
SUPPLIES	2.6	2.6	2.6	2.6	2.6	2.6
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	1,349.0	1,349.0	1,349.0	1,349.0	1,349.0	1,349.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES (fund code)	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

FUND SOURCE	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005
1002 Federal Receipts						
1003 GF Match	1,266.8	1,266.8	1,266.8	1,266.8	1,266.8	1,266.8
1004 GF	82.2	82.2	82.2	82.2	82.2	82.2
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	1,349.0	1,349.0	1,349.0	1,349.0	1,349.0	1,349.0

Estimate of any current year (FY99) cost: \$ none

POSITIONS

POSITIONS	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005
FULL-TIME	26	26	26	26	26	26
PART-TIME	0	0	0	0	0	0
TEMPORARY	2	2	2	2	2	2

ANALYSIS: (Attach a separate page if necessary)

This fiscal note reflects only the state match dollars associated with the transfer of the ACMP from the Division of Governmental Coordination (DGC) to DNR, and GF needed to match federal funds for activities transferred from DCRA to DNR. Federal funds are currently granted to DGC by the National Oceanographic and Atmospheric Administration, Office of Coastal Resource Management. DNR assumes that these federal funds, totaling \$2,812.3, would be provided to DNR under an RSA agreement. The total number of positions reflects 24 full-time and 2 temporary DGC positions currently in the Governor's FY00 budget and 2 positions to carry out activities transferred from DCRA to provide planning assistance and grant administration for AS 44.37.085. This fiscal note does not reflect the cost of physically moving DGC staff to DNR offices. DNR estimates such a move would cost approximately \$15.0. Future years' funding would remain the same.

Prepared by: Jane Angvik, Director Phone: 907-269-8503
 Division: Land Date: 19-Apr-99
 Approved by Commissioner: *[Signature]* Date: 4/19/99
 Agency: Natural Resources

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FISCAL NOTE

**STATE OF ALASKA
1999 LEGISLATIVE SESSION**

BILL NO. SB 140

Revision Date/Time (Note if correction) _____ Dept. Affected Office of the Governor
 Title An Act relating to the powers & duties of the BRU Governmental Coordination
 Dept of Natural Resources & to the Alaska Coastal Management Component Governmental Coordination
 Sponsor Senate Finance
 Requester _____ Component Serial No. 18

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Supplies	(2.6)	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	(1,266.8)	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	(1,266.8)	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	(1,266.8)	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY99) cost: _____

POSITIONS

Full-time	-24				
Part-time					
Temporary	-2				

ANALYSIS: (Attach a separate page if necessary)

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Prepared by Gabrielle LaRoche Acting Director *[Signature]* Phone 465-3562
 Division Governmental Coordination Date/Time 4/16/99 4:24 PM
 Approved by Jim Ayers, Chief of Staff *[Signature]* Date _____
 Agency Office of the Governor

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ALASKA STATE LEGISLATURE

SENATOR RANDY PHILLIPS
SENATE DISTRICT L

Session (Jan-May)
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Juneau, Alaska 99801
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1 (907) 465-4979 Fax
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Interim
P.O. Box 142
Eagle River, Alaska 99577
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1 (907) 694-4948 Fax

Sectional

SB 140

Sections 1, 2, 3 and 4. Technical statute references.

Section 5. Moves the Alaska Coastal Policy Council from the Office of Management and Budget to the Department of Natural Resources. There is no policy change.

Sections 6, 7, 8, 9, 10, 11, and 12. Technical statute references

Section 13. Moves the coastal management petition process to the Department of Natural Resources. No policy change.

Sections 14, 15, 16, 17, 18, 19, 20, 21 and 22. Transfers authority for the Coastal Management Program to the Department of Natural Resources from the Department of Community and Regional Affairs. No policy change.

Section 23. Repeals code moved to the Department of Natural Resources.

Section 24. Provides for a smooth transition of regulations to the Department of Natural Resources.

BRU/Component: Governmental Coordination

(There is only one component in this BRU. To reduce duplicate information, we did not print a separate BRU section.)

Manager: Gabrielle LaRoche, Coastal Program Coordinator

Tel: (907) 465-3541 Fax: (907) 465-3075 E-mail: Gabrielle_LaRoche@gov.state.ak.us

Component Mission

To provide access to uniquely qualified individuals, information, technical expertise and federal funding to resolve resource development and permitting issues.

Component Services Provided

- Operate the Alaska Coastal Management Program (ACMP).
- Secure federal funding and technical expertise for coastal communities.
- Provide one-stop permit services.
- Provide conflict resolution.
- Serve as the State's liaison to federal agencies conducting activities under the ANILCA, Outer Continental Shelf, and other federal laws that significantly affect the State.

Component Goals and Strategies for FY2000

- 1) Streamline, coordinate and expedite permit reviews for development projects.
 - Review projects within 6 AAC 50 review timeframes.
 - Respond to requests for assistance and information.
 - Provide opportunity for local government and general public participation in state project decisions as per 6 AAC 50.
 - Achieve balanced and documented State decisions, which recognize the full range of state interests in a proposed activity.
 - Provide an interagency conflict resolution mechanism, which produces a unified state position transmitted to the applicant and other interested parties.
 - Maintain the project tracking system which enables required comments to be provided and final decisions to be issued in a timely manner.
 - Complete MOUs with federal agencies to clarify consistency review procedures.
 - Provide the state's position on all federal oil and gas decisions.
- 2) Upgrade community-based coastal planning and development programs with Coastal Policy Council (CPC) oversight.
 - Approve approximately four district coastal management program amendments.
 - Provide information and technical assistance to local governments not presently participating in the ACMP.
 - Provide federal funding to coastal districts and to state agencies.
 - Hold two CPC meetings, ten to twelve teleconferences or subcommittee meetings.
 - Host one statewide conference; conduct workshops, as needed, and maintain frequent communication with agencies.
- 3) Provide liaison to federal government for Coastal Management and Alaska National Interest Lands Conservation Act (ANILCA).
 - Coordinate the State's response to proposed activities on federal forest land.
 - Serve as a liaison between state agencies and the Forest Service on matters of interest to the state.
 - Improve communication between the state and the Forest Service through a clearer review process under the state's coastal management program.
 - Improve Forest Service response to matters of state concern through improved implementation of the state's coastal management program.

- Coordinate state comments to federal land management planning documents including draft, supplemental, and final environmental statements.
 - Prepare state recommendations based on interagency review.
 - Submit complete and timely quarterly and annual performance reports and products.
 - Prepare annual federal grant application and work program for period July 1, 1999 - June 30, 2000.
 - Respond to federal policy initiatives related to coastal management issues.
 - Annually coordinate approximately 30 - 40 state agency reviews of these federal plans, policies, and regulations. Process involves development of state consensus through consultation and negotiation; development of formal state comments; then further negotiation with federal land managers to achieve state objectives in federal decision-making.
 - Coordinate state agency review of mandated federal reports, develop consolidated responses, and present to federal agencies or Congress as appropriate.
 - Coordinate state agency review of draft legislation and provide the results to the Governor's Washington, D.C. office for follow-up as appropriate.
- 4) Enhance technical expertise to address emerging coastal issues.
- Participate with other coastal states in responding to federal legislative initiatives regarding State authorities to influence federal decisions on coastal development. Coordinate with and provide information to the Governor's Washington, D.C. office.
 - Participate in state and national workshops and forums.
 - Prepare six newsletters.
 - Maintain Internet Homepage, which provides access to services.
 - Revise regulations, policies and procedures as recommended by FY 97 program assessment and the Coastal Policy Council.
 - Apply for and receive federal grant to accomplish specific projects.

Key Component Issues for FY1999 – 2000

- Improve awareness and understanding of coastal management and project development services at DGC. Provide private developers permit information, access to project services, and timely permit reviews and decisions.
- Maintain communication and coordinated decisions among resource agency personnel responsible for permitting development projects. Integrate agency review requirements related to oil and gas exploration and development activities, particularly C-Plan reviews, Right-of-Ways and ACMP Standards.
- Under CPC oversight, upgrade local coastal programs insuring balance among state, federal and local interests.
- Assure state interests are fully addressed as federal agencies prepare and implement plans for national parks, wildlife refuges and preserves, and wilderness lands in Alaska.

Major Component Accomplishments for FY1998

- 1) Coordinated approximately 400 multi-permit coastal project reviews.
- 2) Secured \$2,812,300 in federal funds for coastal management.
- 3) Obtained federal approval of two coastal community programs.
- 4) Provided state response to all OCS and ANILCA Conservation System Unit activities.
- 5) Provided Internet access to ACMP and permitting review information.

Statutory and Regulatory Authority

AS 44.19.145&155, AS 44.19.162 & 166, AS 46.40
6 AAC 50, 80, & 85
p. L. 101-508, P.L. 96.487

Governmental Coordination

Resource Summary

All dollars in thousands

	FY1998 Actuals	FY1999 Authorized	FY2000 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	1,628.7	1,620.0	1,620.0
72000 Travel	123.0	119.0	119.0
73000 Contractual	1,375.0	1,334.8	1,334.8
74000 Supplies	31.5	29.0	29.0
75000 Equipment	22.5	13.1	15.1
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	1,112.7	1,161.4	1,161.4
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	4,293.4	4,277.3	4,277.3
Funding Sources:			
1002 Federal Receipts	2,807.1	2,812.3	2,812.3
1003 General Fund Match	1,242.3	1,266.8	1,266.8
1004 General Fund Receipts	187.4	198.0	198.2
1007 Inter-Agency Receipts	56.6	0.0	0.0
1053 Investment Loss Trust Fund	0.0	0.2	0.0
Funding Totals	4,293.4	4,277.3	4,277.3

Estimated Governmental Coordination Revenue Collections

Description	Master Revenue Account	FY1998 Actuals	FY1999 Authorized	FY1999 Cash Estimate	FY2000 Governor
Unrestricted Revenues					
None.		0.0	0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0	0.0
Restricted Revenues					
Federal Receipts	51010	2,807.2	2,812.3	2,872.5	2,812.3
Interagency Receipts	51015	56.5	0.0	0.0	0.0
Restricted Total		2,863.7	2,812.3	2,872.5	2,812.3
Total Estimated Revenues		2,863.7	2,812.3	2,872.5	2,812.3

Governmental Coordination
Proposed Changes in Levels of Service for FY2000

No service changes.

Component — Summary of Budget Changes
From FY1999 Authorized to FY2000 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY1999 Authorized	1,465.0	2,812.3	0.0	4,277.3
Adjustments which will continue current level of service:				
-Change Investment Loss Trust Fund to General Fund	0.0	0.0	0.0	0.0
FY2000 Governor	1,465.0	2,812.3	0.0	4,277.3

Governmental Coordination
Component — Personal Services Information

Authorized Positions			Personal Services Costs	
	<u>FY1999</u> <u>Authorized</u>	<u>FY2000</u> <u>Governor</u>		
Full-time	25	25	Annual Salaries	1,309,548
Part-time	0	0	Premium Pay	0
Nonpermanent	1	1	Annual Benefits	396,699
			<i>Less 5.05% Vacancy Factor</i>	<i>(86,247)</i>
			Lump Sum Premium Pay	0
Totals	26	26	Total Personal Services	1,620,000

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Assistant	1	0	1	0	2
Administrative Coordinator	0	0	1	0	1
Administrative Officer	0	0	1	0	1
Coastal Program Assistant	0	0	1	0	1
Coastal Program Coordinator	0	0	1	0	1
Dist Program Coordinator II	0	0	1	0	1
Dist Program Coordinator III	0	0	2	0	2
District Program Coordinator	0	0	1	0	1
District Program Coordinator I	0	0	1	0	1
Division Director	0	0	1	0	1
Project Analyst	1	0	4	0	5
Project Review Assistant	1	0	0	0	1
Project Review Asst	0	0	1	0	1
Project Review Coordinator	4	0	3	0	7
Publications Specialist	0	0	1	0	1
Totals	7	0	20	0	27

TYPE OF REVENUE: Interagency Receipts					CONTACT: Pat Poland, Director, 269-4500			
FUNDING SOURCE CODE	FUND	REVENUE ACCOUNT	COLLOCATION CODE	PRIOR YEAR FY 98 ACTUAL	CURRENT YEAR FY 99		FY 2000 GOVERNOR	FY 2001 FORECAST
					AUTHORIZED	CASH ESTIMATE		
1007	11100	51015	21728375	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
1007	11100	51015	21728378-383	1,130.7	1,376.2	1,376.2	1,376.2	1,376.2
1007	11100	51015	*	605.5				
TOTALS				2,736.2	2,376.2	2,376.2	2,376.2	2,376.2

EXPLANATION:

SHARED FISHERIES BUSINESS TAX PROGRAM: The funding for the Shared Fisheries Business Tax Program is transmitted each year from the Department of Revenue to DCRA as per AS 43.75.137. This funding is allocated to municipalities based upon a demonstration by the municipalities to the department that they suffered significant effects from fisheries business activities (1,000.0).

FEDERALLY FUNDED ALASKA COASTAL MANAGEMENT PROGRAM (ACMP) INTER-AGENCY RECEIPTS: Funds are received from the federal government. Both grant and administrative monies are transferred to this component from the Office of the Governor, Division of Governmental Coordination, for ACMP. Grants are awarded to local coastal districts throughout the state. The administrative funds are used in personal services to provide technical assistance on grants (1,376.2).

*Prior Year Actual: Unbudgeted RSA's (605.5)

Restricted Revenue Detail Form C21B
Revised 8/26/98

AGENCY Community and Regional Affairs
BRU Local Government Assistance
COMPONENT Statewide Assistance #676

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Revised Date:

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000242

CODE	EXPENDITURE CLASSIFICATION	FY 98 ACTUAL	FY 99 AUTHORIZED	FY 2000 ADJUSTED	FY 2000 GOVERNOR
75025	Total Lands, Buildings, Non-structural Improvements Interagency Transfers (non-add)				
77000	Total Assistance, Grants, and Benefits Interagency Transfers (non-add)	4,725.1	6,340.9	6,340.9	6,340.9
78000	Total Miscellaneous and Debt Service Interagency Transfers (non-add)				

FUNDING SOURCES

1002	Federal Receipts	2,023.9	4,000.0	4,000.0	4,000.0
1003	General Fund Match				
1004	General Fund				
1005	General Fund Program Receipts				
1037	General Fund Mental Health				
1007	Interagency Receipts	2,701.2	2,340.9	2,340.9	2,340.9

EXPLANATION		FY 99 AUTHORIZED	FY 2000 ADJUSTED	FY 2000 GOVERNOR
CODE	DESCRIPTION			
77440	Shared Fisheries Business Tax Program: Allocates funding to approximately 100 municipalities around the state to compensate for fisheries business impacts.	1,000.0	1,000.0	1,000.0
77440	Federally funded Alaska Coastal Management Program (ACMP) grants to local districts.	1,340.9	1,340.9	1,340.9
77440	Federally funded Payment In Lieu of Taxes (PILT) program payments to local governments.	4,000.0	4,000.0	4,000.0

LANDS, GRANTS,
AND
MISCELLANEOUS
Form C700
Revised 8/26/98

AGENCY Community and Regional Affairs

BRU Local Government Assistance

COMPONENT Statewide Assistance #676

Page 1 of 1

Revised Date:

FY 2000

000238

CONTACT: Pat Poland, Director, 269-4500

OBJECTIVES AND ACCOMPLISHMENT MEASURES:

The Alaska Coastal Management Program: Will have signed grant agreements with approximately 30 municipalities and coastal resource service areas completed by August 30, 1998.

Will award approximately \$1.5 million in federally funded ACMP grants by July, 1999.

Will close out all grant agreements with minimal funds to be returned to the federal government and with projects successfully completed by September 1, 1999.

Shared Fisheries Business Tax Program: Allocate available Shared Fisheries Business Tax Program funding. Approximately \$850.0 is to be awarded to an estimated 100 municipalities around the state which can demonstrate significant impacts from fisheries business activities.

Research and Analysis: Perform at least three major studies for issues relating to rural and/or community development.

Provide community database support and other analytical support for at least eight departmental programs.

Update and make all community database information available to other agencies and the general public through the Internet.

STATUTORY/REGULATORY CITATIONS

AS 20.60.010-370	AS 46.40	A. O. #46	Article 10, Sec 14 State Constitution
AS 29.60.450	AS 46.40		19 AAC 30 - 50

**COMPONENT
OBJECTIVES AND
ACCOMPLISHMENT
MEASURES**
Form CF2
Revised 8/26/98

AGENCY Community and Regional Affairs

BRU Local Government Assistance

COMPONENT Statewide Assistance #676

Page 1 of 1
Revised Date:

FY 2000

CONTACT: Pat Poland, Director, 269-4500

COMPONENT GOALS:

Services provided by this component fall into two principal areas: 1) Program Administration (State Revenue Sharing, Safe Communities, Shared Fisheries Business Tax Program, Alaska Coastal Management, and Payment in Lieu of Taxes); and 2) Research and Analysis, which support program development and operations.

Shared Fisheries Business Tax Program: The goal of this program is to allocate a share of State Fisheries Business Tax receipts collected outside municipal boundaries to municipalities which demonstrate they suffered significant effects from fisheries activity. This program implements the requirements of AS 29.60.450.

The Alaska Coastal Management Program (ACMP) distributes federal grant funds to municipalities and coastal resource service areas and provides research, training and technical assistance for the purpose of developing and implementing coastal management programs.

(continued on page 2)

	FY 98 ACTUAL	FY 99 AUTHORIZED	FY 2000 GOVERNOR
EXPENDITURES:			
Personal Services	388.2	341.5	341.5
Other Program Costs	4,779.2	6,409.3	6,409.3
Total	5,167.4	6,750.8	6,750.8
FUNDING SOURCES:			
Federal Receipts	2,023.9	4,000.0	4,000.0
General Fund Match			
General Fund	336.6	373.8	374.6
GF Program Receipts			
GF Mental Health			
Other Funds	2,806.9	2,377.0	2,376.2
Total	5,167.4	6,750.8	6,750.8
STAFFING:			
Permanent Full-Time	6	5	5
Permanent Part-time	0	0	0
Temporary	0	0	0

DESCRIPTION OF COMPONENT SERVICES:

Shared Fisheries Business Tax Program: Administer a State Fisheries Business Tax Revenue sharing program (\$800,000 - \$1.4 million) including application procedures, application evaluations, funding allocation calculations and distributing funding.

Alaska Coastal Management Program: Award and administer \$1 million - \$1.5 million in federally funded grants to municipalities and Coastal Resource Service Areas (CRSA). Assist local staff and CRSA boards with staff training, development of coastal management related plans and ordinances, hiring of contractors, board elections, etc.

(continued on page 2)

DESCRIPTION OF COMPONENT CHANGES: None.

COMPONENT GOALS AND SERVICES
Form CF1
Revised 8/26/98

AGENCY Community and Regional Affairs
BRU Local Government Assistance
COMPONENT Statewide Assistance #676

Page 1 of 2
Revised Date:

FY 2000

000227

CONTACT: Pat Poland, Director, 269-4500

COMPONENT GOALS:

- 1) Provide federal block grant funds to communities for public facilities, planning activities, and economic development which encourage community self-sufficiency, reduce or eliminate conditions detrimental to the health and safety of local residents, and reduce costs of essential services.
- 2) Assist communities prepare and implement comprehensive community development strategies; including the economic development components.
- 3) Provide grants, loans and assistance for local economic and business development efforts to achieve sustainable economies.
- 4) Support state sponsored Alaska Regional Development Organizations' (ARDORs) efforts to prepare and implement regional economic development strategies.
- 5) Increase local jobs and revenue from fisheries resources through implementation of the Community Development Quota (CDQ) program.

	FY 98 ACTUAL	FY 99 AUTHORIZED	FY 2000 GOVERNOR
EXPENDITURES:			
Personal Services	507.1	540.3	540.3
Other Program Costs	915.6	1,037.0	957.0
Total	1,422.7	1,577.3	1,497.3
FUNDING SOURCES:			
Federal Receipts	20.1	50.0	
General Fund Match			
General Fund	448.2	455.6	456.1
GF Program Receipts			
GF Mental Health			
Other Funds	954.4	1,071.7	1,041.2
Total	1,422.7	1,577.3	1,497.3
STAFFING:			
Permanent Full-Time	9	8	8
Permanent Part-time	0	0	0
Temporary	0	0	0

DESCRIPTION OF COMPONENT SERVICES:

This component supports the following programs which assist communities and individuals strengthen their local economies and infrastructure for public services: Community Development Block Grants, Community Services Block Grants, Rural Development Assistance Grants, Rural Business Development Mini-Grants, Rural Development Initiative Fund (RDIF) loans, Alaska Regional Development Organizations (ARDORs), and Community Development Quota (CDQ) and Alaska Rural Development Council (ARDC). A brief description of these services follows.

(continued on page 2)

DESCRIPTION OF COMPONENT CHANGES:

During FY1999, the Department ended its role as the host partner for the Alaska Rural Development Council. That function was relocated to the University of Alaska-Anchorage.

**COMPONENT
GOALS
AND SERVICES**

Form CF1

Revised 8/26/98

AGENCY Community and Regional Affairs

BRU Community and Economic Development

COMPONENT Community and Economic Development #2243

Page 1 of 3

Revised Date:

FY 2000

000250

DESCRIPTION OF COMPONENT SERVICES (continued):

Community Development Grant and Assistance Programs:

Direct funding is provided through competitive programs such as: 1) Community Development Block Grants (federal); 2) Community Services Block Grants (federal); and 3) Rural Business Development Mini-grants (state/federal). Technical assistance, grant monitoring, and project management assistance are provided by the staff from this component as well as the Training and Development component of the Local Government Assistance BRU. Our approach is to help communities evaluate and pursue community and economic development opportunities as part of a comprehensive and coordinated strategy. These programs are a critical part of supporting the construction of needed infrastructure, promoting economic and community infrastructure development, as well as directly funding local economic and development efforts.

The **Community Block Grants** program provides funding in the operating budget for administrative costs associated with distribution of federal funds appropriated to the capital budget from the U.S. Department of Health and Human Services (DHHS) and the U.S. Department of Housing and Urban Development (DHUD). Grant decisions are made using a competitive award process. Grants are negotiated, written, amended, monitored, and closed out by staff. Ongoing technical assistance is provided to ensure compliance with federal guidelines. Approximately 30 to 40 grants will be awarded.

The **Rural Business Development Mini-grant** program provides funds to local governments to use for start up or expansion of rural businesses or to plan for tourism, manufacturing or product development/marketing. After awards are made, staff assist with grant administration and project progress and completion. Grant funds and some administrative funds are provided by the U.S.D.A. Forest Service Rural Community Assistance Program (RCAP). Communities of 10,000 or less are eligible to apply for their priority project for a maximum of \$30,000 per community. This program encourages innovation in the use of rural human and natural resources.

Community Development staff assist communities in identifying infrastructure needs and economic potential as part of an overall community development strategy. Staff assist communities implement to these strategies to meet these needs and realize this potential. Field office staff in Nome and Bethel assist communities in identifying businesses which the community can support and assists the community and local residents in planning and financing these businesses to create local employment opportunities. In addition staff broker resources available from federal and state agencies, and economic-based private organizations.

(continued on page 3)

**ADDITIONAL
EXPLANATION
FORM**

Revised 8/26/98

AGENCY Community and Regional AffairsBRU Community and Economic DevelopmentCOMPONENT Community and Economic Development #2243

Page 2 of 3

Revised Date:

FY 2000

000251

CONTINUATION OF FORM:

CF1, Component Goals and Services

DESCRIPTION OF COMPONENT SERVICES (continued):

Rural Development Initiative Fund: Loans from this fund are provided in partnership with banks to start or expand small businesses which create or retain jobs in communities with less than 5,000 population.

Community Development Quota (CDQ): The CDQ system is managed and led by DCRA, and coordinates the activities of Alaska's Department of Fish and Game and Department of Commerce and Economic Development to ensure fish harvesting from the Bering Sea benefits Western Alaska coastal communities. The return of capital has been very successful, providing fisheries infrastructure and creating private-sector jobs in Western Alaska.

Alaska Regional Development Organizations (ARDORs): This program provides matching grants to 12 ARDORs to support regional economic development strategies and business development assistance to communities and individuals in urban and rural regions.

**ADDITIONAL
EXPLANATION
FORM**

Revised 8/26/98

AGENCY Community and Regional Affairs

BRU Community and Economic Development

COMPONENT Community and Economic Development #2243

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Revised Date:

FY 2000

000252

ALEUTIANS WEST
COASTAL RESOURCE SERVICE AREA

April 19, 1999

The Resources Committee
c/o The Honorable Rick Halford, Chair

Dear Senator Halford and members of the Committee,

This letter is written in opposition to Senate Bill No. 140. I am fairly new to the program, having worked in coastal management since December of 1997, but it is apparent to me that the program is successful today, and presumably for the past twenty years, because it is based on a networked approach to resource development and protection. The thirty-five coastal districts work closely with the Division of Governmental Coordination and a multitude of State agencies to effectively manage the program. DGC provides the umbrella and link between the applicant, the local governmental level, multiple state agencies, and the federal government, to facilitate the permitting process and serve the public.

At a recent Coastal Policy Council meeting I heard the action proposed under this bill referred to as "moving the chairs on the Titanic". If SB 140 is being proposed as a cost saving measure it is doubtful it will have that result as it will transfer a fully functioning program to an agency that will then need to staff up to meet the coordination and grant administration requirements. And how will the public be effectively served during the transition period?

The Alaska Coastal Management Program is not broken! I feel it would be detrimental to the public interest to remove the program from the Governor's office and oversight. Thank you for considering my opinion.

Sincerely,



Karol Kolehmainen
Program Coordinator, Aleutians West Coastal Resource Service Area

Cc: The Honorable Robin Taylor, Co-Chair
AWCRSA Board of Directors



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
NATIONAL OCEAN SERVICE
OFFICE OF OCEAN AND COASTAL RESOURCE MANAGEMENT
Silver Spring, Maryland 20910

FAX TRANSMITTAL

DATE: 4/19/99

MULTIPLE TRANSMISSION 2 PAGES TO FOLLOW

ADDRESSEE

NAME: SENATOR RICK HALFORD
ORGANIZATION: AK SENATE
PHONE NUMBER: 907-465-4907
FAX NUMBER: 907-465-4928

ORIGINATOR

NAME: Bill MillHOUSER, OCRM/NOAA
PHONE NUMBER: 301-713-3121 x189

OCRM/NOAA COMMENTS ON SB140

COMMENTS

CC: DGC @ 907-465-3075

AK Gov's OFFICE @ 907-364-3695





UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
NATIONAL OCEAN SERVICE
OFFICE OF OCEAN AND COASTAL RESOURCE MANAGEMENT
Silver Spring, Maryland 20910

APR 19 1999

Honorable Rick Halford, Chair
Senate Resources Committee
Alaska State Capitol
Juneau, AK 99801

Dear Senator Halford:

I am writing to express my concerns regarding SB 140, which changes the lead agency for the Alaska Coastal Management Program (ACMP) from the Division of Governmental Coordination (DGC) to the Department of Natural Resources (DNR). As the Federal agency charged with administering the Federal Coastal Zone Management Act of 1972, as amended, (CZMA) the Office of Ocean and Coastal Resource Management (OCRM) views this move, which requires significant public discussion and review prior to legislative action, as a major change to the Federally approved ACMP. As we were only made aware of the Bill and the hearings late last week, our comments are preliminary in nature. We would also be available to respond to any questions regarding the CZMA and its implementing requirements.

Adequate public participation: The CZMA contains specific requirements regarding public involvement in program development, implementation and program changes. It appears that the public has not had adequate time to review the Bill and understand the rationale and consequences of the proposed change. We would urge you to provide adequate time at the scheduled hearings to consider the comments of affected local communities and various interests.

Federal requirements for lead agency: The Federal regulations for coastal management program (CMP) development include factors for selecting state CMP lead agencies. In the case where states rely on a "network" of state and local planning and permit programs, state agencies with strong coordination and conflict resolution functions are more often than not the best suited to be the lead agency. The DGC, as its name connotes, is well suited to coordinate the full range of ACMP lead agency activities.

The objectiveness of ACMP consistency review may suffer: The success of the state consistency process (6 AAC 50) is due largely to the objective facilitation role of the DGC. External parties could question whether the DNR would be as objective as the DGC and could provide the balance needed as promoter and State permit agency for major oil and gas, mining, forestry resource development. Such a change might adversely affect efficient and effective decision making in these areas. In addition, such an impact on the ACMP's decision making




ability in these areas raises the question as to whether the ACMP would continue to adequately consider the national interest in these areas, which is a requirement for continued Federal approval of the ACMP pursuant to the CZMA.

Lack of clear justification for the change: Several recent Federal evaluations of the ACMP, including OCRM's recent section 312 evaluation and the two year comprehensive ACMP Assessment, did not find any need for change in the lead agency. Our review of the draft "Mission Analysis," and "Sponsor Statement" provided with the Bill suggests that a more detailed analysis of the functions of each agency is necessary to form a basis for discussion and decisions of the public policy implications of the change.

Moving ACMP to DNR may not result in a cost savings: Based on the limited information provided us, it is unclear whether moving the ACMP to the DNR will result in any cost savings due to dissimilar functions of each agency. For example, the objectives and areas covered by local coastal district planning and management activities required under the coastal program are different than the objectives and areas subject to the Title 38 public lands planning undertaken by the DNR. In addition, we would note that negotiations regarding the State's FY2000 Federal grant indicate that available federal funds are barely adequate to support the major State agency and local coastal district components of the ACMP program. Finally, we should note that Federal funds can not be used to supplant state funds in this matching grant program.

Effect of agency change on FY 2000 award to the State: We are currently completing the processing of the Alaska FY2000 award, scheduled to be awarded on July 1, 1999. The CZMA requires that we approve changes to State CZM programs prior to our funding of such changes. Therefore, if there is a change in the designated lead agency for the ACMP, we would need to work out a mechanism to cover the 4-6 month period that would be necessary for OCRM to review this change. Most likely we would condition the cooperative agreement to allow expenditure of a portion of the Federal funds for activities as specified in the application submitted by DGC, and then address the use of the remaining funds upon completion of our amendment review.

Sincerely,


for Joseph A. Uravitch, AICP
Chief, Coastal Programs Division

cc: Office of the Governor
DGC

under the Forest Resources and Practices Act reforestation requirements.

- Process 500 permit applications, which include land use permits for commercial guides, access to mining claims and logging areas, cross-country travel, trapping cabin permits, and tideland permits.
- Respond to all native allotment and ANCSA conveyance decisions by the federal government to reserve access to state land.
- Begin a recreational boating safety program through the new Office of Boating Safety.
- Provide management oversight to 2.6 million acres of legislatively designated public use, recreation areas, trails, and 15 special use areas; and provide co-management oversight of 5.4 million acres of legislatively designated game refuges, critical habitat areas, sanctuaries, and wildlife ranges.

4 Streamline natural resource leasing, sales, and permitting processes

- Complete automation of graphic land records for 200 townships so land ownership and resource information can be combined for analysis.
- Enhance the Recorder's Office operations to better meet the workload and user demand.
- Integrate appropriate modern location and communication technology, such as GPS and Internet communications, into the mining location staking, maintenance, and permit process.

KEY PERFORMANCE MEASURES

- Offer 7 million acres of state land for oil and gas leasing in 2 area-wide leases.
- Complete geophysical/geological mineral inventory surveys of 1,000 square miles of Alaska Lands.
- Administer and facilitate the issuance of 15,000 mining claim permits.
- Maintain and operate 121 state park units.
- Maintain the state's land database through the notation of 10,000 state resource transactions affecting 12,000 townships and make the information available to the public.
- Generate \$1.4 million from sale of forest products and offer approximately 60 million board feet of timber.

Major Changes and Key Issues

Performance review

DNR will continue to identify the organization's desired outcomes, which will support the administration's goals.

Electronic commerce

Initiate secure electronic commerce with the Oil & Gas and Mining industries via standard reporting and electronic transactions. Deliver scanned images of status plats and surveys to the public via the Internet. Accept electronic payments for Mining, Parks, and Recorder's Offices.

Budget Summary	FY1998 Actual	FY1999 Authorized	FY2000 Governor
Designated/Statutory Program Receipts	\$2,931.7	\$3,554.0	\$4,040.7
General Funds	\$59,655.3	\$39,588.5	\$40,288.5
Federal Funds	\$12,380.4	\$10,693.7	\$11,429.3
Other Funds - Interagency receipts, etc.	\$11,714.8	\$10,632.0	\$11,522.1
TOTAL BUDGET	\$86,682.2	\$64,468.2	\$67,280.6
Positions - Full-time	555	556	578
Positions - Part-time and Seasonal	240	247	243
KEY PROGRAM AREAS (All Fund Sources)			
Oil and Gas Development	\$4,402.1	\$4,414.6	\$4,589.6
Resource Development & Administration	\$35,774.9	\$37,408.6	\$38,635.1
Parks & Recreation Management	\$8,020.0	\$7,327.3	\$8,036.9
Recorder's Office	\$2,272.3	\$2,314.3	\$2,614.3
Historic Preservation	\$1,163.0	\$1,256.4	\$1,256.4
Agriculture	\$2,969.8	\$3,252.3	\$3,653.6

DEPARTMENT OF NATURAL RESOURCES

Mission

Develop, conserve, and enhance natural resources for present and future Alaskans.

Major Goals and Strategies

1 Encourage resource development that creates Alaska jobs and ensures economic growth in all regions of the state

- Offer more than 7 million acres of state land for oil and gas leasing in 2 area-wide lease sales and begin Best Interest Finding for Exploration License applications in Copper River basin.
- Increase revenues generated from Alaska Mental Health Trust Lands from \$3.0 million to \$3.5 million in a manner consistent with trust management principles.
- Produce the geological surveys and mapping materials needed to sustain Alaska's mineral industry investments.
Increase farm production by 2% (\$1 million).
- Identify new areas capable of hosting major oil and gas discoveries.
- Generate \$1.4 million from the sale of up to 60 million board feet of timber with emphasis on value added products.
- Process, adjudicate and enter into Land Administration System 15,000 new mining claims, 20 new leases and 5,000 new prospecting sites.
- Complete 10 site-specific land use plans to facilitate land use classification for development projects, participate in 2 highway corridor plans, 20 trail plans, and Trails and Recreational Access for Alaska 10 initiatives.
- Convey land to 8 municipalities.
- Process 500 applications for material sales, shore fishery, upland and tideland leases, lease renewals, rights-of-way, and interagency land management assignments.
- Maintain the value of the Alaskan mineral industry at more than \$1 billion despite falling commodity prices; increase Alaska's market share of world exploration dollars; and increase mining employment to more than 4,000 well-paying Alaskan jobs.

2 "Doing it Right": Ensure resource development planning, management, and new project approvals are based on sound science and protection of public health, air and water quality, and fish and wildlife habitat

- Evaluate areas subject to major hazards like floods, earthquakes, volcanic eruptions, and landslides to help predict likelihood and severity of future major events.
- Conduct over 3,000 produce inspections, field inspections for seed certification and disease control, and issue certificates for export products.
- Through the Natural Resource Conservation and Development Board coordinate programs to obtain \$7.3 million federal funding for agriculture related conservation and erosion control in Alaska.
- Supervise the safety inspection of approximately 22 dams and test emergency action plans for 5 high-risk dams.
- Implement recommendations from the Spruce Bark Beetle Strategy Task Force with other landowners on the Kenai.
- Maintain inventory of historic and archaeological sites for use by developers, land managers and planners.

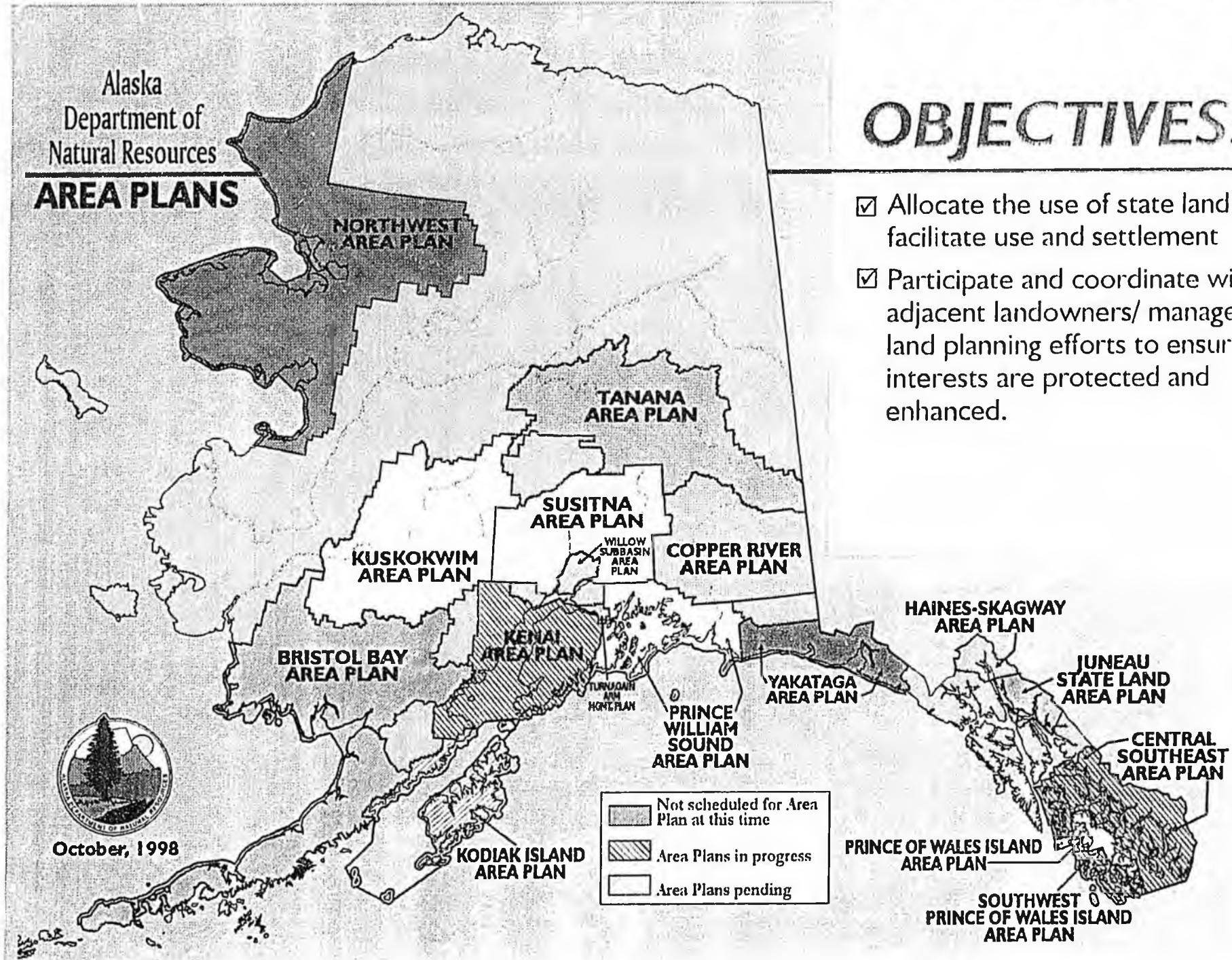
3 Ensure resource sustainability and multiple use, including recreational enjoyment of the resource base

- Maintain park access for 4 million visits at 121 state park units.
- Successfully manage 500-600 wildfires.
- Provide an expanded agriculture base by preparing 24 land disposal parcels and 17 lease opportunities on grassland areas.
- Review and issue 740 permits for commercial activities on parklands.
- Reforest 1,000 of forestland, survey 500 acres for regeneration, and review private land for compliance

ALLOCATE LAND & RESOURCES

Alaska
Department of
Natural Resources

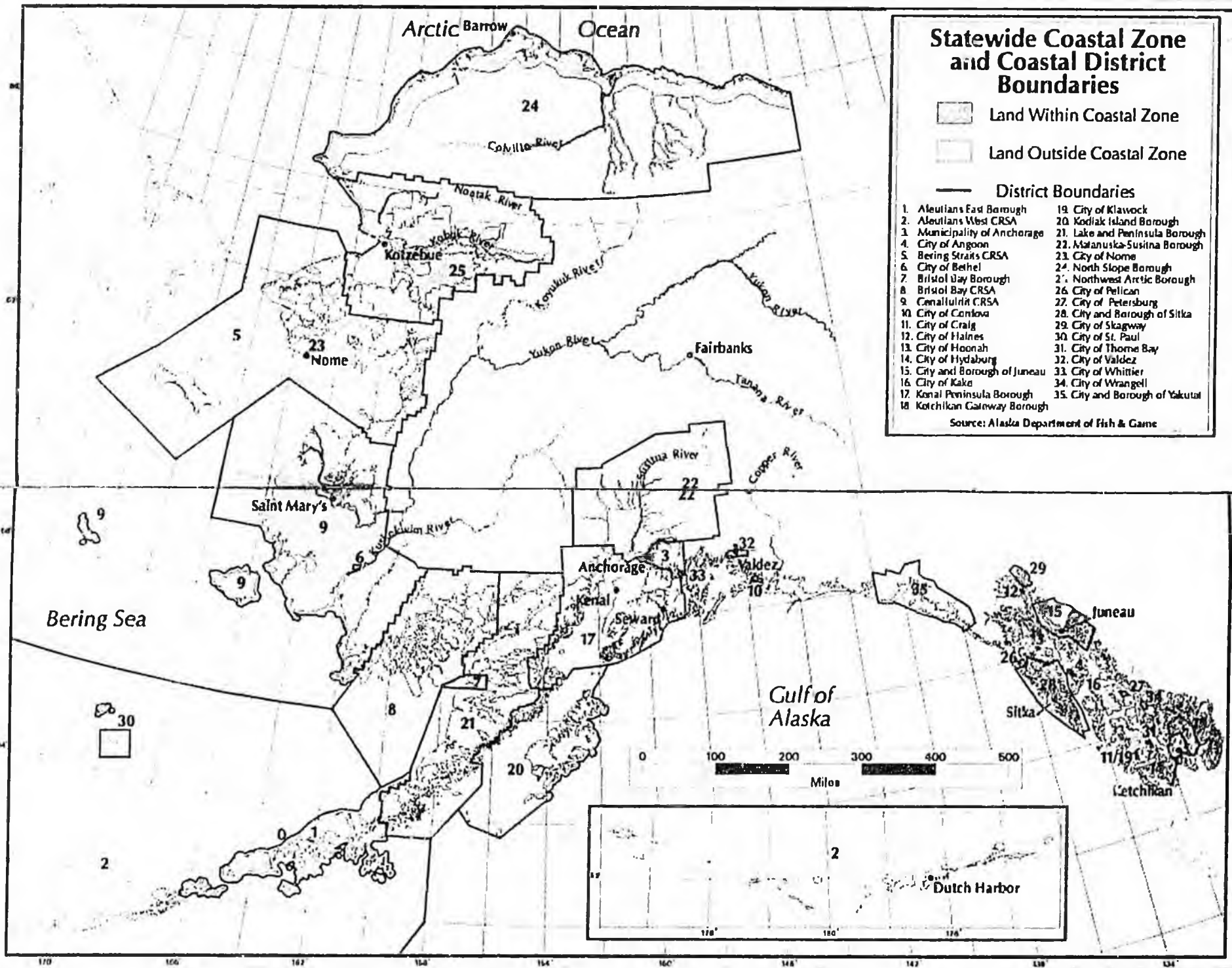
AREA PLANS



October, 1998

OBJECTIVES:

- ☑ Allocate the use of state land to facilitate use and settlement
- ☑ Participate and coordinate with adjacent landowners/ managers' land planning efforts to ensure state interests are protected and enhanced.



Map produced by ES&S-Alaska

Who is DGC?

The **Division of Governmental Coordination (DGC)** is home to the ACMP. Located in the Office of the Governor, DGC is responsible for the overall administration and operation of the ACMP. In this role, DGC provides assistance to applicants, coastal districts, and state agencies in carrying out their duties and responsibilities under the ACMP.

DGC has connections throughout the ACMP network.

As such, *your first ACMP contact should probably be one of DGC's helpful Project Review Coordinators.* DGC also serves as the coordinator for the consistency review process if your project requires a federal permit or permits from more than one state agency.



The staff at DGC perform a variety of other activities that support the ACMP, including

- preapplication meetings for applicants
- federal funding for the ACMP
- assistance to local districts in getting their coastal management programs approved
- assistance resolving conflicts
- appeals, elevations, and petitions
- ACMP education and training

Who are the State Resource Agencies?

The State of Alaska has three agencies primarily responsible for managing its natural resources and uses of those resources. These **resource agencies** have permitting authorities for specific activities. If your project requires a permit(s) from only one state resource agency, that agency coordinates the consistency review process.

Your project will most likely require one or more permits from at least one resource agency. The state resource agencies include:

- *Department of Natural Resources (DNR)* manages state-owned land and natural resources, including sales and leases.
- *Department of Fish and Game (DFG)* manages the state's fish and wildlife resources and their habitats.

- *Department of Environmental Conservation (DEC)* serves to safeguard the public health and environment from human uses.

What is a coastal district?

Coastal districts are generally local governments, such as cities and boroughs, that contain a portion of Alaska's coastal area. In coastal areas outside the boundaries of local government, coastal districts known as Coastal Resource Service Areas (CRSA) may be formed.

Most coastal districts develop a coastal management program that requires a rigorous state and federal approval process. A district coastal management program contains enforceable policies that guide development affecting the coastal resources within its boundaries. Once approved, a district coastal management program becomes a part of the ACMP.

During the consistency review process, an affected coastal district reviews your project against the enforceable policies of its coastal management program. By complying with its enforceable policies, your project can help the district achieve its goals and objectives for coastal development within its boundaries.

The ACMP consistency review process provides:

- *a one-stop, consolidated state response to coastal development projects and related state and federal permit applications;*
- *specific timeframes and deadlines for reviewing project applications; and*
- *a fast appeal (elevation) process.*

SB

142

SENATE COMMITTEE REPORT

First Committee of Referral

DATE: 4/12/99

FURTHER: Finance

Date of 5-Day Notice: 4/15/99
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 4/20/99

Resources Committee considered

SENATE BILL NO. 142

"An Act relating to infestations and diseases of timber."

and recommends:

- be replaced with _____ CS SIB 142 (RES)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
- same title
 - new title
- House Bill:**
- same title
 - technical title
 - new: SCR" _____

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
		<i>[Signature]</i>	✓		
		<i>[Signature]</i>	✓		
		<i>[Signature]</i>	✓		
CHAIR: <i>[Signature]</i>		CHAIR:			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal
DNR	4/16		633.8

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal

APPLY TO CS

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. SB 142

Revision Date: _____ Dept Affected: Natural Resources
 Title: An Act relating to infestations and BRU: Forest Management & Development
diseases of timber. Component: Forest Management & Development
 Sponsor: Senator Taylor
 Requestor: (S)RES Component Serial No. 435

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005
PERSONAL SERVICES	369.8	369.8	369.8	369.8	369.8	369.8
TRAVEL	45.0	45.0	45.0	45.0	45.0	45.0
CONTRACTUAL	219.0	219.0	219.0	219.0	219.0	219.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	633.8	633.8	633.8	633.8	633.8	633.8
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES (fund code)	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	633.8	633.8	633.8	633.8	633.8	633.8
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	633.8	633.8	633.8	633.8	633.8	633.8

Estimate of any current year (FY99) cost: \$ 0.0

POSITIONS

FULL-TIME	4	4	4	4	4	4
PART-TIME	7	7	7	7	7	7
TEMPORARY	0	0	0	0	0	0

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

- 1) This bill would require more extensive insect and disease surveys to identify all infested or diseased areas and to determine where insect or disease outbreaks are likely to spread from one land ownership to another. Estimated cost would be 15 additional surveys @ \$10.0/survey = \$150.0 for travel/contractual and \$24.3 for 4 mo. of a For II = 174.3
 - 2) Declaration of infestation zones would require documentation and publicity. Estimate 15 declarations @ \$1.0/declaration for travel, \$0.6/zone for public notice and \$ 43.2 for 9 mo. For II staff time for field inspections, land status, and documentation = \$67.2.
 - 3) DNR would need additional funding to develop infestation suppression agreements with all landowners in infestation zone. Estimate 30 agreements @ \$1.0.agreement for travel and 3 weeks staff time/agreement (21 mo. of For II) = \$90.6 = \$120.6 total.
- Cont. on attached page*

Prepared by: Jeff Jahnke, Director *[Signature]* /mw Phone: 465-3379
 Division: Forestry Date: 16-Apr-99
 Approved by Commissioner: *[Signature]* Date: 4-16-99
 Agency: Natural Resources

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1-LS0763VD
Luckhaupt ✓
4/22/99

CS FOR SENATE BILL NO. 142()

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATOR TAYLOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to infestations and diseases of timber."

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

3 * Section 1. AS 41.17.082(d) is amended to read:

4 (d) The commissioner may undertake surveys and appraisals to obtain data on
5 regional insect infestations and disease conditions. Upon a determination that an area
6 is infested with forest insects or infected with diseases injurious to forest resources,
7 [AND] that the infestation or infection threatens the forest land or timber of adjacent
8 owners, and that insect and disease control work is feasible, the commissioner shall
9 [MAY] establish the boundaries of an infestation or infection zone. The commissioner
10 shall [MAY] enter into an agreement with an owner or with a governmental agency
11 to control or suppress infestation or infection within the zone and to implement
12 necessary salvage measures. When timber on state land or when timber on
13 municipal forest land that is subject to an agreement entered into under this
14 subsection is (1) infested or diseased and thereby poses a significant threat to
15 surrounding healthy timber or surrounding private property, or (2) subjected to

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an environmental catastrophe, and, as a result, is susceptible to infestation or disease, to prevent the spread of infestation or disease, the timber on state land and the timber on municipal land, as provided in the agreement, shall be salvaged as rapidly as practicable considering the available access to the timber and the marketability of the timber. If possible, salvage under this subsection should occur before there is a significant loss of merchantability of the timber. Upon a determination by the commissioner that insect and disease control work within the zone is no longer necessary or feasible, the commissioner shall terminate the zone.

* Sec. 2. AS 41.17.082 is amended by adding a new subsection to read:

(e) The commissioner shall declare an emergency when 100 acres or more of timber is infested or diseased within the boundaries of an infestation or infection zone established under (d) of this section. Upon the declaration of an emergency, the commissioner may

- (1) offer emergency and salvage sales under AS 38.05 of infested or diseased state timber or state timber that is threatened with infestation or disease;
- (2) harvest infested or diseased state timber regardless of whether the proceeds from the harvested timber will provide a net return to the state;
- (3) exempt salvage and emergency sales of less than 200 acres from the preparation of a plan of operations under AS 41.17.090;
- (4) require reforestation of a greater degree, quantity, and type than otherwise required by this chapter for the reforestation of riparian areas; and
- (5) waive a requirement of this chapter and regulations adopted under this chapter, other than a requirement of or a regulation adopted under AS 41.17.115 - 41.17.119, if the commissioner finds that the waiver will substantially contribute to controlling or eliminating the infestation or disease.

L

Bruce H. Baker
Natural Resource Consultant
P.O. Box 211384
Auke Bay, Alaska 99821-1384

Phone & Fax:
(907) 789-9354

e-mail:
bbaker@alaska.net

April 23, 1999

To: Senate Resources Committee Members
Fax: 465-4928

Subject: April 23 Senate Resources Committee Hearing on SB 142

Dear Senate Resources Committee Members:

As a graduate forester, forest insect specialist, private small woodlot owner, and former employee of the Alaska Department of Fish and Game and the U.S. Forest Service, I strongly urge you to vote against SB 142. This bill would require salvage logging when it isn't even necessary or appropriate. SB 142 would result in government overregulation and interference with the rights of private property owners in the wise use of their forest land. By requiring salvage logging where it can't even pay its own way, it would be a waste of scarce public funds - a fiscal conservative's nightmare.

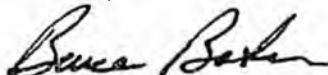
The timber salvage problems that this bill purports to address are not statewide problems. They're geographically localized situations that vary depending on the site-specific circumstances. They are situations in which sensible and responsible public officials, private land managers, and, where appropriate, the general public need to be involved in developing solutions on a case-by-case basis.

The best known current forest insect or disease condition in Alaska is the spruce bark beetle on the Kenai Peninsula, and that situation has been addressed by a variety of people working with the Kenai Borough. Let's let local government do its job without Legislative interference.

And finally, this bill offers no new solutions. The Department of Natural Resources already has the authority to put up emergency and below-cost timber sales in circumstances that call for that approach.

Thank you for the opportunity to comment.

Sincerely,


Bruce Baker

Copies: Governor Tony Knowles 465-3532 (fax)
Senator Kim Elton 2108

Alaska State Legislature

Chairman,
Judiciary Committee
Administrative Regulations
Revenue Committee

Vice Chairman,
Resources Committee



Senator Robin L. Taylor

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Fax: (907) 465-3922

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Ketchikan, Alaska 99901
(907) 225-8088
Fax: (907) 225-0713

SPONSOR STATEMENT

CSSB 142 (Res)

An Act relating to infestations and diseases of timber.

SB 142 amends our statutes to require the Commissioner of National Resources to implement salvage measures on state or municipal forestland when the following conditions exist:

1. the timber is infested or diseased and thereby poses a significant threat to surrounding healthy timber or surrounding private property; or
2. the area is subjected to an environmental catastrophe thereby making the timber susceptible to infestation or disease.

The Miller's Reach Fire of 1997 caused over \$40 million in damage. The fire destroyed over 600 buildings including over 300 homes. In addition to the improvements that were lost, thousands of acres of valuable timber were also lost. At the same time that the fire in the MatSu Borough was raging, another blaze was roaring on the Kenai Peninsula in the Tustumena Lake area. This fire destroyed over 25,000 acres in just 12 hours. Much of the remaining Kenai Peninsula is like a haystack waiting for a match to be dropped. Numerous fires occur annually from lightening not to mention the carelessness of people. Currently Homer, Anchor Point, Ninilchik, and areas along the Kenai River face this risk. Similar conditions exist in Anchorage and other areas of the state as well. To prevent the spread of infestation or disease, and more importantly to reduce the risk of fire, the timber is to be salvaged as rapidly as possible. The salvage should occur before there is significant loss of merchantability of the timber.

The logging of beetle-killed timber is the first stage in a reforestation process that will lead to healthier forests faster than if nothing is done. If we are to have healthy forests in the future, we must embark upon a systematic reforestation program. This cannot be done in the areas of severe beetle impact until the dead and dying trees have been removed. Leaving dead timber stand on the stem is only inviting major forest fires with the serious potential for the loss of life and property. This is particularly true in the Homer area out East End Road because of the prevailing wind conditions. This bill will speed up the process of removing this dead timber and hence removing the fuel that forest fires thrive on dead wood.

Some environmentalists who have previously opposed the harvesting of timber have now realized the necessity to remove infected trees from their own land. Some have now gone in and even clear-cut the infected timber to protect the healthy live trees.

District A:

Hyder • Ketchikan • Kupreanof • Meyers Chuck • Petersburg • Saxman • Sitka • Wrangell

As a side benefit, this will also generate revenue to the state. Unfortunately, the revenues will not be as high as they might have been. If we had undertaken a program such as this when the beetle kill first became evident in Alaska, we could have harvested vast quantities of high value timber. We must act quickly if we are to preserve any value in these vast infected stands of timber.

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. SB 142

Revision Date: _____ Dept Affected: Natural Resources
 Title: An Act relating to infestations and BRU: Forest Management & Development
diseases of timber. Component: Forest Management & Development
 Sponsor: Senator Taylor
 Requestor: (S)RES Component Serial No. 435

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CONTRACTUAL	219.0	219.0	219.0	219.0	219.0	219.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	633.8	633.8	633.8	633.8	633.8	633.8
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES (fund code)	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

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1003 GF Match						
1004 GF	633.8	633.8	633.8	633.8	633.8	633.8
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	633.8	633.8	633.8	633.8	633.8	633.8

Estimate of any current year (FY99) cost: \$ 0.0

POSITIONS

FULL-TIME	4	4	4	4	4	4
PART-TIME	7	7	7	7	7	7
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

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Prepared by: Jeff Jahnke, Director /mw Phone: 465-3379
 Division: Forestry Date: 16-Apr-99
 Approved by Commissioner: [Signature] Date: 4-16-99
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SPONSOR STATEMENT

SB 142

An Act relating to infestations and diseases of timber.

SB 142 amends our statutes to require the Commissioner of National Resources to implement salvage measures on state or municipal forestland when the following conditions exist:

1. the timber is infested or diseased and thereby poses a significant threat to surrounding healthy timber or surrounding private property; or
2. the area is subjected to an environmental catastrophe thereby making the timber susceptible to infestation or disease.

The Big Lake fire of 1997 destroyed over 300 homes not to mention the other building and loss of timber resources. All in all, over 600 buildings were loss as a result of the fire. Much of the Kenai Peninsula is like a haystack waiting for a match to be dropped. Numerous fires occur annually from lightening not to mention the carelessness of people. Currently Homer, Anchor Point, Ninilchik, and areas along the Kenai River face this risk. Similar conditions exist in Anchorage and other areas of the state as well.

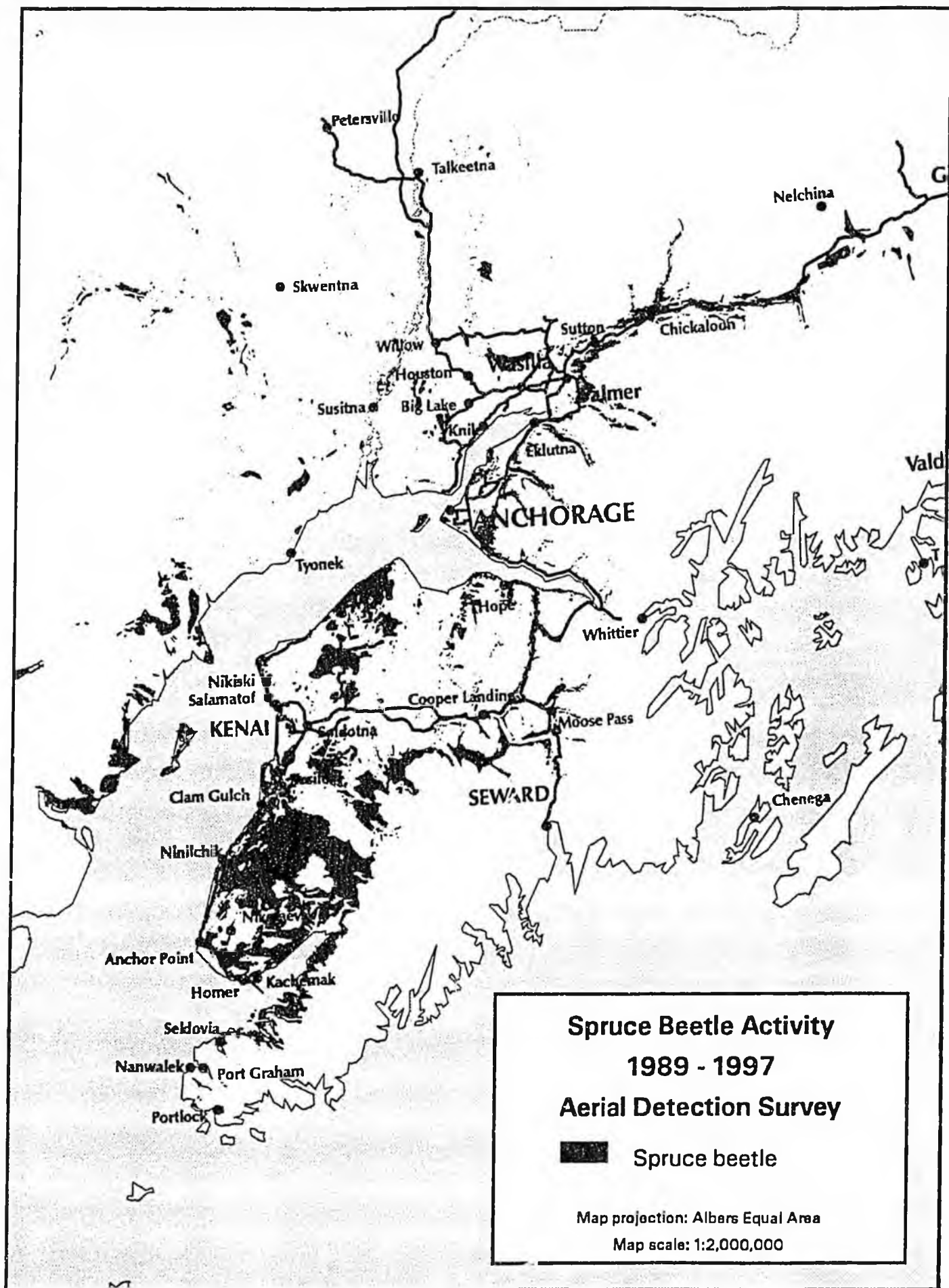
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The logging of beetle-killed timber is the first stage in a reforestation process that will lead to healthier forests faster than if nothing is done. If we are to have healthy forests in the future, we must embark upon a systematic reforestation program. This cannot be done in the areas of severe beetle impact until the dead and dying trees have been removed. Leaving dead timber stand on the stem is only inviting major forest fires with the serious potential for the loss of life and property. This bill will speed up the process of removing this dead timber and hence removing the fuel that forest fires thrive on dead wood.

As a side benefit, this will also generate revenue to the state. Unfortunately, the revenues will not be as high as they might have been. If we undertaken a program such as this when the beetle kill first became evident in Alaska, we could have harvested vast quantities of high value timber. We must act quickly if we are to preserve any value to these vast infected stands of timber.



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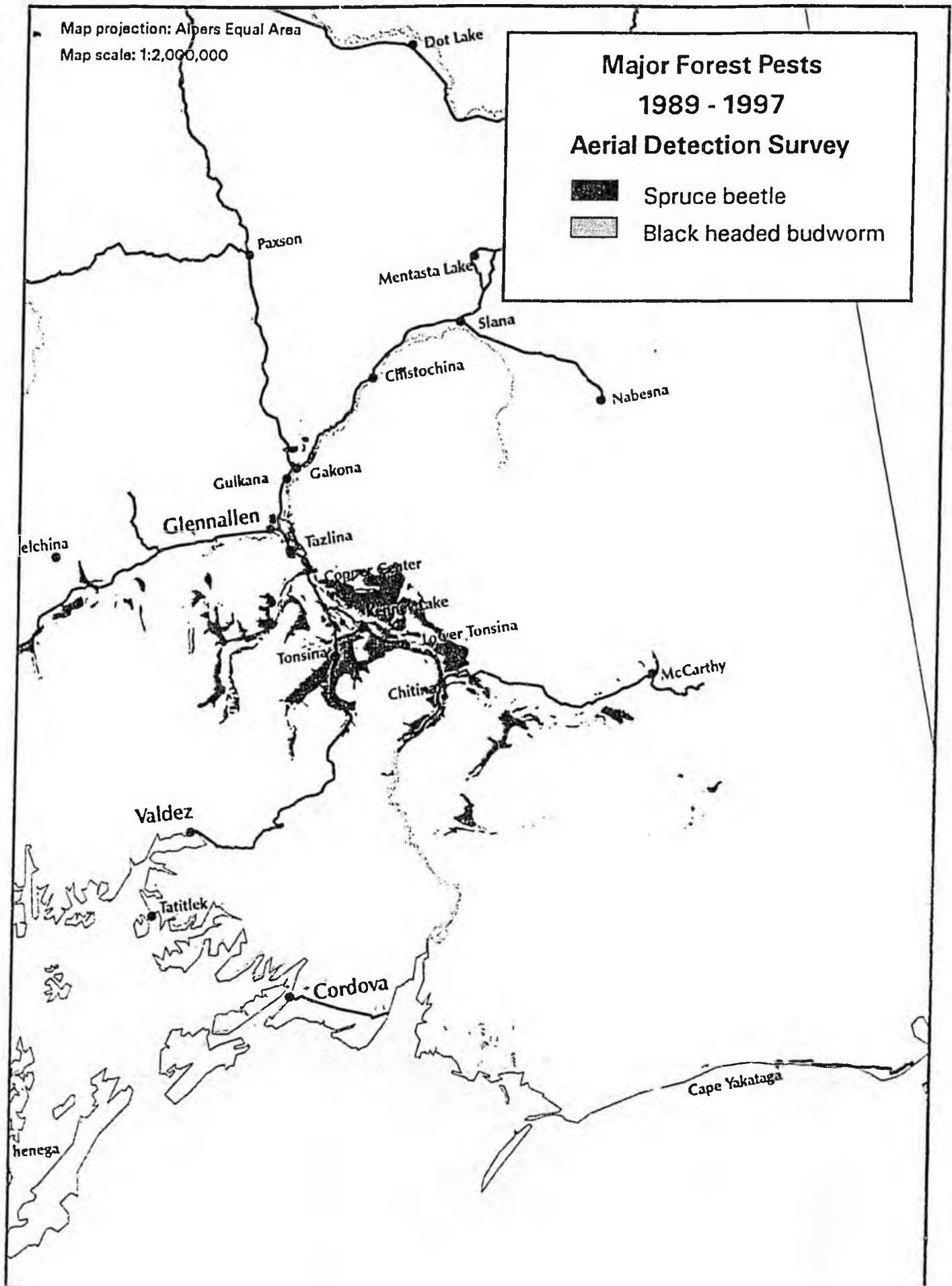
Hyder • Ketchikan • Kupreanof • Meyers Chuck • Petersburg • Saxman • Sitka • Wrangell



Map projection: Alpers Equal Area
Map scale: 1:2,000,000

Major Forest Pests 1989 - 1997 Aerial Detection Survey

-  Spruce beetle
-  Black headed budworm



recent fires on the Kenai Peninsula have shown an increase in crown fires. This fire behavior is caused by fire traveling up the dead spruce trees and spotting into the crowns of adjacent beetle killed trees. In some areas, there may be an increase in the lower level winds because of a "reduction" of the wind-break characteristic of a green forest, thus augmenting fire crowning behavior.

6 **Impact to fisheries:** If salmon spawning streams are bordered by large diameter spruce and these trees are subsequently killed by spruce beetles, there is a concern as to the future availability of large woody debris in the streams. Large woody debris in spawning streams is a necessary component for spawning habitat integrity.

7 **Impact to watersheds:** Intense bark beetle outbreaks can kill large amounts of forest vegetation. The "removal" of significant portions of the forest will impact to some degree the dynamics of stream flow, timing of peak flow, etc. There have been no hydrologic studies in Alaska quantifying or qualifying impacts associated with spruce beetle outbreaks. Impact studies, however, have been done elsewhere. In Idaho watersheds impacted by the Mountain Pine Beetle, there was a 15% increase in annual water yield, a 2-3 week advance in snow-melt, and a 10-15% increase in low flows.

There are a variety of techniques that can be used to prevent, mitigate, or reduce impacts associated with spruce beetle infestations.

However, before pest management options can be developed, the resource objective(s) for a particular stand, watershed, landscape, etc. must be determined. The forest manager must evaluate the resource values and economics of management actions for each stand in light of management objectives. The beetle population level must also be considered because population levels will determine the priority of management actions and the type of strategy to be invoked. The key to

forest ecosystem management is to manage vegetation patterns in order to maintain species diversity, both plant and animal, while providing for a multitude of resources such as recreation, fisheries, wildlife, and the production of wood fiber. Properly applied silvicultural practices as well as fire management in south-central and interior Alaska, can maintain the forest diversity needed to provide the range of products and amenities available in the natural forest for now and in the future.

CONDITIONS IN BRIEF

Annual aerial mapping is conducted to document where active forest damage is occurring, that is, where current defoliation or recently killed trees are located. These aerial surveys generally cover approximately 1/3 of the forested land in Alaska, however, surveying in the interior was hampered by smoke and inclement weather in 1997. Despite these limitations, insect and disease activity in Alaskan forests declined by one third to 1.7 million acres. Major declines in three of the four most active insects, spruce beetle, spruce budworm, and larch sawfly, accounted for this reduction.

INSECTS:

Active **spruce beetle** infestations declined by 50% from 1996 totals in both south-central and southeast Alaska to 563,741 acres. Many spruce stands are now 80-90% dead and have little or no susceptible host material remaining to support further spruce beetle activity. Visually, these stands appear to have few recently killed trees and the standing dead trees are grey in appearance. These stands are not mapped in the annual survey. It is estimated that over 2.3 million acres are in this condition as a result of spruce beetle activity over the last seven years. This factor accounts for the majority of active spruce beetle infestation reduction noted in 1997. Heavy mortality exists in most spruce stands in the lower Kenai Peninsula from Bradley Lake near Kachemak Bay northwest to Tustumena Lake and south to East End Road near Homer as well as the Copper River Valley. Although it may appear that the spruce beetle has run its course in many areas by removing susceptible host, areas remain where beetle populations could expand into.

The Homer area on the Kenai Peninsula experienced a tremendous beetle flight this year; more spruce trees will be showing red needles in 1998. The beetles have decimated most of the spruce stands in the main Copper River Valley; however, many side drainages remain under attack. Beetles have also been active in the Susitna River Valley for several years, although the loss of spruce will not be as devastating due to the hardwood forest component. Assuming that conditions favorable to beetle development continue, along with the presence of susceptible stands (i.e., stands composed of mature, even-aged, slow-growing spruce), it would be safe to predict that beetle activity is not yet over. However, it is not expected that beetle populations will reach the 1996 level of 1.13 million acres infested in the near future.

Total spruce beetle activity in southeast Alaska decreased from 35,700 acres in 1996 to 19,050 acres in 1997. The beetle outbreak in Glacier Bay National Park on the ridge east of Gustavus decreased as did the infestation at the mouth of the Stikine River. The beetle infestations in Haines and along the Taku River continued at 1996 levels.

The **spruce budworm**, which defoliated more than 230,000 acres of white spruce in 1996, declined by 84% in 1997 to 38,416 acres. Nearly all of the budworm activity has been confined to the Yukon and Tanana Rivers in interior Alaska. The major portion of this infestation has centered around Tanana; however, over the past two years the spruce budworm has migrated westward along the Yukon River to Ruby. Many trees in this area have severely diminished crowns having withstood budworm defoliation for several years. It is expected that this infestation will continue to decline toward endemic levels over the next few years.

Approximately 29,000 acres of hemlock and Sitka spruce were defoliated by the **Black-headed budworm** in Prince William Sound. While the Cordova area experienced some of the heaviest defoliation, most of the affected acres occurred in sheltered coves from Knight Island north to Valdez Arm and east to the Copper River. A

warm, early spring and summer were advantageous for the budworm. If this warm, dry weather continues in 1998, budworm populations should increase in the Sound. The budworm populations are decreasing in southeast Alaska-- only 1,200 acres were affected. These populations often rise and fall over a period of a few years and result in some tree topkill and minor mortality.

In south-central Alaska, nearly 272,000 acres of birch showed signs of stress. This condition was caused by a combination of drought and insects. Large populations of **birch leafminer** were prevalent in the Anchorage bowl and **birch aphids** were reported throughout the Mat-Su Valley. The combination of drought and insects caused most birch leaves to prematurely turn brown.

Willow defoliation by the **willow leaf blotchminer** declined 93% in 1997 to only 3,501 acres. This outbreak, which was scattered throughout the interior, the Copper River Valley and the Anchorage area, peaked at 150,000 acres in 1992. Since then, the outbreak has been in decline and appears to be returning to endemic levels.

Two other insects of note are the larch sawfly and hemlock sawfly. This marks the fifth consecutive year of defoliation by the **larch sawfly**, but it appears that this infestation is waning, as populations fell by 56% in 1997. Some mortality of larch, attributed to five years of heavy defoliation, was noted near Fairbanks. In southeast Alaska, **Hemlock sawfly** defoliation levels decreased slightly from 8,250 acres in 1996 to 6,638 acres in 1997.

DISEASES:

The most important diseases and declines of Alaskan forests during 1997 were wood decay of live trees, root disease of white spruce, hemlock dwarf mistletoe, and yellow-cedar decline. Except for yellow-cedar decline, trees affected by these diseases are difficult to detect by aerial surveys. Nonetheless, all are chronic factors that significantly influence the commercial value of the timber resource and alter key ecological processes including forest structure, composition, and succession. Wildlife habitats are produced directly by wood decay fungi, hemlock dwarf mistletoe and spruce broom rust through the formation of tree cavities and witches' brooms.

In southeast Alaska, approximately one-third of the gross volume of forests is defective due to **heart and butt rot fungi**. **Hemlock dwarf mistletoe** continues to cause growth loss, top-kill, and mortality in old-growth forests; its impact in managed stands depends on the abundance of large infected trees left after harvesting. Some 477,000 acres of **yellow-cedar decline** have been mapped across an extensive portion of southeast Alaska. Snags of yellow-cedar accumulate on affected sites and forest composition is substantially altered as yellow-cedar trees die giving way to other tree species. Salvage opportunities for this valuable resource are now being recognized.

In south-central and interior Alaska, **root disease** continues to cause growth loss and mortality in white spruce stands. Impacts are greatest in young-growth managed stands where seedlings grow in close proximity to infected stumps. Volume losses of spruce due to **heart, butt, and sap rot fungi** are substantial; sap rot decay quickly develops and degrades spruce trees killed by spruce bark beetles. A high incidence of stem decay occurs in living hardwoods.

Foliar diseases of conifers had negligible ecological significance and were generally at moderate levels throughout Alaska in 1997, except for an outbreak of spruce needle cast in young-growth forests on Afognak Island. Canker and foliar fungi caused large, but unmeasured, damage to hardwood species in south-central and interior Alaska.

Other:

In localized areas of southeast Alaska, **porcupines** continued to cause tree defect and mortality to several conifer species and **brown bears** caused a high incidence of wounding on the lower boles of yellow-cedar.

Table 1. 1997 forest insect and disease activity (in acres) as detected aerially in Alaska by land ownership and agent¹

<i>Damage Agent</i>	<i>State & Private</i>	<i>National Forest</i>	<i>Other Federal</i>	<i>Native Corp.</i>	<i>1997 Total</i>	<i>1996 Total</i>	<i>% Change</i>
Spruce beetle	263,187	14,773	142,462	143,319	563,741	1,130,756	-50
Engravers/spruce beetle	2,428	8	3,608	2,902	8,946	13,941	-36
Spruce budworm	21,326	--	8,637	8,453	38,416	235,936	-84
Black-headed budworm	3,725	17,657	578	8,882	30,842	1,227	+2,414
Conifer Defoliation	6,234	--	97	17,870	24,201	5,467	+343
Hemlock sawfly	447	5,961	--	230	6,638	8,251	-20
Spruce needle aphid	39	439	--	43	521	474	+10
Large aspen tortrix	3,913	--	582	588	5,083	6,447	-21
Birch defoliation	270,195	201	857	662	271,915	3,178	+8,456
Cottonwood defoliation	1,672	134	105	1,125	3,036	6,518	-53
Willow defoliation	2,202	--	220	1,079	3,501	50,112	-93
Larch sawfly	107,658	--	130,317	29,886	267,861	606,927	-56
Spruce needle rust	10	--	34	10,732	10,776	3,424	+215
Yellow-cedar decline ²	6,971	454,656	----	15,913	477,540	474,864	+56
Porcupine damage	161	1,002	--	--	1,163	633	+84
Blowdown/windthrow	27	721	665	812	2,225	618	+260
Water damage	1,287	479	216	67	2,049	5,635	-64
Winter damage	1,755	898	295	--	2,948	--	+100
Landslide damage	111	123	156	59	449	498	-10
Total acres by ownership	693,348	497,052	288,829	242,622	1,721,851	2,549,439	-32

¹ Table entries do not include many of the most destructive diseases (e.g., wood decays and dwarf mistletoe) because these losses are not detectable in aerial surveys.

² Value of yellow-cedar decline is not restricted to the acreage with a high concentration of dying trees for this year; it represents stands that generally have long-dead trees, recently-dead trees, dying trees, and some healthy trees. See discussion of yellow-cedar decline for a detailed listing of affected acreage by island and Ranger District.

THE ROLE OF DISTURBANCE IN ECOSYSTEM MANAGEMENT

One premise of ecosystem management is that native species are adapted to the natural disturbances common to an area. Disturbance events are responsible for the way the current landscape appears and functions today, and will determine the structure and composition of future landscapes. In Alaska, glaciation, earthquakes, wind storms, fire, flooding, avalanches and landslides greatly affect ecological processes. These types of disturbances remove existing vegetation and often expose mineral soil for new plants to become established.

Disturbance events such as insect and disease outbreaks also result in shifting landscape patterns. These disturbances usually affect only a few species directly, while indirectly affecting the remaining species through reduced competition or changes in forest structure. Changes resulting from these types of disturbances often occur over varying time periods, but can be very dramatic and cover large areas. Spruce beetles have radically affected the landscape in a single decade, heartrots and other internal diseases operate for decades, whereas yellow-cedar decline has been occurring for nearly 100 years.

To a certain extent, we can predict what type of disturbance is likely to occur in a particular area: fires are frequent in interior Alaska and wind storm events are important in southeast. Spruce beetles are an important disturbance agent in south-central Alaska. Disturbance agents and patterns are generally tied to geography, climate, and vegetation. When we understand the complexities of these relationships, we are able to predict and respond to natural disturbances and mimic the desirable effects with management activities. Ecological classification is one tool available to help us understand disturbance patterns.

Many useful systems of classification have been developed for Alaska's ecosystems and vegetation. Refining and standardizing these classifications across all ownerships will promote effective ecosystem management. ECOMAP (1993) is one system of ecological classification that the Forest Service has adopted and continues to develop. Within this hierarchical system, ecosystems are delineated at multiple scales using different sets of environmental factors. The levels established at this time include Domains, Divisions, Provinces and Sections. Domains represent subcontinental climatic zones. Divisions and Provinces represent climatic subzones as reflected by dominant lifeforms (meadows vs. forests) and broad vegetation types, respectively. Sections are distinguished mainly by geomorphic and topographic features. The Section level is the first level of the hierarchy where analysis of insect and disease activity becomes applicable.

In this edition of the Forest Insect and Disease Conditions in Alaska, we introduce and make reference to the Ecosystem Sections of Alaska (Map 1). This map was developed in the Alaska Region (Nowacki and Brock 1995). Section descriptions are included in Appendix C with a list of damaging agents reported during the 1997 aerial survey. Only Sections that were covered in this year's survey are described. As the ecological hierarchy classification and mapping are developed to finer scales, they become more valuable as management tools to predict the impacts of various disturbances on forest resources.

Map 1. Ecosystem Sections of Alaska

Polar Domain, Subarctic Division,

131 - Yukon Intermontaine Taiga Province

131A - Yukon Bottomlands Section

131B - Kuskokwim Colluvial Plain Section

M131A - Upper Kobuk-Koyukuk Section

M131B - Nulato Hills Section

M131C - Kuskokwim Mountains Section

M131D - Nushagak-Line Hills Section

135 - Alaska Range Taiga Province

135A - Copper River Basin Section

M135A - Northern Chugach Range Section

M135B - Wrangell Mountain Section

M135C - Alaska Range Section

139 - Upper Yukon Taiga Province

M139A - Ray Mountain Section

M139B - Ogilvie Mountain Section

M139C - Dawson Range Section

Humid Temperate Domain, Warm Continental Division

213 - Alaska Mixed Forest Province

213A - Bristol Bay Lowlands Section

213B - Cook Inlet Lowlands Section

M213A - Northern Aleutian Range Section

M213B - Kenai Mountains Section

Humid Temperate Domain, Marine Division

244 - Pacific Coastal Icefields Province

M244A - Chugach Range Section

M244B - St. Elias Range Section

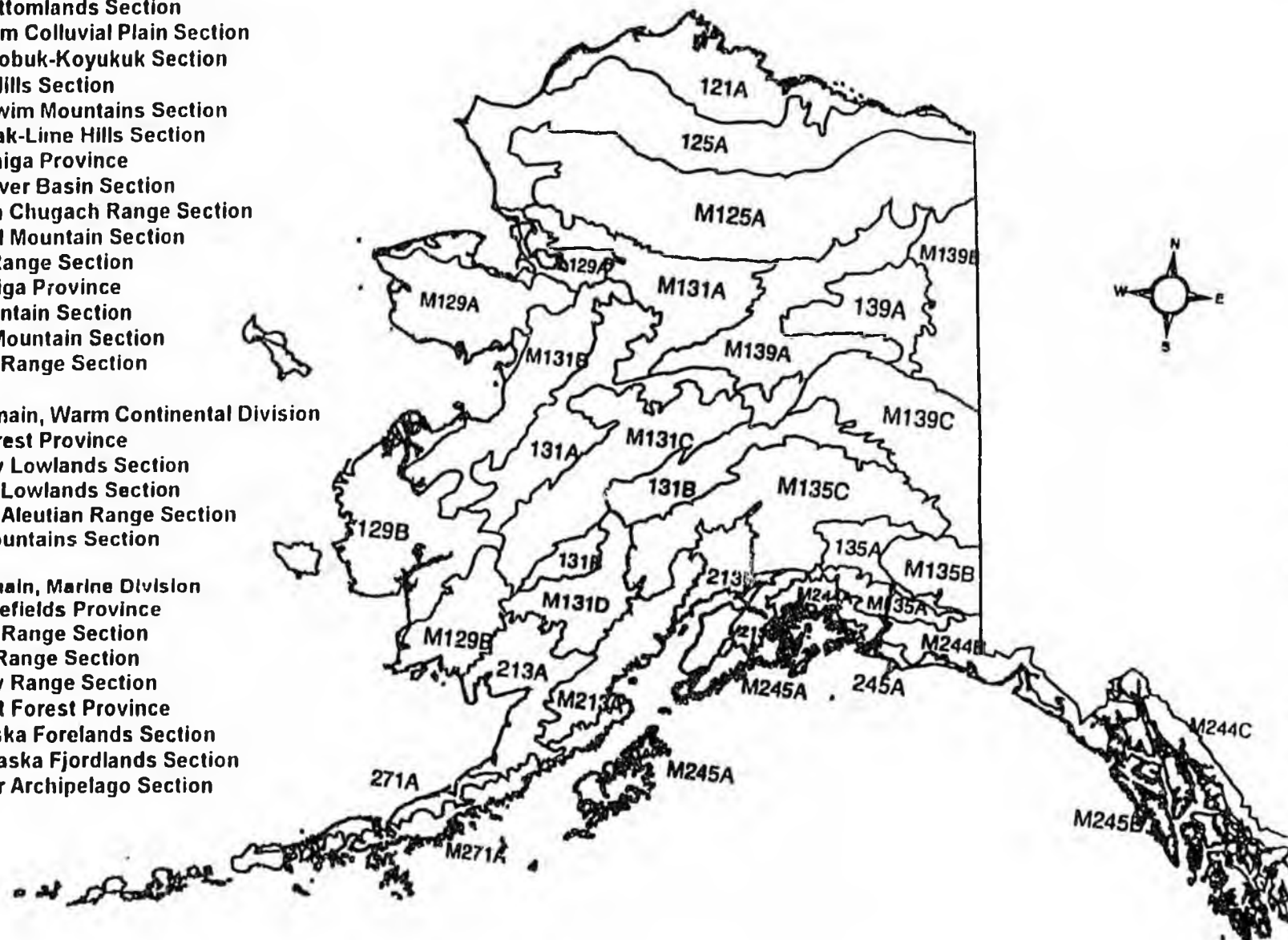
M244C - Boundary Range Section

245 - Pacific Gulf Coast Forest Province

245A - Gulf of Alaska Forelands Section

M245A - Gulf of Alaska Fjordlands Section

M245B - Alexander Archipelago Section



STATUS OF INSECTS

INSECTS AS AGENTS OF DISTURBANCE

Alaska's insect populations are one of the most significant components of its forest ecosystems. Arctic/boreal insects are characterized by having few species and large population numbers. These insects are opportunistic in their behavior. They respond quickly to changes in climate and the availability of food and breeding material. The spruce beetle, for example, responds quickly to large scale blowdown, fire scorched trees, or spruce injured by flooding. Large numbers of beetles can be produced in such breeding material, leading to potential outbreaks.

Spruce beetles are one of the most important disturbance agents in mature spruce stands in Alaska. A variety of changes occur to forest resources when many trees are killed. Ultimately, these changes are biological or ecological in nature. There are also socio-economic consequences that can be viewed as either positive or negative, depending on the forest resource in question. Some of the impacts associated with spruce beetle infestations include, but are not limited to:

1 **Loss of merchantable value of killed trees:** The value of spruce as saw timber is reduced within three years of attack in south-central Alaska as weather checking and increased sap-rot occur. The value of a beetle killed trees as house logs, chips, or firewood continues for many years if the beetle-killed tree remains standing.

2 **Long term stand conversion:** The best regeneration of spruce and birch occurs on a seed bed of bare mineral soil with some organic material. Site disturbances such as fire, windthrow, flooding, or ground scarification provide excellent sites for germination and establishment of tree species if there is an adequate

seed source. However, on some sites in south-central Alaska, grass and other competing vegetation quickly invade the sites where spruce beetles have "opened up" the canopy. This delays re-establishment of tree species.

3 **Impacts to wildlife habitat:** Wildlife populations, which depend on live, mature spruce stands for habitat requirements may decline. We expect to see decreases in red squirrel, spruce grouse, Townsend Warblers, and possibly Marbled Murrelet populations. On the other hand, wildlife species (moose, small mammals and their predators, etc.) that benefit from early successional vegetation such as willow and aspen may increase as stand composition changes.

4 **Impacts to scenic quality:** Scenic beauty is an important forest resource. It has been demonstrated that there is a significant decline in public perception of scenic quality where spruce beetle impacted stands adjoin corridors such as National Scenic Byways. Maintaining or enhancing scenic quality necessitates minimizing impacts from spruce beetle infestations. Surveys have also shown that the public is evenly divided as to whether spruce beetle outbreaks damage scenic quality in back-country areas.

5 **Fire hazard:** There is concern that fire hazard in spruce beetle impacted stands will increase over time. After a spruce beetle outbreak, grass or other fine vegetation ground cover increases; fire spreads rapidly through these vegetation types. As the dead trees break or blow down (5-10 years after an outbreak), large woody debris begins to accumulate on the forest floor. This wood is the heaviest component of the fuels complex. Heavy fuels do not readily ignite, but once ignited they burn at higher temperatures for a longer period. The combination of fine, flashy fuels and abundant large woody debris results in a dangerous fuels situation. Observations from

SB

171

SENATE COMMITTEE REPORT

DATE: 5/7/99

FURTHER:

Date of 5-Day Notice: 24-hour rule in effect
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: MAY 10, 1999

Resources Committee considered

SENATE BILL NO. 171

FISHERY DATA; MCNEIL RIVER REFUGE

and recommends:

be replaced with _____ CS _____ (_____)

adopt previous _____ CS _____ (_____)

attached amendment(s)

adopt Letter of Intent by _____ Committee

further referral to the _____ Committee

Senate Bill:

- same title
- new title
- House Bill:
- same title
- technical title
- new: SCR# _____

SIGNING/DQ PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>[Signature]</i>	✓	<i>[Signature]</i>	✓		
		<i>[Signature]</i>	✓		
		<i>[Signature]</i>	✓		
CHAIR <i>[Signature]</i>	✓	CHAIR:			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal
ADF/671	5/10	✓	
CFEL	5/8	✓	
DNR	5/10	✓	

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. SB171

Revision Date: _____ Dept Affected: Natural Resources
 Title: Fishery Data; McNeil River Refuge BRU: Land Development
 Component: Land Development
 Sponsor: Sen. Halford
 Requestor: (S) RES Component Serial No. #431

Expenditures/Revenues (Inflation not included unless otherwise noted below) (Thousands of Dollars)

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005
OPERATING EXPENDITURES						
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES (fund code)	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY99) cost: \$ none

POSITIONS

	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact associated with implementation of this legislation.

Prepared by: Jane Angvik, Director *[Signature]* Phone: 269-8501
 Division: Land Date: 10-May-99
 Approved by Commissioner: John Shively *[Signature]* Date: 5-10-99
 Agency: Natural Resources

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FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. SB 171

Revision Date: _____ Dept. Affected: Fish and Game
 Title: Relating to the release of certain records and reports r BRU: Commercial Fisheries (Limited) Entry Commission
ADF&G; transfer of land within McNeil River State Gam Component: Limited Entry Program Administration
 Sponsor: Senator Halford
 Requester: Senate Resources COMPONENT SERIAL NO. 0471

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 CF Match						
1004 GF						
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$ 0.0

POSITIONS						
FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

No fiscal impact.

Prepared By: Roger Kolden Phone: 790-6950
 Agency: Commercial Fisheries (Limited) Entry Commission Date: 05/07/99
 Approved by Commissioner: Mary McDowell *Mary McDowell*
 Agency: Commercial Fisheries (Limited) Entry Commission Date: 5/8/99

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FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. SB 171

Revision Date/Time (Note if correction) _____ Dept. Affected Fish and Game
 Title FISHERY DATA; MCNEIL RIVER REFUGE BRU Commercial Fisheries
 Component Headquarters Fisheries Management
 Sponsor Senator Halford
 Requester Senate Resources Component Serial No. 2171

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY99) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by Doug Mecum, Director Phone 465-4210
 Division Division of Commercial Fisheries Date/Time 05/10/99
 Approved by Commissioner Frank Rue *Frank Rue* Date 5/10/99
 Agency Alaska Department of Fish and Game

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Phone (907) 376-4958

Sponsor Statement

Senate Bill 171

Senate Bill 171 was introduced at the request of the Alaska Department of Fish and Game (ADF&G). SB 171 amends AS 16.05.815 to allow the ADF&G to share records documenting commercial fishery landings, fish buying and processing activities within Alaska. These amendments allow transfer of this information to the Commercial Fisheries Entry Commission (CFEC), Alaska Fisheries Information Network (AKFIN), National Marine Fisheries Service (NMFS) and National Oceanic and Atmospheric Administration (NOAA).

In addition, provisions included in the bill would ensure that state selected land within the McNeil River Wildlife refuge be free of encumbrance or unauthorized use at time of transfer.

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. SB171

Revision Date: _____ Dept Affected: Natural Resources
 Title: Fishery Data; McNeil River Refuge BRU: Land Development
 Component: Land Development
 Sponsor: Sen. Halford
 Requestor: (S) RES Component Serial No. #431

Expenditures/Revenues (Inflation not included unless otherwise noted below)

(Thousands of Dollars)

OPERATING EXPENDITURES	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
-----------------------------	-----	-----	-----	-----	-----	-----

CHANGE IN REVENUES (fund code)	0.0	0.0	0.0	0.0	0.0	0.0
---------------------------------------	-----	-----	-----	-----	-----	-----

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY99) cost: \$ none

POSITIONS

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

ANALYSIS:

(Attach a separate page if necessary)

No fiscal impact associated with implementation of this legislation.

Prepared by: Jane Angvik, Director *[Signature]* Phone: 269-8501
 Division: Land Date: 10-May-99
 Approved by Commissioner: John Shively *[Signature]* Date: 5-10-99
 Agency: Natural Resources

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FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO. SB 171

Revision Date: _____ Dept. Affected: Fish and Game
 Title: Relating to the release of certain records and reports r BRU: Commercial Fisheries (Limited) Entry Commission
ADF&G; transfer of land within McNeil River State Gam Component: Limited Entry Program Administration
 Sponsor: Senator Halford
 Requester: Senate Resources COMPONENT SERIAL NO. 0471

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY96) cost: \$ 0.0

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

No fiscal impact.

Prepared By: Roger Kolden Phone: 790-6950
 Agency: Commercial Fisheries (Limited) Entry Commission Date: 05/07/99

Approved by Commissioner: Mary McDowell Date: 5/8/99
 Agency: Commercial Fisheries (Limited) Entry Commission

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FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. SB 171

Revision Date/Time (Note if correction) _____ Dept. Affected Fish and Game
 Title FISHERY DATA; MCNEIL RIVER REFUGE BRU Commercial Fisheries
 Component Headquarters Fisheries Management
 Sponsor Senator Halford
 Requester Senate Resources Component Serial No. 2171

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY99) cost: 0.0

POSITIONS

Full-time					
Part-time					
Temporary					

ANALYSIS: (Attach a separate page if necessary)

Prepared by Doug Mecum, Director
 Division Division of Commercial Fisheries
 Approved by Commissioner Frank Rue *Frank Rue*
 Agency Alaska Department of Fish and Game

Phone 465-4210
 Date/Time 05/10/99
 Date 5/10/99

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NEED FOR AND PURPOSE OF AMENDMENTS TO AS 16.05.815

Alaska Department of Fish and Game

May 4, 1999

The Department of Fish and Game (ADF&G) has been advised by the Department of Law (DOL) to amend *AS 16.05.815, Confidential nature of certain records*. The records subject to these amendments are individual records documenting commercial fishery landings (fish tickets) and records documenting fish buying and processing activities within Alaska.

The amendments accomplish four purposes.

- First, they clarify the authority of the ADF&G to release confidential fish data to the Commercial Fisheries Entry Commission (CFEC.)
- Secondly, the amendments clarify that the CFEC may also release confidential data to entities listed in this statute.
- Thirdly, the Alaska Fisheries Information Network (AKFIN) is added to the list of entities with which the ADF&G and the CFEC may share confidential fish ticket and fish purchasing data.
- Fourthly, the amendments authorize CFEC and ADF&G to release confidential data to the National Marine Fisheries Service (NMFS) and the National Oceanic and Atmospheric Administration (NOAA) for use in the enforcement of state and federal fisheries laws.

It has been assumed until the recent advice from DOL that the individual records referred to earlier could be provided to AKFIN, NMFS and NOAA. Subsequent to receipt of the opinion from DOL, ADF&G and CFEC have stopped providing data to these agencies pending a resolution of the confusion.

The NMFS is currently required to seek court orders to release confidential data into the court record. NMFS is now requesting authorization by statute to use confidential data in court cases regarding fisheries violations without the administrative burden of securing a court order for the use of the data.

COMMERCIAL FISHERIES ENTRY COMMISSION:

CFEC is the biggest user of ADF&G's fish ticket information collected under AS 16.05.815. However, CFEC is not named in the statute as an organization authorized to receive the confidential records.

CFEC takes the ADF&G computerized fish ticket data and adds several enhancements for their needs. These include a gross earnings estimate for each item on the fish ticket file and the vital information on the permit holder who recorded the landing (name, address, residency, etc). They can also add information on the vessel and vessel owner

from their vessel license files when needed for particular analyses or reports. In addition, CFEC takes fish ticket information on the halibut fishery that are processed by the International Pacific Halibut Commission, converts these data to a common format, and merges the data into ADF&G's fish ticket data, adding other enhancements.

CFEC's enhanced fish ticket files are sometimes called "gross earnings" files. These enhanced files allow the commission to produce a wide range of reports on the participants in a fishery, the vessels used, and the earnings of participants. The data can also be used to estimate the number of participants and the commercial fishing gross earnings of persons from different Alaska communities. Such reports (in non-confidential formats) are requested by communities and are used for economic assessments of different fishery projects. Examples of such reports can be viewed by visiting the CFEC Internet site at www.cfec.state.ak.us.

In the past, CFEC has provided confidential data to the North Pacific Fishery Management Council and its staff, and the extended jurisdiction section of ADF&G. ADF&G have also used CFEC's data files for analyses of commercial fishing histories and dependencies of persons fishing in Glacier Bay National Park. CFEC has also provided data to the Alaska Department of Public Safety and the Alaska Department of Revenue so that they can perform their auditing and enforcement duties.

CFEC also uses other ADF&G confidential data collected under AS 16.05.815 such as the Commercial Operators Annual Reports. CFEC is not aware of providing such data to any authorized users under AS 16.05.815.

ALASKA FISHERIES INFORMATION NETWORK:

AKFIN is the Alaska region fisheries data collection arm of the Pacific States Marine Fisheries Commission (PSMFC). The PSMFC is an interstate commission authorized by Congress in 1947. It does not have regulatory or management authority, but serves as a forum for discussion on fisheries issues that affect its member states. These include Alaska, Idaho, Washington, California, and Oregon. PSMFC also provides data collection and processing and other contractual services to its member states.

The governing body of PSMFC is composed of three voting representatives from each member state. Alaska's three seats have traditionally been held by a member of the Alaska Legislature, a representative of the commercial fishing industry, and a representative of ADF&G. Presently the individuals holding these respective seats are Senator Georgianna Lincoln, Dale Kelley from the Alaska Trollers Association, and David Benton, Deputy Commissioner of ADF&G. Senator Loren Leman has also been an Alaskan representative on the PSMFC.

The National Marine Fisheries Services provides funding for AKFIN. AKFIN in turn contracts with the ADF&G to collect and provide data to AKFIN. The AKFIN contract with ADF&G is approximately \$1.3 million annually. This funding supports the

following activities: analysis of information on the bycatch in groundfish fisheries of prohibited species such as salmon; management of the fish ticket database for state harvests of groundfish and crab; dock sampling of state groundfish catches; modernization of old databases of groundfish and crab catch data; and dock sampling of Bering Sea crab fishery. In order for ADF&G to share the information collected under the terms of its contract with AKFIN, statutory authority to share fish ticket data with AKFIN is needed.

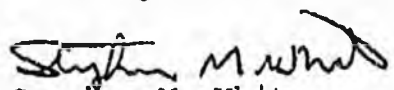
NMFS LAW ENFORCEMENT:

Marine fisheries law enforcement personnel in Alaska are vastly overextended. To alleviate this problem, state and federal law enforcement personnel are cross-deputized enabling them to enforce each other's regulations. This increases the state's ability to manage its resources while incurring no additional costs. While state officers have easy and complete access to confidential federal fisheries information for enforcing fisheries law, federal officers are not extended that same privilege. Whenever federal officers need to present confidential state fish ticket information in court in order to make a case; they must first get a court order approving the release into the public domain of confidential data. This requires excessive staff time and drains agency resources. Authorizing NMFS law enforcement personnel access to use of this data helps prevent criminals from illegally harvesting Alaskan resources.

MEMORANDUM**State of Alaska****Department of Law**

TO: Earl Krygier
Alaska Department of Fish and Game
Division of Commercial Fisheries
Management and Development

DATE: May 6, 1999
FILE NO.: 663-90-0126
TELEPHONE NO.: 465-3600

FROM:  Stephen M. White
Assistant Attorney General
Natural Resources Section
Department of Law

SUBJECT: Release of
confidential info
for federal
enforcement actions

You have asked us to review the advice given by Assistant Attorney General Larri Spengler concerning the Department of Fish and Game's release of confidential information to the National Marine Fisheries Service ("NMFS") or to staff of the North Pacific Fishery Management Council ("NPFMC"). You stated that Ms. Spengler's advice appears to restrict those federal agencies and employees from using that information in enforcement actions.

In a 1989 memorandum, Ms. Spengler advised that fish ticket data, and other information that is made confidential by AS 16.05.815, may be released to NMFS and NPFMC professional staff if they agree to maintain the confidentiality of that information. She stated, however, that if those federal agencies or staff members wish to use confidential information in a public enforcement action, they would need to obtain the information through a court order.

After reviewing Ms. Spengler's advice, we conclude that it is correct.

Earl Krygier
Alaska Department of Fish & Game

May 6, 1999
Page 2

There are two ways that NMFS and NPFMC professional staff may obtain fish ticket and other information made confidential by AS 16.05.815. First, under subsection (a)(1) of AS 16.05.815, they may be given the information if it is required for preparing and implementing NPFMC fishery management plans within the exclusive economic zone. However, before the information may be given under that subsection, the federal agencies must enter into an agreement with ADF&G under which the agencies agree to maintain the confidentiality of the information. AS 16.05.851(a).

Several months ago, we helped ADF&G draft a confidentiality agreement that would allow it to release fish ticket data to NMFS and NPFMC professional staff. It is my understanding that the federal agencies have not yet signed the agreement. In the meantime, any release of fish ticket data or other information made confidential by AS 16.05.815 to the federal agencies or their staff would be violation of law and would create potential liability for the state. The ADF&G employees who release the information would be violating the law, not the federal agencies or employees who receive it.

Even if the confidential information were given to the federal agencies under a signed confidentiality agreement, we do not believe that it could be used in a public enforcement action. We assume that, to use the information in that manner, the federal agencies would be introducing it as evidence in a criminal prosecution. The information would become a public record, and its

Earl Krygier
Alaska Department of Fish & Game

May 6, 1999
Page 3

confidentiality would be compromised. In other words, the federal agencies' use of the information in an enforcement action would violate the confidentiality agreement under which it was obtained.

The second way that the federal agencies or their staff may obtain confidential information is through the filing of a legal action that results in a court order directing ADF&G to release the information. We believe that a court would not issue such an order until persons who have an interest in keeping the information confidential are notified and given an opportunity to advocate that result.

Information gained through a court order would not be bound by a confidentiality agreement. That is because the subsection which allows for court orders - AS 16.05.815(a)(4) - is not one of the subsections that is covered by the requirement for a confidentiality agreement. See AS 16.05.815(a). Therefore, information gained in this manner could be introduced as evidence in a criminal enforcement action. Indeed, this is the only way that the federal agencies may obtain fish ticket or other information covered by AS 16.05.815 and, without violating a confidentiality agreement, use it for that purpose.

Please contact me if you have any questions about this advice.

SMW:prm

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March 11, 1999

Commissioner Frank Rue
Alaska Department of Fish and Game
P.O. Box 25526
Juneau, Alaska 99802-5526

Commissioner John Shively
Alaska Department of Natural Resources
400 Willoughby Avenue
Juneau, Alaska 99801-1724

Dear Commissioners,

This letter is in follow up to the Senate Resources Committee review of the proposed Bureau of Land Management (BLM) lease of state selected land within the McNeil State Game Refuge. After thorough examination of the history of the long-term unauthorized use of the land in question and complete review of the substantial documentation provided by both of your agencies, I find no reason or procedural allowance on which to base a best interest finding for the required 906k concurrence.

The following is a summary of the facts presented to the Resources Committee:

- Mr. McBride has been in trespass on the land since 1978.
- During that time there was no permission granted for the use of the land.
- Mr. McBride improved the facilities on the land over time, including the building of multiple permanent structures.
- Mr. McBride used the land for a commercial enterprise and derived substantial personal gain without compensating any state or federal agency for its use.
- The BLM classified Mr. McBride's use of the land as unauthorized.
- ADF&G staff repeatedly advised against the creation of a private in-holding within the refuge.
- DNR previously denied a 906k concurrence requested by the BLM.

- DNR departmental orders #134 and 137 advise against the acceptance of any land transfer with an outstanding unauthorized use.
- BLM has specific remedies to deal with unauthorized use as outlined in 43 CFR, Chapter 2.

While I appreciate your departments' participation and candor in the hearings we conducted, I am greatly discomforted that this issue was allowed to progress as far as it had. The circumstances surrounding this issue seem to warrant your examination of the motives and methods employed and how they can be justified within your departmental policy and procedures.

I have enclosed the minutes from the Senate Resources Committee hearings conducted on February 17 and March 3, 1999, for your review. It was apparent in the committee discussion that final issuance of the DNR, Division of Land Finding and Decision ADL 22590 would be in violation of the regulations governing the management of the refuge, the statutory obligations for competitive bid and the Constitutional obligation to equal access.

The facts point out only one fair and responsible remedy to this glaring unauthorized use of state selected land. I urge you to deny the requested 906k lease concurrence, formally request that BLM remove the facility in trespass and then accept transfer of the land to the state free of encumbrance.

As the McNeil State Game Refuge is a legislatively designated area, I am formally requesting that you keep me informed of any further action or decisions regarding this matter; including any consideration of a change in the management plan or of a finding pertaining to commercial facilities. Seeing the issue through to a fair and responsible conclusion remains a priority of the Senate Resources Committee.

Sincerely,



RICK HALFORD

RH:bwh

cc Senate Resource Committee members
Pat Pourchot, Legislative Director
Bruce Botelho, Attorney General

enclosures



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
ANCHORAGE FIELD OFFICE
6881 Abbot Loop Road
ANCHORAGE, ALASKA 99507-2599
http://www.anchorage.ak.blm.gov/



AA-74592 (2920)

April 23, 1999

Memorandum

To: Field Manager (040)
From: Group Manager REM (041)
Subject: McBride - Recommended Course of Action

Clinton Hanson, Jake Schlapfer, Kathy Stubbs, Dave Stimpson, and David Dorris developed and recommend the following actions on the McBride case.

Conditions or Givens

Two processes must be followed; those dealing with Special Recreation Permits and those for leasing. Final actions should not be taken until the State has declared its position.

Action Recommended

Table with 2 columns: Special Recreation Use Permit and Lease. Rows include actions like 'Letter - stop commercial use', 'Monitor compliance', and 'McBride complies/fails to comply' with corresponding BLM and State actions.

Handwritten signature of J. Paul King

DATE: April 21, 1999

BRIEFING FOR THE CONGRESSIONAL DELEGATION

PREPARED BY: Anchorage Field Office

FROM: State Director, Alaska

SUBJECT: Michael McBride Occupancy at Chenik Head near McNeil River

PURPOSE OF THE BRIEFING DOCUMENT:

Provide information about McBride's extensive unauthorized use of the public land on Chenik Head.

ISSUES:

- Unauthorized construction of permanent structures (9)
- Unauthorized use of public lands for commercial recreation purposes
- Operating a hunting and bear viewing/photography and guiding service without an SRP (Special Recreation Permit)

BACKGROUND:

McBride has operated a hunting, bear viewing/photography and guiding service on Chenik Head near McNeil River on the west side of Cook Inlet since the mid-1970's. He has developed the site to accommodate clients whose main goals are to observe and photograph brown bears and other wildlife. McBride's development has grown to include a lodge, sauna, three guest cabins - with outhouses, a shower/storage shed, and two tent platforms.

In February 1979, the State of Alaska filed a selection application for the lands in the area, including those occupied by McBride's business.

McBride contends that applications for an SRP were submitted several times over the years. BLM has no record of applications received in the 1970s as 1970's-era permit documents, by regulation, were destroyed 3 years after termination. An SRP application submitted in 1989 was returned to McBride because the lands had been tentatively approved for conveyance to the State.

On May 30, 1991, McBride submitted an application to lease lands where he conducted his operation. Because the lands had been selected by the State, approval of the application was subject to State concurrence under Sec. 906(k) of ANILCA. On February 25, 1994, the State notified BLM that it could not approve the proposal since the land would become part of the McNeil River Game Refuge upon conveyance to the State. According to DNR (Department of Natural Resources) "...

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this activity is not in the best interest of the State. . ." and ". . . is in conflict with the use planned for the area. . . ." ✓

To the best of our knowledge, McBride has not held a legal authorization to use the lands for any purpose.

BUREAU PERSPECTIVE:

AFO Field Manager and staff members met with DNR managers and staff on February 12, 1999, to explore ways to address the situation that would make conveyance of the land acceptable to the State. All available options were discussed and sent to the State in writing. The options provide a platform for BLM and the State to work together to resolve the issue and permit the State to take conveyance. As of this date, the State has not responded or indicated that any option is agreeable. In the meantime, BLM can not continue to ignore this ongoing unauthorized use.

POSITIONS OF INTERESTED PARTIES:

The State is determined to resolve the matter in a way that does not create a property interest for McBride or an in-holding that conflicts with management goals of the McNeil River Wildlife Refuge. State policy requires that trespass cases be resolved before title will be accepted. Current controversy over McBride's operation, newspaper articles, letters to the editor and other correspondence, has indicated some public opposition to McBride's use. Senator Rick Halford of the Alaska State Senate held a public hearing on the matter. BLM has received two letters of objection.

CONTACT:

Nick Douglas, Field Manager (040) 907-267-1246.